THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM CHARLESTON COUNTY
Court of Common Pleas

J. Michael Baxley, Circuit Court Judge

Case No. 2009-CP-10-6746

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

v.

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

Of Whom Long Grove Property Owners' Association is Appellant.

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

v.

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

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

RECORD ON APPEAL
VOL. 1 of 3

George E. Mullen
Mullen Wylie, LLC
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Hilton Head Island, SC 29938

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STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

IN THE CIRCUIT COURT

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

Plaintiffs,

vs.

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

Defendants.

Case No. 2009-CP-10-6746

ORDER GRANTING SUMMARY JUDGMENT TO PLAINTIFFS AND THIRD-PARTY DEFENDANT HARWICK IN THIS DECLARATORY ACTION AND DISMISSING UNDERLYING CONSTRUCTION DEFECTS CLAIM AGAINST THOSE PARTIES
(Not Ending Case)

Long Grove Property Owners' Association, Inc.

Third-Party Plaintiffs,

vs.

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

Third-Party Defendants.

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JULIE J. ARMSTRONG
CLERK OF COURT
BY

Hearing Dates:	**September 27, 2011 and April 30, 2012**
Presiding Judge:	**J. Michael Baxley**
Plaintiffs' Attorney:	**David J. Parrish**
Defendant's Attorneys:	**George E. Mullen, Frank E. Grimball & James E. Lady**
3rd Party Harwick Atty:	**James L. Werner and Laura F. Locklear**
3rd Party Essex Atty:	**Kent T. Stair, M. Elizabeth Jowers, & J. Patrick Norris**
3rd Party SCM Atty:	**Morgan S. Templeton & Taylor H. Stair**
Court Reporter:	**Pamela Ozment Cartee**

This cases raises the novel question of whether an owner-developer of improved real property, upon selling the property to another developer who intends to alter the condition and

legal status of the premises, can: (1) disclaim to the current and subsequent buyers any and all warranties as to the condition of the improvements on the property; (2) permanently release itself from any liability for the condition of such improvements; and (3) require the developer-buyer to assume any and all related liability therefrom. If so, were the steps taken by Plaintiffs in this case sufficient to operate as such a disclaimer and release?

While the underlying dispute in this case involves alleged construction defects at what is now a condominium complex, the parties are not traditionally aligned in this declaratory judgment action. Plaintiffs are the original owners, developers, and builders of what was initially an apartment complex constructed in 1999 and are the defendants in the underlying construction claim. The complex consisted of seventeen (17) residential buildings with two hundred seventy-two (272) units and a clubhouse. In March of 2005, for the sum of $37.25 million, Plaintiffs sold the property to another developer, Vista, who converted the apartment complex to condominiums. In consummating this sale, documents including disclaimers, releases, and assumptions of liability were executed by Plaintiffs and Vista. After converting the apartment complex to condominiums, Vista prepared and recorded a master deed that created Defendant Long Grove Property Owners Association ("POA"). That POA now claims damages from construction defects against Vista and the original owner-developers, as well as from Third-party Defendant James, Harwick & Partners, Inc., n/k/a JHP Architecture/Urban Design, P.C. ("JHP").

Plaintiffs filed this action for a declaratory judgment pursuant to South Carolina Code Ann. § 15-53-10, et seq. and Rule 57, SCRCP, naming the POA as a party defendant. Plaintiffs sought to obtain a declaration of the rights of the POA and Plaintiffs concerning the legal effect and enforceability of the disclaimers, releases, and assumptions of liability executed by the parties during the sale, and the subsequent conversion of the rental apartment complex to condominiums.

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In response to Plaintiffs' declaratory judgment Complaint, the POA filed counterclaims and third-party claims asserting various causes of action against Plaintiffs and others, including against the original designer of the apartment complex, JHP, for alleged construction defects in the condominiums. On December 30, 2009, Plaintiffs filed a motion to dismiss the POA's counterclaims pursuant to Rule 12(b)(6), SCRCP, or in the alternative, for a judgment on the pleadings pursuant to Rule 12(c), SCRCP, and JHP filed a similar motion to dismiss the third-party claims against it. By agreement of the parties, while Plaintiffs' motion was pending, the POA obtained documents and took depositions concerning the transactional aspects of the sale of the property from the apartment complex owner to the condominium converter-developer.

An initial hearing on Plaintiffs' and JHP's motion was held on September 27, 2011. Prior to and during the hearing, and without objection from any party, Plaintiffs, JHP, and the POA submitted and cited to documents and deposition testimony produced during discovery conducted while the motion was pending. The presentation of matters outside the pleadings in effect converted Plaintiffs' and JHP's Rule 12(b)(6) motion to a motion for summary judgment, and the Court has treated and disposed of the motion pursuant to Rule 56, SCRCP.[1] After the initial hearing was conducted, and after substantial review and analysis was undertaken by the Court, a decision letter was issued on October 14, 2011, directing Plaintiffs' and JHP's counsel to prepare proposed Orders granting the summary judgment motion. Thereafter, substantial dispute arose among counsel as to the wording of the various provisions of the proposed Order on the specific holdings necessary to the decisions on the multiple issues raised in this case. Moreover, on the day of the initial hearing, lead counsel for the Defendants had fallen ill at the courthouse and

[1] See Rule 12(b), SCRCP: "If, on a motion asserting the defense numbered (6) to dismiss for failure of the pleading to state facts sufficient to constitute a cause of action, matters outside the pleading are presented to and not excluded by the Court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56, and all parties shall be given reasonable opportunity to present all material made pertinent to such a motion by Rule 56."

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departed before being able to argue his clients' position. Therefore, upon Defendants' request, due to the complex and novel issues at bar and substantial disagreement thereon, the Court rescinded the previous decision letter and set the entire matter for rehearing, which occurred on April 30, 2012. After further argument, legal analysis, and review, the Court's decision remained the same.

After full review, and for the reasons stated below, Plaintiffs and JHP are entitled to the relief sought in their declaratory complaint as a matter of law and are entitled to summary judgment and dismissal of the POA's counterclaims and third-party claims.

STANDARD OF REVIEW

Rule 56(c), SCRCP, provides that a trial court may grant a motion for summary judgment "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Rule 56(c), SCRCP. "In determining whether any triable issues of fact exist, the evidence and all inferences which can be reasonably drawn from the evidence must be viewed in the light most favorable to the nonmoving party." Hancock v. Mid-South Mgmt. Co., Inc., 381 S.C. 326, 329-30, 673 S.E.2d 801, 802 (2009). "At the summary judgment stage of litigation, the court does not weigh conflicting evidence with respect to a disputed material fact." S.C. Prop. & Cas. Guar Ass'n v. Yensen, 345 S.C. 512, 518, 548 S.E.2d 880, 883 (Ct. App. 2001). "The purpose of summary judgment is to expedite the disposition of cases which do not require the services of a fact finder." Gauld v. O'Shaugnessy Realty Co., 380 S.C. 548,558, 671 S.E.2d 79, 85 (Ct. App. 2008). The party seeking summary judgment has the burden of clearly establishing the absence of a genuine issue of material fact. Id. Once the party moving for summary judgment meets the initial burden of showing the

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absence of evidentiary support for the opponent's case, the opponent cannot simply rest on mere allegations or denials contained in the pleadings. Id. at 558-59, 671 S.E.2d at 85. Rather, the nonmoving party must present specific facts showing a genuine issue for trial. Id. at 559, 671 S.E.2d at 85.

FINDINGS OF FACT[2]

1. This lawsuit concerns the Long Grove Condominiums located in the Seaside Farm Development in Mount Pleasant (Charleston County), South Carolina.

2. By Order of the South Carolina Supreme Court filed on November 9, 2010, this Court was vested with exclusive jurisdiction to hear and decide all matters pertaining to this case.

3. This matter came before the Court on Plaintiffs' motion to dismiss pursuant to Rule 12(b)(6), SCRCP, or alternatively, for a judgment on the pleadings pursuant to Rule 12(c), SCRCP. JHP joined in these motions.

4. Two hearings on Plaintiffs' motion were held in Darlington County on September 27, 2011 and April 30, 2012, following timely notice to all parties as to the date, time, and location of the hearing. All parties were represented by counsel at the hearings.

5. This Court has jurisdiction over the parties and subject matter of this case.

6. Prior to the motion hearings, Plaintiffs, the POA, and other parties in this case submitted memoranda and exhibits (including documents and deposition transcripts) to the Court without objection by any party. The memoranda, materials submitted, and the arguments presented by counsel at the hearing have all been received and considered by the Court.

7. The presentation to the Court of matters outside the pleadings converted Plaintiffs' and JHP's motions to motions for summary judgment under Rule 56, SCRCP, and the Court has

[2] To the extent that any of the following Findings of Fact constitute Conclusions of Law, they are adopted as such and, conversely, to the extent that any Conclusions of Law constitute Findings of Fact, they are also adopted as such. Because of this Order's length, findings and conclusions are set forth in numbered paragraphs for ease of reference.

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treated these motions as motions for summary judgment pursuant to Rule 56, SCRCP. All parties agree that no further factual development is necessary to decide the issues at bar.

8. Turning to the facts of the case, the Long Grove Condominiums were formerly the Long Grove Apartments, which was a rental apartment complex.

9. Plaintiff Long Grove at Seaside Farms, LLC ("LGSF") was the owner and developer of the apartments. Plaintiff Gulfstream Construction Company, Inc. was the general contractor that constructed the apartments for LGSF. Plaintiff Beach Company was the manager of the entity that in turn was the managing member of LGSF, and Beach Company acted as the property manager for the apartment complex.

10. LGSF, Gulfstream, and Beach Company were affiliated with each other by virtue of common ownership interests.

11. LGSF, Gulfstream, and Beach Company are collectively referred to as "LGSF" in this Order solely for ease of reference.

12. The Long Grove Apartments were designed by JHP pursuant to a contract with LGSF, who in turn constructed the project in or around 1999 for use as a rental apartment complex;[3] therefore, in accordance with the express language of the Sales Contract, JHP is one of the "affiliates" of LGSF for purposes of that Agreement and the other findings of this case.

13. LGSF owned and operated the property solely as a rental apartment complex in which apartment units were leased to tenants. LGSF never owned or operated the property as a condominium development.

14. In 2004, LGSF considered selling the apartment complex, and hired L.J. Melody & Company as its exclusive marketing advisor to offer the property nationwide. The offering

[3] J. Darby dep. p.14, lines 5-7.

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materials described the property as being suitable for continued use as rental apartments (i.e., for "income investors") or for conversion to condominiums (i.e., "converters").[4]

15. A set price was not specified for the property; instead, the offering materials invited qualified buyers to bid on the property pursuant to certain defined parameters. The offering materials indicated that the property was being offered on an "as is, where is" basis.[5]

16. As described by John Darby, President of the Beach Company, from the beginning LGSF made it clear that if any buyer intended to convert the property to condominiums, LGSF must be released from all liability associated therewith.[6] This testimony is not controverted.

17. LGSF received bids for the property from both income investors and converters.

18. Ultimately, Defendant Vista Realty Partners, LLC ("Vista") was the high bidder. Vista is a Georgia limited liability company owned by Eduard de Guardiola, who has a law degree and is an experienced real estate developer and condominium converter.[7]

19. Vista was an independent, arms-length buyer that has no direct or indirect relationship with LGSF.

20. Upon receipt of Vista's high bid, Vista and LGSF began to negotiate the terms of the sale. The initial term sheet signed by Vista and LGSF stated that Vista would indemnify LGSF against any claims made by purchasers of the condominium units. This term sheet also declared that the property would be sold "as-is, where-is and with all faults," and further clarified that LGSF would be released from all liabilities except those arising under the purchase and sale agreement.[8]

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[4] E. de Guardiola dep. Ex 23 at Bates CBRE 937-38.
[5] E. de Guardiola dep. Ex 23 at Bates CBRE 933.
[6] J. Darby Dep. p. 23, line 24-p.25, line 7.
[7] E. de Guardiola dep. p. 17, line 3-p. 20, line 3; p. 28, line 24-p. 31, line 7.
[8] E. de Guardiola dep. Ex 31.

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21. Similarly, Beach Company's cover letter forwarding the signed term sheet to Mr. de Guardiola states in pertinent part:

> (1) The indemnification language will include a release of all claims related to the development, design, construction, maintenance, alteration, and repair of the property. We propose that the release of claim will not only be in the Sales Contract but also in the deed of conveyance at closing and will survive the closing of this transaction.[9]

22. Vista and LGSF then began negotiating the terms of a written sales contract. Vista was represented by an Atlanta law firm and LGSF was represented by South Carolina counsel in the negotiations and preparation of a contract for the sale.

23. Following the negotiations concerning the terms of the contract, LGSF, as the Seller and Vista,[10] as the Purchaser, entered into a Sales Contract for the apartment complex dated January 18, 2005. Paragraph 14 of the Sales Contract stated that the property would be sold "on an 'as is,' 'where is,' 'without recourse' and 'with all defects basis.'" Furthermore, paragraph 15 of the Sales Contract included an assumption of liability and release of claims provision. The specific language of these provisions follows (emphasis added to highlight relevant portions):

> (2) 14. Condition of Property. Except as otherwise provided specifically in this Sales Contract, specifically including but not limited to the representations and warranties contained in Section 6 hereof, Purchaser acknowledges that neither Seller nor anyone acting for or on behalf of Seller has made any representation, statement, warranty, or promise to Purchaser with respect to the Property. Purchaser shall immediately examine the Property, and become familiar with the physical condition thereof. The Property shall be sold and conveyed strictly on an "as is", "where is", "without recourse" and "with all defects" basis, as it exists on the last day of the Inspection Period, without representation, warranty or covenant, express, implied or statutory, of any kind whatsoever, including, without limitation, representation, warranty or covenant as to condition (structural, environmental, mechanical or otherwise), past or present use, construction, development, lease performance, investment potential, tax ramifications or consequences, income, compliance with law, habitability, tenancies, merchantability or fitness or suitability for any purpose, all of which are hereby expressly disclaimed except as contained in this Agreement. Without limiting the generality of the foregoing, Purchaser acknowledges that Seller has made no representations, warranties or covenants (except as otherwise provided

[9] J. Darby letter dated December 28, 2004; Bates BeachCo 000307; E. de Guardiola dep. Ex 31.

[10] Prior to closing Vista Realty Partners, LLC assigned its rights under the Sales Contract to Long Grove Vista, LLC, which is an entity established by Eduard de Guardiola to take title to the property. Vista Realty Partners, LLC and Long Grove Vista, LLC are collectively referred to as "Vista" in this Order for ease of reference.

specifically in this Sales Contract, specifically including but not limited to the representations and warranties contained in paragraph 6 hereof) as to the compliance of the Property with any federal, state, municipal or local statutes, laws, rules, regulations or ordinances, including, without limitation, those pertaining to construction, rent control, building and health codes, land use (or permits issued in connection therewith), zoning, lead paint, urea formaldehyde foam insulation, asbestos, hazardous or toxic wastes or substances, pollutants, contaminants or other environmental matters. Purchaser knowingly and fully assumes the entire risk as to all such matters. Purchaser shall confirm the aforesaid acknowledgments in writing as of the Closing Date. The provisions of this Section shall survive the closing and the delivery of the deed or any expiration or termination of this Agreement. . . . .

15. Assumption of Liability and Release of Claims.

a) Purchaser acknowledges that the Property was originally developed and constructed by Seller and its Affiliates (as herein defined). Purchaser represents that it is purchasing the Property for the purpose of converting the Property into condominiums which will be sold to the public. Purchaser assumes all responsibility for identifying and correcting all defects or problems, if any, that may exist, to ensure that the Property is properly constructed and suitable for use as condominiums in accordance with all applicable building regulations, codes, standards, and other applicable laws and requirements.

b) Accordingly, as part of the valuable consideration being exchanged in this sale transaction, the receipt of which is hereby acknowledged, Purchaser on behalf of itself and its heirs, representatives, successors, and assigns, agrees to never sue and completely releases Seller, The Beach Co., Gulfstream Construction Company, Seller's other affiliates, agents, officers, directors, employees, insurers, representatives, successors, assigns, and all other companies, partnerships, entities, or persons involved in the design, development and/or construction of the apartment buildings and apartments therein and all other improvements prior to the Closing Date of this sale transaction (collectively, the "Affiliates"), for and from any and all claims of every kind whatsoever arising from or related to the development, design, construction, maintenance, alteration, or repair of the Property, including unknown and unforeseen claims that may now exist or that may arise in the future. At its sole expense, Purchaser shall also defend, indemnify and hold the Seller and the Affiliates harmless from any cost, liability, damages, claims or the like which may arise as a result of the same including reasonable attorney fees and other costs of defense associated therewith, including, but not limited to, any claims made by future purchasers of condominium units at the Property. Eduard de Guardiola, a principal in the Purchaser, assumes and guaranties these indemnification obligations if the Purchaser ceases to exist, its assets are depleted or it is otherwise unable, or refuses, to perform the indemnity obligations of the Purchaser in a timely and reasonable manner....[11]

24. The assumption of liability, disclaimers, and releases in Paragraphs 14 and 15 of the Sales Contract were a key part of the negotiations between LGSF and Vista concerning the terms of the Sales Contract. LGSF's representative, John Darby of the Beach Company, testified that those terms were non-negotiable, fundamental terms of the contract.

[11] Sales Contract; Complaint. Ex. A (emphasis added).

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(1) Q: Mr. Darby, was the release and indemnification language in the sales contract and in the letter of intent, was that a core or fundamental term of the bargain with Vista?
(2)
(3) A: Yes.
(4)
(5) Q: Would [LGSF] have sold this property to Vista if Vista had not agreed to that language regarding the release and indemnification?
(6)
(7) A: No.[12]

25. Vista's owner, Eduard de Guardiola, similarly testified that it would have been a "deal breaker" for LGSF if Vista had refused to agree to the provisions in Paragraphs 14 and 15 of the Sales Contract.

Q: . . . you told [POA's counsel] that it was a quote deal breaker end quote for John Darby that these terms of paragraphs 14 and 15 be contained in the contract?

(8)
(9) A: Yes.
(10)
(11) Q: And tell me what you meant by deal breaker?
(12)
(13) A: John told me that he had to have these provisions in the contract in order for him to accept our offer.
(14)
(15) Q: In other words, if you didn't agree to it he wasn't going to sell the property to you.
(16)
(17) A: That's correct.[13]

26. Vista's acquisitions and development consultant on the project described these requirements as being a "contentious issue" between Vista and LGSF[14], and this Court finds that the issues of release, disclaimer, and assumption of liability were specifically debated and bargained for, were understood by all parties, and were a core component of the sales transaction.

[12] J. Darby dep. p.79, line 22-p.80, line 7.
[13] E. de Guardiola dep. p. 101, line 16-p.102, line 3.
[14] R. Blatt dep. p 29, lines 11-20.

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27. As part of the sales negotiations, LGSF required and Vista agreed that the Sales Contract include a provision requiring that the Master Deed for any condominium regime that was prepared and recorded by Vista after it purchased the property include a notice to subsequent buyers of the assumption of liability, disclaimers, and releases of all claims against LGSF related to the construction and condition of the property. That provision stated that the assumption of liability and release of claims was intended to be binding on all subsequent purchasers of the property or any condominiums or other subdivisions of the property.[15]

> 16. Condominium Regime Documents.
>
> Purchaser [i.e., Vista] acknowledges and agrees that the Assumption of Liability and Release of Claims in Section 15 above is intended to be binding on all subsequent purchasers of the Property or any condominiums or other subdivisions of the Property. In order to give effect to this intention, the provision set forth in Exhibit I, attached hereto and incorporated herein, will be included in the Master Deed (as herein defined) establishing any condominium regime, and in any and all deeds or any other conveyances of all or part of the Property (except for conveyances of condominium units by Purchaser), including, but not limited to, a sale of a company (or corporate stock or partnership interest) interest.

28. The Sales Contract included an attached exhibit specifying that the following language be included in the Master Deed recorded by Vista:

> EXHIBIT I
> Disclosure Language
>
> Save and excepting only the limited warranty of title hereinafter set forth and herein contained, the Property is being conveyed strictly on an "as is", "where is" and "with all defects" basis, without representation, warranty or covenant, express, implied or statutory, of any kind whatsoever, including, without limitation, representation, warranty or covenant as to condition (structural, environmental, mechanical or otherwise), past or present use, construction, development, lease performance, investment potential, tax ramifications or consequences, income, compliance with law, habitability, tenancies, merchantability or fitness or suitability for any purpose, all of which are hereby expressly disclaimed. Without limiting the generality of the foregoing, Grantee [i.e., the POA] acknowledges that Grantor's [i.e., Vista's] predecessor in title, Long Grove at Seaside Farms, LLC ("Long Grove") and its Affiliates (as herein defined) have made no representations, warranties or covenants as to the compliance of the Property with any federal, state, municipal or local statutes, laws, rules, regulations or ordinances, including, without limitation, those pertaining to construction, rent control, building and health codes, land use (or permits issued in connection therewith), zoning, lead paint, urea formaldehyde foam insulation, asbestos, hazardous or toxic wastes or substances, pollutants, contaminants or other environmental matters.

[15] Sales Contract; Complaint Ex. A.

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> Grantee acknowledges that the Property was originally developed and constructed by Long Grove and its Affiliates (as herein defined). Grantor purchased the Property for the purpose of converting the Property into condominiums which it is selling to the public. Grantor assumed all responsibility for identifying and correcting all defects or problems, if any, that existed, to ensure that the Property is properly constructed and suitable for use as condominiums in accordance with all applicable building regulations, codes, standards, and other applicable laws and requirements.
>
> Accordingly, as part of the valuable consideration being exchanged in this sale transaction, the receipt and sufficiency of which are hereby acknowledged, Grantor on behalf of itself and its heirs, representatives, successors, and assigns (including Grantee and all other successors-in-title to all or a portion of the Property), agrees to never sue and completely releases Long Grove at Seaside Farms, LLC, The Beach Co., Gulfstream Construction Company, its affiliates, agents, officers, directors, employees, insurers, representatives, successors, assigns, and all other companies, partnerships, entities, or persons (collectively, the "Affiliates") involved in the design, development and/or construction of the apartment buildings and apartments therein and all other improvements prior to March ___, [sic] 2005, for and from any and all claims of every kind whatsoever arising from or related to the development, design, construction, maintenance, alteration, or repair of the Property, including unknown and unforeseen claims that may now exist or that may arise in the future.
>
> Grantor and Grantee acknowledge and agree that the assumption of liability and release of claims above is intended to be binding on all subsequent grantees of the Property or any condominiums or other subdivisions of the Property. In order to give effect to this intention, these provisions are included in this Master Deed, and will also be included in any other conveyances outside the coverage of this Master Deed (emphasis added to highlight relevant portions).[16]

JWB 12

29. Following specific discussions and negotiations between the parties and their counsel, the Sales Contract was signed containing the assumption of liability, disclaimers, releases, and notice requirements as reflected Paragraphs 14, 15, and 16 discussed above.

30. The Sales Contract provided Vista with a due diligence period under which it could inspect the condition of the property prior to closing. Vista hired an engineering company, Essex Engineering Corp. of Atlanta, to inspect the property. Essex issued a property condition report that identified defects in the buildings, including water damage on the exterior balconies.[17] Vista also received a report issued by a local engineer, Russell T. Wallace, P.E., that identified water damage on the exterior balconies of the units.[18]

---

[16] Sales Contract; Complaint Ex. A (emphasis added).
[17] Ex. 36 to R. Blatt dep.; Bates Essex 0140; and Ex 64 to H. Hooks dep.; Bates Essex 096.
[18] Ex. 4 to K. Johnson dep.; Bates BeachCo 000002.

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31. Prior to closing, Vista required LGSF to escrow $200,000 of the sales proceeds to cover Vista's future cost of the balcony repairs.[19] Vista then proceeded to close on the Sales Contract and purchased the apartment complex from LGSF.

32. The closing of the sale of LGSF's apartment complex to Vista occurred on March 7, 2005. The deed from LGSF to Vista, as recorded in Book C528 at Page 321 in the Charleston County RMC Office, states that the property "is being conveyed strictly on an 'as is,' 'where is' and 'with all defects' basis, without representation, warranty or covenant . . . of any kind whatsoever."[20]

33. After closing on the property, Vista began converting the rental apartments to condominiums.

34. Vista hired its own contractors to repair the balconies and perform other work on the buildings.[21] Vista then requested and received the $200,000 in LGSF funds that were escrowed at closing to cover the costs of the balcony repairs.

35. Vista also prepared and recorded a Master Deed that created the Long Grove Horizontal Property Regime and the Long Grove Property Owners Association, Inc. (i.e., the POA). The Master Deed was prepared and recorded by Vista's legal counsel.[22]

36. As required in Paragraph 16 of the Sales Contract between LGSF and Vista, the Master Deed as prepared and recorded by Vista contained notice that LGSF had sold the property on an "as-is" and "with all defects" basis and had disclaimed and been released from all warranties and liabilities associated with the condition of the property.[23]

---

[19] Escrow Agreement, Ex. 9 to K. Johnson dep.; Bates BeachCo 000696.
[20] Complaint Ex. B (emphasis added).
[21] R. Blatt dep. p. 120, lines 3-16.
[22] R. Blatt dep. p. 113, lines 2-9.
[23] Complaint Ex. C (emphasis added).

37. Following its recording of the Master Deed that created the POA, Vista controlled the POA by appointing its board of directors.[24]

38. When Vista purchased the apartment complex from LGSF, the rental apartments were occupied by rental tenants. Beach Company's property management division had been managing the rental apartments for LGSF, and when Vista purchased the property from LGSF it entered into an apartment management agreement with Beach Company under which Beach Company continued to manage the rental apartments for Vista.[25]

39. That management agreement was for management of the rental units during the conversion process and specifically excluded management of units once Vista had converted them to condominiums.[26]

40. Beach Company and Vista also discussed the possibility of entering into an agreement for Beach Company to manage the condominium association as the apartment units were converted to condominiums, but they could not agree on terms, and Beach Company never operated or managed the POA.[27]

41. Accordingly, for a brief period of time after Vista purchased the apartment complex from LGSF, Beach Company continued to manage the rental units pursuant to its apartment management agreement with Vista, while Vista operated and managed the POA as Vista converted and sold units as condominiums. During that period, Beach Company sent Vista a letter stating its concerns regarding the scope of the apartment management services that Vista was requesting from Beach Company. That letter, dated August 5, 2005, states in pertinent part:

> During the last few months, Vista Realty Partners has requested that the Beach Company assist it in activities related to the construction, repairs, and remodeling work associated with the conversion of Long Grove from apartments to condominiums. For example, Vista

[24] E. de Guardiola dep. p. 111, line 8-p. 112, line 3.
[25] Ex. 11 to K. Johnson dep; Bates BeachCo 00866.
[26] Ex. 11 to K. Johnson dep. at Bates BeachCo 000871).
[27] K. Johnson dep. p. 76, line 21-p. 77, line 10.

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has requested that the Beach Company's managers and staff handle apartment-to-condominium renovations such as vinyl and carpet replacement and painting. Such work might be included in a standard "turn" of rental units in a completed apartment. However, at this stage of the project, this type of work is related to the construction, repairs, and remodeling work involved in the conversion of the project to condominiums, and the requested work exceeds the scope of The Beach Company's management agreement.

Accordingly, the purpose of this letter is to confirm and document that The Beach Company is acting only as the leasing/rental manager. The Beach Company is not responsible for managing or handling any of the construction and remodeling work associated with Vista Realty Partner's conversion of the project from apartments to condominiums.

Vista Realty Partners agrees that it is solely responsible for the coordination and supervision of all design, development, construction, and remodeling activities related to conversion of the project from apartments to condominiums. This coordination and supervision includes a turn-key process that follows through with the completion of any and all punch list items. The Beach Company shall have no requirement or responsibility for such improvements under its the management agreement.

To the fullest extent permitted by law, Vista Realty Partners, on behalf of itself and its successors and assigns, agrees to hold release, harmless, defend, and indemnify The Beach Company . . . of and from any and all claims, lawsuits, demands, losses, damages, and all other expenses of any kind whatsoever (including without limitation attorney's fees and costs) arising out of or in any way related to Vista Realty Property's development, design, construction, repairs, and remodeling work associated with the conversion of Long Grove from apartments to condominiums; . . . .

Please acknowledge Vista Realty Partner's receipt, understanding, acceptance, and acknowledgment of this notice and agreement by signing and returning a copy of this letter to my attention no later than August 11, 2005.[28]

42. Vista refused to sign the letter, and in a follow up letter dated September 12, 2005, the Beach Company notified Vista that it was terminating its management services of the property.[29] Vista then hired Ravenel Associates to manage the property, and Ravenel continues to manage the property for the POA today.

43. In addition to a property management division, Beach Company has a residential real estate sales division (Beach Residential). After it purchased the property, Vista entered into an agreement with the Beach Company for Beach Company to provide marketing services and sales support to Vista in connection with Vista's sale of its condominium units. Vista prepared and provided Beach Company with a form Purchase Agreement that Vista used to sign contracts

[28] Ex. 12 to K. Johnson dep; Bates BeachCo 002079.
[29] Ex. 2 to K. Johnson dep; Bates BeachCo 00208.

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with condominium buyers. The Purchase Agreement used by Vista to sell the condominium units contains several provisions that are pertinent to Beach Company's role as the broker-in-charge:

LONG GROVE HORIZONTAL PROPERTY REGIME

PURCHASE AGREEMENT

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

. . . .

7. DISCLAIMER. Purchaser and Seller acknowledge that they have not relied upon any advice, representations or statements of Brokers [i.e., Beach Company] and waive and shall not assert any claims against Brokers involving the same. . . . Purchaser and Seller agree that Brokers shall not be responsible to advise Purchaser and Seller on any matter, including but not limited to the following: . . . the condition of the Unit, any portion thereof, or any item therein; . . .

. . .

10. LONG GROVE PROPERTY OWNERS ASSOCIATION, INC.

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

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

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

. . . .

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

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hereof.[30]

44. The "Disclosure Package" referred to in Paragraph 10(c) above included a copy of the Master Deed that contains the disclaimers and releases at issue in this case.[31]

45. When Vista sold its newly developed condominiums to individual condominium unit buyers, the deeds from Vista to the buyers included a provision providing the buyers with notice that Vista had converted the apartments to condominiums.[32]

46. The deeds from Vista to the individual condominium buyers also provided notice that the conveyance was subject to the Master Deed for the POA.[33]

47. By 2006, Vista had sold all of the units and turned over control of the POA to a board of directors elected by the condominium unit owners pursuant to the terms of the POA's Master Deed and Bylaws.

48. LGSF had no involvement or communications with the POA until 2009, when the POA, through its attorney, sent demand letters to LGSF (i.e., to Beach Company, Gulfstream, and Long Grove at Seaside Farms, LLC) stating that the POA "is asserting a construction defects claim" against them and demanding a response "in accordance with the Notice and Opportunity to Cure Construction Dwelling Defects Act."[34]

49. LGSF, through counsel, responded to the demand letters by sending the POA's counsel a detailed letter informing the POA that LGSF was not involved in the conversion or development of the condominiums; had sold the property to Vista on an "as is", "where is", and "with all defects" basis and had specifically disclaimed and been released from all warranties and liabilities related to the condition of the property; is not legally responsible for any of the alleged

[30] Vista's form Sales Contract; Ex. 19 to J. Darby Dep.; and Ex. 33 to de Guardiola dep. at Bates Vista_00019-000046.
[31] Bates BeachResidential 00001-120.
[32] Complaint. Ex. D.
[33] Complaint. Ex. D.
[34] Complaint Ex. E-1, E-2, and E-3.

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construction defects claimed by the POA; and, any claims of the POA concerning alleged defects in the condominium buildings should be directed to Vista and not to LGSF.[35]

50. The POA's counsel sent a brief reply letter stating that the POA "disagrees" with LGSF's position and repeating the POA's demand that LGSF state its "intentions under the Right to Cure Act."[36]

51. The LGSF entities then filed this lawsuit against the POA seeking a declaration concerning the validity of the POA's claims against LGSF.

52. As stated in LGSF's declaratory judgment Complaint, for purposes of the declaratory judgment action only, the construction defects claimed by the POA are assumed to exist, and the sole purpose of the action is to address the legal rights and responsibilities between LGSF and the POA regarding the POA's claims against LGSF. Thus, the declaratory action does not address the merits of the construction defects alleged by the POA. The declaratory judgment Complaint names Vista (i.e., Vista Realty Partners, LLC, and Long Grove Vista, LLC) for notice purposes only.

53. Upon LGSF's filing of this declaratory judgment action, the POA filed counterclaims, crossclaims, and third-party claims against LGSF and the other parties in this case alleging joint and several liability for construction defects in the condominium buildings.

54. In its counterclaims, the POA asserts that LGSF is liable for construction defects in the buildings based on causes of action for breach of the implied warranties of habitability and workmanlike service, breach of express warranties, and negligence.[37]

55. The defects alleged by the POA include but are not limited to leaks and water damage at the balconies[38], the same component that Vista hired its own contractors to repair after

[35] Complaint Ex. F.
[36] Complaint Ex. G.
[37] POA Counterclaim ¶¶ 62-73, and 82-85.

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it purchased the property from LGSF and for which Vista received the $200,000 in escrowed funds that were set aside at closing to cover Vista's cost of those repairs.

56. In response to the POA's counterclaims, LGSF filed the motions to dismiss the POA counterclaims that are the subject of this Order.

57. The facts related to the disclaimers and releases at issue are not in dispute and have been fully explored during discovery. No party has contended that additional discovery regarding the issues before the Court is needed or would be beneficial prior to the Court ruling on Plaintiffs' motion. The issue presented to the Court in Plaintiffs' declaratory judgment Complaint and motion constitutes a question of law arising from undisputed facts, and the issue is ripe for adjudication at this time.

58. This Court finds that the determination of the issues raised in LGSF's declaratory judgment Complaint and in its pending motion at this point in the case will serve the interests of justice and judicial economy by eliminating disputes and uncertainties regarding which parties are liable for any actual or alleged defects in the condominiums and will resolve issues related to insurance coverage claims, indemnification claims and rights, and actual and potential third-party claims.[39]

CONCLUSIONS OF LAW

For the reasons discussed below, the POA's claims against the LGSF entities, including JHP, are barred as a matter of law and should be dismissed.

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[38] POA Counterclaim ¶¶ 59(a), (b), (f), and (i)). See also POA's Memorandum in Opposition to LGSF's Motion to Dismiss at page 4 (listing the alleged defects in the buildings).

[39] The POA has a pending motion to amend its pleading to add unidentified new parties and new causes of action.

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I. THE COURT FINDS LGSF AND JHP DID NOT EXTEND ANY WARRANTIES TO THE POA AND OWES NO DUTY OF CARE TO THE POA.

59. The POA sued LGSF for breach of the implied warranties of habitability and workmanlike service, breach of express warranties, and negligence, and sued JHP for negligence and breach of express and implied warranties, contending LGSF and JHP are liable to the POA for any construction defects that may exist in the condominium project.

60. Over the years the South Carolina Supreme Court has issued a line of cases imposing liability on builders and sellers of new residential construction based on three legal theories: (1) implied warranty of habitability, which springs from the sale of a new home; (2) implied warranty of workmanlike service, which arises from the construction of a new dwelling; and (3) negligence, which arises when a builder or seller knowingly places defectively constructed new homes in the stream of commerce.

61. The fundamental premise underlying the South Carolina Supreme Court's imposition of liability based on implied warranties and negligence against builders and developers for defective new residential construction is based on the Court's policy of protecting new home buyers against builders that place defective construction into the "stream of commerce." Kennedy v. Columbia Lumber and Mfg. Co., Inc., 299 S.C. 335, 344, 384 S.E.2d 730, 736 (1989) ("We have made it clear that it would be intolerable to allow builders to place defective and inferior construction into the stream of commerce."); Kirkman v. Parex, Inc., 369 S.C. 477, 483, 632 S.E.2d 854, 857 (2006) (stating that the determining factor for imposing the implied warranty of a new house's habitability, is whether the defendant "places it, by the initial sale, into the stream of commerce.") (quoting Aryai v. Shaw, 289 S.C. 161, 164, 345 S.E.2d 715, 717 (1986)).

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62. The rationale of the Court's rejection of the doctrine of *caveat emptor* was its concern with the unequal bargaining power between the new home buyer and seller, the new home buyer's reliance on the skills of the builder, and the inability of the new home buyer to inspect a new house for latent defects prior to purchase. Kennedy v. Columbia Lumber and Mfg. Co., Inc., 299 S.C. 335, 343, 384 S.E.2d 730, 735-36 (1989); Lane v. Trenholm Bldg. Co., 267 S.C. 497, 500, 229 S.E.2d 728, 729 (1976) (citing Rutledge v. Dodenhoff, 254 S.C. 407, 175 S.E.2d 792 (1970)); Sapp v. Ford Motor Co., 386 S.C. 143, 147-48, 687 S.E.2d 4, 497 (2009).

63. In the instant case, the Court finds that LGSF and JHP did not place the condominiums into the stream of commerce and LGSF provided notice that it was specifically disavowing the condition of the property and disclaiming all warranties; thus, the POA's claims against LGSF and JHP are barred as a matter of law.

64. LGSF designed and built the apartments solely for its own use as a rental apartment complex, and did not construct the apartments for sale to individual buyers or for use as condominiums. The fact that LGSF years later sold the apartments to a buyer that converted the apartment into condominiums does not change the fact that LGSF constructed the apartments only for itself and only for its own use as rental apartments. See Smith v. Breedlove, 377 S.C. 415, 661 S.E.2d 67 (2008) (holding the implied warranty of workmanlike service did not apply to an owner who sold private home that he built as his own general contractor and owed no duty of care in construction of the house to any future purchaser).

65. When LGSF sold the rental apartment property to Vista, LGSF was aware that Vista intended to convert the property and sell it as condominiums. Therefore, LGSF went to substantial lengths to place both Vista and future owners on notice that the property as sold may

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contain defects, and that LGSF was disclaiming all warranties and responsibilities related to the condition of the property.

66. From the initial stage of its decision to sell the complex, LGSF insisted that it and its affiliates be released from all liability related to the condition of the property as a condition of the sale if the buyer intended to convert the apartment complex to condominiums. That position was set forth in the LJ Melody marketing materials for the property.[40] During the negotiations between LGSF and Vista regarding the terms of the Sales Contract, LGSF notified Vista that the Sales Contract must include the property condition and warranty disclaimers and include Vista's assumption of liabilities and release of claims in order for LGSF to accept Vista's offer to buy the property. LGSF informed Vista that if it did not agree to these conditions as part of the Sales Contract, then LGSF was not going sell Vista the property.[41] Vista's owner realized the core importance of these conditions of sale.

67. The initial Term Sheet executed by LGSF and Vista stated that the property was being sold on an "as is", "where is" and "with all faults" basis and that LGSF would be released from all liabilities related to the condition of the property.[42]

68. Following what were at times characterized as "contentious" negotiations between the principals of LGSF and Vista and their lawyers, Paragraphs 14 and 15 were included in the Sales Contract between LGSF and Vista. Paragraph 14 clearly indicates that LGSF was disavowing and disclaiming any warranties or liability as to the condition of the property. Paragraph 14 also states that the property was being sold on a strictly "as is", "where is", and "with all defects" basis and without any representations or warranties, express or implied. Similarly, Paragraph 15 clearly states that Vista, on behalf of itself and its successors and assigns,

[40] E. de Guardiola dep. Ex. 23 at Bates CBRE 933.
[41] E. de Guardiola dep. p. 101, line 16-p. 102, line 3.
[42] E. de Guardiola dep. Ex. 31

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fully releases LGSF and its affiliates for claims related to the development, design, construction, maintenance, alteration, or repair of the property.

69. The Sales Contract gave Vista an opportunity to thoroughly inspect the property before closing. Vista took advantage of this opportunity, and hired Essex Engineering Corp. to provide a property condition assessment prior to closing, and Essex observed certain defects in the building, including water intrusion problems at the balconies. Vista required LGSF to escrow $200,000 of the sale price to cover the cost of those repairs and Vista proceeded to close on its purchase of the property. After it purchased the property, Vista had further ample opportunity to inspect the property before it converted and sold the property as condominiums. Vista hired its own contractors to repair the balconies and perform other work on the buildings as part of the conversion process, and Vista received the $200,000 in escrowed funds as reimbursement for its balcony repair costs.

70. The property condition warranty disclaimers and release of liability provisions contained in the Sales Contract between LGSF and Vista are not mere boiler plate language included in a form sales agreement. Instead, they were specifically bargained for provisions that were specially prepared by and negotiated between two sophisticated commercial real estate entities that were represented by legal counsel throughout the entire process. Nothing in the record indicates a disparity in bargaining power between Vista and LGSF. In signing the contract, Vista acknowledged that it was not relying on the skills of the builder, and Vista had ample opportunity to inspect the property for latent defects before and after it purchased the property and converted it to condominiums.

71. In a further effort to disavow itself from Vista's planned conversion of the rental apartments to condominiums, LGSF also insisted on the inclusion of Paragraph 16 in the Sales

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Contract, which required Vista to include notice of the assumption of liability, disclaimers, and releases in the Master Deed that Vista would prepare and file in connection with Vista's conversion and sale of the property as condominiums.

72. Paragraph 24 in the Master Deed, prepared and recorded by Vista after it purchased the property, provides unambiguous notice that LGSF sold the property to Vista on an "as is", "where is", and "with all defects" and had specifically disclaimed and been released from all warranties and claims regarding the condition of the property. This paragraph further provided specific notice to all future buyers that Vista had "assumed all responsibility for identifying and correcting all defects or problems, if any, that existed, to ensure that the property comprising the Regime is properly constructed and suitable for use as condominiums in accordance with all applicable building regulations, codes, standards, and other applicable laws and requirements."

73. LGSF's insistence that this provision be contained in the Master Deed ensured that Vista provided notice to the POA, an entity that was not yet in existence, and to the future buyers of Vista's condominiums that LGSF had disclaimed and been released from all warranties and liabilities associated with the condition of the property. By requiring Vista to include that notice in the Master Deed, LGSF was ensuring that record notice of the disclaimers and release was provided in the chain of title to the property so as to provide notice to all future buyers.

74. Because LGSF would not be a party to any subsequent deeds issued by Vista to the various purchasers of condominiums and the POA, this Court finds that this recordation in the chain of title was the most practical legal method by which LGSF could attempt to ensure that notice was given to subsequent buyers of the disclaimers, releases, and liability accepted by Vista when purchasing the apartment complex, and the most likely method to be successful in actually providing such notice to subsequent purchasers. In making such a finding, this Court is mindful

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that, as the seller, Vista is the entity that bears the legal responsibility for making this disclosure, and thus LGSF has taken additional legal steps to not only protect itself, but also to protect downstream purchasers.

75. Stated differently, this Court finds that requiring Vista to include the notice in the Master Deed was a reasonable and practical means to ensure that subsequent buyers of condominiums received notice that LGSF and its affiliates had disclaimed and been fully released from all liabilities related to the condition of the property.

76. Vista complied with the requirements of the Sales Contract and included notice of the assumption of LGSF's disclaimers and release in the Master Deed that Vista prepared and recorded in the chain of title to the property after it purchased the property.

77. The deeds that Vista issued to unit buyers after Vista converted the project to condominiums specifically state that Vista had "converted the units at Long Grove Apartments to condominium ownership," and the deeds from Vista to unit owners indicate that the conveyance was subject to the terms of the Master Deed.

78. The assumption of liability, disclaimers, and releases contained in the Sales Contract and Master Deed are clear, explicit, unambiguous, and capable of legal interpretation. Therefore, the function of the Court is to interpret the lawful meaning of the terms of the documents and give effect to them. E.g., Ellie, Inc. v. Miccichi, 358 S.C. 78, 93, 594 S.E.2d 485, 493 (Ct. App. 2004) ("Where an agreement is clear and capable of legal interpretation, the courts only function is to interpret its lawful meaning, discover the intention of the parties as found within the agreement, and give effect to it."); Vause v. Mikell, 290 S.C. 65, 68, 348 S.E.2d 187, 189 (Ct. App. 1986) ("The construction of an unambiguous deed is a question of law, not fact.");

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Hunt v. Forestry Com'm, 358 S.C. 564, 568-569, 595 S.E.2d 846, 848 (Ct. App. 2004) ("The construction of a clear and unambiguous deed is a question of law for the court.)

79. The Master Deed was recorded in the chain of title to the property and "runs with the land," meaning it is enforceable by and against later grantees. 17 S.C. Juris Covenants § 18. The POA was created, and for a time controlled by Vista, which is the entity that prepared and recorded the Master Deed under which the POA exists.

80. Buyers of condominium units are charged with constructive notice of information recorded in the chain of title to their property. Carolina Land Co., Inc. v. Bland, 265 S.C. 98, 107, 217 S.E.2d 16, 20 (1975) ("The law imputes to a purchaser who proposes to acquire title to real estate notice of the recitals contained in any properly recorded instrument of writing which forms a link in a chain of title to the property proposed to be acquired."); Harbison Community Ass'n, Inc. v. Mueller, 319 S.C. 99, 103, 459 S.E.2d 860, 863 (Ct. App. 1995) ("A homeowner is charged with constructive notice of any restriction properly recorded within the chain of title.").

81. Buyers who purchased condominium units from Vista were represented by a closing attorney when they closed on the purchase, and the buyers and their closing attorneys were on constructive notice of the notice contained in the Master Deed. The POA and the condominium owners are bound by the terms of the Master Deed, and the POA and unit owners are estopped as a matter of law from disclaiming or collaterally attacking the validity of the assumption of liability, disclaimers, and releases that are contained in the instruments of record applicable to their property. See Evins v. Richland County Historic Preservation Com'n, 341 S.C. 15, 20, 532 S.E.2d 876, 878 (2000) ("Estoppel by deed precludes a party to a deed from asserting as against the other any right or title in derogation of the deed, or from denying the truth of any material fact asserted in it.").

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82. The situation presented here is not one where a condominium developer inserted language in a master deed that was intended to prevent buyers from pursuing claims against the condominium developer that created and sold the units. Instead, this is a case where the prior owner of the property purchased by a condominium developer required the condominium developer to provide future buyers with record notice that the prior owner on behalf of itself and its affiliates had disclaimed all warranties and been released from all responsibility for the condition of the property.

84. The POA formed by Vista and the subsequent buyers of condominiums sold by Vista were on notice of LGSF's disclaimers and releases and as a matter of law, and they are barred from denying or attacking the validity of the notice.

85. Because the POA and condominium buyers were on notice that LGSF had disclaimed and been fully released from all liabilities related to the condition of the property when it sold the used apartment buildings to Vista, as a matter of law the POA cannot now claim that LGSF placed the property in the stream of commerce as is required to trigger liability for construction defects in the property based on theories of implied warranties and negligence.

86. The assumption of liability, releases, and disclaimers contained in the Sales Contract and Master Deed, which LGSF bargained for as part of the underlying sales transaction when the apartment complex was purchased by Vista with the intention of conversion to condominiums, all operated to sever any potential claims for breach of warranty or negligence. **Moreover, it would be inappropriate to allow the purchaser of Long Grove (Vista) to waive all warranties and rights of action as part of a purchase bargain, but then create an entity (the POA) that would somehow revive those rights and warranties.**

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87. Under these circumstances, LGSF did not extend any warranties to the POA and owes no duty of care to the POA. Therefore, LGSF is entitled to summary judgment on the POA's claims. Furthermore, the express releases, disclaimers and assumptions of liability by Vista operate to bar any potential claims against JHP for breach of warranty or negligence.

II. THE ASSUMPTION OF LIABILITY, DISCLAIMERS, AND RELEASES ARE NOT VOID BASED ON MISTAKE OR "LACK OF MEETING OF THE MINDS."

88. In an effort to oppose the result dictated by the notice of assumption of liability, disclaimers, and releases contained in its Master Deed, the POA argues that Vista's owner (Eduard de Guardiola) purchased the property in reliance on LGSF's alleged representations regarding the "quality" of the buildings and with a secret, undisclosed belief that the assumption of liability, disclaimers, and releases as required in the Sales Contract would not be enforceable. Counsel for Vista joined in this argument, which this Court finds self-serving and disingenuous, at best. This Court further finds that the POA is neither factually nor legally situated to raise these arguments. LGSF and Vista were the parties to the Sales Contact, and the POA that was later formed by Vista did not even exist when Vista negotiated and closed on the Sales Contract. The POA is now attempting to step into Vista's shoes after the fact and advance arguments on behalf of Vista that do not pertain to the POA and to which the POA had no involvement.

89. Moreover, Vista's owner (de Guardiola) is a lawyer and a highly experienced real estate developer. The Sales Contact that he signed on behalf of Vista contains a clause (in Paragraph 14) stating that LGSF was completely disclaiming the condition of the property and stating that Vista was not relying on any alleged oral representations by anyone concerning the condition of the property. Any secret belief that Mr. de Guardiola may have had regarding the "quality" of the buildings or the enforceability of terms of the Sales Contract is irrelevant and was

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superseded when he proceeded to sign the Sales Contract containing the assumption, disclaimers and releases. See, e.g., Davis v. KB Home of South Carolina, Inc., 394 S.C. 116, 127, 713 S.E.2d 799, 805 (App. 2011) ("The court is without authority to consider parties' secret intentions, and therefore words cannot be read into a contract to impart an intent unexpressed when the contract was executed." (quoting Pee Dee Stores, Inc. v. Doyle, 381 S.C. 234, 241, 672 S.E.2d 799, 802 (Ct. App. 2009)). The issue of the enforceability of the disclaimers and release is a matter of law for the Court to decide and is not controlled by a secret belief of one of the parties that signed the Sales Contract and proceeded to close on the contract containing these terms.

III. THE COURT FINDS THE ASSUMPTION OF LIABILITY, DISCLAIMERS, AND RELEASES IN THE SALES CONTRACT AND MASTER DEED ARE NOT VOID BASED ON LACK OF CONSIDERATION.

90. The POA contends that the assumption of liability, disclaimers, and releases in the Sales Contract and Master Deed are void based on lack of consideration.

91. The POA first contends these provisions are invalid because no separate or specific consideration for these provisions is recited in the Sales Contract. The POA's arguments regarding alleged lack of consideration in the Sales Contract appear to be based on a mistaken application of the requirements of Kirkman v. Parex, Inc., which holds that disclaimers of the implied warranty of habitability "must be (1) conspicuous, (2) known to the buyer, and (3) specifically bargained for." 369 S.C. 477, 485, 632 S.E.2d 854, 858 (2006).

92. The Kirkman elements do not apply to the POA's claim against LGSF. It is well established under South Carolina law that the implied warranty of habitability arises solely out of the sale of a new home and is implied only in the initial sale of a home, not in a resale. Smith v. Breedlove, 377 S.C. 415, 422, 661 S.E.2d 67, 71 (2008); Kirkman v. Parex, Inc., 369 S.C. at 482-483, 632 S.E.2d at 856-857; Kennedy v. Columbia Lumber & Mfg. Co., Inc., 299 S.C. at 344, 384

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S.E.2d at 736; Arvai v. Shaw, 289 S.C. at 161, 345 S.E.2d at 717 (1986)); Lane v. Trenholm Bldg. Co., 267 S.C. at 500, 229 S.E.2d at 729. Here, the implied warranty does not apply to LGSF or JHP as a matter of law because LGSF and JHP did not sell a new home—or anything—to the POA.

93. Moreover, the POA's argument regarding lack of consideration in the Sales Contract between LGSF and Vista is not supported by the undisputed testimony of the principals of Vista (Edward de Guardiola) and LGSF (John Darby) who negotiated and signed the Sales Contract. Mr. de Guardiola and Mr. Darby both unequivocally testified that LGSF would not sell the property to Vista unless Vista agreed to the disclaimers and release. Mr. Darby testified that this was a "core" or "fundamental" term of the Sales Contract. Mr. de Guardiola testified that it was a "deal breaker" if Vista did not agree to it. Mr. de Guardiola's acquisition and development consultant described these requirements as being a "contentious issue" between Vista and LGSF. Contrary to the POA's arguments, the disclaimers and release were specifically negotiated, fundamental, and core terms of the contract without which the contract would not exist and no sale would have occurred. See Furman University v. Waller, 124 S.C. 68, 117 S.E. 356, 358 (S.C. 1923) (stating that for purposes of a forming a contract, "valuable consideration, in the sense of the law, may consist either in some right, interest, profit, or benefit, accruing to the one party, or some forbearance, detriment, loss, or responsibility given, suffered, or undertaken by the other."). "Generally, no special consideration need be singled out or apportioned for each separate provision in a contract, and a number of agreements covering more than one subject may be founded on one consideration." Purse v. Timber Acquisition, 303 S.C. 388, 390, 401 S.E.2d 155, 156 (1991) (citing 17 C.J.S. Contracts § 71 (1963). See also Southern Glass & Plastics Co. v. Duke, 367 S.C. 421, 428, 626 S.E.2d 19, 22 (Ct. App. 2005) ("[P]ublic policy does not require

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consideration from each party where a general release purports to release not only the paying party, but all other potential defendants, from any and all future liability." (quoting 76 C.J.S. Release § 9 (1994) and citing Hyman v. Ford Motor Co., 142 F.Supp.2d 735, 742 (D.S.C. 2001) (upholding a release even though beneficiary did not provide consideration)).

94. Vista also received additional consideration concerning construction defects and the responsibility therefor after the closing when it requested and received the $200,000 in funds that were escrowed prior closing to cover the cost of the balcony repairs.

95. Accordingly, the bargained-for consideration exchanged between LGSF and Vista under the Sales Contract is sufficient consideration to support the assumption of liability, disclaimers, and releases.

96. The POA also argues that the release provisions in its Master Deed are void because the POA did not receive any consideration for the releases. LGSF and Vista were the parties to the Sales Contact that gave rise to the release provisions in the Master Deed, and the POA did not exist when the Sales Contract was signed. After it purchased the property, Vista subsequently created, operated, and controlled the POA. When LGSF sold the property to Vista, LGSF had no obligation or ability to pay consideration to a non-existent entity that was later created and controlled by Vista. As stated above, it would be inappropriate to allow the purchaser of Long Grove (Vista) to waive all warranties and rights of action as part of a purchase bargain, but then create an entity (the POA) that would somehow revive those rights and causes of action.

IV. THE COURT FINDS THE RELEASE IS NOT CONTRARY TO PUBIC POLICY UNDER S.C. CODE ANN. § 32-2-10.

97. The POA contends the release provisions in the Master Deed are against public policy and unenforceable under S.C. Code Ann. § 32-2-10. This Court finds the POA's reliance on § 32-2-10 is misplaced because that statute pertains to hold harmless clauses in construction

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contracts (emphasis added):

> § 32-2-10. Hold harmless clauses in certain construction contracts.
>
> Notwithstanding any other provision of law, a promise or agreement in connection with the design, planning, construction, alteration, repair or maintenance of a building, structure, highway, road, appurtenance or appliance, including moving, demolition and excavating, purporting to indemnify the promisee, its independent contractors, agents, employees, or indemnitees against liability for damages arising out of bodily injury or property damage proximately caused by or resulting from the sole negligence of the promisee, its independent contractors, agents, employees, or indemnitees is against public policy and unenforceable. Nothing contained in this section shall affect a promise or agreement whereby the promisor shall indemnify or hold harmless the promisee or the promisee's independent contractors, agents, employees or indemnitees against liability for damages resulting from the negligence, in whole or in part, of the promisor, its agents or employees. The provisions of this section shall not affect any insurance contract or workers' compensation agreements; nor shall it apply to any electric utility, electric cooperative, common carriers by rail and their corporate affiliates or the South Carolina Public Service Authority. [emphasis added]

98. The contract between LGSF and Vista was for the sale of real property containing existing apartment buildings, and the Master Deed was created pursuant to the requirements of the Sales Contract. There was no construction contract between LGSF and Vista. The terms of § 32-2-10 are clear and do not apply here.

V. THE COURT FINDS THE RELEASE DOES NOT "PREVENT THE POA FROM FULFILLING ITS FIDUCIARY DUTY TO BRING A LAWSUIT"

99. The POA contends the release provisions prevent the POA "from fulfilling its fiduciary duty to bring a lawsuit to seek recovery of damages to the property" so as to render the releases unenforceable.[43] The Court finds this argument to be without merit, as the release provisions in the Master Deed only prohibit the POA from suing the prior owners of the apartments and their affiliates. There is no prohibition against a suit versus Vista, who developed and sold the condominiums. The Master Deed provides specific notice that Vista had "assumed all responsibility for identifying and correcting all defects or problems, if any, that existed, to ensure that the property comprising the Regime is properly constructed and suitable for use as condominiums in accordance with all applicable building regulations, codes, standards, and other

[43] POA Memorandum in Opposition to Plaintiffs' Motion to Dismiss at pp. 33-34; and POA Supplemental Memorandum in Opposition to Plaintiffs' Motion to Dismiss at p. 4.

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applicable laws and requirements."[44]. The assumption of liability, disclaimers, and releases simply require the POA to look to Vista to remedy any problems with the condominiums that were created and sold by Vista.

VI. THE COURT FINDS THE RELEASE IS NOT UNCONSCIONABLE, UNJUST, OR UNFAIR TO THE POA.

100. Contrary to the POA's contentions, the release provisions in the Master Deed are not unconscionable, unjust, or unfair to the POA so as to render them void and unenforceable.

A. The release provisions are clearly contained in the Master Deed.

101. The POA contends the notice of assumption of liability, disclaimers, and releases in the Master Deed are unconscionable because they are "not conspicuous enough" and LGSF "purposefully hid the release by burying it in the Master Deed."[45] The POA was created, exists, and operates by virtue of the Master Deed. The POA is the party suing LGSF, and the POA cannot now contend that it was unaware of terms in the Master Deed, as this is the document under which the POA was created, exists, and operates.

102. Moreover, LGSF did not prepare or record the Master Deed. Vista recorded the Master Deed after it purchased the property, and Vista chose where to place the notice in the Master Deed. That notice spans two pages in the Master Deed, and is set forth together with many other important requirements and restrictions in the Master Deed pertaining to the use and ownership of the property (e.g., the Master Deed defines what portion of the space is owned by individual owners versus being common elements; requires payment of assessments for maintenance and repairs; and contains ARB restrictions on how owners can use and occupy their units). The individual buyers (who are not parties to this lawsuit) were on record notice of all the terms in the Master Deed when they purchased a unit. Cf. Evins v. Richland County Historic

[44] Master Deed ¶ 24; Complaint Ex. C.
[45] POA Supplemental Memorandum in Opposition to Plaintiffs' Motion to Dismiss at p.9 & 10.

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Preservation Com'n, supra ("Estoppel by deed precludes a party to a deed from asserting as against the other any right or title in derogation of the deed, or from denying the truth of any material fact asserted in it."); Regions Bank v. Schmauch, 354 S.C. 648, 663-664, 582 S.E.2d 432, 440 (Ct. App. 2003) ("A person who signs a contract or other written document cannot avoid the effect of the document by claiming he did not read it. One entering into a written contract should read it and avail himself of every reasonable opportunity to understand its content and meaning. Every contracting party owes a duty to the other party to the contract and to the public to learn the contents of a document before he signs it.") (internal quotations and citations omitted)

B. The release provisions in the Master Deed are not an unenforceable adhesion contract.

103. The POA also contends the release provisions in the Master Deed are an unconscionable and unenforceable "contract of adhesion."[46]

104. As a threshold matter, the release provisions in the Master Deed are not a contract between LGSF and the POA. Instead, the Master Deed is an instrument recorded in the chain of title to the property. Vista prepared and recorded the Master Deed to create the POA, and the POA exists and operates pursuant to the terms of the Master Deed. As discussed above, the release provisions were included in the Master Deed to provide notice to future owners. The POA did not exist when LGSF sold the property, and LGSF did not own the property when Vista recorded the Master Deed to create the POA. LGSF did not have—and could not have had—any contractual bargaining or dealings with the POA regarding the terms of the Master Deed.

105. In addition, if the release provisions in the Master Deed were to be deemed an unenforceable adhesion contract, then every other provision in the Master Deed must be

[46] POA Supplemental Memorandum in Opposition to Plaintiffs' Motion to Dismiss at pp. 7-8.

considered the same, the effect of which would be to void the entire Master Deed and all other similar master deeds in this State. Thus, the Court rejects this argument.

C. The release provisions are not "unfair" or contrary to public policy.

106. Finally, the POA contends that the release provisions are unfair and should be unenforceable as against public policy in the State of South Carolina.[47]

107. In response to the Court's question posed at the hearing on this matter, the POA's counsel could not identify any other or superior method by which LGSF could have sold the property to Vista without remaining liable to future owners of the property after Vista purchased, developed, and sold it.

108. On this point, this Court rejects the argument that the public policy of this State should be that a seller could never, under any circumstances, avoid liability for the condition of the property if the property is subsequently converted or used for a different purpose by the buyer or the buyer's successors. If this Court were to deem that LGSF should be held liable for the alleged construction defects in these condominiums despite the notices, disclaimers, and releases contained in the Sales Contract and Master Deed, which were extensively and specifically negotiated terms of an arms-length transaction between two sophisticated entities represented by counsel, then the practical effect of such a decision would be that an owner of a developed property can never sell the property without remaining subject to liability if the buyer or a subsequent buyer converts or uses the property for different purposes. Such a result is not within the scope or public policy intent of South Carolina law concerning construction defect claims. The Court finds that the actions undertaken by LGSF in the sale of the apartment complex were sufficient to require a dismissal of the POA's construction defect claims.

[47] POA Supplemental Memorandum in Opposition to Plaintiffs' Motion to Dismiss at pp. 9-10.

VII. THE COURT FINDS NO LEGAL OR FACTUAL REASON TO TREAT THE LGSF PARTIES AND AFFILIATES SEPERATELY FOR PURPOSES OF CONSTRUING THE RELEASE AND DISCLAIMER LANGUAGE.

109. Counsel for the POA argues that the LGSF entities and their affiliates are not entitled to the same benefit from the disclaimers and releases included in the Contract of Sale, as their duties and responsibilities were not the same. The LGSF entities are Long Grove at Seaside Farms, LLC, the owner/developer; Gulfstream Construction Company, Inc., the general contractor who built the apartment complex; and, The Beach Company, the managing entity of the apartment complex. Moreover, Architect JHP, who originally designed the apartment complex, has also moved for summary judgment on the basis that they are a third party beneficiary of the disclaimers and releases in the contract. Architect JHP correctly argues, as found above, that it is an "affiliate...related to the development, design, construction (of the project)" for which the release "from any and all claims of every kind, including unknown and unforeseen claims...that may arise in the future" was clearly intended between the parties to the contract. Architect JHP also argues that they are not a proper third-party defendant pursuant to Rule 14(a), SCRCP, as the claim asserted falls outside the ambit of the rule. The Court does not reach this final argument in making this decision, as it is not dispositive.

110. Stated succinctly, the POA argues that the Plaintiffs have impermissibly "lumped together" theories of contract, negligence, and warranty in their request for dismissal; that the Court has inappropriately permitted entities who were not signatories to the contract to become gratuitous third-party beneficiaries thereunder; that the laws places different levels of responsibility and culpability upon the various Plaintiff entities and JHP Architect; that certain warranties pertain to some and not to others; and, that certain of the Plaintiff entities and JHP

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architect have failed to appropriately disclaim any warranties whatsoever and the sales contract to which they were not a party cannot properly disclaim such warranties for them.

111. In response to this argument, the Court returns to the basic principles of contract law and the freedom of the principal parties LGSF and Vista to decide among themselves the terms of their agreement, when such agreement on its face does not violate South Carolina law or public policy. The Court finds no violation of law or public policy here, and thus intends "to ascertain and give effect to the intention of the parties." Southern Atlantic Financial Services, Inc. vs. Middleton, 349 S.C. 77, 80 562 S.E. 2d 482, 484 (Ct. App. 2002).

112. In interpreting the sales contract, this Court finds there is an obvious reason that all related seller entities and affiliates, including JHP, were treated equally and afforded the same protections under the release and disclaimer. To do otherwise would result in vitiating the contract and rendering it meaningless, for if one of the seller entities or affiliates is found liable for damages arising from the conversion of the apartment complex to condominiums, then all the seller entities or affiliates would be subject to derivative liability through subrogation, contribution, indemnification, or any other of a host of joint responsibility theories. Stated simply, under the contract the seller entities and affiliates are either all protected or none protected, and this Court does not perceive that it is the public policy of this state that no selling party can enter a contract as to real property that would disclaim responsibility when the purchasing party intends to alter the use and legal status of the property.

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VIII. THE SALES CONTRACT IS NOT AN IMPERMISSIBLE EXCULPATORY CONTRACT AND DOES NOT TRANSFER NON-DELEGABLE DUTIES

113. Counsel for the POA argues that the Sales Contract amounts to an impermissible exculpatory contract and operates to transfer non-delegable duties and responsibilities.

114. As previously stated, the Court finds it appropriate to point out that the POA, not being a party to the Sales Contract between LGSF and Vista, lacks proper standing to raise a contractual argument as to the enforceability of the provisions contained within the contract.

115. Moreover, although exculpatory contracts are generally disfavored at law, they are permitted in this state and the South Carolina Supreme Court has specifically upheld exculpatory contracts in recognition of the freedom of private parties to contract as they choose. Huckaby v. Confederate Motor Speedway, Inc., 276 S.C. 629, 281 S.E.2d 223 (1981); Pride v. Southern Bell Tel. & Tel. Co., 244 S.C. 615, 138 S.E.2d 155 (1964); South Carolina Elec. & Gas Co. v. Combustion Eng'g Inc., 283 S.C. 182, 322 S.E.2d 453, 459 (Ct. App. 1984).

116. The releases, disclaimers, and assumptions of liability contained within the Sales Contract and Master Deed are not "exculpatory contracts" within the meaning of that term as used by counsel for the POA. Instead, while these terms are binding on the parties to the contract, these provisions also act as a notice that clearly advised Vista's successors and assigns (including the POA) that LGSF sold the property to Vista on an "as-is" and "with all defects" basis and it and its affiliates had disclaimed and been released from all liabilities associated with the condition of the property. There was no separate "contract" between LGSF and the POA that would constitute an "exculpatory contract," and the purpose and effect of LGSF requiring Vista to include those terms in the Master Deed was to provide the POA and subsequent buyers with notice that LGSF and its affiliates had no responsibility or liability for anything that Vista did with the property after Vista purchased the property from LGSF.

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117. Finally, under the POA's argument, every standard release executed in settlement of a construction defects lawsuit, whereby the builders are released from all liability, including future liabilities, would be considered an unenforceable exculpatory contract, thus subjecting settling builders to continuing liability to future purchasers of property. Such a result is contrary to the existing law in this state. See Kirkman v. Parex, Inc., 369 S.C. 477, 485, 632 S.E.2d 854, 858 (2006); Smith v. Breedlove, 377 S.C. 415, 661 S.E.2d 67 (2008); Sapp v. Ford Motor Co., 386 S.C. 143, 687 S.E.2d 47 (2009); Fields v. J. Haynes Waters Builders, Inc., 376 S.C. 545, 658 S.E.2d 80 (2008). Thus, the Court rejects this argument.

IX. THIS DISMISSAL DECISION DOES NOT APPLY TO THIRD-PARTY DEFENDANTS ESSEX ENGINEERING AND SCM CONSTRUCTION

118. According to the pleadings and evidence in this case, Essex Engineering was hired by Vista to inspect the premises prior to closing and issue a property condition report. The report issued by Essex identified certain defects in the buildings, including water damage on exterior balconies. Allegations have now been raised that the inspection was flawed, failing to uncover multiple defective conditions. This Court previously denied Essex Engineering's motion to dismiss by Order dated October 14, 2011. Essex is not an affiliate entity of LSGF, and was never intended to be protected by the sales contract between LGSF and Vista. There are many issues of material fact in dispute as to the liability of Essex in the underlying construction defects claim, and the dismissal of LGSF and JHP Architect does not extend to Essex.

119. SCM Construction was hired by Vista to provide construction services in the conversion of the apartment complex to condominiums. SCM Construction is not an affiliate entity of LSGF, and was never intended to be protected by the sales contract between LGSF and Vista. There are many issues of material fact in dispute as to the liability of SCM Construction in

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the underlying construction defects claim, and the dismissal of LGSF and JHP Architect does not extend to SCM Construction.

CONCLUSION

This case contains novel and complex questions of law. Essentially, the Court is asked to choose between LGSF's assertion of the long-recognized right of parties to freely negotiate and contract between themselves in the arms-length sale of improved real property, together with the public policies encouraging alienability and supporting the highest and best use of property, versus the POA's contention that there is a violation here of the state's statutory and case law scheme to protect residential real estate purchasers and owners. It has not escaped the Court's attention that the real estate economic downturn of the year 2008, which may have led to Vista being currently impecunious to the extent that it cannot sufficiently respond to the POA's demands, may be the culprit that brings these issues to bar. But the Court's decision cannot be driven by the financial wherewithal of the parties. Vista was owned by a sophisticated and experienced real estate developer and attorney who willingly undertook legal responsibility for the condition of the apartment complex premises when he made the decision to buy and convert the complex to condominiums. The clear evidence before this Court is that this core condition of sale was specifically required by the seller and willingly accepted by the buyer, who had a full understanding of the downstream implications of such an agreement. If there are construction defects currently existing within the condominium units, then this Court finds that the statutory and case law scheme established to protect the residential owners remains viable, and under the facts and circumstances presented here, this Court further finds Vista answerable thereto, and nothing herein is intended to limit any right of action against Vista or its related entities.

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There are no disputed issues of material fact as to LGSF and third-party Defendant Harwick. LGSF's motion is based on the legal effect of an assumption of liability, disclaimers, and releases contained in the Sales Contact between LGSF and Vista, and in the Master Deed that was recorded by Vista, the terms of which are clear and unambiguous. For the foregoing reasons, the POA's claims against the LGSF entities (i.e., Plaintiffs Beach Company, Gulfstream, and Long Grove Seaside Farms, LLC), as well as James, Harwick & Partners, Inc., n/k/a JHP Architecture/Urban Design, P.C., are barred as a matter of law and are dismissed with prejudice.

IT IS SO ORDERED.

J. Michael Baxley, Presiding Judge

July 23, 2012
Hartsville, South Carolina

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FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF CHARLESTON
IN THE COURT OF COMMON PLEAS
NINTH JUDICIAL CIRCUIT

JUDGMENT IN A CIVIL CASE

CASE NO.: 2009-CP-10-6746

The Beach Company; Long Grove at Seaside Farms, LLC; Gulf Stream Construction Co., Inc.

Plaintiffs

Long Grove Property Owners' Association ("POA"), Inc.; Vista Realty Partners, LLC; Long Grove Vista, LLC

Defendants

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

Third-Party Defendants

FILED
2012 NOV -2 PM 2:33
JULIE J. ARMSTRONG
CLERK OF COURT
BY

CHECK ONE:

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

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

☐ **ACTION DISMISSED.** (Check Reason): ☐ Rule 12(b), SCRCP; ☐ Rule 41(a), SCRCP (vol. Nonsuit); ☐ Rule 43 (k), SCRCP (Settled); ☐ Other (See Below)

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

IT IS ORDERED AND ADJUDGED: ☐ See attached order; ☐ Statement of Judgment by the Court:

On July 25, 2012, this Court entered an Order Granting Summary Judgment to the Plaintiffs and Third-Party Defendant Hardwick in this Declaratory Action, and further dismissing the underlying construction defects claims against those parties.

Presently before the Court is Defendant Long Grove Property Owners' Motion to Reconsider the Court's Order of July 25, 2012. This Motion was not served on the Court by Defendant until September 19, 2012 [See SCRCP 59(g)]. In its motion, Long Grove raises multiple issues concerning the Court's decision. For the reasons set forth at length in the Court's original Order, the Court respectfully denies Defendant Long Grove Property Owners' Motion to Reconsider the Court's Order of July 25, 2012.

Dated at Hartsville, South Carolina, this 30th day of October, 2012.

PRESIDING JUDGE

This judgment was entered on the _____ day of November, 2012, and a copy mailed first class this _____ day of November, 2012 to attorneys of record as follows:

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THIRD PARTY DEFENDANTS

CLERK OF COURT

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

IN THE CIRCUIT COURT

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

Plaintiffs,

vs.

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

Defendants.

Case No. 2009-CP-10-6746

SUMMONS

FILED
2009 OCT 26 PM 4:42
JULIE J. ARMSTRONG
CLERK OF COURT
BY _____

TO THE DEFENDANTS NAMED ABOVE:

YOU ARE HEREBY SUMMONED and required to answer the Complaint in this action, a copy of which is herewith served upon you, and to serve a copy of your answer to the said Complaint upon the subscribers, at their office, 205 King Street, Suite 400 (Zip Code 29401), Post Office Box 486, Charleston, South Carolina 29402, within thirty (30) days after the service hereof, exclusive of the day of such service; and if you fail to answer the Complaint in the time aforesaid, a judgment by default will be rendered against you for the relief demanded in the Complaint.

David J. Parrish
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Post Office Box 486
Charleston, South Carolina 29402
(843) 577-9400
Attorneys for Plaintiffs

October 26, 2009

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

IN THE CIRCUIT COURT

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

Plaintiffs,

vs.

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

Defendants.

Case No. 2009-CP-10 6746

COMPLAINT

(Declaratory Judgment)

Non-Jury

FILED
2009 OCT 26 PM 4:42
JULIE J. ARMSTRONG
CLERK OF COURT
BY

Plaintiffs would show as follows:

INTRODCUTORY STATEMENT

1. Plaintiffs bring this action for a declaratory judgment pursuant to South Carolina Code Ann. § 15-53-10, et seq. and Rule 57, SCRCP, for the purpose of determining a question of actual controversy and for a declaration of the legal rights, legal status, and legal relationship between the Plaintiffs and the Long Grove Property Owners' Association, Inc., which are currently in dispute and are ripe for adjudication. A legal dispute has arisen between the Plaintiffs and the Long Grove Property Owners' Association, Inc. concerning the legal validity, affect, and enforceability of an assumption of liability by a condominium developer and disclaimers and releases of claims against the Plaintiffs in a condominium Master Deed with respect to alleged construction defects in the condominiums. For purposes of this declaratory judgment action only, the construction defects claimed by the Long Grove Property Owners' Association, Inc. are assumed to exist, and the sole purpose of this action is to address the legal

rights and responsibilities between the Plaintiffs and the Long Grove Property Owners' Association, Inc. This declaratory judgment action is not intended to address the merits or scope of the construction defects alleged by the POA, and the adjudication of those issues is not appropriate in this action. Vista Realty Partners, LLC and Long Grove Vista, LLC are named in this action for notices purposes only.

PARTIES AND JURISDICTION

2. Plaintiff LONG GROVE AT SEASIDE FARMS, LLC ("LGSF") is a limited liability company organized and existing under the laws of the State of Delaware, with its headquarters and principal place of business located in Charleston County, South Carolina.

3. Plaintiff THE BEACH COMPANY ("Beach Company") is a corporation organized and existing under the laws of the State of South Carolina, with its headquarters and principal place of business located in Charleston County, South Carolina.

4. Plaintiff GULFSTREAM CONSTRUCTION COMPANY, INC. ("Gulfstream) is a corporation organized and existing under the laws of the State of South Carolina, with its headquarters and principal place of business located in Charleston County, South Carolina.

5. Defendant LONG GROVE PROPERTY OWNERS' ASSOCIATION, INC. is a corporation organized and existing under the laws of the State of South Carolina, with its headquarters and principal place of business located in Charleston County, South Carolina.

6. Defendants VISTA REALTY PARTNERS, LLC and LONG GROVE VISTA, LLC are limited liability companies organized and existing under the laws of the State of Georgia, and at all times relevant to this action they were conducting business in Charleston, South Carolina. This action does not seek any relief pertaining to these Defendants, and they are named in this action for notices purposes to allow them an opportunity to be heard on the issues

presented to the extent they desire to respond. The Plaintiffs' contractual and indemnification rights against these Defendants are not at issue in this lawsuit, but are specifically reserved.

7. This Court has jurisdiction over the parties and subject matter of this action, and venue is proper before this Court.

FACTS

8. This lawsuit concerns the Long Grove Condominiums Horizontal Property Regime located in Mt. Pleasant (Charleston County), South Carolina.

9. The Long Grove Condominium Horizontal Property Regime is comprised of the real property and improvements that was formerly the Long Grove Apartments, which was a rental apartment complex.

10. The Long Grove Apartments were constructed in or around 1999. Plaintiff Long Grove at Seaside Farms, LLC ("LGSF") was the owner and developer of the apartments. Plaintiff Gulfstream Construction Company, Inc. ("Gulfstream") was the general contractor that constructed the apartments for LGSF. Plaintiff The Beach Company was the manager of the entity that in turn was the managing member of LGSF, and The Beach Company was the property manager for the apartment complex after it was completed.

11. LGSF, Gulfstream, and The Beach Company, while at all times being legally separate and distinct entities, are affiliated with each other by virtue of certain common ownership interests.

12. The Long Grove Apartments were developed and constructed for use as a rental apartment complex. After the Long Grove Apartments were constructed, the property was operated as a rental apartment complex and the units were leased to tenants. The apartment units

were never used, marketed, or offered as condominiums at any time while LGSF owned the property.

13. In or around 2005 LGSF was approached by an independent, arms-length buyer, Defendant Vista Realty Partners, LLC, which was interested in purchasing the apartment complex from LGSF and converting it into a condominiums development.

14. In light of the proliferation of condominium construction defect lawsuits, and knowing that Vista Realty Partners, LLC intended to convert the apartments to condominiums, LGSF required that the sale contract and closing documents conveying the apartment complex property to Vista Realty Partners, LLC include special provisions in order to clearly identify and provide notice that LGSF, The Beach Company, and Gulfstream would have no role in the condominium conversion and would not be responsible for any claimed construction defects after Vista Realty Partners, LLC converted the project to condominiums and sold the condominium units.

15. LGSF, as the Seller, and Vista Realty Partners, LLC, as the Purchaser, entered into a Sales Contract for the apartment complex dated January 18, 2005, an authentic and accurate copy of which is attached as Exhibit A and incorporated herein by reference. The Sales Contract states in pertinent part:

> 14. **Condition of Property.** Except as otherwise provided specifically in this Sales Contract, specifically including but not limited to the representations and warranties contained in Section 6 hereof, Purchaser acknowledges that neither Seller nor anyone acting for or on behalf of Seller has made any representation, statement, warranty, or promise to Purchaser with respect to the Property. Purchaser shall immediately examine the Property, and become familiar with the physical condition thereof. The Property shall be sold and conveyed strictly on an "as is", "where is", "without recourse" and "with all defects" basis, as it exists on the last day of the Inspection Period, without representation, warranty or covenant, express, implied or statutory, of any kind whatsoever, including, without limitation, representation, warranty or covenant as to condition (structural, environmental, mechanical or otherwise), past or present use, construction, development, lease performance, investment potential, tax ramifications or consequences, income, compliance with law, habitability, tenancies, merchantability or fitness or suitability for any

purpose, all of which are hereby expressly disclaimed except as contained in this Agreement. Without limiting the generality of the foregoing, Purchaser acknowledges that Seller has made no representations, warranties or covenants (except as otherwise provided specifically in this Sales Contract, specifically including but not limited to the representations and warranties contained in paragraph 6 hereof) as to the compliance of the Property with any federal, state, municipal or local statutes, laws, rules, regulations or ordinances, including, without limitation, those pertaining to construction, rent control, building and health codes, land use (or permits issued in connection therewith), zoning, lead paint, urea formaldehyde foam insulation, asbestos, hazardous or toxic wastes or substances, pollutants, contaminants or other environmental matters. Purchaser knowingly and fully assumes the entire risk as to all such matters. Purchaser shall confirm the aforesaid acknowledgments in writing as of the Closing Date. The provisions of this Section shall survive the closing and the delivery of the deed or any expiration or termination of this Agreement. . . . .

15. **Assumption of Liability and Release of Claims.**

a) Purchaser acknowledges that the Property was originally developed and constructed by Seller and its Affiliates (as herein defined). Purchaser represents that it is purchasing the Property for the purpose of converting the Property into condominiums which will be sold to the public. Purchaser assumes all responsibility for identifying and correcting all defects or problems, if any, that may exist, to ensure that the Property is properly constructed and suitable for use as condominiums in accordance with all applicable building regulations, codes, standards, and other applicable laws and requirements.

b) Accordingly, as part of the valuable consideration being exchanged in this sale transaction, the receipt of which is hereby acknowledged, Purchaser on behalf of itself and its heirs, representatives, successors, and assigns, agrees to never sue and completely releases Seller, The Beach Co., Gulfstream Construction Company, Seller's other affiliates, agents, officers, directors, employees, insurers, representatives, successors, assigns, and all other companies, partnerships, entities, or persons involved in the design, development and/or construction of the apartment buildings and apartments therein and all other improvements prior to the Closing Date of this sale transaction (collectively, the "Affiliates"), for and from any and all claims of every kind whatsoever arising from or related to the development, design, construction, maintenance, alteration, or repair of the Property, including unknown and unforeseen claims that may now exist or that may arise in the future. At its sole expense, Purchaser shall also defend, indemnify and hold the Seller and the Affiliates harmless from any cost, liability, damages, claims or the like which may arise as a result of the same including reasonable attorney fees and other costs of defense associated therewith, including, but not limited to, any claims made by future purchasers of condominium units at the Property. Eduard deGuardiola, a principal in the Purchaser, assumes and guaranties these indemnification obligations if the Purchaser ceases to exist, its assets are depleted or it is otherwise unable, or refuses, to perform the indemnity obligations of the Purchaser in a timely and reasonable manner. . . . [emphasis added]

16. In an effort to ensure that Vista Realty Partners, LLC would provide future condominium buyers with notice that the LGSF, The Beach Company, and Gulfstream had no role in the conversion and would not be responsible for any claimed construction defects in the

condominiums, Section 16 in the Sales Contract between LGSF and Vista Realty Partners, LLC requires that the master deed for the condominium regime to be formed and developed by Vista Realty Partners, LLC should include notice of LGSF's disclaimers and the release of all claims against LGSF, The Beach Company, and Gulfstream related to the original construction and condition of the property. Section 16 states in pertinent part:

> 16. **Condominium Regime Documents**.
>
> Purchaser acknowledges and agrees that the Assumption of Liability and Release of Claims in Section 15 above is intended to be binding on all subsequent purchasers of the Property or any condominiums or other subdivisions of the Property. In order to give effect to this intention, the provision set forth in Exhibit I [emphasis added], attached hereto and incorporated herein, will be included in the Master Deed (as herein defined) establishing any condominium regime, and in any and all deeds or any other conveyances of all or part of the Property (except for conveyances of condominium units by Purchaser), including, but not limited to, a sale of a company (or corporate stock or partnership interest) interest.
>
> . . . .

17. Exhibit I (which is included a part of Exhibit A) to the Sales Contract as referred to in the above-quoted portion of Section 16 states:

> **EXHIBIT I**
> **Disclosure Language**
>
> Save and excepting only the limited warranty of title hereinafter set forth and herein contained, the Property is being conveyed strictly on an "as is", "where is" and "with all defects" basis, without representation, warranty or covenant, express, implied or statutory, of any kind whatsoever, including, without limitation, representation, warranty or covenant as to condition (structural, environmental, mechanical or otherwise), past or present use, construction, development, lease performance, investment potential, tax ramifications or consequences, income, compliance with law, habitability, tenancies, merchantability or fitness or suitability for any purpose, all of which are hereby expressly disclaimed. Without limiting the generality of the foregoing, Grantee acknowledges that Grantor's predecessor in title, Long Grove at Seaside Farms, LLC ("Long Grove") and its Affiliates (as herein defined) have made no representations, warranties or covenants as to the compliance of the Property with any federal, state, municipal or local statutes, laws, rules, regulations or ordinances, including, without limitation, those pertaining to construction, rent control, building and health codes, land use (or permits issued in connection therewith), zoning, lead paint, urea formaldehyde foam insulation, asbestos, hazardous or toxic wastes or substances, pollutants, contaminants or other environmental matters.
>
> Grantee acknowledges that the Property was originally developed and constructed by Long Grove and its Affiliates (as herein defined). Grantor purchased the Property for the purpose of converting the Property into condominiums which it is selling to

the public. Grantor assumed all responsibility for identifying and correcting all defects or problems, if any, that existed, to ensure that the Property is properly constructed and suitable for use as condominiums in accordance with all applicable building regulations, codes, standards, and other applicable laws and requirements.

Accordingly, as part of the valuable consideration being exchanged in this sale transaction, the receipt and sufficiency of which are hereby acknowledged, Grantor on behalf of itself and its heirs, representatives, successors, and assigns (including Grantee and all other successors-in-title to all or a portion of the Property), agrees to never sue and completely releases Long Grove at Seaside Farms, LLC, The Beach Co., Gulfstream Construction Company, its affiliates, agents, officers, directors, employees, insurers, representatives, successors, assigns, and all other companies, partnerships, entities, or persons (collectively, the "Affiliates") involved in the design, development and/or construction of the apartment buildings and apartments therein and all other improvements prior to March ___, [sic] 2005, for and from any and all claims of every kind whatsoever arising from or related to the development, design, construction, maintenance, alteration, or repair of the Property, including unknown and unforeseen claims that may now exist or that may arise in the future.

Grantor and Grantee acknowledge and agree that the assumption of liability and release of claims above is intended to be binding on all subsequent grantees of the Property or any condominiums or other subdivisions of the Property. In order to give effect to this intention, these provisions are included in this Master Deed, and will also be included in any other conveyances outside the coverage of this Master Deed.

18. Per an addendum to the Sale Contract (which is included as part of Exhibit A), Vista Realty Partners, LLC assigned its rights under the Sales Contract to Long Grove Vista, LLC.

19. The Long Grove apartment complex was deeded from LGSF to Long Grove Vista, LLC via a Special Warranty Indenture Deed that was recorded on March 7, 2005, in Book C528 at Page 321 in the Charleston County RMC Office, an authentic and accurate copy of which is attached as Exhibit B and incorporated herein by reference.

20. The Special Warranty Indenture Deed conveying the apartment complex from LGSF to Long Grove Vista, LLC states in pertinent part:

Save and excepting only the limited warranty of title hereinafter set forth and herein contained, the Property is being conveyed strictly on an "as is", "where is" and "with all defects" basis, without representation, warranty or covenant, express, implied or statutory, of any kind whatsoever, including, without limitation, representation, warranty or covenant as to condition (structural, environmental, mechanical or otherwise), past or present use, construction, development, lease performance, investment potential, tax ramifications or consequences, income, compliance with law, habitability, tenancies, merchantability or

> fitness or suitability for any purpose, all of which are hereby expressly disclaimed. Without limiting the generality of the foregoing, Grantee acknowledges that Grantor and its affiliates (The Beach Co. and Gulfstream Construction Company) have made no representations, warranties or covenants as to the compliance of the Property with any federal, state, municipal or local statutes, laws, rules, regulations or ordinances, including, without limitation, those pertaining to construction, rent control, building and health codes, land use (or permits issued in connection therewith), zoning, lead paint, urea formaldehyde foam insulation, asbestos, hazardous or toxic wastes or substances, pollutants, contaminants or other environmental matters. [Emphasis added]

21. After buying the property, Long Grove Vista, LLC converted the apartment complex into a condominium development and conveyed the units to third-party buyers.

22. Long Grove Vista, LLC converted the apartment complex into a condominiums development after acquiring all rights, title, and interests to the property from LGSF. As such, Long Grove Vista, LLC was the developer and owner of the condominium project.

23. Plaintiffs LGSF, The Beach Company, and Gulfstream had no direction, control, or involvement in Long Grove Vista, LLC's conversion and development of the apartments into condominiums, and the Plaintiffs had no knowledge, input, or control over any inspections and work performed, and any inspections and work not performed, by Long Grove Vista, LLC in connection with its conversion of the apartments and development of the condominiums.

24. As part of the conversion and creation of the condominiums, Long Grove Vista, LLC prepared a Master Deed creating the Long Grove Horizontal Property Regime, which was recorded on April 18, 2005, in Book H533 at Page 016 in the Charleston RMC Office, an authentic and accurate copy of which is attached as Exhibit C and incorporated herein by reference.

25. Consistent with the above-referenced requirements in the Sales Contract conveying the property from LGSF to Long Grove Vista, LLC, Section 24 in the Master Deed as prepared and recorded by Vista Realty Partners, LLC includes the disclaimer and release language required

in Exhibit I to the Sale Contract. Specifically, Section 24 in the recorded Master Deed for the Long Grove Horizontal Property Regime states:

24. RELEASE.

Declarant [i.e., Long Grove Vista, LLC] purchased the property comprising the Regime from Long Grove at Seaside Farms, LLC ("Long Grove") on March 7, 2005. In the Sales Contract between Long Grove and Declarant, dated January 18, 2005, to convey the property comprising the Regime to Declarant, Declarant agreed to include the following provision regarding release in this Master Deed:

> Save and excepting only the limited warranty of title hereinafter set forth and herein contained, the Property comprising the Regime was conveyed to Declarant in the sales on March 7, 2005 noted above strictly on an "as is", "where is" and "with all defects" basis, without representation, warranty or covenant, express, implied or statutory, of any kind whatsoever, including, without limitation, representation, warranty or covenant as to condition (structural, environmental, mechanical or otherwise), past or present use, construction, development, lease performance, investment potential, tax ramifications or consequences, income, compliance with law, habitability, tenancies, merchantability or fitness or suitability for any purpose, all of which are hereby expressly disclaimed. Without limiting the generality of the foregoing, the Owners acknowledge that Declarant's predecessor in title, Long Grove and its Affiliates (as herein defined) have made no representations, warranties or covenants as to the compliance of the property compromising the Regime with any federal, state, municipal or local statutes, laws, rules, regulations or ordinances, including, without limitation, those pertaining to construction, rent control, building and health codes, land use (or permits issued in connection therewith), zoning, lead paint, urea formaldehyde foam insulation, asbestos, hazardous or toxic wastes or substances, pollutants, contaminants or other environmental matters.
>
> The Owners acknowledge that the property comprising the Regime was originally developed and constructed by Long Grove and its Affiliates (as herein defined). Declarant purchased the property compromising the Regime for the purpose of converting such property into condominiums which it is or will sell to the public. Declarant assumed all responsibility for identifying and correcting all defects or problems, if any, that existed, to ensure that the property comprising the Regime is properly constructed and suitable for use as condominiums in accordance with all applicable building regulations, codes, standards, and other applicable laws and requirements.
>
> Accordingly, as part of the valuable consideration being exchanged in the sale transaction on Marcy 7, 2005 note above, the receipt and sufficiency of which are hereby acknowledged, Declarant on behalf of itself and its heirs, representatives, successors, and assigns (including the Owners and all other successors-in-title to all or a portion of the property comprising the Regime), agreed to never sue and completely released Long Grove, The Beach Company, Gulfstream Construction, its affiliates, agents, officers, directors, employees, insurers, representatives,

> successors, assigns, and all other companies, partnerships, entities, or Persons (collectively, the "Affiliates") involved in the design, development and/or construction of the apartment buildings and apartments therein and all other improvements prior to March 7, 2005, for and from any and all claims of every kind whatsoever arising from or related to the development, design, construction, maintenance, alteration, or repair of the property comprising the Regime, including unknown and unforeseen claims that may now exist or that may arise in the future.
>
> Declarant and Owners acknowledge and agree that the assumption of liability and release of claims above is intended to be binding on all subsequent grantees of the property comprising the Regime, the grantees of any condominiums or other subdivisions of the property compromising the Regime, and the Owners. In order to give effect to this intention, these provisions are included in this Master Deed, and will also be included in any other conveyances outside the coverage of this Master Deed. [emphasis added]

26. Upon information and belief, when it converted the apartments and developed the condominiums, Long Grove Vista, LLC had a licensed architect or engineer inspect the condition of the buildings and prepare a report disclosing the physical condition of the buildings as required by S.C. Code Ann. § 27-31-430.

27. Upon information and belief, when Long Grove Vista, LLC sold the newly developed condominiums to individual condominium unit buyers, the deeds from Long Grove Vista, LLC included a provision providing the buyers with notice that Long Grove Vista, LLC had converted the apartments to condominiums, as based on the following provision contained in a representative deed from Long Grove Vista, LLC to a unit buyer recorded in Book H533 at Page 016 in the Charleston RMC Office, an authentic and accurate copy of which is attached as Exhibit D and incorporated herein by reference:

> WHEREAS, Long Grove Vista, LLC has converted the rental units at Long Grove Apartments to condominium ownership pursuant to S.C. Code of Laws, Section 27-31-410, et seq., and has complied with the disclosure, notice and offer requirements, set forth therein, including but not limited to compliance with Section 27-31-420(B) . . . .

28. Upon information and belief, the deeds from Long Grove Vista, LLC conveying the condominium units to individual buyers also state that the conveyance is subject to the Master

Deed for the Long Grove Horizontal Property Regime, as is reflected in the following language in the representative Deed attached as Exhibit D:

> Said property subject to the following:
>
> 1. Master Deed for Long Grove Horizontal Property Regime, as more specifically identified in the Master Deed and the exhibits thereto (together, the "Master Deed") dated April 13, 2005 and recorded April 18, 2005, in Book H533 at Page 15 et seq., as amended by First Amendment to Master Deed for Long Grove Horizontal Property Regime dated April 26, 2005 and recorded on May 5, 2005 in Book U535 at Page 435 in the RMC Office for Charleston County, South Carolina, and exhibits and further amendments thereto; . . . .

29. The deeds of conveyance of the condominium units by Long Grove Vista, LLC to individual unit buyers are of public record in the Charleston County RMC office and are incorporated herein by reference.

30. The Master Deed for the Long Grove Condominiums is recorded in the chain of title to the property and "runs with the land," so all condominium unit buyers received constructive notice of the Master Deed when they purchased a unit.

31. Condominium buyers received actual notice and constructive notice of the release of LGSF, The Beach Company, and Gulfstream in the Master Deed when they purchased a condominium unit from Long Grove Vista, LLC.

32. In summary, LGSF, The Beach Company, and Gulfstream were not involved in the conversion of the apartments into condominium or in the development of the Long Grove Horizontal Property Regime. That fact is disclosed in the deeds conveying condominium units to buyers and in the Master Deed for the Long Grove Condominiums, which specifically releases the LGSF, The Beach Company, and Gulfstream from liability for any claimed defects in the subsequently created and conveyed condominium buildings and units.

33. Pursuant to the Master Deed for the Long Grove Condominiums, Defendant Long Grove Property Owners' Association, Inc. (the "POA") was created to own the common elements and govern the condominium development pursuant to its Master Deed and Bylaws.

34. The POA was created and exists solely by virtue of the Master Deed prepared and recorded by Long Grove Vista, LLC, which Master Deed provides for non-liability and release of LGSF, The Beach Company, and Gulfstream from any claims related to the development, design, construction, maintenance, alteration, or repair of the condominium property.

35. The POA and individual condominium buyers are the successors of Long Grove Vista, LLC, and as such are bound by the releases contained in the Master Deed.

36. In July and August 2009, the POA, through its attorney, sent three demand letters to the Plaintiffs, authentic and accurate copies of which are attached as Exhibits E-1, E-2, and E-3 and incorporated herein by reference. The letters state that the POA "is asserting construction defects claims" against the Plaintiffs and requests that the Plaintiffs "respond in accordance with the Notice and Opportunity to Cure Construction Dwelling Defects Act."

37. Upon information and belief, the POA send a similar demand letter to Long Grove Vista, LLC.

38. The Plaintiffs responded to the POA's demand letters via a letter dated August 19, 2009, an authentic and accurate copy of which is attached as Exhibit F and incorporated herein by reference. The response letter informed the POA that: (i) the Plaintiffs were not involved in the creation, conversion, or development of the Long Grove condominiums; (ii) the Plaintiffs are not responsible for any of the alleged construction defects claimed by the POA for the reasons discussed hereinabove; and (iii) any claims of the POA concerning alleged defects or deficiencies

in the condominium building or units should be directed to the developer of the condominiums and not to the Plaintiffs.

39. In a reply letter dated September 14, 2009, an authentic and accurate copy of which is attached as Exhbit G and incorporated herein by reference, the POA indicated that it disagrees with the Plaintiffs' position and reiterates its request that the Plaintiffs state their "intentions under the Right to Cure Act."

FOR A FIRST CAUSE OF ACTION
(declaratory judgment)

40. The previous paragraphs are repeated and incorporated by reference as if set forth verbatim.

41. The POA has asserted construction defects claims against the Plaintiffs, the POA has demanded that the Plaintiffs respond in accordance with the Notice and Opportunity to Cure Construction Dwelling Defects Act, and the POA has disputed the Plaintiffs' position that they are not responsible for the alleged construction defects.

42. Accordingly, a dispute has arisen between the Plaintiffs and the POA concerning the validity and enforceability of the assumption of liability by the condominium developer (Long Grove Vista, LLC) and release of claims against the Plaintiffs as set forth in the POA's Master Deed. This dispute represents a real, substantial and justiciable controversy, and a declaratory judgment would remove legal uncertainties and provide a full resolution of the controversy.

43. For purposes of this declaratory judgment action only, the construction defects claimed by the POA are assumed to exist, and the sole purpose of this action is to address the legal rights and responsibilities between the rights and responsibilities between the Plaintiffs and the POA regarding the POA alleged claims.

44. This declaratory judgment action is not intended to address the merits of the construction defects alleged by the POA, and the adjudication of those issues is not appropriate in this action.

45. The issues presented in this action involve purely legal issues concerning the scope and enforceability of assumptions of liability by the condominium developer and the disclaimers, and releases of the Plaintiffs contained in the Master Deed. The determination of these issues will serve the interests of justice and judicial economy by eliminating any disputes and uncertainties regarding which parties should be held liable for any actual or alleged defects in the condominiums. The determination of these issues may also affect the scope of insurance coverage claims, indemnification claims and rights, and potential third-party claims.

46. The Plaintiffs are entitled to a declaratory judgment as follows:

(a) a declaration that the Plaintiffs were not involved in the creation, conversion, or development of the Long Grove condominiums;

(b) a declaration that the Plaintiffs are not considered a builder or developer of the condominiums with respect to obligations imposed on builders and developers for construction defects claims;

(c) a declaration that the Plaintiffs are not legally responsible to the POA for any defects or deficiencies in the condominium buildings or units;

(d) and such other and further declaratory relief as may be just, necessary, or proper under the circumstances.

WHEREFORE, Plaintiffs pray:

a. for an order granting a declaratory judgment as requested hereinabove;

b. for an order requiring that the POA pay the Plaintiffs' reasonable attorney's fees and costs for this action, which has been necessitated by the improper claims and demands asserted against the Plaintiffs by the POA;

c. that the Court advance this case on the calendar for a speedy hearing as provided for in Rule 57, SCRCP;

d. and such other and further relief as this Court deems just and proper.

David J. Parrish
NEXSEN PRUET, LLC
205 King Street, Suite 400
Post Office Box 486
Charleston, South Carolina 29402
(843) 577-9440
Attorneys for Plaintiffs

October 16, 2009

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

LONG GROVE APARTMENT COMMUNITY

SEASIDE FARMS PLANTATION

Mount Pleasant, South Carolina

SALES CONTRACT

SELLER: LONG GROVE AT SEASIDE FARMS, LLC

PURCHASER: VISTA REALTY PARTNERS, L.L.C.

JANUARY 18, 2005

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SALES CONTRACT

1. **Purchase and Sale.** LONG GROVE AT SEASIDE FARMS, LLC, a Delaware limited liability company ("Seller") agrees to sell and VISTA REALTY PARTNERS, L.L.C., a Georgia limited liability company ("Purchaser") agrees to purchase the following described property (the "Property" as defined below) pursuant to the terms of this Sales Contract (the "Sales Contract") for a total of THIRTY-SEVEN MILLION TWO HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS ($37,250,000.00) (the "Purchase Price"). In determining the Purchase Price, Purchaser expressly understands that Seller shall retain and reserve from the sale all (a) utility deposits and deposits with governmental and quasi-governmental authorities, (2) non-refundable tenant deposits such as cleaning fees, redecorating fees and pet fees, (3) initial inducement payments made to Seller by providers of telephone and cable service and other similar payments, (4) rights to the name "The Beach Company", "The Beach Co." and The Beach Company trademark and (5) right, title and interest in any website or domain names maintained by Seller or Seller's property manager with respect to the Property. Also, Purchaser hereby acknowledges that the Purchase Price is based upon the assumption that the apartments located on the Property contain approximately 265,368 air-conditioned square feet in the aggregate, plus the common areas.

Subject to the terms and conditions of this Sales Contract, Seller shall sell, assign and convey and Purchaser shall purchase, take assignment of and accept conveyance of the following described property (all of which is hereinafter collectively referred to as the "Property"):

a) that certain tract of real estate on which is situated a 272-unit apartment project commonly known as the "Long Grove Apartment Community" located in Seaside Farms Plantation, in the Town of Mount Pleasant, South Carolina which real estate is legally described in the attached Exhibit A, together with all and singular easements, covenants, agreements, rights, privileges, tenements, hereditaments and appurtenances now or hereafter belonging or appertaining thereto (collectively, the "Land"); and

b) all of the buildings, structures, fixtures, facilities, installations and other improvements of every kind and description now or hereafter, in, on, over and under the Land, including, without limitation, any and all plumbing, air conditioning, heating, ventilating, mechanical, electrical, and other utility systems, parking lots and facilities, landscaping, roadways, sidewalks, swimming pool(s), and other recreational facilities, security devices, signs and light fixtures (collectively, the "Improvements") (the Land and Improvements being collectively referred to as the "Premises"); and

c) all furniture, furnishings, fixtures (to the extent same do not constitute real property), equipment, machinery, maintenance vehicles and equipment, recreational equipment, carpeting, window treatments, computer software and disks, and other tangible personal property of every kind and description situated in, on, over and under the Premises and/or otherwise currently used in the operation of the Premises and owned by Seller or in which Seller otherwise has an interest and which is not owned by tenants under the Leases (as such term is hereinafter defined) and not owned by any third party manager or contractor, together with all replacements

and substitutions therefor (together with the intangible personal property hereinafter identified, collectively the "Personal Property"), including without limitation, all items of personalty described on the schedule attached to this Sales Contract as Exhibit B.

d) all right, title and interest of Seller in and to the Leases and Service Contracts (as such terms are hereinafter defined) and, to the extent transferable, any other intangible personal property, together with any associated good will, now or hereafter owned by Seller or in which Seller otherwise has an interest and which is used in connection with or arising from the business now or hereafter conducted on or from the Premises or any part thereof, including, without limitation, claims, choses in action, lease and other contract rights, transferable licenses or rights to use computer software used in the operation of the Premises, any assignable building or building system warranty, if available, any existing tenant databases (to be used in conjunction with transferable licenses or computer software), all right, title and interest of Seller in and to the name "Long Grove Apartment Community" and any and all other trade names, fictitious names, trademarks, patents, telephone and facsimile numbers and e-mail addresses relating to the Premises (collectively, the "Intangible Property").

e) A summary of all current leases affecting the Premises or any part thereof (the "Leases", with such summary being referred to in this Sales Contract as the "Rent Roll"), including each tenant's name, the apartment number, the type of unit leased, the amount of monthly rental, the amount of rent due and/or delinquent, any concessions due each tenant, the amount of any security deposit paid, the term of each Lease (including the Lease Termination Date), and a description of any right to renew or extend, is attached to this Sales Contract as Exhibit C. A list of all employment, purchase, service and maintenance agreements, equipment leases and any other agreements, contracts, licenses and permits affecting or pertaining in any way to the Property or any part thereof (the "Service Contracts") is attached to this Sales Contract as Exhibit D.

2. Earnest Money. Upon the execution of this Sales Contract by both parties, Purchaser shall deposit TWO HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS ($250,000.00) with Lawyers Title Insurance Corporation ("Escrow Agent"). At the end of the Inspection Period, should Purchaser not terminate this Agreement, it will deposit the additional sum of TWO HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS ($250,000.00) with the Escrow Agent (the total shall be $500,000.00 and such funds together with any interest accrued thereon are collectively referred to as the "Earnest Money"). $250,000.00 of the Earnest Money will become non-refundable seven (7) business days after the Effective Date (in order to give Purchaser time to obtain Phase 1 Environmental and engineering assessments acceptable to Purchaser) or when Seller has delivered a title commitment (the "Title Commitment") to Purchaser, reasonably acceptable to Purchaser's attorney, whichever is later (this $250,000.00 would still be refundable in the event of termination of the Sales Contract due to Seller's default). The Title Commitment will be delivered to Purchaser simultaneously with this Sales Contract; therefore, should Purchaser's attorney determine that the Title Commitment is not reasonably acceptable, Purchaser shall have the aforesaid seven (7) business days to notify Seller in writing of such fact and Purchaser's election to terminate this Sales Contract (and Escrow Agent will refund the initial $250,000.00 of the Earnest Money to Purchaser). The additional

$250,000.00 of the Earnest Money shall be non-refundable after the end of the Inspection Period; however such amount, including any accrued interest thereon, shall be applied to the Purchase Price at Closing (except the Earnest Money shall be refundable to Purchaser in the event of termination of the Sales Contract due to Seller's default).

3. Closing Date. The sale shall be closed at a time and place mutually acceptable to both parties on or prior to, but not later than, March 7, 2005 (the "Closing Date" or "Closing"). Possession of the Property shall be delivered to Purchaser at the time of Closing.

4. Inspection Period. Purchaser shall have from the Effective Date until 5:00 p.m. (Mount Pleasant, South Carolina time) on February 4, 2005 (the "Inspection Period") to inspect the Property, all reports and documents associated with the ownership, operation and management of the Property and all books and records of Seller including, without limitation, the right to obtain (i) a commitment for the issuance of the Title Policy (defined below) from a title insurer of Purchaser's choice, and (ii) an updated survey of the Premises acceptable to Purchaser. Also, within ten (10) days of execution of this Sales Contract, Seller and Purchaser agree to complete and execute the Disclosure of Information on Lead-Based Paint and/or Lead Based-Paint Hazard, a form of which is attached hereto as Exhibit E, and Purchaser acknowledges such form satisfies Seller's obligations under 40 C.F.R. Part 745. Notwithstanding the foregoing to the contrary, Seller shall deliver an existing survey and an updated title commitment to Purchaser (pursuant to Section 5 below) and Purchaser shall have until January 25, 2005 to submit any survey objections to Seller; otherwise, thereafter all title and survey matters shall be deemed approved. The title commitment may be issued by Seller's attorneys through Colonial Coast Title Agency, Inc., or another title agency acceptable to Purchaser, with a title company reasonably acceptable to Purchaser. The title insurance premium will be paid by Purchaser at Closing.

5. Seller's Deliveries. Seller shall promptly furnish to Purchaser by personal or overnight delivery within five (5) days after the Effective Date all items indicated on Exhibit F attached hereto and made a part hereof (collectively, the "Due Diligence Materials").

6. Warranties and Representations. Seller warrants and represents to Purchaser that:

a) Seller is a duly organized and validly existing Delaware limited liability company and is authorized to do business in South Carolina;

b) Seller has the full power, right and authority to enter into and perform its obligations under this Sales Contract. The execution, delivery and performance of this Sales Contract by Seller have been duly and properly authorized by proper action in accordance with applicable law and with the Operating Agreement of Seller;

c) There is no litigation pending or, to Seller's actual knowledge, threatened by or against Seller or the Property; and

d) To Seller's actual knowledge, Seller has not entered into any agreement to lease, sell, mortgage or otherwise encumber or dispose of its interest in the Property or any part thereof, except for this Sales Contract and the Leases and except for the mortgage of record, which shall be paid in full at Closing.

e) To its actual knowledge, Seller has not received from any governmental authority written notice of any violation of any zoning, environmental, building, fire or health code, or any other statute, ordinance rule or regulation applicable (or alleged to be applicable) to the Property.

f) To Seller's actual knowledge, the Service Contracts described on Exhibit D attached hereto comprise every contract, agreement, relationship and commitment, oral or written, (other than the Leases), which affects the Property, to which Seller is a party, or by which it is bound, other than those matters of record. To the knowledge of Seller, neither Seller nor any other party is in default under the terms of any Service Contract. Except as otherwise noted on Exhibit D, each Service Contract is cancelable without payment of any premium or penalty upon not more than thirty (30) days notice.

g) The Rent Roll lists all existing Leases. The Rent Roll discloses all security and other deposits made by each of the tenants under the Leases, and no tenant is or was entitled to any rebate or concession which is not disclosed on the Rent Roll. Seller has not received any advance payment of rent (other than for the current month) on account of any of the Leases except as shown on the Rent Roll. There are no written or oral leases or tenancies affecting the Property other than those listed on the Rent Roll. All of the Leases are assignable by Seller as contemplated by this Sales Contract without the consent of any other party.

h) To Seller's actual knowledge, all financial information about the Property heretofore or hereafter furnished by Seller to Purchaser is and shall be materially true, complete and correct as of the date therein specified and shall present fairly the financial condition of the Property.

i) To its actual knowledge, Seller has not received any actual written notice of any civil, criminal or administrative suit, claim, hearing, violation, investigation, proceeding or demand against Seller or the Property relating to the environmental condition of the Property.

j) Seller is not a foreign limited liability company, person or other entity within the meaning of Section 1445(b)(2) of the Internal Revenue Code of 1986, as amended.

Purchaser warrants and represents to Seller that Purchaser is a duly organized and validly existing limited liability company in good standing under the laws of Georgia. Purchaser has the full power, right and authority to enter into and perform its obligations under this Sales Contract. The execution, delivery and performance of this Sales Contract by Purchaser have been duly and properly authorized by proper action in accordance with applicable law and with the Articles of Organization and Operating Agreement of Purchaser.

The representations and warranties set forth in this Section shall be deemed to be remade as of Closing.

7. **Closing**.

a) Seller shall, as a condition of closing, deliver the following to Purchaser at Closing:

i. A special warranty indenture deed ("Deed"), in the form attached hereto as Exhibit H and made a part hereof, conveying marketable fee simple title to the Property to the Purchaser free of all mortgages, liens, deeds of trust, encumbrances, restrictions, rights-of-way, easements, judgments and other matters affecting title, except the matters (hereafter called the "Permitted Encumbrances") enumerated on Exhibit G attached hereto and made a part hereof;

ii. A bill of sale, without warranty, conveying all personal property, permits and authorizations and intangibles set forth in Section 1, including the assignment of the right to use the name "Long Grove Apartment Community";

iii. With respect to the Property, assignments of all Leases (and associated security deposits) and those Service Contracts Purchaser elects to assume, licenses, permits and warranties except for such items as Purchaser elects to terminate;

iv. A closing statement setting forth the prorations and adjustments set forth herein;

v. Evidence of Seller's power and authority as a nationally recognized title company may reasonably require;

vi. FIRPTA affidavit and any state withholding tax affidavit, as required;

vii. Certificate of Seller confirming its warranties and representations contained herein;

viii. a letter advising tenants under the Leases of the change in ownership and management of the Premises and directing them to pay rent to Purchaser or as Purchaser may direct;

ix. any and all reasonable affidavits, certificates or other documents reasonably required by the Title Insurer in order to cause it to issue an ALTA Form B (1992) Owner's Title Insurance Policy insuring Purchaser's interest in the Premises, as owner, in the amount of the Purchase Price (said title policy is herein referred to as the "Title Policy");

x. an assignment and assumption of all assignable warranties, and, to the extent transferable without cost to Seller, all intangible personal property, if any, which Purchaser elects to take an assignment of,

xi. an updated Rent Roll (including a listing of all delinquent and prepaid rents) certified by Seller as being true, accurate and complete as of Closing;

xii. unless otherwise available at the Property, copies of all of the original Leases, the written Service Contracts, if any, which Purchaser elects to take assignment of, and, to the extent in Seller's possession or direct control, any and all available building plans, surveys, site plans, engineering plans and studies, utility plans, landscaping plans, specifications, drawings, certificates of occupancy, permits and construction drawings; all keys for the Property, with identification of the lock to which each such key relates; and other material documentation concerning all or any part of the Property;

xiii. for Seller, a certified copy of the organizational documents of Seller and a copy of the certificate of good standing or qualification to do business, as the case may be, for Seller in the State of South Carolina and such other evidence of Seller's power and authority as the Title Insurer reasonably request;

xiv. such certificates and other information as may be reasonably required, to the extent not otherwise available, for the "real estate reporting person" as defined in Section 6045(e) of the Internal Revenue Code, to file the required 1099-S information return relating to the sale and purchase of the Property;

xv. Certificate of Seller confirming its warranties and representations contained herein;

xvi. an updated Rent Roll (including a listing of all delinquent and prepaid rents) certified by Seller as being true, accurate and complete in all materials respects as of Closing;

xvii. all other documents reasonably required by Purchaser in order to perfect the conveyance, transfer and assignment of the Property to Purchaser (including, without limitation, evidence of notification to all utilities of the change of ownership).

As of Closing, Seller shall have terminated all Service Contracts which it has a right to terminate (excepting only those Service Contracts which Purchaser has given Seller written notice prior to the end of the Inspection Period that Seller elects to take assignment thereof).

b) Purchaser shall, as a condition of closing, deliver the following to Seller at Closing:

i. Certificate of Purchaser confirming its warranties and representations contained herein;

ii. The balance of the Purchase Price in immediately available federal funds after receiving credits, if any, due under this Sales Contract;

iii. A closing statement setting forth the prorations and adjustments set forth herein;

iv. Assumptions of the various assignments set forth above.

Seller shall pay (i) its attorney fees, (ii) the Title Commitment, and (iii) any reasonable costs required to render title marketable and insurable. Purchaser shall pay (i) its attorney fees, (ii) the costs of its due diligence inspections, (iii) the cost of any survey, any other title commitment and title policy, and (iv) all transfer taxes and recording fees.

8. **Closing Prorations and Adjustments**.

Seller and Purchaser agree to prorate all rents and expenses (including, without limitation, interest) of the Property as of 11:59 p.m. (Mount Pleasant, South Carolina time) of the day of Closing (the "Transition Date") with the Purchaser entitled to all such rents and expenses and responsible for all such expenses for the day thereafter. Seller shall be responsible for all unpaid obligations and liabilities accrued or incurred up to the Transition Date including sales taxes, all franchise taxes, all utility and service contract charges. The parties agree to adjust all such prorations (other than the real estate taxes) within ninety (90) days after Closing; thereafter, all prorations shall be final.

A statement of prorations and other adjustments shall be prepared by Seller in conformity with the provisions of this Sales Contract and submitted to Purchaser for review and approval prior to the Closing Date, which may be thereafter amended up until the time of closing. For purposes of prorations, Seller shall be deemed the owner of the Property on the Closing Date. In addition to prorations and other adjustments that may otherwise be provided for in this Sales Contract, the following items are to be prorated or adjusted, as the case may require, as of the Closing Date.

a) real estate and personal property taxes and assessments (initially prorated on the basis of 100% of the most recent ascertainable bill, but subject to reproration upon issuance of the actual bill therefor to effectuate the actual proration);

b) the rent payable by tenants under the Leases; provided, however, that rent and all other sums which are due and payable to Seller by any tenant but uncollected as of the Closing shall not be adjusted, but Purchaser shall cause the rent and other sums for the period prior to Closing to be remitted to Seller if, as and when collected. At Closing, Seller shall deliver to Purchaser a schedule of all such past due but uncollected rent and other sums owed by tenants. Purchaser shall promptly remit to Seller any such rent or other sums paid by scheduled tenants, but only if a deficiency in the then current rent is not thereby created. For amounts due Seller not collected within ninety (90) days after Closing, Seller shall have the right to sue to collect same, but in no event may Seller seek to evict or dispossess any tenant or terminate any Lease.

c) the full amount of security deposits (excluding any non-refundable tenant deposits such as cleaning fees, redecorating fees, pet fees or similar fees paid under the Leases), together with interest thereon if required by law or otherwise;

d) water, electric, cable, telephone and all other utility and fuel charges due for services provided to the Property other than to tenants under Leases, (to the extent possible, utility prorations will be handled by meter readings on the Closing Date);

e) amounts due and prepayments under the Service Contracts, if any, of which Purchaser elects to take assignment (such list to be provided to Seller prior to the end of the Due Diligence Period);

f) assignable license and permit fees

g) 2005 Seaside Farms Plantation Community Association assessments attributable to the Property; and

h) other expenses of operation.

Except with respect to general real estate and personal property taxes (which shall be reprorated upon the issuance of the actual bills, if necessary), any proration which must be estimated at Closing shall be reprorated and finally adjusted as soon as practicable after the Closing Date; otherwise all prorations shall be final.

9. Broker. The parties represent to each other that, other than The Beach Company (an affiliate of Seller) and LJ Melody & Company, they have not engaged any broker in connection with this transaction and agree to indemnify the other in the event of any breach of this representation. Seller shall be responsible for payment of any commission owed to The Beach Company and LJ Melody & Company pursuant to a separate listing agreement between them.

10. Termination of Service Contracts. Prior to the end of the expiration of the Inspection Period, Purchaser shall have the right to require Seller to terminate any service contracts or business arrangements that may be terminated without penalty or forfeiture effective as of the Closing, by providing written notification of the same to Seller on or before the expiration of the Inspection Period.

11. Covenants Pending Closing.

a) Seller will continue to operate the Property in the same manner as now operated continuing such levels of advertising, promotion, maintenance and insurance now existing;

b) Seller shall complete, in a workmanlike manner, all repairs, if any, currently underway; and

c) Nothing shall be removed from the Property without the prior written approval of Purchaser except in the ordinary course of business and provided such items are replaced.

12. Damage or Condemnation.

a) The Property shall be in the same condition at Closing as now, normal wear and tear excepted; and

b) Should the Property suffer $500,000.00 or more of damage by casualty or condemnation, Purchaser may elect to terminate this Sales Contract and obtain a refund of the Earnest Money, or elect to proceed with Closing and receive all insurance and condemnation proceeds, less any deductible or uninsured loss from the Purchase Price. If such damage by casualty or condemnation is less than $500,000.00 Purchaser may not elect to terminate this Sales Contract but shall receive all insurance and condemnation proceeds, less any deductible or uninsured loss from the Purchase Price.

13. Default.

a) Notwithstanding anything to the contrary contained in this Sales Contract, if Seller fails to perform in accordance with the terms of this Sales Contract, then, Purchaser, at Purchaser's option, may (i) demand and receive a return of the Earnest Money, (ii) upon notice to Seller not more than fifteen (15) days after Purchaser becomes aware of such failure (and upon filing of such action within thirty (30) days after Purchaser becomes aware of such failure), seek specific performance of this Sales Contract, and/or (iii) seek damages as may be available under applicable law. In the event Purchaser selects the option under Section 14(a)(i), the Sales Contract shall be null and void. Notwithstanding the foregoing to the contrary, should Purchaser seek damages because of Seller's default, such damages shall not exceed Two Hundred Thousand and 00/100 Dollars ($200,000.00).

b) Notwithstanding anything to the contrary contained in this Sales Contract, if Purchaser fails to perform in accordance with the terms of this Sales Contract, then, as Seller's sole and exclusive remedy hereunder Seller may retain the Earnest Money as liquidated damages, in which event this Sales Contract shall be null and void, and neither party shall have any rights or obligations under this Sales Contract except those which expressly survive termination.

14. Condition of Property. Except as otherwise provided specifically in this Sales Contract, specifically including but not limited to the representations and warranties contained in Section 6 hereof, Purchaser acknowledges that neither Seller nor anyone acting for or on behalf of Seller has made any representation, statement, warranty, or promise to Purchaser with respect to the Property. Purchaser shall immediately examine the Property, and become familiar with the physical condition thereof. The Property shall be sold and conveyed strictly on an "as is", "where is", "without recourse" and "with all defects" basis, as it exists on the last day of the Inspection Period, without representation, warranty or covenant, express, implied or statutory, of any kind whatsoever, including, without limitation, representation, warranty or covenant as to condition (structural, environmental, mechanical or otherwise), past or present use, construction, development, lease performance, investment potential, tax ramifications or consequences, income, compliance with law, habitability, tenancies, merchantability or fitness or suitability for any purpose, all of which are hereby expressly disclaimed except as contained in this Agreement. Without limiting the generality of the foregoing, Purchaser acknowledges that Seller has made no representations, warranties or covenants (except as otherwise provided specifically in this Sales Contract, specifically including but not limited to the representations and warranties contained in paragraph 6 hereof) as to the compliance of the Property with any

federal, state, municipal or local statutes, laws, rules, regulations or ordinances, including, without limitation, those pertaining to construction, rent control, building and health codes, land use (or permits issued in connection therewith), zoning, lead paint, urea formaldehyde foam insulation, asbestos, hazardous or toxic wastes or substances, pollutants, contaminants or other environmental matters. Purchaser knowingly and fully assumes the entire risk as to all such matters. Purchaser shall confirm the aforesaid acknowledgments in writing as of the Closing Date. The provisions of this Section shall survive the closing and the delivery of the deed or any expiration or termination of this Agreement. Seller shall not be liable or bound in any way for any verbal or written statements, representations, or information pertaining to the Property furnished by any real estate broker or agent thereof or any agent or employee of Seller, or any other person. It is understood and agreed that all prior and contemporaneous representations, statements, understandings and agreements, oral or written, between the parties are merged in this Agreement, which alone fully and completely expresses their agreement, and that the same is entered into after full investigation, neither party relying on any statement or representation or warranty not embodied in this Agreement made by the other.

Purchaser and Seller agree that this sale is exempt from the provisions of the South Carolina Residential Property Disclosure Act, S.C. Code §§ 27-50-10 et seq. To the extent that any provisions of the Act may apply, Purchaser and Seller waive all its rights, obligations, and requirements and excuse compliance.

15. Assumption of Liability and Release of Claims.

a) Purchaser acknowledges that the Property was originally developed and constructed by Seller and its Affiliates (as herein defined). Purchaser represents that it is purchasing the Property for the purpose of converting the Property into condominiums which will be sold to the public. Purchaser assumes all responsibility for identifying and correcting all defects or problems, if any, that may exist, to ensure that the Property is properly constructed and suitable for use as condominiums in accordance with all applicable building regulations, codes, standards, and other applicable laws and requirements.

b) Accordingly, as part of the valuable consideration being exchanged in this sale transaction, the receipt of which is hereby acknowledged, Purchaser on behalf of itself and its heirs, representatives, successors, and assigns, agrees to never sue and completely releases Seller, The Beach Co., Gulfstream Construction Company, Seller's other affiliates, agents, officers, directors, employees, insurers, representatives, successors, assigns, and all other companies, partnerships, entities, or persons involved in the design, development and/or construction of the apartment buildings and apartments therein and all other improvements prior to the Closing Date of this sale transaction (collectively, the "Affiliates"), for and from any and all claims of every kind whatsoever arising from or related to the development, design, construction, maintenance, alteration, or repair of the Property, including unknown and unforeseen claims that may now exist or that may arise in the future. At its sole expense, Purchaser shall also defend, indemnify and hold the Seller and the Affiliates harmless from any cost, liability, damages, claims or the like which may arise as a result of the same including reasonable attorney fees and other costs of defense associated therewith, including, but not

limited to, any claims made by future purchasers of condominium units at the Property. Eduard deGuardiola, a principal in the Purchaser, assumes and guaranties these indemnification obligations if the Purchaser ceases to exist, its assets are depleted or it is otherwise unable, or refuses, to perform the indemnity obligations of the Purchaser in a timely and reasonable manner. Notwithstanding the foregoing in this Section 15, the assumption of liabilities and release of claims shall not apply to liability of Seller for the willful breach of the representations and warranties contained in Section 6 of this Sales Contract. The provisions of this Section shall survive the closing and the delivery of the deed or any expiration or termination of this Agreement to the date that is one (1) year after the expiration of any and all applicable statutes of limitation.

16. **Condominium Regime Documents.**

Purchaser acknowledges and agrees that the Assumption of Liability and Release of Claims in Section 15 above is intended to be binding on all subsequent purchasers of the Property or any condominiums or other subdivisions of the Property. In order to give effect to this intention, the provision set forth in Exhibit I, attached hereto and incorporated herein, will be included in the Master Deed (as herein defined) establishing any condominium regime, and in any and all deeds or any other conveyances of all or part of the Property (except for conveyances of condominium units by Purchaser), including, but not limited to, a sale of a company (or corporate stock or partnership interest) interest.

Should Purchaser elect to submit the Property or any portion thereof to a master deed (the "Master Deed") establishing a horizontal property regime, Purchaser shall, at Purchaser's expense, prepare the proposed Master Deed and related regime documents (the "Condominium Documents") and submit the Condominium Documents to Seller for Seller's review and approval solely for purposes of determining compliance with the provisions of Section 15 of this Agreement, which approval shall not be unreasonably withheld or delayed. After Seller's approval of the Condominium Documents, no material changes shall be made to the Condominium Documents without the prior written approval of Seller and Purchaser. Seller and Purchaser shall agree upon the form and content of the Condominium Documents prior to their filing of record. The provisions of this Section shall survive the closing and the delivery of the deed or any expiration or termination of this Agreement.

17. **Seaside Covenants.**

a) The Property is subject to the Declaration Of Covenants, Conditions, And Restrictions For All Properties In Seaside Farms Plantation and Bylaws Of Seaside Farms Plantation Community Association, Inc. dated September 20, 1994 and recorded on September 23, 1994 in Book C-248, at page 229, as amended, in the RMC Office for Charleston County, South Carolina and the ARB (as hereinafter defined) rules and regulations as described therein (collectively the "Seaside Covenants"). Seller and Purchaser acknowledge that a copy of the Seaside Covenants, the ARB Guidelines and Design Guidelines shall be provided to Purchaser as part of the Due Diligence Materials. During the Inspection Period, should Purchaser object to any material terms or provisions of the Seaside Covenants (other than the ARB's absolute

discretion to review and approve or disapprove the design and construction of any improvements or changes to improvements on the Property including without limitation its absolute right to review and approve or disapprove the location, size and overall aesthetics of curb cuts, lighting, drainage, irrigation and other such issues), then Purchaser may terminate this Agreement pursuant to Section 4 of this Sales Contract.

b) Under the Seaside Covenants, the Property is also subject to a continuing lien for the payment of annual assessments imposed by the Association (as herein defined) which said assessments shall be used for, among other things, the maintenance, repair and replacement of (i) recreational amenities, (ii) private roads, if any, walks, trails, harbors, lagoons, ponds, parking lots, landscaped areas and other improvements situated within common areas or open space areas or easements, (iii) such utility lines, pipes, plumbing, wires, conduits and related systems which are a part of Seaside Farms and which are not maintained by a public authority, public service district, public or private utility, or other person, (iv) all lawns, trees, shrubs, hedges, grass, and other landscaping situated within or upon Seaside Farms, and (v) administrative costs and other reasonable costs associated with the Association, all as enumerated in the Seaside Covenants. During the Inspection Period, Seller and Seaside Farms Plantation Community Association, Inc. (the "Association") shall estimate the amount of Purchaser's annual assessments, percentage of its pro rata share of future annual assessments and its voting rights under the Seaside Covenants. Purchaser acknowledges that under the Seaside Covenants, an architectural review board ("ARB") has authority to review and approve or disapprove any and all plans for changes to the existing improvements of the Property, including use. Purchaser agrees to be bound by development guidelines promulgated by the ARB with respect to all improvements or changes to improvements to undertaken in the future by or on behalf of Purchaser on the Property.

c) Purchaser acknowledges that all property owners in Seaside Farms Plantation shall be assessed for the cost of maintenance of the waterfront park area and certain of the ponds, lagoons and lakes within Seaside Farms Plantation. The Association has sole authority to determine the water levels of the ponds, lagoons and lakes and thus the use of water therefrom for irrigation or other purposes will be regulated by the Association in its sole discretion.

The provisions of this Section shall survive the closing and the delivery of the deed or any expiration or termination of this Agreement.

18. Development Agreement. The Property is subject to the "Seaside Farms Development Agreement" among the Town of Mount Pleasant, The Beach Company, The Franke Home, Inc. and Others, dated February 24, 1998 and recorded in the RMC Office for Charleston County, South Carolina in Book X297, at page 165 (the "Development Agreement"). After Closing, Purchaser agrees, at all times, to comply with requirements of the Development Agreement. At Closing, Seller shall convey the Property to Purchaser with an allocation of 272 Dwelling Units pursuant to the procedure enumerated in Section 46(b)(iii) of the Development Agreement. The provisions of this Section shall survive the closing and the delivery of the deed or any expiration or termination of this Agreement.

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

20. Listing Agreement. Within seven (7) business days after the Effective Date, Purchaser shall enter into an exclusive listing agreement (the "Listing Agreement") appointing The Beach Company as sales agent for condominium sales at the Property. The Listing Agreement shall provide, among other things, for a five (5%) percent commission and, if applicable, obligates The Beach Company to pay a three (3%) percent commission to outside agents.

21. Management Agreement. Within seven (7) business days after the Effective Date, Purchaser shall enter into an exclusive management agreement (the "Management Agreement") appointing The Beach Company as property manager of the Property for a fixed fee of $10,000.00 per month. The Management Agreement shall provide, among other things, that the monthly fee will be adjusted or cease when condominium conversions and subsequent sales cause occupancy by renters to fall below 50% of the units at the Property.

22. Miscellaneous.

(a) Time is of the essence in all aspects of this Agreement.

(b) This Sales Contract shall be governed by the laws of the State of South Carolina.

(c) This Sales Contract shall be binding on the parties, their successors and assigns.

(d) All undertakings and agreements (oral or otherwise) heretofore had between Seller and Purchaser with respect to the Property are merged in this Sales Contract, which alone fully and completely expresses the agreement of the parties. This Sales Contract shall not be modified or amended except in a written document signed by Seller and Purchaser.

(e) For purposes herein, the "Effective Date" of this Sales Contract shall be the date on which both Seller and Purchaser have fully executed original of this Agreement.

(f) Each party hereto recognizes that the other (or its assigns) reserves the right to structure this transaction as a like-kind exchange intended to qualify under §1031 of the Internal Revenue Code. Accordingly, each party agrees to cooperate with the other to facilitate the qualification of the exchange, provided the other party incurs no additional risk or expense. In addition, each party agrees to enter into a contract, containing the same terms and conditions, for the sale of this Property with a §1031 qualified intermediary or consent to an assignment of this Agreement to the §1031 qualified intermediary; however, such party shall remain liable under this Agreement.

(g) Purchaser may not assign its rights, duties, and obligations under this Sales Contract without the consent of Seller except to an entity owned or controlled and managed by Eduard deGuardiola and provided the Purchaser shall remain liable hereunder.

(h) After the expiration of the Inspection Period, leases for apartment units will only be entered into, modified or extended with the prior approval of the Purchaser unless such transactions meet the leasing standards enumerated on Exhibit J attached hereto and made a part hereof

23. **Communications**. All communications, notices, requests, demands and other communications which are required or permitted to be given pursuant to the terms of this Sales Contract shall be in writing and shall be sufficient in all respects if delivered personally or by an air express delivery company or by facsimile transmission to the telecopier phone number set forth below (with receipt confirmed), when so delivered in each case addressed as follows:

Seller: c/o The Beach Co.
211 King Street, Suite 300
Charleston, South Carolina 29401
Attn: J. Darryl Reyna
Telephone: (843) 722-2615

Telecopy: (843) 722-6419

Copy to: M. Jeffrey Vinzani, Esq.
Nexsen Pruet, LLC
205 King Street, Suite 400
Charleston, South Carolina 29401
Telephone: (843) 720-1778
Telecopy: (843) 720-1777

Purchaser: Vista Realty Partners, L.L.C.
1360 Peachtree Street, N.E. - Suite 1000
Atlanta, Georgia 30309
Attention: Eduard deGuardiola
Telephone: (404) 995-4446
Telecopy: (404) 995-4439

Copy to: Linda B. Curry, Esquire
Weissman, Nowack, Curry & Wilco, P.C.
One Alliance Center - 4th Floor
3500 Lenox Road
Atlanta, Georgia 30326
Telephone: (404) 926-4516
Telecopy: (404) 926-4716

24. **Confidentiality**. Purchaser and Seller each agree that prior to Closing neither party shall contact or attempt to contact tenants of the Property regarding the proposed purchase and sale transaction that is the subject of this Agreement or the possible conversion of the Property to the condominium form of ownership.

Seller also agrees as follows: (i) except as otherwise set forth herein including, without limitation, subclause (ii) below, after the Effective Date of this Agreement and prior to Closing, Seller will maintain in strict confidence any and all non-public information regarding the Property, the terms and conditions of this Agreement and the transaction contemplated hereby (the "Confidential Information"); (ii) except with Seller's prior written consent or as required by law, Seller shall not disclose or reveal the Confidential Information, directly or indirectly, to any person or entity except persons who are bound to observe the terms hereof, employees of Seller, and attorneys, accountants, consultants and other professionals retained by Seller; and (iii) Seller will not authorize any media announcement or press release with respect to the Confidential Information. The provisions of this paragraph shall not survive the termination of this Agreement but shall survive the Closing for a thirty (30) day period.

24. **Execution**. This Sales Contract shall be null and void if not executed by both parties prior to 5:00 p.m. (Mount Pleasant, South Carolina time) on January 18, 2005. This Sales Contract may be executed in counterparts and the parties agree to accept facsimile signatures.

SIGNED, SEALED AND DELIVERED as of the date set forth below.

SELLER:

January 18, 2005

LONG GROVE AT SEASIDE FARMS, LLC, a Delaware limited liability company
(SEAL)

By: Beach Long Grove I, LLC, its Manager

By: The Beach Co., its Manager

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

PURCHASER:

January 17, 2005

VISTA REALTY PARTNERS, L.L.C., a Georgia limited liability company (SEAL)

By: _____
Name: Ed de Guardiola
Title: Manager

By: _____
Name: _____
Title: _____

Eduard deGuardiola joins in the execution of this Sales Contract to confirm his agreement with the provisions of Section 15 hereof.

_____
Eduard deGuardiola

EXHIBIT A

LEGAL DESCRIPTION

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

EXHIBIT B

LIST OF PERSONAL PROPERTY

LONG GROVE INVENTORY

Office/Clubhouse

Location	Item	Amount	Description	Model/Serial # (if applicable)	Original, or placed in service date	Removed from service date/ disposition.
	picture	1	vase of roses		Original	
	microwave	1	white GE	Profile series	Original	
	wicker baskets	7	assorted sizes		Original	
	picture	1	boat scene		Original	
	corkboard	2	large		Original	
	dry erase board	3	2 large, 1 small		Original	
	filing cabinet	1	18 drawer, cream colored		Original	
	filing cabinet	1	4 drawer, cream colored		Original	
	Power backup for Keytrak computer	1	420 ES	Opti-UPS, PowerES	Original	
	computer	1	not in use	Dell 3U2ZJ	Original	
	computer	1	not in use	Dell 3V8DX	Original	
	computer	1	not in use	Dell 3X0A4	Original	
	computer	1	Dell	Dell B1CVF41		
	monitor	1	Dell	Dell 5322DA55FX 79	Original	
	printer	1	HP Laser Jet 2160	USDX000175	Original	
	printer (Keytrak)	1	Dot matrix	Epson 1FEF848818	Original	
	adding machine	1	Canon MP250B	219155	Original	
	Keytrack	1	computer	A990809202		
	Keytrack	2	keydrowers			
	Keytrack	1	monitor	Optiquest 6A92701090	Original	
	desk	2	cherry in 2 sections		Original	
	telephone	1	Lucent, black		Original	
	chair	1	task chair with beige cushion		Original	
	computer (Simplex)	1	Dell XPS10451	32A74	Original	
	computer	1	Videonics	338896	2001	
	television	1	Orion	53101109455	2001	
	hub	1	5 port – #N81185	166063839	2001	
	hub	1	Sonic wall	401052198	2001	
	bicyles	4	Cabo	2-Rio Cruz/ 2-Fun Am	Original	
	telephone	1	Lucent, black		Original	
	air compressor	1	9 gallon		Original	
	fan	1	3 speed		2001	
	vacuum	1	Hoover		2001	
	ironing board	1			Original	
	filing cabinet	1	2 drawer		Original	
	helium tank	1			Original	
	table	1	large, cream colored folding table		2003	
	signs	3	resident parking signs		2004	
	computer	1	Dell Optiplex	G1CVF41	2004	
	monitor	1	M780	5322DA55G8	Original	
	printer	1	HP Laser Jet 2480	USGX017245	Original	
	picture	1	ocean and floral scene		Original	
	shredder	1	GBC Shredmaster	Model: SC80	2003	
	chair	1	yellow upholstered swn chair		Original	2003 (donated to Goodwill)
	chair	1	leather desk chair		2003	
	chair	2	yellow, cream green, upholstered		Original	
	telephone	1	Lucent, black		Original	
	book shelf	1	5 shelves – cherry		Original	
	picture	1	boats with gold frame		Original	
	table	1	large cherry oak table		Original	
	lamp	1	brass colored desk lamp		Original	
	bowl	1	glass bowl with fabric spheres		Original	

12/30/2004

LONG GROVE INVENTORY

Office/Clubhouse

Location	Item	Amount	Description	Model/Serial # (If applicable)	Original, or placed in service date	Removed from service date/ disposition.
	computer	1	Dell	00019-118-568-047	2004	
	monitor	1	Dell	5322DA3S7P79	Original	
	printer	1	HP Laser Jet 2100	USGX015509	Original	
	shredder	1	GBC Shredmaster	Model: SC80	2003	
	telephone	1	Lucent, black			
	adding machine	1	Canon MP2500	A219154	Original	
	lamp	3	brass colored desk lamp		Original	
	book shelf	1	5 shelves -- cherry		Original	
	picture	2	palm trees		Original	
	desk	1	cherry with 6 drawers		Original	
	chair	1	yellow upholstered arm chair		Original	2003 (donated to Goodwill)
	chair	2	yellow, cream green, upholstered		Original	
	chair	1	leather desk chair		2003	
	desk	1	cherry with 4 drawers		Original	
	cabinet	1	cherry cabinet with hutch		Original	
	telephone	1	Lucent, black		Original	
	television	1	Sony		Original	
	VCR	1	Emerson		Original	
	chair	6	green velvet upholstered		Original	
	table	1	rectangular conference table		Original	
	bowl	1	glass bowl		Original	
	table	1	glass oblong table		Original	
	picture	1	sailboats with gold frame		Original	
	armoire	1	cherry		Original	
	bookshelf	2	4 shelves		Original	
	bookshelf	2	Owned by PSI			
	picture	1	egg cups		Original	
	microwave	1	white GE		Original	
	basket	1	wicker basket		Original	
	cases	3	wooden cases		Original	
	canister	4	green		Original	
	serving dish	1	pewter turtle		Original	
	picture	1	watermelon		Original	
	picture	1	tulips		Original	
	desk	2	cherry work desk		Original	
	fax machine	1	Canon	UEF 11510	Original	
	computer	1	Dell	3ZA6Z	Original	
	computer	1	Dell	CPZ50	Original	
	monitor	1	Dell	5322DE5VEP79	Original	
	monitor	1	Dell	87094C57A7C7	Original	
	printer	1	HP Laser Jet 2100	USFX018512	Original	
	chair	3	yellow, cream, grey, upholstered task		Original	
	picture	1	sailboats and trees		Original	
	picture	1	iris garden scene		Original	
	picture	1	iris garden scene		Original	
	picture	1	fish with silver frame		Original	
	bench	1	wrought iron with yellow cushion		Original	
	mirror	1	large wooden framed		Original	
	chair	1	wrought iron		Original	
	picture	1	fish with silver frame		Original	
	bench	1	wrought iron with yellow cushion		Original	
	chair	1	wrought iron		Original	
	mirror	1	large wooden framed		Original	

12/30/2004

LONG GROVE INVENTORY

Office/Clubhouse

Location	Item	Amount	Description	Model/Serial # (If applicable)	Original, or placed in service date	Removed from service date/ disposition.
	lamp	2	brass desk lamp		Original	
	chair	4	green velvet upholstered		Original	
	chair	2	arm chairs at leasing desks		Original	
	telephone	2	Lucent, black		Original	
	draperies	8	flower motiff		Original	
	servers	2	cherry server with 4 drawers		Original	
	vase	4	large green		Original	
	bowl	2	wooden with pears/apples		Original	
	picture	2	5' gilded frame with flower motiff		Original	
	chair	2	yellow upholstered arm chair		Original	
	table	1	round Queen Anne		Original	
	flower vase	1	vase with arrangement/orange and white roses		Original	
	sofa	2	cream/white striped		Original	
	lamp	4	brass colored table lamp		Original	
	table	2	cherry sofa table		Original	
	table	1	cherry coffee table		Original	
	bowl	1	green silver glass bowl		Original	
	fireplace screen	1	black metal		Original	
	fireplace accessory kit	1	shovel, poker, tongs, sweeper		Original	
	candle holders	2	large, white		Original	
	rug	4	eggplant colored area rug		Original	
	vase	2	Asian vase on pedestal		Original	
	bowl	1	yellow, glass		Original	
	chair	2	leather, taupe		Original	
	vase	1	iron and glass floor vase		Original	
	table	1	glass, iron coffee table		Original	
	bookcase	1	large, cherry		Original	
	sofa	1	leather, taupe		Original	
	table	1	glass, sofa table		Original	
	book ends	4	cast iron		Original	
	wall sconces	4	wrought iron light fixtures behind desks		Original	
	picture	1	large painting of birds/turtles above fireplace (Snedden commissioned painting)		Original	
	urns	2	bronzed urns on sofa tables		Original	
	pot	1	large pot on top of bookshelf		Original	
	bench	3	teak benches		Original	
	stationary bike	2	Tectrix BikeMax 1600		Original	
	spinning bike	2	Schwinn spinning bike		Original	
	shelf	1	wicker shelf with 2 drawers		Original	
	laundry basket	1	wrought iron/ linen		2001	
	physician's scale	1	Detecto		2004	
	elliptical cross trainer	1	Precor EFX546		Original	
	treadmill	2	Precor C944		Original	
	stairclimber	1	Tectrix Climbbike 1000		Original	
	bench	2	Musicians adjustable bench		2000	
	weight rack	1	Musicians		2000	
	weights	30	various free weights		2000	
	televisions	1	Sony		Original	
	clock	1	Seiko wall clock		2002	
	painting	2	cliff/ocean scene		Original	
	painting	1	garden scene		Original	
	folding table	1	stainless steel/wood		Original	
	trash can	1	brown plastic with cover		Original	
	rocking chairs	4	green, wood		original	
	side tables	2	green, wood		original	

12/30/2004

EXHIBIT C

RENT ROLL

Database: SOLBEACH\MRI
Property: LG

RM Rent Roll
The Beach Company
Long Grove at Seaside Farms

Page: 1
Date: 1/4/2005
Time: 01:45 PM

Report Period: 12/04

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
Building: GR - All Garages												
A1	5	ACRS, 411	Cur		GAR Garage Rent	105.00		105.00	12/01/04	105.00CR	12/03/04	
	Occupy:	9/24/2004 Term: 3			GAR Garage Rent					105.00CR	12/31/04	-105.00
	Last Pymt:	12/31/2004										
	Expires:	12/31/2004										
			Resident Totals	0.00		105.00	0.00	105.00		210.00		-105.00
A2	4	Haas, Gina	Cur		GAR Garage Rent	105.00		105.00	12/01/04	105.00CR	12/03/04	
	Occupy:	8/1/2003 Term: 12			GAR Garage Rent					105.00CR	12/31/04	-105.00
	Last Pymt:	12/31/2004										
	Expires:	5/31/2005										
			Resident Totals	0.00		105.00	0.00	105.00		210.00		-105.00
A3	5	Southern, David	Cur		GAR Garage Rent			105.00	12/01/04	105.00CR	11/30/04	
	Occupy:	12/18/2002 Term: 12			GAR Garage Rent					105.00CR	12/31/04	-105.00
	Last Pymt:	11/30/2004			PPR Prepaid Rent		-105.00			-105.00PR	11/30/04	
	Expires:	9/30/2005										
			Resident Totals	0.00		0.00	-105.00	105.00		105.00		-105.00
A4	4	Brinson, Keith	Cur		GAR Garage Rent	105.00		105.00	12/01/04	105.00CR	12/03/04	
	Occupy:	9/27/2004 Term: 4			PPR Prepaid Rent					105.00CR	12/31/04	-105.00
	Last Pymt:	12/24/2004										
	Expires:	1/31/2005										
			Resident Totals	0.00		105.00	0.00	105.00		210.00		-105.00
A5	6	Cesick, Thomas	Cur		GAR Garage Rent	105.00		105.00	12/01/04	105.00CR	12/03/04	
	Occupy:	10/1/2004 Term: 11										
	Last Pymt:	12/2/2004										
	Expires:	8/31/2005										
			Resident Totals	0.00		105.00	0.00	105.00		105.00		0.00
A6	2	Hammerbacher, Glenn	Cur		GAR Garage Rent	105.00		105.00	12/01/04	105.00CR	12/03/04	
	Occupy:	8/13/2004 Term: 8										
	Last Pymt:	12/2/2004										
	Expires:	4/30/2005										
			Resident Totals	0.00		105.00	0.00	105.00		105.00		0.00
B1	2	Wallerius, Lyanne	Cur		GAR Garage Rent	105.00		105.00	12/01/04	105.00CR	12/02/04	
	Occupy:	6/9/2004 Term: 9			PPR Prepaid Rent					105.00CR	12/31/04	-105.00
	Last Pymt:	12/28/2004										
	Expires:	3/31/2005										
			Resident Totals	0.00		105.00	0.00	105.00		210.00		-105.00
B2	2	Long Grove, Maintenanc	Cur		EMP Employee rent	105.00		105.00	12/01/04			
	Occupy:	1/1/2003 Term: 12										
	Expires:	12/31/2003										
			Resident Totals	0.00		105.00	0.00	105.00		0.00		0.00
B3	4	Cline, Robert	Cur		GAR Garage Rent	105.00		105.00	12/01/04	105.00CR	12/02/04	
	Occupy:	2/1/2004 Term: 8										
	Last Pymt:	12/2/2004										
	Expires:	9/30/2005										
			Resident Totals	0.00		105.00	0.00	105.00		105.00		0.00
B4		Vacancy Adjustment			V Vacancy			105.00				
B5	1	Shimp, David	Cur		GAR Garage Rent	105.00		105.00	12/01/04	105.00CR	12/02/04	
	Occupy:	7/13/2001 Term: 12			PPR Prepaid Rent					105.00CR	12/31/04	-105.00
	Last Pymt:	12/24/2004										
	Expires:	5/31/2005										
			Resident Totals	0.00		105.00	0.00	105.00		210.00		-105.00

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: GR - All Garages							
B6	4	Masnick, Gregory	Old		GAR Garage Rent	105.00		105.00		105.00CR		
	Occupy:	9/4/2003 Term: 6										
	Last Pymt:	12/2/2004										
	Expires:	12/31/2004										
	Notice:	12/2/2004										
	Vacate:	12/31/2004 Why: BH										
			Resident Totals	0.00		105.00	0.00	105.00		105.00		0.00
B6		Vacancy Adjustment			V Vacancy			0.00				
C1	6	Ellis, Haley	Cur		GAR Garage Rent	105.00		105.00		105.00CR		
	Occupy:	8/1/2004 Term: 16			GAR Garage Rent					105.00CR		-105.00
	Last Pymt:	12/31/2004										
	Expires:	11/30/2005										
			Resident Totals	0.00		105.00	0.00	105.00		210.00		-105.00
C2	4	McGill, Carol	Cur		GAR Garage Rent	105.00		105.00		105.00CR		
	Occupy:	2/21/2004 Term: 12			PPR Prepaid Rent					105.00CR		-105.00
	Last Pymt:	12/31/2004										
	Expires:	2/28/2005										
			Resident Totals	0.00		105.00	0.00	105.00		210.00		-105.00
C3	3	Meorachian, Harry	Cur		GAR Garage Rent	105.00		105.00		105.00CR		
	Occupy:	8/26/2004 Term: 11			GAR Garage Rent					105.00CR		-105.00
	Last Pymt:	12/31/2004										
	Expires:	5/31/2005										
			Resident Totals	0.00		105.00	0.00	105.00		210.00		-105.00
C4	2	McLean, Niel	Cur		GAR Garage Rent	105.00		105.00		105.00CR		
	Occupy:	7/1/2004 Term: 12			GAR Garage Rent					105.00CR		-105.00
	Last Pymt:	12/31/2004										
	Expires:	7/31/2005										
			Resident Totals	0.00		105.00	0.00	105.00		210.00		-105.00
C5	2	Bryan, Marty	Old		GAR Garage Rent		146.45					146.45
	Occupy:	1/11/2002 Term: 12			LAT Late Fee		21.00					21.00
	Expires:	11/30/2004										
	Notice:	6/27/2004										
	Vacate:	7/27/2004 Why: @@										
			Resident Totals	0.00		0.00	167.45	0.00		0.00		167.45
C5	3	Kerr, Michael	Cur		GAR Garage Rent	105.00		105.00		105.00CR		
	Occupy:	9/3/2004 Term: 17			LAT Late Fee			10.50		10.50CR		
	Last Pymt:	12/12/2004										
	Expires:	1/31/2006										
			Resident Totals	0.00		105.00	0.00	115.50		115.50		0.00
C6	4	Mickelsen, Toby	Cur		GAR Garage Rent	105.00		105.00		105.00CR		
	Occupy:	7/2/2003 Term: 12			GAR Garage Rent					105.00CR		-105.00
	Last Pymt:	12/31/2004										
	Expires:	6/30/2005										
			Resident Totals	0.00		105.00	0.00	105.00		210.00		-105.00
D1	4	Crawford, James	Cur		GAR Garage Rent	105.00		105.00		105.00CR		
	Occupy:	1/1/2004 Term: MTM										
	Last Pymt:	12/12/2004										
			Resident Totals	0.00		105.00	0.00	105.00		105.00		0.00
D2	8	Hollings, Geoffrey	Cur		GAR Garage Rent	105.00		105.00		105.00CR		
	Occupy:	10/12/2004 Term: 12			PPR Prepaid Rent		-315.00			-105.00PR		-210.00
	Last Pymt:	11/30/2004										
	Expires:	10/31/2005										
			Resident Totals	0.00		105.00	-315.00	105.00		0.00		-210.00

Report Period: 12/04

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: GR - All Garages							
D3	5	Owens, Johnny	Cur		GAR Garage Rent	105.00		105.00	12/01/04	105.00CR	12/03/04	
	Occupy:	6/18/2004 Term: 10			GAR Garage Rent					105.00CR	12/31/04	-105.00
	Last Pymt:	12/31/2004										
	Expires:	4/30/2005										
			Resident Totals	0.00		105.00	0.00	105.00		210.00		-105.00
D4		Vacancy Adjustment			V Vacancy			105.00				
D5	4	Hayes, Robert	Cur		GAR Garage Rent	105.00		105.00	12/01/04	105.00CR	12/03/04	
	Occupy:	9/8/2004 Term: 8			PPR Prepaid Rent					105.00CR	12/03/04	-105.00
	Last Pymt:	12/20/2004										
	Expires:	5/31/2005										
			Resident Totals	0.00		105.00	0.00	105.00		210.00		-105.00
D6	5	Settlerlund, Sharilyn	Cur		GAR Garage Rent	105.00		105.00	12/01/04	105.00CR	12/03/04	
	Occupy:	7/1/2004 Term: 12										
	Last Pymt:	12/2/2004										
	Expires:	6/30/2005										
			Resident Totals	0.00		105.00	0.00	105.00		105.00		0.00
E1	6	Sottile, Ginger	Cur		GAR Garage Rent	105.00		105.00	12/01/04	105.00CR	12/03/04	
	Occupy:	9/10/2004 Term: 9										
	Last Pymt:	12/6/2004										
	Expires:	6/30/2005										
			Resident Totals	0.00		105.00	0.00	105.00		105.00		0.00
E2	3	Hardy, Thomas	Old		DMGDamaged Clo Fe		50.00					50.00
	Occupy:	11/8/2003 Term: 10			GAR Garage Rent	105.00	131.15					131.15
	Expires:	10/12/2004			LAT Late Fee		20.00					20.00
	Notice:	10/12/2004										
	Vacate:	10/12/2004 Why: TE										
			Resident Totals	0.00		105.00	201.15	0.00		0.00		201.15
E2	4	Leaper, Samantha	Cur		GAR Garage Rent	105.00		105.00	12/01/04	105.00CR	12/03/04	
	Occupy:	10/20/2004 Term: 18										
	Last Pymt:	12/2/2004										
	Expires:	4/30/2006										
			Resident Totals	0.00		105.00	0.00	105.00		105.00		0.00
E3	2	Baldus, Peter	Cur		GAR Garage Rent	95.00		95.00	12/01/04	95.00CR	12/03/04	
	Occupy:	11/1/2003 Term: 17			PPR Prepaid Rent					95.00CR	12/03/04	-95.00
	Last Pymt:	12/20/2004										
	Expires:	3/31/2005										
			Resident Totals	0.00		95.00	0.00	95.00		190.00		-95.00
E4	4	Tyler, Dave	Cur		GAR Garage Rent	105.00		105.00	12/01/04	105.00CR	12/03/04	
	Occupy:	7/1/2004 Term: 3			PPR Prepaid Rent					105.00CR	12/03/04	-105.00
	Last Pymt:	12/29/2004										
	Expires:	3/31/2005										
			Resident Totals	0.00		105.00	0.00	105.00		210.00		-105.00
E5	5	Haley, Glen	Cur		GAR Garage Rent	105.00		105.00	12/01/04	105.00CR	12/03/04	
	Occupy:	10/1/2003 Term: 10										
	Last Pymt:	12/6/2004										
	Expires:	7/31/2004										
			Resident Totals	0.00		105.00	0.00	105.00		105.00		0.00
E6	1	Rodgers, Frank	Cur		GAR Garage Rent	105.00		105.00	12/01/04	105.00CR	12/03/04	
	Occupy:	6/1/2001 Term: 12			PPR Prepaid Rent		-105.00			-105.00CR	12/03/04	
	Last Pymt:	12/22/2004			PPR Prepaid Rent					315.00CR	12/03/04	-315.00
	Expires:	6/30/2005										
			Resident Totals	0.00		105.00	-105.00	105.00		315.00		-315.00
					Building: LG - All Apartments							

Unit	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
Building: LG - All Apartments												
0111	4	Badoud, John	Cur PET	200.00	RNT Residential Rent	1,090.00		1,090.00	12/01/04	1,090.00CR	12/03/04	
Occupy:	3/1/2004	Term: 12	SEC	200.00								
Last Pymt:	12/2/2004											
Expires:	2/28/2005											
		Resident Totals		400.00		1,090.00	0.00	1,090.00		1,090.00		0.00
0112	2	Gunther, Christophe	Cur PET	1,200.00	RNT Residential Rent	845.00		845.00	12/01/04	845.00CR	12/03/04	
Occupy:	11/10/2001	Term: 12	SEC	100.00								
Last Pymt:	12/6/2004											
Expires:	11/30/2005											
		Resident Totals		1,300.00		845.00	0.00	845.00		845.00		0.00
0113	5	Kirby, Gabriella	Cur PET	200.00	RNT Residential Rent	945.00		945.00	12/01/04	472.50CR	12/03/04	
Occupy:	8/20/2004	Term: 12	SEC	200.00	RNT Residential Rent					472.50CR	12/03/04	
Last Pymt:	12/6/2004											
Expires:	8/31/2005											
		Resident Totals		400.00		945.00	0.00	945.00		945.00		0.00
0114	2	Gilbert, Sandra	Cur		COR Corp. Rental Inc	60.00		60.00	12/01/04	60.00CR	12/03/04	
Occupy:	2/22/2002	Term: 12			PPR Prepaid Rent					960.00CR	12/03/04	-960.00
Last Pymt:	12/2/2004				RNT Residential Rent	920.00		920.00	12/01/04	920.00CR	12/02/04	
Expires:	2/28/2005											
		Resident Totals		0.00		980.00	0.00	980.00		1,960.00		-980.00
0115	3	Gentry, Christophe	Cur SEC	200.00	RNT Residential Rent	898.00		898.00	12/01/04	449.00CR	12/03/04	
Occupy:	6/11/2004	Term: 8			RNT Residential Rent					449.00CR	12/03/04	
Last Pymt:	12/2/2004											
Expires:	2/28/2005											
		Resident Totals		200.00		898.00	0.00	898.00		898.00		0.00
0116	4	Rizzi, Raimond	Cur SEC	100.00	PPR Prepaid Rent					920.00CR	12/01/04	-920.00
Occupy:	10/10/2003	Term: 6			RNT Residential Rent	920.00		920.00	12/01/04	920.00CR	12/02/04	
Last Pymt:	12/2/2004											
Expires:	10/31/2005											
		Resident Totals		100.00		920.00	0.00	920.00		1,840.00		-920.00
0117	3	Zampogna, Tony	Old PET		MTM Month To Month	100.00						
Occupy:	9/9/2003	Term: 8	SEC		RNT Residential Rent	1,090.00						
Expires:	5/31/2004											
Notice:	10/25/2004											
Vacate:	11/30/2004	Why: BH										
		Resident Totals		0.00		1,190.00	0.00	0.00		0.00		0.00
0117	4	Kelly, Chere	Cur PET	200.00	PAS Beach Pass Fee			200.00	12/01/04	200.00CR	12/03/04	
Occupy:	12/30/2004	Term: 10	SEC	200.00	PET Pet Fee			200.00	12/01/04	200.00CR	12/03/04	
Last Pymt:	12/24/2004				RNT Residential Rent	1,095.00		70.65v	12/31/04			70.65
Expires:	10/31/2005				UNC Unapplied Credit					1,165.65CR	12/31/04	-1,165.65
		Resident Totals		400.00		1,095.00	0.00	470.65		1,565.65		-1,095.00
0117	Vacancy Adjustment				V Vacancy			1,024.35				
0118	4	Wagner, Sarah	Cur PET	200.00	RNT Residential Rent	808.00		808.00	12/01/04	808.00CR	12/03/04	
Occupy:	6/1/2003	Term: 12	SEC	100.00								
Last Pymt:	12/6/2004											
Expires:	5/31/2005											
		Resident Totals		300.00		808.00	0.00	808.00		808.00		0.00
0121	3	ACRS, 121	Old		RNT Residential Rent	1,095.00	-0.50			-0.50NP	11/23/04	
Occupy:	3/8/2004	Term: 5			UNC Unapplied Credit					-36.50NP	11/23/04	
Last Pymt:	12/6/2004				UNC Unapplied Credit					36.50CR	12/03/04	
Expires:	9/1/2004											
Notice:	10/12/2004											
Vacate:	11/22/2004	Why: JT										
		Resident Totals		0.00		1,095.00	-0.50	0.00		-0.50		0.00

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Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: LG - All Apartments							
0121	4	ACRS, 121	Cur		RNT Residential Rent	1,095.00		36.50v	11/30/04	1,058.50CR	12/21/04	
	Occupy:	11/30/2004 Term: 3			RNT Residential Rent			1,095.00v	12/0/04			
	Last Pymt:	12/21/2004			RNT Residential Rent			36.50c	12/0/04			
	Expires:	2/28/2005			RNT Residential Rent			36.50	12/1/04			
					RNT Residential Rent			-73.00	12/21/04			
					RNT Residential Rent					36.50CR	12/21/04	
					RNT Residential Rent					36.50CR	12/0/04	
					RNT Residential Rent					1,095.00CR	12/21/04	-1,095.0C
					UAC Unapplied Credit					1,095.00CR	12/0/04	
					UAC Unapplied Credit					-1,095.00PR	12/21/04	
		Resident Totals		0.00		1,095.00	0.00	1,131.50		2,226.50		-1,095.0C
0121		Vacancy Adjustment			V Vacancy			-1,131.50				
0122	4	Coffin, Melisa	Cur PET	200.00	RNT Residential Rent	865.00		865.00	12/0/04	865.00CR	12/0/04	
	Occupy:	6/20/2003 Term: 12	SEC	100.00								
	Last Pymt:	12/6/2004										
	Expires:	6/30/2005										
		Resident Totals		300.00		865.00	0.00	865.00		865.00		0.0C
0123	3	Woolhouse, Chris	Cur SEC	200.00	PPR Prepaid Rent					970.00CR	12/0/04	-970.0C
	Occupy:	11/6/2004 Term: 12			RNT Residential Rent	970.00		970.00	12/0/04	970.00CR	12/0/04	
	Last Pymt:	12/2/2004										
	Expires:	11/30/2005										
		Resident Totals		200.00		970.00	0.00	970.00		1,940.00		-970.0C
0124	2	Pollak, Michelle	Cur		RNT Residential Rent	915.00		915.00	12/0/04	585.60CR	12/0/04	
	Occupy:	3/1/2002 Term: 12			RNT Residential Rent					329.40CR	12/0/04	
	Last Pymt:	12/2/2004										
	Expires:	3/31/2005										
		Resident Totals		0.00		915.00	0.00	915.00		915.00		0.0C
0125	1	Featherston, Patricia	Cur SEC	100.00	RNT Residential Rent	922.00		922.00	12/0/04	922.00CR	12/0/04	
	Occupy:	8/29/2001 Term: 7			RNT Residential Rent					922.00CR	12/0/04	-922.0C
	Last Pymt:	12/31/2004										
	Expires:	6/30/2005										
		Resident Totals		100.00		922.00	0.00	922.00		1,844.00		-922.0C
0126	5	Elzabidi, Samir	Cur SEC	200.00	RNT Residential Rent	955.00		955.00	12/1/04	955.00CR	12/0/04	
	Occupy:	9/9/2004 Term: 8			RNT Residential Rent					955.00CR	12/1/04	-955.0C
	Last Pymt:	12/31/2004										
	Expires:	5/31/2005										
		Resident Totals		200.00		955.00	0.00	955.00		1,910.00		-955.0C
0127	3	McLean, Neil	Cur SEC	100.00	RNT Residential Rent	1,120.00		1,120.00	12/0/04	1,120.00CR	12/0/04	
	Occupy:	7/21/2003 Term: 12			RNT Residential Rent					1,120.00CR	12/0/04	-1,120.0C
	Last Pymt:	12/31/2004										
	Expires:	7/31/2005										
		Resident Totals		100.00		1,120.00	0.00	1,120.00		2,240.00		-1,120.0C
0128	5	Desormes, Guy	Cur SEC	200.00	LAT Late Fee			87.00	12/0/04	87.00CR	12/0/04	
	Occupy:	10/29/2004 Term: 12			RNT Residential Rent	870.00		870.00	12/0/04	868.99CR	12/0/04	
	Last Pymt:	12/8/2004			RNT Residential Rent					0.01CR	12/0/04	
	Expires:	10/31/2005			RNT Residential Rent					3.00CR	12/0/04	0.0C
					UAC Unapplied Credit		-3.01			-0.01PR	12/0/04	
					UAC Unapplied Credit					-3.00PR	12/0/04	
		Resident Totals		200.00		870.00	-3.01	957.00		953.99		0.0C
0211	5	Leaper, Samantha	Cur PET	200.00	RNT Residential Rent	1,040.00		1,040.00	12/0/04	1,040.00CR	12/0/04	
	Occupy:	10/20/2004 Term: 18	SEC	200.00								
	Last Pymt:	12/2/2004										
	Expires:	4/30/2006										
		Resident Totals		400.00		1,040.00	0.00	1,040.00		1,040.00		0.0C

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Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: LG - All Apartments							
0212	1 Model, 1x1		Cur		MODModel Apartment	840.00		835.00	12/01/04			
Occupy:	2/1/2003	Term: MTM										
		Resident Totals		0.00		840.00	0.00	835.00		0.00		0.00
0213	2 Settle, Kelly		Old		DMGDamage& Cln Fe		300.00			300.00CR	12/01/04	
Occupy:	5/24/2002	Term: mtm			MTMMonth To Month	100.00						
Last Pymt:	12/31/2004				PET Pet Fee		200.00					200.00
Expires:	8/8/2004				RNT Residential Rent	940.00						
Notice:	7/1/2004											
Vacate:	8/8/2004	Why: @@										
		Resident Totals		0.00		1,040.00	500.00	0.00		300.00		200.00
0213	3 Henarikus, George		Cur	PET 400.00	PPR Prepaid Rent					945.00CR	12/04/04	-945.00
Occupy:	8/20/2004	Term: 6		SEC 200.00	RNT Residential Rent	945.00		945.00	12/01/04	945.00CR	12/08/04	
Last Pymt:	12/2/2004											
Expires:	4/30/2005											
		Resident Totals		600.00		945.00	0.00	945.00		1,890.00		-945.00
0214	3 Ellis, Haley		Cur	SEC 200.00	PET Pet Fee			200.00	12/01/04	200.00CR	12/01/04	
Occupy:	5/27/2004	Term: 18			RNT Residential Rent	855.00		855.00	12/01/04	850.00CR	12/08/04	
Last Pymt:	12/31/2004				RNT Residential Rent					5.00CR	12/20/04	
Expires:	11/30/2005				RNT Residential Rent					855.00CR	12/01/04	-855.00
		Resident Totals		200.00		855.00	0.00	1,055.00		1,910.00		-855.00
0215	1 Ainsworth, Carolanne		Cur	PET 300.00	RNT Residential Rent	940.00		940.00	12/01/04	940.00CR	12/08/04	
Occupy:	1/1/2001	Term: 12		SEC 300.00								
Last Pymt:	12/6/2004											
Expires:	12/31/2005											
		Resident Totals		600.00		940.00	0.00	940.00		940.00		0.00
0216	2 Tiberio, Daniel		Old		LAT Late Fee			85.50	12/03/04	85.50CR	12/08/04	
Occupy:	6/30/2002	Term: 12			RNT Residential Rent	855.00		855.00	12/01/04	428.23CR	12/08/04	
Last Pymt:	12/15/2004				RNT Residential Rent			-441.29V	12/15/04			
Expires:	6/30/2005				RNT Residential Rent					-14.52W	12/15/04	0.00
Notice:	11/15/2004				TER Termination Fee			1,350.00	12/17/04	1,350.00CR	12/17/04	
Vacate:	12/15/2004	Why: @@										
		Resident Totals		0.00		855.00	0.00	1,849.21		1,849.21		0.00
0216	Vacancy Adjustment				V Vacancy			441.29				
0217	3 Drese, Robert		Cur	PET 200.00	LAT Late Fee			109.00	12/06/04			109.00
Occupy:	2/13/2004	Term: 12		SEC 200.00	PPR Prepaid Rent					1,090.00CR	12/04/04	-1,090.00
Last Pymt:	12/5/2004				RNT Residential Rent	1,090.00		1,090.00	12/01/04	1,090.00CR	12/08/04	
Expires:	2/28/2005											
		Resident Totals		400.00		1,090.00	0.00	1,199.00		2,180.00		-981.00
0218	2 Duncan, Michael		Cur	SEC 100.00	RNT Residential Rent	835.00		835.00	12/01/04	835.00CR	12/08/04	
Occupy:	8/1/2003	Term: 12			RNT Residential Rent					835.00CR	12/01/04	-835.00
Last Pymt:	12/31/2004											
Expires:	7/31/2005											
		Resident Totals		100.00		835.00	0.00	835.00		1,670.00		-835.00
0221	2 Harvey, Anthony		Old		DMGDamage& Cln Fe		475.00					475.00
Occupy:	8/15/2002	Term: 9			RNT Residential Rent	1,110.00						
Expires:	5/31/2004											
Notice:	4/23/2004											
Vacate:	5/31/2004	Why: @@										
		Resident Totals		0.00		1,110.00	475.00	0.00		0.00		475.00
0221	3 Brinson, Harvey		Cur	PET 200.00	PPR Prepaid Rent					1,115.00CR	12/04/04	-1,115.00
Occupy:	6/10/2004	Term: 7		SEC 200.00	RNT Residential Rent	1,115.00		1,115.00	12/01/04	1,115.00CR	12/08/04	
Last Pymt:	12/2/2004											
Expires:	1/31/2005											
		Resident Totals		400.00		1,115.00	0.00	1,115.00		2,230.00		-1,115.00

Database: SQLBEACHMRI
Property: LG

RM Rent Roll
The Beach Company
Long Grove at Seaside Farms

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Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: LG - All Apartments							
0222	1	Kujawski, Robert	Cur SEC	100.00	RNT Residential Rent	850.00		850.00	12/01/04	850.00CR	12/08/04	
	Occupy:	10/1/2001 Term: 12										
	Last Pymt:	12/3/2004										
	Expires:	3/31/2005										
			Resident Totals	100.00		850.00	0.00	850.00		850.00		0.00
0223	1	Model, 2x2	Cur		MODModel Apartment	985.00		970.00	12/01/04			
	Occupy:	2/1/2003 Term: MTM										
			Resident Totals	0.00		985.00	0.00	970.00		0.00		0.00
0224	2	Southern, David	Cur		PPR Prepaid Rent		-920.00			-920.00PR	11/30/04	
	Occupy:	12/18/2002 Term: 12			RNT Residential Rent	935.00		920.00	12/01/04	920.00CR	11/30/04	
	Last Pymt:	12/31/2004			RNT Residential Rent					935.00CR	12/01/04	-935.00
	Expires:	9/30/2005			UAC Unapplied Credit					90.00CR	12/01/04	-90.00
			Resident Totals	0.00		935.00	-920.00	920.00		1,025.00		-1,025.00
0225	4	Kennedy, Jason	Cur SEC	200.00	RNT Residential Rent	917.00		917.00	12/01/04	458.50CR	12/08/04	
	Occupy:	4/1/2004 Term: 12			RNT Residential Rent					458.50CR	12/08/04	
	Last Pymt:	12/6/2004										
	Expires:	3/31/2005										
			Resident Totals	200.00		917.00	0.00	917.00		917.00		0.00
0226	3	Googe, Jerry	Cur SEC	200.00	RNT Residential Rent	930.00		930.00	12/01/04	930.00CR	12/08/04	
	Occupy:	3/18/2004 Term: 12										
	Last Pymt:	12/2/2004										
	Expires:	3/31/2005										
			Resident Totals	200.00		930.00	0.00	930.00		930.00		0.00
0227	5	Pescatore, Rachel	Cur SEC	200.00	RNT Residential Rent	1,120.00		1,120.00	12/01/04	365.00CR	12/08/04	
	Occupy:	10/8/2004 Term: 12			RNT Residential Rent					365.00CR	12/08/04	
	Last Pymt:	12/6/2004			RNT Residential Rent					390.00CR	12/08/04	
	Expires:	10/31/2005										
			Resident Totals	200.00		1,120.00	0.00	1,120.00		1,120.00		0.00
0228	2	Zimmerman, Renee	Cur		RNT Residential Rent	808.00		808.00	12/01/04	808.00CR	12/08/04	
	Occupy:	7/26/2002 Term: 12			UAC Unapplied Credit					2.00CR	12/08/04	-2.00
	Last Pymt:	12/6/2004										
	Expires:	5/31/2005										
			Resident Totals	0.00		808.00	0.00	808.00		810.00		-2.00
0311	5	Owens, Johnny	Cur SEC	200.00	RNT Residential Rent	1,095.00		1,095.00	12/01/04	1,095.00CR	12/08/04	
	Occupy:	7/1/2004 Term: 10			RNT Residential Rent					1,095.00CR	12/01/04	-1,095.00
	Last Pymt:	12/31/2004										
	Expires:	4/30/2005										
			Resident Totals	200.00		1,095.00	0.00	1,095.00		2,190.00		-1,095.00
0312	5	Robinson, Courtney	Cur SEC	200.00	RNT Residential Rent	812.00		812.00	12/01/04	812.00CR	12/08/04	
	Occupy:	10/4/2004 Term: 12			RNT Residential Rent					812.00CR	12/01/04	-812.00
	Last Pymt:	12/31/2004										
	Expires:	10/31/2005										
			Resident Totals	200.00		812.00	0.00	812.00		1,624.00		-812.00
0313	3	Ockerman, Judith	Cur SEC	100.00	PPR Prepaid Rent					940.00CR	12/01/04	-940.00
	Occupy:	3/22/2003 Term: 12			RNT Residential Rent	940.00		940.00	12/01/04	940.00CR	12/02/04	
	Last Pymt:	12/2/2004										
	Expires:	3/31/2005										
			Resident Totals	100.00		940.00	0.00	940.00		1,880.00		-940.00
0314	4	Kerr, Michael	Cur PET	200.00	LAT Late Fee			92.50	12/05/04	92.50CR	12/12/04	
	Occupy:	8/11/2003 Term: 17	SEC	100.00	RNT Residential Rent	925.00		925.00	12/01/04	925.00CR	12/12/04	
	Last Pymt:	12/12/2004			UAC Unapplied Credit					12.50CR	12/12/04	-12.50
	Expires:	2/28/2006										
			Resident Totals	300.00		925.00	0.00	1,017.50		1,030.00		-12.50

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Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
Building: LG - All Apartments												
0315	4	Cullie, Michael	Cur		COR Corp. Rental Inc	20.00		20.00	12/01/04	20.00CR	12/06/04	
Occupy:	5/1/2004	Term: MTM			EMP Employee rent	188.00		188.00	12/01/04			
Last Pymt:	12/6/2004				RNT Residential Rent	752.00		752.00	12/01/04	376.00CR	12/06/04	
					RNT Residential Rent					376.00CR	12/06/04	
		Resident Totals		0.00		960.00	0.00	960.00		772.00		0.00
					PPR Prepaid Rent					925.00CR	12/02/04	-925.00
0316	1	Yuhasz, Betty	Cur SEC	100.00	RNT Residential Rent	925.00		925.00	12/01/04	925.00CR	12/02/04	
Occupy:	9/7/2001	Term: 12										
Last Pymt:	12/2/2004											
Expires:	3/1/2006											
		Resident Totals		100.00		925.00	0.00	925.00		1,850.00		-925.00
0317	6	Zambrano, Fabiola	Cur SEC	1,295.00	RNT Residential Rent	1,095.00		1,095.00	12/01/04	1,095.00CR	12/06/04	
Occupy:	11/8/2004	Term: 12			RNT Residential Rent					1,095.00CR	12/01/04	-1,095.00
Last Pymt:	12/31/2004											
Expires:	11/30/2005											
		Resident Totals		1,295.00		1,095.00	0.00	1,095.00		2,190.00		-1,095.00
0318	2	Yost, Cynthia	Cur SEC	200.00	RNT Residential Rent	855.00		855.00	12/01/04	845.00CR	12/06/04	
Occupy:	1/5/2004	Term: 10			RNT Residential Rent					10.00CR	12/06/04	
Last Pymt:	12/6/2004				UAC Unapplied Credit		-10.00			-10.00PR	12/06/04	
Expires:	11/30/2005											
		Resident Totals		200.00		855.00	-10.00	855.00		845.00		0.00
0321	3	Broussard, Lawrence	Old SEC		RNT Residential Rent	1,120.00		1,120.00	12/01/04			
Occupy:	8/10/2004	Term: 12			RNT Residential Rent			-1,083.87 v	12/01/04			
Last Pymt:	12/2/2004				RNT Residential Rent			-36.13 s	12/01/04			0.00
Expires:	8/31/2005				TER Termination Fee			1,680.00	12/02/04	1,630.00CR	12/02/04	
Notice:	11/2/2004				TER Termination Fee			-50.00 s	12/02/04			
Vacate:	12/1/2004	Why: @@										
		Resident Totals		0.00		1,120.00	0.00	1,630.00		1,630.00		0.00
0321	Vacancy Adjustment				V Vacancy			1,083.87				
0322	3	Sunderson, Jason	Cur SEC	200.00	PPR Prepaid Rent					1,108.57CR	12/02/04	-1,108.57
Occupy:	12/23/2003	Term: 12			RNT Residential Rent	812.00		812.00	12/01/04	812.00CR	12/06/04	
Last Pymt:	12/6/2004											
		Resident Totals		200.00		812.00	0.00	812.00		1,920.57		-1,108.57
0323	2	Henke, Amy	Cur PET	300.00	RNT Residential Rent	922.00		922.00	12/01/04	922.00CR	12/02/04	
Occupy:	11/1/2001	Term: 12	SEC	100.00								
Last Pymt:	12/6/2004											
Expires:	11/30/2005											
		Resident Totals		400.00		922.00	0.00	922.00		922.00		0.00
0324	3	Barreira, Jeanne	Old SEC		DMGDamage& Cln Fe			25.00	12/02/04			
Occupy:	5/9/2003	Term: 9			DMGDamage& Cln Fe			25.00	12/02/04			50.00
Last Pymt:	12/2/2004				RNT Residential Rent	903.00						
Expires:	2/28/2005				TER Termination Fee			1,425.00	12/02/04	1,425.00CR	12/02/04	
Notice:	11/1/2004				TER Termination Fee			903.00	12/02/04			
Vacate:	11/30/2004	Why: @@			TER Termination Fee			-100.00 s	12/02/04			803.00
		Resident Totals		0.00		903.00	0.00	2,278.00		1,425.00		853.00
0324	Vacancy Adjustment				V Vacancy			955.00				
0325	Vacancy Adjustment				V Vacancy			970.00				
0326	3	Jones, Karen	Cur SEC	200.00	PPR Prepaid Rent					950.00CR	12/02/04	-950.00
Occupy:	2/1/2004	Term: 12			RNT Residential Rent	950.00		950.00	12/01/04	950.00CR	12/02/04	
Last Pymt:	12/5/2004											
Expires:	1/31/2005											
Notice:	11/29/2004											
Vacate:	1/31/2005	Why: JT										
		Resident Totals		200.00		950.00	0.00	950.00		1,900.00		-950.00

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Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
Building: LG - All Apartments												
0327	3	Hollings, Geoffrey	Cur SEC	200.00	PPR Prepaid Rent		-3,360.00			-1,120.00	CR	-2,240.00
Occupy:	10/11/2004	Term: 12			RNT Residential Rent	1,120.00		1,120.00		1,120.00	CR	
Last Pymt:	11/30/2004											
Expires:	10/31/2005											
		Resident Totals		200.00		1,120.00	-3,360.00	1,120.00		0.00		-2,240.00
0328	5	Sharpless, Christophe	Cur PET	400.00	RNT Residential Rent	870.00		870.00		870.00	CR	
Occupy:	11/17/2004	Term: 6	SEC	200.00	RNT Residential Rent					-870.00	CR	-870.00
Last Pymt:	12/31/2004											
Expires:	5/31/2005											
		Resident Totals		600.00		870.00	0.00	870.00		1,740.00		-870.00
0411	4	ACRS, 411	Cur		RNT Residential Rent	1,095.00		1,095.00		1,095.00	CR	
Occupy:	8/15/2004	Term: 3			RNT Residential Rent					1,095.00	CR	-1,095.00
Last Pymt:	12/31/2004											
Expires:	11/30/2004											
		Resident Totals		0.00		1,095.00	0.00	1,095.00		2,190.00		-1,095.00
0412	3	Burns, Chadwick	Cur SEC	200.00	RNT Residential Rent	830.00		830.00		830.00	CR	
Occupy:	8/19/2004	Term: 12										
Last Pymt:	12/2/2004											
Expires:	8/31/2005											
		Resident Totals		200.00		830.00	0.00	830.00		830.00		0.00
0413	2	Frost, Stephanie	Cur SEC	100.00	RNT Residential Rent	912.00		912.00		912.00	CR	
Occupy:	2/23/2003	Term: 12										
Last Pymt:	12/3/2004											
Expires:	2/28/2005											
		Resident Totals		100.00		912.00	0.00	912.00		912.00		0.00
0414	4	A Plus,	Cur		RNT Residential Rent	895.00		895.00		895.00	CR	
Occupy:	9/21/2004	Term:										
Last Pymt:	12/6/2004											
Expires:	12/12/2004											
		Resident Totals		0.00		895.00	0.00	895.00		895.00		0.00
0415	2	Williams, Trace	Cur SEC	100.00	COR Corp. Rental Inc	800.00		800.00		800.00	CR	
Occupy:	6/3/2003	Term: 12			PPR Prepaid Rent					1,712.00	CR	-1,712.00
Last Pymt:	12/2/2004				RNT Residential Rent	912.00		912.00		912.00	CR	
Expires:	4/30/2005											
		Resident Totals		100.00		1,712.00	0.00	1,712.00		3,424.00		-1,712.00
0416	5	ACRS,	Cur		RNT Residential Rent	895.00		895.00		895.00	CR	
Occupy:	10/17/2004	Term: 12			RNT Residential Rent					606.29	CR	-606.29
Last Pymt:	12/31/2004											
		Resident Totals		0.00		895.00	0.00	895.00		1,501.29		-606.29
0417	4	Long, Shirley	Cur SEC	200.00	LAT Late Fee		111.00	111.00		111.00	CR	
Occupy:	2/21/2004	Term: 12			LAT Late Fee					111.00	CR	
Last Pymt:	12/28/2004				LEG Legal Fees		40.00	40.00		40.00	CR	
Expires:	2/28/2005				LEG Legal Fees					40.00	CR	
					RNT Residential Rent	1,110.00	1,110.00	1,110.00		1,110.00	CR	
					RNT Residential Rent					500.00	CR	
					RNT Residential Rent					610.00	CR	
		Resident Totals		200.00		1,110.00	1,261.00	1,261.00		2,522.00		0.00
0418	4	Reeves, Kristin	Cur		RNT Residential Rent	664.00		664.00		664.00	CR	
Occupy:	8/27/2004	Term: mtm										
Last Pymt:	12/6/2004											
		Resident Totals		0.00		664.00	0.00	664.00		664.00		0.00

Unit	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: LG - All Apartments							
0421	2	Hammerbacher, Glenn	Cur PET	400.00	RNT Residential Rent	1,140.00		1,140.00	12/01/04	1,140.00CR	12/08/04	
Occupy:	8/13/2004	Term: 6	SEC	200.00								
Last Pymt:	12/2/2004											
Expires:	4/30/2005											
		Resident Totals		600.00		1,140.00	0.00	1,140.00		1,140.00		0.00
0422	4	Jackson, Caroline	Cur PET	200.00	RNT Residential Rent	845.00		845.00	12/01/04	845.00CR	12/08/04	
Occupy:	10/26/2004	Term: 12	SEC	200.00								
Last Pymt:	12/6/2004											
Expires:	10/31/2005											
		Resident Totals		400.00		845.00	0.00	845.00		845.00		0.00
0423	2	Phoenix Framing, 423	Cur SEC	200.00	MTM Month To Month	100.00		100.00	12/01/04	100.00CR	12/08/04	
Occupy:	2/27/2004	Term: 6			MTM Month To Month					100.00CR	12/31/04	-100.00
Last Pymt:	12/31/2004				RNT Residential Rent	990.00		990.00	12/01/04	990.00CR	12/08/04	
					RNT Residential Rent					990.00CR	12/31/04	-990.00
		Resident Totals		200.00		1,090.00	0.00	1,090.00		2,180.00		-1,090.00
0424	4	Wolf, Leonard	Cur SEC	200.00	PPR Prepaid Rent					884.00CR	12/02/04	-884.00
Occupy:	10/29/2004	Term: 12			RNT Residential Rent	884.00		884.00	12/01/04	884.00CR	12/08/04	
Last Pymt:	12/2/2004											
Expires:	10/31/2005											
		Resident Totals		200.00		884.00	0.00	884.00		1,768.00		-884.00
0425	5	Ertel Construction, 425	Cur SEC	200.00	PPR Prepaid Rent		-990.00			-990.00PR	11/30/04	
Occupy:	9/20/2004	Term: 09			PPR Prepaid Rent					990.00CR	12/01/04	-990.00
Last Pymt:	11/30/2004				RNT Residential Rent	990.00		990.00	12/01/04	990.00CR	11/30/04	
Expires:	6/30/2005											
		Resident Totals		200.00		990.00	-990.00	990.00		990.00		-990.00
0426	3	Nues, Michael	Cur SEC	200.00	RNT Residential Rent	925.00		925.00	12/01/04	925.00CR	12/08/04	
Occupy:	4/7/2004	Term: 6										
Last Pymt:	12/2/2004											
		Resident Totals		200.00		925.00	0.00	925.00		925.00		0.00
0427	4	Joseph, Karen	Cur SEC	200.00	EMP Employee rent	228.00		228.00	12/01/04			
Occupy:	7/15/2004	Term: 12			PPR Prepaid Rent					988.00CR	12/08/04	
Last Pymt:	12/6/2004				PPR Prepaid Rent					-988.00PR	12/08/04	
Expires:	7/31/2005				RNT Residential Rent	912.00		912.00	12/01/04	912.00CR	12/08/04	
					RNT Residential Rent					-912.00PR	12/08/04	
					RNT Residential Rent					912.00CR	12/08/04	
		Resident Totals		200.00		1,140.00	0.00	1,140.00		912.00		0.00
0428	1	Glenn, Joe	Old		LAT Late Fee		80.70					80.70
Occupy:	3/1/2001	Term: 12			RNT Residential Rent	807.00	324.77					324.77
Expires:	2/28/2005				TER Termination Fee		2,017.50					2,017.50
Notice:	6/24/2004											
Vacate:	7/24/2004	Why: @@										
		Resident Totals		0.00		807.00	2,422.97	0.00		0.00		2,422.97
0428	2	Cousick, Thomas	Cur SEC	1,045.00	RNT Residential Rent	845.00		845.00	12/01/04	845.00CR	12/08/04	
Occupy:	8/10/2004	Term: 12										
Last Pymt:	12/2/2004											
Expires:	8/31/2005											
		Resident Totals		1,045.00		845.00	0.00	845.00		845.00		0.00
0511	2	Rogers, Ana	Cur SEC	200.00	RNT Residential Rent	1,090.00		1,090.00	12/01/04	1,090.00CR	12/08/04	
Occupy:	6/15/2004	Term: 12			RNT Residential Rent					1,090.00CR	12/31/04	-1,090.00
Last Pymt:	12/31/2004											
Expires:	6/30/2005											
		Resident Totals		200.00		1,090.00	0.00	1,090.00		2,180.00		-1,090.00

Unit Id	Lease Id	Name	Status	Security Deposit	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: LG - All Apartments							
0512	2	Andres, Kelly	Cur	200.00	RNT Residential Rent	813.00		813.00	12/01/04	813.00CR	12/03/04	
	Occupy:	8/15/2003 Term: 11		PET 100.00								
	Last Pymt:	12/2/2004										
	Expires:	8/30/2005										
			Resident Totals	300.00		813.00	0.00	813.00		813.00		0.00
0513	5	Merrigan, Kevin	Cur	SEC 200.00	RNT Residential Rent	945.00		945.00	12/01/04	945.00CR	12/03/04	
	Occupy:	10/20/2004 Term: 9			RNT Residential Rent					945.00CR	12/03/04	-945.00
	Last Pymt:	12/31/2004										
	Expires:	7/31/2005										
			Resident Totals	200.00		945.00	0.00	945.00		1,890.00		-945.00
0514	1	Harrelson, Kylee	Cur	SEC 100.00	RNT Residential Rent	920.00		920.00	12/01/04	920.00CR	12/03/04	
	Occupy:	5/14/2003 Term: 9										
	Last Pymt:	12/6/2004										
	Expires:	2/28/2005										
			Resident Totals	100.00		920.00	0.00	920.00		920.00		0.00
0515	3	Welch, Jason	Cur	SEC 200.00	COR Corp. Rental Inc.	608.00		608.00	12/01/04	608.00CR	12/03/04	
	Occupy:	9/15/2004 Term: 6			PPR Prepaid Rent					1,506.00CR	12/01/04	-1,506.00
	Last Pymt:	12/2/2004			RNT Residential Rent	898.00		898.00	12/01/04	898.00CR	12/03/04	
	Expires:	3/31/2005										
			Resident Totals	200.00		1,506.00	0.00	1,506.00		3,012.00		-1,506.00
0516	2	Sanders, Angela	Old		RNT Residential Rent	930.00						
	Occupy:	6/10/2003 Term: 12			TER Termination Fee		97.00					97.00
	Expires:	6/30/2004										
	Notice:	3/1/2004										
	Vacate:	3/31/2004 Why: @@										
			Resident Totals	0.00		930.00	97.00	0.00		0.00		97.00
0516	3	Court, Wayne	Old	SEC 200.00	PPR Prepaid Rent		-920.00			-920.00CR	11/03/04	
	Occupy:	4/20/2004 Term: 8			RNT Residential Rent	920.00		920.00	12/01/04	920.00CR	11/03/04	
	Last Pymt:	11/30/2004										
	Expires:	12/31/2004										
	Notice:	10/28/2004										
	Vacate:	12/31/2004 Why: @@										
			Resident Totals	200.00		920.00	-920.00	920.00		0.00		0.00
0516		Vacancy Adjustment			V Vacancy			0.00				
0517	4	Legare, Fred	Cur	SEC 200.00	RNT Residential Rent	1,090.00		1,090.00	12/01/04	1,090.00CR	12/03/04	
	Occupy:	5/7/2004 Term: 12										
	Last Pymt:	12/2/2004										
	Expires:	5/31/2005										
			Resident Totals	200.00		1,090.00	0.00	1,090.00		1,090.00		0.00
0518	5	Everman, David	Cur	SEC 200.00	PPR Prepaid Rent					855.00CR	12/03/04	-855.00
	Occupy:	8/8/2004 Term: 12			RNT Residential Rent	855.00		855.00	12/01/04	855.00CR	12/03/04	
	Last Pymt:	12/2/2004										
	Expires:	8/31/2005										
			Resident Totals	200.00		855.00	0.00	855.00		1,710.00		-855.00
0521	4	Gombach, Jaqueline	Cur	SEC 200.00	PPR Prepaid Rent					1,140.00CR	12/03/04	-1,140.00
	Occupy:	10/30/2004 Term: 12			RNT Residential Rent	1,140.00		1,140.00	12/01/04	1,140.00CR	12/03/04	
	Last Pymt:	12/2/2004										
	Expires:	10/31/2005										
			Resident Totals	200.00		1,140.00	0.00	1,140.00		2,280.00		-1,140.00
0522	1	Ernst, Bill	Cur	SEC 300.00	RNT Residential Rent	755.00		755.00	12/01/04	755.00CR	12/03/04	
	Occupy:	1/1/2001 Term: 17										
	Last Pymt:	12/6/2004										
	Expires:	9/30/2005										
			Resident Totals	300.00		755.00	0.00	755.00		755.00		0.00

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Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
Building: LG - All Apartments												
0523	2	Marx, Marcelle	Cur		PPR Prepaid Rent					970.00CR		-970.00
Occupy:	5/11/2002	Term:			RNT Residential Rent	970.00		970.00		970.00CR		
Last Pymt:	12/2/2004											
Expires:	6/30/2005											
		Resident Totals		0.00		970.00	0.00	970.00		1,940.00		-970.00
0524	5	Gehring, Edward	Cur SEC	200.00	RNT Residential Rent	955.00		955.00		955.00CR		
Occupy:	7/1/2004	Term: 10			RNT Residential Rent					955.00CR		-955.00
Last Pymt:	12/31/2004											
Expires:	4/30/2005											
		Resident Totals		200.00		955.00	0.00	955.00		1,910.00		-955.00
0525	3	Sprayberry, Mary	Cur SEC	1,170.00	RNT Residential Rent	970.00		970.00		469.35CR		
Occupy:	10/8/2004	Term: 12			RNT Residential Rent					469.35CR		
Last Pymt:	12/8/2004				RNT Residential Rent					31.30CR		0.00
Expires:	10/31/2005				UAC Unapplied Credit		-31.30			-31.30PR		
		Resident Totals		1,170.00		970.00	-31.30	970.00		938.70		0.00
0526	4	O'Hare, Barry	Cur SEC	1,155.00	RNT Residential Rent	955.00		955.00		955.00CR		
Occupy:	8/3/2004	Term: 9										
Last Pymt:	12/6/2004											
Expires:	5/31/2005											
		Resident Totals		1,155.00		955.00	0.00	955.00		955.00		0.00
0527	1	Broughton, Debby	Cur PET	600.00	RNT Residential Rent	1,120.00		1,120.00		1,100.00CR		
Occupy:	11/29/2002	Term: 12			RNT Residential Rent					10.00CR		10.00
Last Pymt:	12/8/2004				UAC Unapplied Credit		-10.00			-10.00PR		
Expires:	7/31/2005											
		Resident Totals		600.00		1,120.00	-10.00	1,120.00		1,100.00		10.00
0528	5	Gonzales, Jeffrey	Cur SEC	200.00	RNT Residential Rent	870.00		870.00		870.00CR		
Occupy:	9/15/2004	Term: 12										
Last Pymt:	12/6/2004											
Expires:	9/30/2005											
		Resident Totals		200.00		870.00	0.00	870.00		870.00		0.00
0611	4	Walterius, Lysne	Cur PET	200.00	PPR Prepaid Rent					1,090.00CR		-1,090.00
Occupy:	3/15/2004	Term: 12	SEC	200.00	RNT Residential Rent	1,090.00		1,090.00		1,090.00CR		
Last Pymt:	12/2/2004											
Expires:	3/31/2005											
		Resident Totals		400.00		1,090.00	0.00	1,090.00		2,180.00		-1,090.00
0612	6	McKinney, Richard	Cur PET	200.00	LAT Late Fee			84.50		84.50CR		
Occupy:	6/15/2004	Term: 7	SEC	200.00	RNT Residential Rent	845.00		845.00		845.00CR		
Last Pymt:	12/5/2004											
Expires:	1/31/2005											
		Resident Totals		400.00		845.00	0.00	929.50		929.50		0.00
0613	4	Auger, Carri	Cur PET	400.00	PPR Prepaid Rent					940.00CR		-940.00
Occupy:	5/4/2004	Term: 12	SEC	200.00	RNT Residential Rent	940.00		940.00		940.00CR		
Last Pymt:	12/2/2004											
Expires:	5/31/2005											
		Resident Totals		600.00		940.00	0.00	940.00		1,880.00		-940.00
0614	3	Cline, Robert	Cur SEC	100.00	RNT Residential Rent	926.00		926.00		921.00CR		
Occupy:	9/13/2003	Term: 12			RNT Residential Rent					5.00CR		
Last Pymt:	12/8/2004				UAC Unapplied Credit		-5.00			-5.00PR		
Expires:	9/30/2005											
		Resident Totals		100.00		926.00	-5.00	926.00		921.00		0.00
0615	4	Sweeney, Matthew	Cur		RNT Residential Rent	945.00		945.00		945.00CR		
Occupy:	8/22/2004	Term: 10										
Last Pymt:	12/2/2004											
Expires:	6/30/2005											
		Resident Totals		0.00		945.00	0.00	945.00		945.00		0.00

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Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
Building: LG - All Apartments												
0616	3	Worthington, Polly	Cur SEC	100.00	RNT Residential Rent	970.00		970.00	12/01/04	970.00CR	12/08/04	
Occupy:	5/28/2003	Term: 8			UAC Unapplied Credit		-3.00					-3.00
Last Pymt:	12/2/2004											
Expires:	1/31/2005											
		Resident Totals		100.00		970.00	-3.00	970.00		970.00		-3.00
0617	3	Bushnell, Jonathan	Cur SEC	200.00	PPR Prepaid Rent					1,090.00CR	12/01/04	-1,090.00
Occupy:	6/10/2004	Term: 7			RNT Residential Rent	1,090.00		1,090.00	12/01/04	1,090.00CR	12/08/04	
Last Pymt:	12/6/2004											
Expires:	1/31/2005											
		Resident Totals		200.00		1,090.00	0.00	1,090.00		2,180.00		-1,090.00
0618	5	A Plus,	Cur		RNT Residential Rent	810.00		810.00	12/01/04	810.00CR	12/08/04	
Occupy:	8/25/2004	Term:			UAC Unapplied Credit		-6.10					-6.10
Last Pymt:	12/6/2004											
Expires:	11/23/2004											
		Resident Totals		0.00		810.00	-6.10	810.00		810.00		-6.10
0621	5	Anglin, Laurence	Cur		EMP Employee rent	1,135.00		1,110.00	12/01/04			
Occupy:	10/10/2003	Term: MTM										
		Resident Totals		0.00		1,135.00	0.00	1,110.00		0.00		0.00
0622	6	Creatore, David	Cur PET	200.00	MTM Month To Month	100.00		100.00	12/01/04	100.00CR	12/08/04	
Occupy:	9/10/2003	Term: mtm SEC		100.00	RNT Residential Rent	865.00	20.00	865.00	12/01/04	10.00CR	12/08/04	
Last Pymt:	12/6/2004				RNT Residential Rent					5.00CR	12/08/04	
					RNT Residential Rent					5.00CR	12/08/04	
					RNT Residential Rent					865.00CR	12/08/04	
		Resident Totals		300.00		965.00	20.00	965.00		965.00		0.00
0623	2	Ault, Kelly	Cur		RNT Residential Rent	960.00		960.00	12/01/04	960.00CR	12/08/04	
Occupy:	7/27/2002	Term: 12										
Last Pymt:	12/6/2004											
Expires:	4/30/2005											
		Resident Totals		0.00		960.00	0.00	960.00		960.00		0.00
0624	2	Edwards, Henry	Cur PET	400.00	RNT Residential Rent	941.00		941.00	12/01/04	941.00CR	12/08/04	
Occupy:	8/1/2003	Term: 12 SEC		100.00								
Last Pymt:	12/6/2004											
Expires:	1/31/2005											
		Resident Totals		500.00		941.00	0.00	941.00		941.00		0.00
0625	3	Smith, Daniel	Cur SEC	200.00	COR Corp. Rental Incr	60.00		60.00	12/01/04	60.00CR	12/08/04	
Occupy:	10/26/2004	Term: 12			RNT Residential Rent	960.00		960.00	12/01/04	960.00CR	12/08/04	
Last Pymt:	12/2/2004											
Expires:	10/31/2005											
		Resident Totals		200.00		1,020.00	0.00	1,020.00		1,020.00		0.00
0626	1	LeonCavallo, Reid	Cur SEC	100.00	RNT Residential Rent	995.00		995.00	12/01/04	985.00CR	12/08/04	10.00
Occupy:	4/24/2001	Term: 12										
Last Pymt:	12/6/2004											
Expires:	4/30/2005											
		Resident Totals		100.00		995.00	0.00	995.00		985.00		10.00
0627	2	Pate, David	Cur		EMP Employee rent	1,135.00		1,110.00	12/01/04			
Occupy:	4/1/2003	Term: MTM										
		Resident Totals		0.00		1,135.00	0.00	1,110.00		0.00		0.00
0628	5	Merrill, Turner	Old		DMGDamage& Cln Fe		300.00					300.00
Occupy:	9/23/2003	Term: 8			RNT Residential Rent	860.00						
Expires:	12/31/2004											
Notice:	10/5/2004											
Vacate:	11/8/2004	Why: @@										
		Resident Totals		0.00		860.00	300.00	0.00		0.00		300.00
0628	Vacancy Adjustment				V Vacancy			865.00				

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Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
Building: LG - All Apartments												
0711	4	Tolley, Hank	Cur PET	200.00	RNT Residential Rent	1,095.00		1,095.00	12/01/04	1,095.00CR	12/01/04	
Occupy:	8/15/2004	Term: 12	SEC	1,295.00	RNT Residential Rent					1,095.00CR	12/01/04	-1,095.00
Last Pymt:	12/31/2004											
Expires:	8/31/2005											
		Resident Totals		1,495.00		1,095.00	0.00	1,095.00		2,190.00		-1,095.00
0712	2	Percic, Victoria	Cur		PPR Prepaid Rent					808.00CR	12/01/04	-808.00
Occupy:	11/29/2002	Term: 12			RNT Residential Rent	808.00		808.00	12/01/04	808.00CR	12/03/04	
Last Pymt:	12/6/2004											
Expires:	9/30/2005											
		Resident Totals		0.00		808.00	0.00	808.00		1,616.00		-808.00
0713	3	Campbell, Matt	Cur SEC	200.00	RNT Residential Rent	917.00		917.00	12/01/04	917.00CR	12/02/04	
Occupy:	10/6/2004	Term: 12										
Last Pymt:	12/2/2004											
Expires:	10/31/2005											
		Resident Totals		200.00		917.00	0.00	917.00		917.00		0.00
0714	5	McIntyre, Fred	Old SEC									
Occupy:	1/14/2004	Term: 10										
Expires:	11/30/2004											
Notice:	10/18/2004											
Vacate:	11/30/2004	Why: [illegible]										
		Resident Totals		0.00		0.00	0.00	0.00		0.00		0.00
0714	6	Bunn, Ralph	Cur SEC	200.00	PAS Beach Pass Fee			200.00	12/03/04	200.00CR	12/03/04	
Occupy:	12/22/2004	Term: 12			RNT Residential Rent	975.00		314.52v	12/03/04	314.52CR	12/03/04	
Last Pymt:	12/8/2004				UAC Unapplied Credit		-200.00			-200.00PR	12/08/04	
Expires:	12/31/2005											
		Resident Totals		200.00		975.00	-200.00	514.52		314.52		0.00
0714	Vacancy Adjustment				V Vacancy			660.48				
0715	2	Bowen, Martin	Old SEC	0.00	MTM Month To Month	100.00						
Occupy:	2/21/2004	Term: 8			RNT Residential Rent	960.00	0.45	-0.45s	11/23/04			
Expires:	10/31/2004				RNT Residential Rent	965.00						
Notice:	10/5/2004											
Vacate:	11/11/2004	Why: BH										
		Resident Totals		0.00		2,025.00	0.45	-0.45		0.00		0.00
0715	Vacancy Adjustment				V Vacancy			965.00				
0716	2	Zawieski, Mary	Cur PET	400.00	MTM Month To Month	100.00		100.00	12/01/04	100.00CR	12/01/04	
Occupy:	11/17/2003	Term: 12	SEC	200.00	MTM Month To Month					100.00CR	12/01/04	-100.00
Last Pymt:	12/31/2004				RNT Residential Rent	975.00		975.00	12/01/04	975.00CR	12/02/04	
					RNT Residential Rent					975.00CR	12/01/04	-975.00
		Resident Totals		600.00		1,075.00	0.00	1,075.00		2,150.00		-1,075.00
0717	4	Livermore, David	Cur SEC	200.00	COR Corp. Rental Incr	60.00		60.00	12/01/04	60.00CR	12/02/04	
Occupy:	10/14/2004	Term: 12			RNT Residential Rent	1,040.00		1,040.00	12/01/04	1,040.00CR	12/02/04	
Last Pymt:	12/2/2004											
Expires:	10/31/2005											
		Resident Totals		200.00		1,100.00	0.00	1,100.00		1,100.00		0.00
0718	2	Shine, Daniel	Cur SEC	200.00	RNT Residential Rent	845.00		845.00	12/01/04	845.00CR	12/02/04	
Occupy:	5/7/2004	Term: 12			RNT Residential Rent					845.00CR	12/01/04	-845.00
Last Pymt:	12/31/2004											
Expires:	5/31/2005											
		Resident Totals		200.00		845.00	0.00	845.00		1,690.00		-845.00

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Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: LG - All Apartments							
0721	5	Sizelove, Kathleen	Cur PET	200.00	RNT Residential Rent	1,090.00		1,090.00	12/01/04	1,090.00CR	12/02/04	
Occupy:	6/26/2004	Term: 12	SEC	200.00								
Last Pymt:	12/2/2004											
Expires:	6/30/2005											
		Resident Totals		400.00		1,090.00	0.00	1,090.00		1,090.00		0.00
0722	3	Gilbert, Tom	Cur SEC	200.00	RNT Residential Rent	822.00		822.00	12/01/04	822.00CR	12/02/04	
Occupy:	3/31/2004	Term: 6										
Last Pymt:	12/6/2004											
Expires:	6/30/2005											
		Resident Totals		200.00		822.00	0.00	822.00		822.00		0.00
0723	3	Blackwell, Meredith	Cur SEC	100.00	RNT Residential Rent	975.00		975.00	12/01/04	975.00CR	12/02/04	
Occupy:	4/23/2003	Term: 12										
Last Pymt:	12/2/2004											
Expires:	1/31/2005											
		Resident Totals		100.00		975.00	0.00	975.00		975.00		0.00
0724	4	Asselta, Brooke	Cur SEC	200.00	PPR Prepaid Rent					995.00CR	12/02/04	-995.00
Occupy:	2/6/2004	Term: 12			RNT Residential Rent	995.00		995.00	12/01/04	995.00CR	12/02/04	
Last Pymt:	12/2/2004											
Expires:	2/28/2005											
		Resident Totals		200.00		995.00	0.00	995.00		1,990.00		-995.00
0725	3	Suarez, Hector	Cur PET	200.00	RNT Residential Rent	931.00		931.00	12/01/04	931.00CR	12/02/04	
Occupy:	8/13/2004	Term: 12	SEC	200.00	RNT Residential Rent					931.00CR	12/01/04	-931.00
Last Pymt:	12/31/2004											
Expires:	8/31/2005											
		Resident Totals		400.00		931.00	0.00	931.00		1,862.00		-931.00
0726	2	Eippert, Karen	Cur PET	300.00	RNT Residential Rent	945.00		945.00	12/01/04	945.00CR	12/02/04	
Occupy:	3/31/2003	Term: 12	SEC	100.00	RNT Residential Rent					945.00CR	12/01/04	-945.00
Last Pymt:	12/31/2004											
Expires:	3/31/2005											
		Resident Totals		400.00		945.00	0.00	945.00		1,890.00		-945.00
0727	4	Haas, Cina	Cur SEC	300.00	RNT Residential Rent	1,105.00		1,105.00	12/01/04	1,105.00CR	12/02/04	
Occupy:	5/31/2003	Term: 12			RNT Residential Rent					1,105.00CR	12/01/04	-1,105.00
Last Pymt:	12/31/2004											
Expires:	5/31/2005											
		Resident Totals		300.00		1,105.00	0.00	1,105.00		2,210.00		-1,105.00
0728	4	Gehrmann, Jane	Cur SEC	200.00	PPR Prepaid Rent					855.00CR	12/02/04	-855.00
Occupy:	12/17/2003	Term: 12			RNT Residential Rent	855.00		855.00	12/01/04	855.00CR	12/02/04	
Last Pymt:	12/2/2004											
Expires:	6/30/2005											
		Resident Totals		200.00		855.00	0.00	855.00		1,710.00		-855.00
0811	3	Pelot, Ben	New		PAS Beach Pass Fee			200.00	12/15/04	200.00CR	12/15/04	
Occupy:	1/5/2005	Term: 18										
Last Pymt:	12/15/2004											
Expires:	7/31/2006											
		Resident Totals		0.00		0.00	0.00	200.00		200.00		0.00
0811	2	Ford, Karen	Old		MTM Month To Month	100.00		100.00	12/01/04	100.00CR	12/02/04	
Occupy:	2/28/2002	Term: mtm			MTM Month To Month			-51.61	12/13/04			
Last Pymt:	12/6/2004				MTM Month To Month			51.61	12/13/04			
Expires:	12/6/2004				RNT Residential Rent	1,095.00		1,095.00	12/01/04	478.23CR	12/02/04	
Notice:	11/8/2004				RNT Residential Rent			-565.16 v	12/15/04			
Vacate:	12/15/2004	Why: @@			RNT Residential Rent			-51.61 c	12/15/04			0.00
		Resident Totals		0.00		1,195.00	0.00	578.23		578.23		0.00
0811	Vacancy Adjustment				v Vacancy			565.16				

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
Building: LG - All Apartments												
0812	5	McCarragher, Tacy	Cur	200.00	RNT Residential Rent	850.00		850.00		850.00CR		
		Occupy: 9/22/2004 Term: 9	SEC	200.00								
		Last Pymt: 12/2/2004										
		Expires: 6/30/2005										
		Resident Totals		400.00		850.00	0.00	850.00		850.00		0.00
0813	6	Bauer, Delia	Cur	400.00	PPR Prepaid Rent					965.00CR		-965.00
		Occupy: 9/10/2004 Term: 9			RNT Residential Rent	965.00		965.00		965.00CR		
		Last Pymt: 12/2/2004			UAC Unapplied Credit		-0.01					-0.01
		Expires: 6/30/2005										
		Resident Totals		400.00		965.00	-0.01	965.00		1,930.00		-965.01
0814	4	Englebert, Troy	Cur	200.00	RNT Residential Rent	970.00		970.00		970.00CR		
		Occupy: 3/1/2004 Term: 18	SEC	200.00								
		Last Pymt: 12/2/2004										
		Expires: 8/31/2005										
		Resident Totals		200.00		970.00	0.00	970.00		970.00		0.00
0815	4	Greene, Karen	Cur	200.00	PPR Prepaid Rent					960.00CR		-960.00
		Occupy: 4/26/2004 Term: 12	SEC	200.00	RNT Residential Rent	960.00		960.00		960.00CR		
		Last Pymt: 12/2/2004										
		Expires: 4/30/2005										
		Resident Totals		200.00		960.00	0.00	960.00		1,920.00		-960.00
0816	4	Senn, Joseph	Old	200.00	RNT Residential Rent	922.00		922.00		922.00CR		
		Occupy: 6/15/2004 Term: 12	SEC	200.00	RNT Residential Rent			-29.74v				-29.74
		Last Pymt: 12/20/2004			TER Termination Fee			1,455.00		1,455.00CR		
		Expires: 6/30/2005										
		Notice: 11/30/2004										
		Vacate: 12/30/2004 Why: BH										
		Resident Totals		400.00		922.00	0.00	2,347.26		2,377.00		-29.74
0816	5	Wardell, Patrick	New		PAS Beach Pass Fee			200.00		200.00CR		
		Occupy: 1/10/2005 Term: 12			UAC Unapplied Credit					200.00CR		
		Last Pymt: 12/15/2004			UAC Unapplied Credit					-200.00PR		
		Expires: 1/31/2006										
		Resident Totals		0.00		0.00	0.00	200.00		200.00		0.00
0816		Vacancy Adjustment			V Vacancy			29.74				
0817	1	Devine, Alexa	Old	100.00	COR Corp. Rental Incr	50.00						
		Occupy: 11/6/2001 Term: 12			RNT Residential Rent	1,090.00						
		Expires: 11/30/2002										
		Notice: 1/31/2002										
		Vacate: 2/28/2002 Why: RF										
		Resident Totals		100.00		1,140.00	0.00	0.00		0.00		0.00
0817	4	Punch, Bradley	Cur	200.00	RNT Residential Rent	1,040.00		1,040.00		1,040.00CR		
		Occupy: 11/14/2003 Term: 12										
		Last Pymt: 12/6/2004										
		Expires: 11/30/2005										
		Resident Totals		200.00		1,040.00	0.00	1,040.00		1,040.00		0.00
0818	3	Murrell, Kyle	New		APP Application Fee			50.00		50.00CR		
		Occupy: 1/3/2005 Term: 9			PAS Beach Pass Fee			200.00		200.00CR		
		Last Pymt: 12/31/2004			PET Pet Fee			200.00		200.00CR		
		Expires: 10/31/2005			PPR Prepaid Rent					795.16CR		-795.16
		Resident Totals		0.00		0.00	0.00	450.00		1,245.16		-795.16
0818		Vacancy Adjustment			V Vacancy			850.00				

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: LG - All Apartments							
0821	3	Correll, Erin	Cur SEC	100.00	RNT Residential Rent	1,050.00		1,050.00	12/01/04	1,050.00CR	12/03/04	
Occupy:	6/17/2003	Term: 13			RNT Residential Rent					1,050.00CR	12/01/04	-1,050.00
Last Pymt:	12/31/2004											
Expires:	7/31/2005											
		Resident Totals		100.00		1,050.00	0.00	1,050.00		2,100.00		-1,050.00
0822	4	A Plus, 822	Old		RNT Residential Rent	805.00		805.00	12/04/04	268.40CR	12/08/04	
Occupy:	5/13/2004	Term: 3			RNT Residential Rent			-545.32V	12/10/04			
Last Pymt:	12/14/2004				RNT Residential Rent					-8.72NF	12/14/04	0.00
Expires:	8/10/2004											
Notice:	10/26/2004											
Vacate:	12/10/2004	Why: @@										
		Resident Totals		0.00		805.00	0.00	259.68		259.68		0.00
0822	Vacancy Adjustment				V Vacancy			545.32				
0823	1	Ackerman, George	Cur SEC	300.00	RNT Residential Rent	980.00		980.00	12/01/04	980.00CR	12/03/04	
Occupy:	9/1/2001	Term: 12										
Last Pymt:	12/5/2004											
Expires:	8/31/2005											
		Resident Totals		300.00		980.00	0.00	980.00		980.00		0.00
0824	3	McManus, Allison	Cur SEC	100.00	RNT Residential Rent	1,000.00		1,000.00	12/01/04	500.00CR	12/03/04	
Occupy:	7/19/2003	Term: 12			RNT Residential Rent					500.00CR	12/08/04	
Last Pymt:	12/6/2004											
Expires:	7/31/2005											
		Resident Totals		100.00		1,000.00	0.00	1,000.00		1,000.00		0.00
0825	5	Zavari, Apurva	Old SEC	300.00	RNT Residential Rent	922.00		922.00	12/01/04	922.00CR	12/08/04	
Occupy:	12/20/2003	Term: 12										
Last Pymt:	12/2/2004											
Expires:	12/31/2004											
Notice:	10/5/2004											
Vacate:	12/31/2004	Why: JT										
		Resident Totals		300.00		922.00	0.00	922.00		922.00		0.00
0825	Vacancy Adjustment				V Vacancy			0.00				
0826	4	Blasser, Jane	Cur SEC	200.00	RNT Residential Rent	945.00		945.00	12/01/04	945.00CR	12/03/04	
Occupy:	3/12/2004	Term: 12			RNT Residential Rent					945.00CR	12/01/04	-945.00
Last Pymt:	12/31/2004											
Expires:	3/31/2005											
		Resident Totals		200.00		945.00	0.00	945.00		1,890.00		-945.00
0827	3	Turner, Matthew	Cur SEC	100.00	RNT Residential Rent	1,055.00		1,055.00	12/01/04	351.67CR	12/03/04	
Occupy:	5/15/2003	Term:			RNT Residential Rent					351.66CR	12/06/04	
Last Pymt:	12/31/2004				RNT Residential Rent					351.67CR	12/03/04	
Expires:	6/30/2005				RNT Residential Rent					351.67CR	12/01/04	
					RNT Residential Rent					351.67CR	12/01/04	-703.34
		Resident Totals		100.00		1,055.00	0.00	1,055.00		1,758.34		-703.34
0828	1	Baker, Michael	Old		DMGDamages& Cln Fe		63.26			63.26CR	12/03/04	
Occupy:	10/1/2001	Term: 12			MTMMonth To Month	100.00						
Last Pymt:	12/6/2004				RNT Residential Rent	865.00						
Expires:	10/2/2004											
Notice:	9/30/2004											
Vacate:	10/2/2004	Why: @@										
		Resident Totals		0.00		965.00	63.26	0.00		63.26		0.00

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Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
Building: LG - All Apartments												
0828	2	Cross Country, 828	New									
		Occupy: 1/7/2005 Term:										
		Expires: 4/12/2005										
		Resident Totals		0.00		0.00	0.00	0.00		0.00		0.00
0828		Vacancy Adjustment			V Vacancy			865.00				
0911	3	A+ Accommodations,	Cur		RNT Residential Rent	1,090.00		1,090.00	12/01/04	1,090.00	CR 12/03/04	
		Occupy: 4/30/2003 Term: 3										
		Last Pymt: 12/6/2004										
		Expires: 1/31/2004										
		Resident Totals		0.00		1,090.00	0.00	1,090.00		1,090.00		0.00
0912	1	Pochabet, Lucille	Cur SEC	300.00	PPR Prepaid Rent					817.00	CR 12/01/04	-817.00
		Occupy: 11/19/2000 Term: 18			RNT Residential Rent	817.00		817.00	12/01/04	817.00	CR 12/03/04	
		Last Pymt: 12/2/2004										
		Expires: 5/31/2005										
		Resident Totals		300.00		817.00	0.00	817.00		1,634.00		-817.00
0913	3	Giardino, Muriel	Cur		PPR Prepaid Rent					960.00	CR 12/01/04	-960.00
		Occupy: 11/1/2002 Term: 18			RNT Residential Rent	960.00		960.00	12/01/04	960.00	CR 12/03/04	
		Last Pymt: 12/2/2004										
		Expires: 4/30/2005										
		Resident Totals		0.00		960.00	0.00	960.00		1,920.00		-960.00
0914	4	Lewin, Sanford	Cur SEC	200.00	PPR Prepaid Rent					905.00	CR 12/03/04	-905.00
		Occupy: 6/26/2004 Term: 12			RNT Residential Rent	905.00		905.00	12/01/04	905.00	CR 12/03/04	
		Last Pymt: 12/2/2004										
		Expires: 6/30/2005										
		Resident Totals		200.00		905.00	0.00	905.00		1,810.00		-905.00
0915	7	Chestwood, Chad	Old SEC		RNT Residential Rent	917.00	122.35	-122.35 s	11/03/04			
		Occupy: 9/20/2004 Term: 10										
		Expires: 7/31/2005										
		Notice: 10/15/2004										
		Vacate: 11/14/2004 Why: MT										
		Resident Totals		0.00		917.00	122.35	-122.35		0.00		0.00
0915	8	Miller, Michael	Cur SEC	200.00	RNT Residential Rent	917.00		61.14 v	11/30/04	61.14	CR 12/03/04	
		Occupy: 11/29/2004 Term: 12			RNT Residential Rent			917.00	12/01/04			
		Last Pymt: 12/2/2004			RNT Residential Rent					917.00	CR 12/03/04	
		Expires: 11/30/2005										
		Resident Totals		200.00		917.00	0.00	978.14		978.14		0.00
0915		Vacancy Adjustment			V Vacancy			-61.14				
0916	4	Frank, Robert	Cur SEC	200.00	RNT Residential Rent	905.00		905.00	12/01/04	905.00	CR 12/03/04	
		Occupy: 7/16/2004 Term: 12										
		Last Pymt: 12/6/2004										
		Expires: 7/31/2005										
		Resident Totals		200.00		905.00	0.00	905.00		905.00		0.00
0917	4	Senayadin, Suzan	Cur PET	200.00	PPR Prepaid Rent					1,095.00	CR 12/01/04	-1,095.00
		Occupy: 10/8/2004 Term: 16	SEC	1,295.00	RNT Residential Rent	1,095.00		1,095.00	12/01/04	1,095.00	CR 12/03/04	
		Last Pymt: 12/2/2004										
		Expires: 2/28/2006										
		Resident Totals		1,495.00		1,095.00	0.00	1,095.00		2,190.00		-1,095.00
0918	3	Clement, Charles	Cur		RNT Residential Rent	830.00		830.00	12/01/04	830.00	CR 12/03/04	
		Occupy: 9/16/2002 Term: 10			RNT Residential Rent					830.00	CR 12/01/04	-830.00
		Last Pymt: 12/31/2004										
		Expires: 4/30/2005										
		Resident Totals		0.00		830.00	0.00	830.00		1,660.00		-830.00

Report Period: 12/04

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
Building: LG - All Apartments												
0921	4	ACRS, 921	Old PET		DMG Damage& Cln Fe			45.00	12/14/04			
Occupy:	7/16/2004	Term: 3			DMG Damage& Cln Fe			-45.00s	12/14/04			
Last Pymt:	11/30/2004				PPR Prepaid Rent		-91.84			-91.84PR	11/30/04	
Expires:	10/12/2004				RNT Residential Rent	1,095.00		1,095.00	12/01/04	91.84CR	11/30/04	
Notice:	11/3/2004				RNT Residential Rent			-989.03v	12/03/04			
Vacate:	12/3/2004	Why: @@			RNT Residential Rent			-14.13s	12/14/04			0.00
					UTL Utility Reimburse			40.12	12/03/04			
					UTL Utility Reimburse			-40.12s	12/14/04			
		Resident Totals		0.00		1,095.00	-91.84	91.84		0.00		0.00
0921		Vacancy Adjustment			V Vacancy			989.03				
0922	4	Floyd, Ruth	Cur SEC	200.00	RNT Residential Rent	845.00		845.00	12/01/04	845.00CR	12/02/04	
Occupy:	4/10/2004	Term: 12										
Last Pymt:	12/2/2004											
Expires:	4/30/2005											
		Resident Totals		200.00		845.00	0.00	845.00		845.00		0.00
0923	1	Beach Company, Property	Old SEC	100.00	COR Corp. Rental Incr	638.00						
Occupy:	11/12/2001	Term: 6			RNT Residential Rent	940.00						
Expires:	5/31/2002											
Notice:	1/9/2002											
Vacate:	1/13/2002	Why: BH										
		Resident Totals		100.00		1,578.00	0.00	0.00		0.00		0.00
0923	4	Walter Waukesha,	Cur SEC	100.00	PPR Prepaid Rent					936.00CR	12/28/04	-936.00
Occupy:	10/17/2003	Term: 6			RNT Residential Rent	936.00		936.00	12/01/04	936.00CR	12/28/04	
Last Pymt:	12/2/2004											
Expires:	7/31/2005											
		Resident Totals		100.00		936.00	0.00	936.00		1,872.00		-936.00
0924	3	Bragg, Thomas	Cur SEC	200.00	PPR Prepaid Rent					940.00CR	12/28/04	-940.00
Occupy:	6/27/2004	Term: 10			RNT Residential Rent	940.00		940.00	12/01/04	940.00CR	12/28/04	
Last Pymt:	12/2/2004											
Expires:	4/30/2005											
		Resident Totals		200.00		940.00	0.00	940.00		1,880.00		-940.00
0925	2	George, Susan	Cur SEC	200.00	RNT Residential Rent	985.00		985.00	12/01/04	492.50CR	12/28/04	
Occupy:	5/15/2004	Term: 9			RNT Residential Rent					492.50CR	12/28/04	
Last Pymt:	12/31/2004				RNT Residential Rent					492.50CR	12/31/04	
Expires:	2/28/2005				RNT Residential Rent					492.50CR	12/31/04	-985.00
		Resident Totals		200.00		985.00	0.00	985.00		1,970.00		-985.00
0926	2	Peebles, Nathan	Cur SEC	100.00	RNT Residential Rent	930.00		930.00	12/01/04	930.00CR	12/28/04	
Occupy:	5/16/2003	Term: 9										
Last Pymt:	12/2/2004											
Expires:	2/28/2005											
		Resident Totals		100.00		930.00	0.00	930.00		930.00		0.00
0927	2	Shortridge, Faye	Cur PET	200.00	RNT Residential Rent	1,115.00		1,115.00	12/01/04	1,115.00CR	12/28/04	
Occupy:	6/1/2004	Term: 7	SEC	200.00								
Last Pymt:	12/6/2004											
Expires:	12/31/2004											
Notice:	11/18/2004											
Vacate:	1/5/2005	Why: @@										
		Resident Totals		400.00		1,115.00	0.00	1,115.00		1,115.00		0.00
0928	2	Anchor, David	Cur		PPR Prepaid Rent					850.00CR	12/13/04	-850.00
Occupy:	10/8/2002	Term: 12			RNT Residential Rent	850.00		850.00	12/01/04	850.00CR	12/28/04	
Last Pymt:	12/2/2004											
Expires:	7/31/2005											
		Resident Totals		0.00		850.00	0.00	850.00		1,700.00		-850.00

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: LG - All Apartments							
1011	2	Wisneski, Stanley	Cur SEC	100.00	RNT Residential Rent	1,095.00		1,095.00	12/01/04	1,095.00CR	12/06/04	
Occupy:	3/1/2003	Term: 12			RNT Residential Rent					1,095.00CR	12/01/04	-1,095.00
Last Pymt:	12/31/2004											
Expires:	11/30/2005											
		Resident Totals		100.00		1,095.00	0.00	1,095.00		2,190.00		-1,095.00
1012	3	Greene, Lauren	Old PET	300.00	RNT Residential Rent	845.00		845.00	12/01/04	845.00CR	12/06/04	
Occupy:	1/1/2003	Term: 12			RNT Residential Rent			-27.26v	12/20/04			-27.26
Last Pymt:	12/20/2004											
Expires:	1/31/2005											
Notice:	9/2/2004											
Vacate:	12/30/2004	Why: @@										
		Resident Totals		300.00		845.00	0.00	817.74		845.00		-27.26
1012	4	Lynch, William	Cur		APP Application Fee			50.00	12/03/04	50.00CR	12/06/04	
Occupy:	12/31/2004	Term: 12			PAS Beach Pass Fee			200.00	12/06/04	200.00CR	12/06/04	
Last Pymt:	12/8/2004				RNT Residential Rent	850.00		27.42v	12/31/04			27.42
Expires:	12/31/2005				UAC Unapplied Credit					200.00CR	12/06/04	
					UAC Unapplied Credit					-200.00PR	12/06/04	
		Resident Totals		0.00		850.00	0.00	277.42		250.00		27.42
1012		Vacancy Adjustment			V Vacancy			-0.16				
1013	2	Masnick, Gregory	Old SEC	100.00	RNT Residential Rent	940.00		940.00	12/01/04	940.00CR	12/06/04	
Occupy:	8/9/2003	Term: 7										
Last Pymt:	12/2/2004											
Expires:	12/31/2004											
Notice:	12/2/2004											
Vacate:	12/31/2004	Why: BH										
		Resident Totals		100.00		940.00	0.00	940.00		940.00		0.00
1013		Vacancy Adjustment			V Vacancy			0.00				
1014	2	Mackintosh, Ashley	Old		DMGDamages Ch Fe		260.00					260.00
Occupy:	6/10/2003	Term:			MTMMonth To Month	100.00						
Expires:	7/31/2004				NSF NSF		30.00					30.00
Notice:	6/30/2004				RNT Residential Rent	970.00						
Vacate:	7/31/2004	Why: PF										
		Resident Totals		0.00		1,070.00	290.00	0.00		0.00		290.00
1014	3	Mooneyhan, Steven	Cur SEC	200.00	LAT Late Fee			97.50	12/06/04			97.50
Occupy:	8/23/2004	Term: 10			LEG Legal Fees			40.00	12/23/04			40.00
Last Pymt:	12/5/2004				RNT Residential Rent	975.00		975.00	12/01/04	487.50CR	12/06/04	487.50
Expires:	6/30/2005											
		Resident Totals		200.00		975.00	0.00	1,112.50		487.50		625.00
1015	1	Shimp, David	Cur SEC	100.00	PPR Prepaid Rent					945.00CR	12/06/04	-945.00
Occupy:	7/13/2001	Term: 12			RNT Residential Rent	945.00		945.00	12/01/04	945.00CR	12/02/04	
Last Pymt:	12/2/2004											
Expires:	5/31/2005											
		Resident Totals		100.00		945.00	0.00	945.00		1,890.00		-945.00
1016	3	Simmons, Julian	Cur SEC	200.00	RNT Residential Rent	975.00		975.00	12/01/04	487.50CR	12/06/04	
Occupy:	7/16/2004	Term: 12			RNT Residential Rent					487.50CR	12/06/04	
Last Pymt:	12/6/2004											
Expires:	7/31/2005											
		Resident Totals		200.00		975.00	0.00	975.00		975.00		0.00
1017	1	Alley, Gary	Cur SEC	100.00	RNT Residential Rent	1,095.00		1,095.00	12/01/04	1,095.00CR	12/06/04	
Occupy:	4/7/2001	Term: 10			RNT Residential Rent					1,095.00CR	12/01/04	-1,095.00
Last Pymt:	12/31/2004											
Expires:	4/30/2005											
		Resident Totals		100.00		1,095.00	0.00	1,095.00		2,190.00		-1,095.00

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: LG - All Apartments							
1018	1	Coates, Elizabeth	Old		RNT Residential Rent	819.00						
	Occupy:	3/30/2001 Term: 12			TER Termination Fee		819.00					819.00
	Expires:	4/30/2003										
	Notice:	1/23/2003										
	Vacate:	2/23/2003 Why: PF										
			Resident Totals	0.00		819.00	819.00	0.00		0.00		819.00
1018	4	A Plus,	Cur		RNT Residential Rent	810.00		470.32	V 12/14/04	470.32	CR 12/20/04	
	Occupy:	12/14/2004 Term:										
	Last Pymt:	12/29/2004										
	Expires:	3/13/2005										
			Resident Totals	0.00		810.00	0.00	470.32		470.32		0.00
1018		Vacancy Adjustment			V Vacancy			379.68				
1021	4	Gehring, Edward	Cur SEC	200.00	RNT Residential Rent	1,110.00		1,110.00	12/01/04	1,110.00	CR 12/02/04	
	Occupy:	7/1/2004 Term: 10			RNT Residential Rent					1,110.00	CR 12/01/04	-1,110.00
	Last Pymt:	12/31/2004										
	Expires:	4/30/2005										
			Resident Totals	200.00		1,110.00	0.00	1,110.00		2,220.00		-1,110.00
1022		Vacancy Adjustment			V Vacancy			865.00				
1023	2	Mahaffey, Tristan	Cur		RNT Residential Rent	912.00		912.00	12/01/04	456.00	CR 12/06/04	
	Occupy:	7/27/2002 Term: 12			RNT Residential Rent					456.00	CR 12/20/04	
	Last Pymt:	12/6/2004										
	Expires:	4/30/2005										
			Resident Totals	0.00		912.00	0.00	912.00		912.00		0.00
1024	3	Mickelson, Toby	Cur SEC	100.00	RNT Residential Rent	945.00		945.00	12/01/04	945.00	CR 12/06/04	
	Occupy:	6/7/2003 Term: 12			RNT Residential Rent					945.00	CR 12/01/04	-945.00
	Last Pymt:	12/31/2004										
	Expires:	6/30/2005										
			Resident Totals	100.00		945.00	0.00	945.00		1,890.00		-945.00
1025	6	Casen, Elayne	Cur SEC	1,160.00	RNT Residential Rent	960.00		960.00	12/01/04	960.00	CR 12/06/04	
	Occupy:	10/30/2004 Term: 12										
	Last Pymt:	12/6/2004										
	Expires:	10/31/2005										
			Resident Totals	1,160.00		960.00	0.00	960.00		960.00		0.00
1026	1	Bryan, Marty	Old		LAT Late Fee		198.00					198.00
	Occupy:	11/23/2001 Term: 12			LEG Legal Fees		30.00					30.00
	Expires:	11/30/2004			RNT Residential Rent		1,752.26					1,752.26
	Notice:	6/27/2004										
	Vacate:	7/27/2004 Why: [illegible]										
			Resident Totals	0.00		0.00	1,980.26	0.00		0.00		1,980.26
1026	2	Caruso, Karen	Cur PET	200.00	PPR Prepaid Rent					1,000.00	CR 12/20/04	-1,000.00
	Occupy:	10/8/2004 Term: 18	SEC	200.00	RNT Residential Rent	1,000.00		1,000.00	12/01/04	1,000.00	CR 12/06/04	
	Last Pymt:	12/2/2004										
	Expires:	4/30/2006										
			Resident Totals	400.00		1,000.00	0.00	1,000.00		2,000.00		-1,000.00
1027	4	Krall, Nicole	Cur PET	200.00	RNT Residential Rent	1,110.00		1,110.00	12/01/04	1,110.00	CR 12/06/04	
	Occupy:	2/1/2004 Term: 6	SEC	200.00								
	Last Pymt:	12/6/2004										
	Expires:	4/30/2005										
			Resident Totals	400.00		1,110.00	0.00	1,110.00		1,110.00		0.00

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
Building: LG - All Apartments												
1028	7	Kulchock, Tisha	Cur	200.00	RNT Residential Rent	822.00		822.00	12/01/04	822.00CR	12/03/04	
Occupy:	7/23/2004	Term: 12	SEC	200.00	RNT Residential Rent					822.00CR	12/31/04	-822.00
Last Pymt:	12/31/2004											
Expires:	7/31/2005											
		Resident Totals		400.00		822.00	0.00	822.00		1,644.00		-822.00
1111	3	Moorachian, Mary	Cur	200.00	RNT Residential Rent	1,090.00		1,090.00	12/01/04	1,090.00CR	12/03/04	
Occupy:	5/17/2004	Term: 12			RNT Residential Rent					1,090.00CR	12/31/04	-1,090.00
Last Pymt:	12/31/2004											
Expires:	5/31/2005											
		Resident Totals		200.00		1,090.00	0.00	1,090.00		2,180.00		-1,090.00
1112	1	Breland, Patricia	Cur	300.00	RNT Residential Rent	789.00		789.00	12/01/04	789.00CR	12/03/04	
Occupy:	4/1/2001	Term: 12	SEC	300.00								
Last Pymt:	12/6/2004											
Expires:	6/30/2005											
		Resident Totals		300.00		789.00	0.00	789.00		789.00		0.00
1113	1	Thornton, Blakeley	Cur	300.00	MTM Month To Month	100.00		100.00	12/01/04	100.00CR	12/03/04	
Occupy:	5/18/2001	Term: MTM	SEC	300.00	RNT Residential Rent	945.00		945.00	12/01/04	945.00CR	12/03/04	
Last Pymt:	12/6/2004											
		Resident Totals		300.00		1,045.00	0.00	1,045.00		1,045.00		0.00
1114	3	Johnson, Scott	Cur		EMP Employee rent	455.00		455.00	12/01/04			
Occupy:	8/1/2003	Term: MTM			RNT Residential Rent	455.00		455.00	12/01/04	455.00CR	12/03/04	
Last Pymt:	12/6/2004											
		Resident Totals		0.00		910.00	0.00	910.00		455.00		0.00
1115	3	Ware on Earth,	Cur		CCR Corp. Rental Inc	60.00		60.00	12/01/04	60.00CR	12/03/04	
Occupy:	11/16/2002	Term: 12			RNT Residential Rent	945.00		945.00	12/01/04	945.00CR	12/03/04	
Last Pymt:	12/2/2004				UAC Unapplied Credit		-5.50					-5.50
Expires:	8/31/2005											
		Resident Totals		0.00		1,005.00	-5.50	1,005.00		1,005.00		-5.50
1116	2	Guilfre, William	Old		RNT Residential Rent	855.00						
Occupy:	4/30/2002	Term: 12			TER Termination Fee		855.00					855.00
Expires:	5/31/2005											
Notice:	10/1/2004											
Vacate:	10/31/2004	Why: @@										
		Resident Totals		0.00		855.00	855.00	0.00		0.00		855.00
1116	Vacancy Adjustment				V Vacancy			905.00				
1117	2	Harrington, William	Cur	200.00	PPR Prepaid Rent					1,090.00CR	12/01/04	-1,090.00
Occupy:	5/10/2004	Term: 8	SEC	200.00	RNT Residential Rent	1,090.00		1,090.00	12/01/04	1,090.00CR	12/03/04	
Last Pymt:	12/2/2004											
Expires:	1/31/2005											
		Resident Totals		200.00		1,090.00	0.00	1,090.00		2,180.00		-1,090.00
1118	2	Crean, Amanda	Cur	200.00	RNT Residential Rent	789.00		789.00	12/01/04	789.00CR	12/03/04	
Occupy:	4/23/2004	Term: 12	PET	200.00								
Last Pymt:	12/6/2004		SEC	200.00								
Expires:	4/30/2005											
		Resident Totals		400.00		789.00	0.00	789.00		789.00		0.00
1121	2	Kim, Young Yo	Cur	100.00	RNT Residential Rent	1,115.00		1,115.00	12/01/04	1,115.00CR	12/03/04	
Occupy:	6/15/2003	Term: 12	SEC	100.00								
Last Pymt:	12/6/2004											
Expires:	6/30/2005											
		Resident Totals		100.00		1,115.00	0.00	1,115.00		1,115.00		0.00

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: LG - All Apartments							
1122	8	Prough, Mark	Cur SEC	200.00	APP Application Fee			50.00	12/12/04	50.00CR	12/12/04	
Occupy:	12/28/2004	Term: 9			PAS Beach Pass Fee			200.00	12/15/04	200.00CR	12/15/04	
Last Pymt:	12/29/2004				PPR Prepaid Rent					912.26CR	12/29/04	-912.26
Expires:	9/30/2005				RNT Residential Rent	806.00		104.26v	12/29/04			104.26
		Resident Totals		200.00		806.00	0.00	354.26		1,162.26		-806.00
1122	Vacancy Adjustment				V Vacancy			745.74				
1123	2	Estep, Jeffrey	Cur SEC	100.00	RNT Residential Rent	970.00		970.00	12/01/04	970.00CR	12/01/04	
Occupy:	8/1/2003	Term: 12			RNT Residential Rent					970.00CR	12/31/04	-970.00
Last Pymt:	12/31/2004											
Expires:	7/31/2005											
		Resident Totals		100.00		970.00	0.00	970.00		1,940.00		-970.00
1124	2	Dell, John	Cur SEC	200.00	RNT Residential Rent	884.00		884.00	12/01/04	884.00CR	12/01/04	
Occupy:	2/28/2004	Term: 12										
Last Pymt:	12/2/2004											
Expires:	2/28/2005											
		Resident Totals		200.00		884.00	0.00	884.00		884.00		0.00
1125	3	Moltzen, Elizabeth	Cur PET	200.00	RNT Residential Rent	965.00		965.00	12/01/04	482.50CR	12/02/04	
Occupy:	6/14/2003	Term: 12	SEC	100.00	RNT Residential Rent					482.50CR	12/02/04	
Last Pymt:	12/2/2004											
Expires:	6/30/2005											
		Resident Totals		300.00		965.00	0.00	965.00		965.00		0.00
1126	3	A+ Accommodations,	Cur		RNT Residential Rent	890.00		890.00	12/01/04	890.00CR	12/02/04	
Occupy:	5/16/2003	Term: 3										
Last Pymt:	12/6/2004											
Expires:	1/31/2004											
		Resident Totals		0.00		890.00	0.00	890.00		890.00		0.00
1127	5	Smith, David	Cur PET	400.00	RNT Residential Rent	1,059.00		1,059.00	12/01/04	1,059.00CR	12/01/04	
Occupy:	8/27/2003	Term: 9	SEC	100.00	RNT Residential Rent					1,059.00CR	12/01/04	-1,059.00
Last Pymt:	12/31/2004											
Expires:	1/31/2005											
		Resident Totals		500.00		1,059.00	0.00	1,059.00		2,118.00		-1,059.00
1128	4	Wiese, Nelta	Old SEC		LAT Late Fee		96.00					96.00
Occupy:	2/6/2004	Term: 6			MTM Month To Month	100.00	43.33					43.33
Expires:	11/12/2004				RNT Residential Rent	850.00	373.33	-200.00s	11/23/04			173.33
Notice:	10/13/2004											
Vacate:	11/13/2004	Why: PF										
		Resident Totals		0.00		950.00	512.66	-200.00		0.00		312.66
1128	5	Gowder, Tammy	Cur		APP Application Fee			50.00	12/13/04	50.00CR	12/15/04	
Occupy:	12/28/2004	Term: 12			PAS Beach Pass Fee			200.00	12/13/04	200.00CR	12/13/04	
Last Pymt:	12/31/2004				PPR Prepaid Rent					959.68CR	12/01/04	-959.68
Expires:	12/31/2005				RNT Residential Rent	850.00		109.68v	12/23/04			109.68
		Resident Totals		0.00		850.00	0.00	359.68		1,209.68		-850.00
1128	Vacancy Adjustment				V Vacancy			740.32				
1211	2	Wheeler, Evan	Cur PET	200.00	RNT Residential Rent	1,040.00		1,040.00	12/01/04	1,040.00CR	12/02/04	
Occupy:	8/20/2003	Term: 12	SEC	100.00	RNT Residential Rent					1,040.00CR	12/01/04	-1,040.00
Last Pymt:	12/31/2004											
Expires:	8/31/2005											
		Resident Totals		300.00		1,040.00	0.00	1,040.00		2,080.00		-1,040.00
1212	4	Grubbs, Larry	Cur SEC	200.00	RNT Residential Rent	810.00		810.00	12/01/04	810.00CR	12/02/04	
Occupy:	8/9/2004	Term: 9			TER Termination Fee			1,215.00	12/7/04			1,215.00
Last Pymt:	12/6/2004											
Expires:	5/31/2005											
Notice:	12/8/2004											
Vacate:	1/7/2005	Why:										
		Resident Totals		200.00		810.00	0.00	2,025.00		810.00		1,215.00

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: LG - All Apartments							
1213	4	Pollock, Ben	Cur PET	200.00	RNT Residential Rent	945.00		945.00	12/01/04	945.00CR	12/02/04	
	Occupy:	11/12/2004 Term: 8	SEC	200.00								
	Last Pymt:	12/3/2004										
	Expires:	7/31/2005										
		Resident Totals		400.00		945.00	0.00	945.00		945.00		0.00
1214	1	Cadden, Pamela	Cur SEC	300.00	RNT Residential Rent	900.00		900.00	12/01/04	900.00CR	12/05/04	
	Occupy:	6/1/2001 Term: 12										
	Last Pymt:	12/6/2004										
	Expires:	5/31/2005										
		Resident Totals		300.00		900.00	0.00	900.00		900.00		0.00
1215	2	Murray, Gretchen	Cur PET	200.00	RNT Residential Rent	940.00		940.00	12/01/04	940.00CR	12/03/04	
	Occupy:	3/28/2003 Term: 12	SEC	100.00								
	Last Pymt:	12/3/2004										
	Expires:	3/31/2005										
		Resident Totals		300.00		940.00	0.00	940.00		940.00		0.00
1216	3	Cashman, James	Cur SEC	400.00	RNT Residential Rent	860.00		860.00	12/01/04	860.00CR	12/02/04	
	Occupy:	7/26/2004 Term: 9			RNT Residential Rent					860.00CR	12/31/04	-860.00
	Last Pymt:	12/31/2004										
	Expires:	4/30/2005										
		Resident Totals		400.00		860.00	0.00	860.00		1,720.00		-860.00
1217	3	Braunbeck, Paul	Cur SEC	200.00	MTM/Month To Month	100.00		100.00	12/01/04	100.00CR	12/02/04	
	Occupy:	3/15/2004 Term: mtm			PPR Prepaid Rent					1,195.00CR	12/01/04	-1,195.00
	Last Pymt:	12/2/2004			RNT Residential Rent	1,095.00		1,095.00	12/01/04	1,095.00CR	12/02/04	
		Resident Totals		200.00		1,195.00	0.00	1,195.00		2,390.00		-1,195.00
1218	5	Gutgesell, Susan	Cur SEC	200.00	PPR Prepaid Rent					830.00CR	12/01/04	-830.00
	Occupy:	10/15/2004 Term: 12			RNT Residential Rent	830.00		830.00	12/01/04	830.00CR	12/02/04	
	Last Pymt:	12/2/2004										
	Expires:	10/31/2005										
		Resident Totals		200.00		830.00	0.00	830.00		1,660.00		-830.00
1221	4	Baldus, Peter	Cur SEC	100.00	PPR Prepaid Rent					1,110.00CR	12/02/04	-1,110.00
	Occupy:	11/1/2003 Term: 17			RNT Residential Rent	1,110.00		1,110.00	12/01/04	1,110.00CR	12/02/04	
	Last Pymt:	12/6/2004										
	Expires:	3/31/2005										
		Resident Totals		100.00		1,110.00	0.00	1,110.00		2,220.00		-1,110.00
1222	4	Barr, Katie	Cur PET	200.00	RNT Residential Rent	820.00		820.00	12/01/04	820.00CR	12/02/04	
	Occupy:	6/3/2004 Term: 12	SEC	200.00								
	Last Pymt:	12/2/2004										
	Expires:	6/30/2005										
		Resident Totals		400.00		820.00	0.00	820.00		820.00		0.00
1223	2	Marshall, Ashley	Cur SEC	200.00	RNT Residential Rent	922.00		922.00	12/01/04	460.00CR	12/02/04	
	Occupy:	6/27/2004 Term: 6			RNT Residential Rent					460.00CR	12/02/04	
	Last Pymt:	12/8/2004			RNT Residential Rent					2.00CR	12/02/04	
	Expires:	7/31/2005			UAC Unapplied Credit		-4.00			-2.00PR	12/02/04	-2.00
		Resident Totals		200.00		922.00	-4.00	922.00		920.00		-2.00
1224	2	Bowker, John	Cur		RNT Residential Rent	884.00		884.00	12/01/04	883.00CR	12/02/04	
	Occupy:	10/31/2002 Term: 12			RNT Residential Rent					1.00CR	12/02/04	
	Last Pymt:	12/8/2004			UAC Unapplied Credit		-1.00			-1.00PR	12/02/04	
	Expires:	10/31/2005										
		Resident Totals		0.00		884.00	-1.00	884.00		883.00		0.00
1225	2	Pfander, James	Cur PET	200.00	RNT Residential Rent	970.00		970.00	12/01/04	970.00CR	12/02/04	
	Occupy:	10/8/2004 Term: 11	SEC	200.00								
	Last Pymt:	12/2/2004										
	Expires:	9/30/2005										
		Resident Totals		400.00		970.00	0.00	970.00		970.00		0.00

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Long Grove at Seaside Farms | Time: 01:45 PM
Report Period: 12/04

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
Building: LG - All Apartments												
1226	3	Cross Country, 1226	Cur PET	200.00	PPR Prepaid Rent					895.00	CR 12/01/04	-895.00
Occupy:	6/25/2004	Term: 3			RNT Residential Rent	895.00		895.00	12/01/04	895.00	CR 12/08/04	
Last Pymt:	12/2/2004				UAC Unapplied Credit		-0.33					-0.33
Expires:	9/30/2004											
		Resident Totals		200.00		895.00	-0.33	895.00		1,790.00		-895.33
1227	3	Reames, Lauren	Cur SEC	200.00	RNT Residential Rent	1,120.00		1,120.00	12/01/04	1,120.00	CR 12/08/04	
Occupy:	7/14/2004	Term: 12			RNT Residential Rent					1,120.00	CR 12/01/04	-1,120.00
Last Pymt:	12/31/2004											
Expires:	7/31/2005											
		Resident Totals		200.00		1,120.00	0.00	1,120.00		2,240.00		-1,120.00
1228	2	Johnson, Brian	Old		DMGDamage& Cln Fe		63.39					63.39
Occupy:	6/1/2002	Term: 12										
Expires:	5/25/2004											
Notice:	4/30/2004											
Vacate:	5/24/2005	Why: @@										
		Resident Totals		0.00		0.00	63.39	0.00		0.00		63.39
1228	3	Tarpley, Robin	Cur SEC	200.00	PPR Prepaid Rent					798.00	CR 12/02/04	-798.00
Occupy:	5/26/2004	Term: 8			RNT Residential Rent	798.00		798.00	12/01/04	798.00	CR 12/08/04	
Last Pymt:	12/2/2004											
Expires:	1/31/2005											
		Resident Totals		200.00		798.00	0.00	798.00		1,596.00		-798.00
1311	3	Hardy, Thomas	Old		DMGDamage& Cln Fe		820.00					820.00
Occupy:	9/19/2003	Term: mtm			LAT Late Fee		223.10					223.10
Expires:	10/12/2004				LEG Legal Fees		50.00					50.00
Notice:	10/12/2004				MTMMonth To Month	100.00	38.71					38.71
Vacate:	10/12/2004	Why: TE			RNT Residential Rent	1,095.00	1,159.86					1,159.86
		Resident Totals		0.00		1,195.00	2,291.67	0.00		0.00		2,291.67
1311	4	Bendler, Erik	Cur SEC	200.00	RNT Residential Rent	1,095.00	255.50	1,095.00	12/01/04	255.50	CR 12/08/04	
Occupy:	11/24/2004	Term: 12			RNT Residential Rent					1,095.00	CR 12/08/04	
Last Pymt:	12/6/2004											
Expires:	11/30/2005											
		Resident Totals		200.00		1,095.00	255.50	1,095.00		1,350.50		0.00
1312	3	Vista International, 1312	Cur SEC	200.00	RNT Residential Rent	808.00		808.00	12/01/04	808.00	CR 12/02/04	
Occupy:	1/17/2004	Term: 12			RNT Residential Rent					808.00	CR 12/01/04	-808.00
Last Pymt:	12/31/2004											
Expires:	1/31/2005											
		Resident Totals		200.00		808.00	0.00	808.00		1,616.00		-808.00
1313	2	Bresnahan, Eric	Cur SEC	100.00	COR Corp. Rental Incr	791.00		791.00	12/01/04	791.00	CR 12/08/04	
Occupy:	7/9/2003	Term: 9			PPR Prepaid Rent					1,684.00	CR 12/01/04	-1,684.00
Last Pymt:	12/3/2004				RNT Residential Rent	893.00		893.00	12/01/04	893.00	CR 12/08/04	
Expires:	4/30/2005											
		Resident Totals		100.00		1,684.00	0.00	1,684.00		3,368.00		-1,684.00
1314	4	ACRS, 1314	Cur PET	200.00	RNT Residential Rent	895.00	149.17	895.00	12/01/04	149.17	CR 12/08/04	
Occupy:	4/24/2004	Term: 3			RNT Residential Rent					895.00	CR 12/08/04	
Last Pymt:	12/8/2004				RNT Residential Rent					865.18	CR 12/01/04	-865.18
Expires:	7/31/2004				UAC Unapplied Credit					29.82	CR 12/08/04	-29.82
		Resident Totals		200.00		895.00	149.17	895.00		1,939.17		-895.00
1315	2	Edison Feard, Inc.,	Cur SEC	100.00	MTMMonth To Month	100.00		100.00	12/01/04	100.00	CR 12/08/04	
Occupy:	12/10/2001	Term: MTM			RNT Residential Rent	945.00		945.00	12/01/04	945.00	CR 12/08/04	
Last Pymt:	12/6/2004											
		Resident Totals		100.00		1,045.00	0.00	1,045.00		1,045.00		0.00

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: LG - All Apartments							
1316	5	A Plus, 1316	Cur		RNT Residential Rent	895.00		519.68	12/1/04	477.44	CR 12/20/04	42.24
	Occupy:	12/14/2004 Term:										
	Last Pymt:	12/20/2004										
	Expires:	3/13/2005										
		Resident Totals		0.00		895.00	0.00	519.68		477.44		42.24
1316		Vacancy Adjustment			V Vacancy			405.32				
1317	1	Crawford, James	Cur SEC	100.00	EMP Employee rent	218.00		218.00	12/1/04			
	Occupy:	3/25/2001 Term: MTM			RNT Residential Rent	872.00		872.00	12/1/04	872.00	CR 12/1/04	
	Last Pymt:	12/12/2004										
		Resident Totals		100.00		1,090.00	0.00	1,090.00		872.00		0.00
1318	6	Weathers, Sandra	Old PET SEC	200.00	RNT Residential Rent	845.00		845.00	12/1/04	845.00	CR 12/2/04	
	Occupy:	12/3/2003 Term: 12		200.00								
	Last Pymt:	12/2/2004										
	Expires:	12/31/2004										
	Notice:	11/29/2004										
	Vacate:	12/31/2004 Why: BH										
		Resident Totals		400.00		845.00	0.00	845.00		845.00		0.00
1318		Vacancy Adjustment			V Vacancy			0.00				
1321	3	Gomez, Michael	Cur SEC	100.00	RNT Residential Rent	1,064.00		1,064.00	12/1/04	1,064.00	CR 12/2/04	
	Occupy:	8/8/2003 Term: 12			RNT Residential Rent					1,064.00	CR 12/31/04	-1,064.00
	Last Pymt:	12/31/2004										
	Expires:	8/31/2005										
		Resident Totals		100.00		1,064.00	0.00	1,064.00		2,128.00		-1,064.00
1322	4	Williams, Marion	Cur SEC	200.00	PPR Prepaid Rent					822.00	CR 12/22/04	-822.00
	Occupy:	5/27/2004 Term: 8			RNT Residential Rent	822.00		822.00	12/1/04	822.00	CR 12/2/04	
	Last Pymt:	12/2/2004										
	Expires:	1/31/2005										
	Notice:	11/18/2004										
	Vacate:	1/31/2005 Why: @@										
		Resident Totals		200.00		822.00	0.00	822.00		1,644.00		-822.00
1323	2	Setlife, Amy	Cur SEC	200.00	RNT Residential Rent	945.00		945.00	12/1/04	945.00	CR 12/2/04	
	Occupy:	9/23/2004 Term: 12										
	Last Pymt:	12/2/2004										
	Expires:	9/30/2005										
		Resident Totals		200.00		945.00	0.00	945.00		945.00		0.00
1324	4	Middlen, Pamela	Old SEC	200.00	MTMMonth To Month	100.00		100.00	12/1/04	100.00	CR 12/2/04	
	Occupy:	3/26/2004 Term: 6			RNT Residential Rent	955.00		955.00	12/1/04	955.00	CR 12/2/04	
	Last Pymt:	12/6/2004										
	Expires:	12/31/2004										
	Notice:	11/29/2004										
	Vacate:	12/31/2004 Why: BH										
		Resident Totals		200.00		1,055.00	0.00	1,055.00		1,055.00		0.00
1324		Vacancy Adjustment			V Vacancy			0.00				
1325	4	Moran, Heather	Cur		EMP Employee rent	194.00		194.00	12/1/04			
	Occupy:	2/14/2003 Term: mtm			LAT Late Fee		27.20			27.20	CR 12/2/04	
	Last Pymt:	12/6/2004			RNT Residential Rent	776.00		776.00	12/1/04	769.80	CR 12/2/04	6.20
		Resident Totals		0.00		970.00	27.20	970.00		797.00		6.20
1326	4	Blau, Thomas	Cur SEC	100.00	PPR Prepaid Rent		-950.00			-950.00	PR 11/30/04	
	Occupy:	8/15/2003 Term: 9			PPR Prepaid Rent					950.00	CR 12/1/04	-950.00
	Last Pymt:	11/30/2004			RNT Residential Rent	950.00		950.00	12/1/04	950.00	CR 11/30/04	
	Expires:	5/31/2005										
		Resident Totals		100.00		950.00	-950.00	950.00		950.00		-950.00

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: LG - All Apartments							
1327	5	ACRS, 1327	Cur		RNT Residential Rent	1,095.00		1,095.00	12/01/04	1,095.00 CR	12/03/04	
	Occupy:	8/23/2004 Term: 6			RNT Residential Rent					1,095.00 CR	12/31/04	-1,095.00
	Last Pymt:	12/31/2004										
	Expires:	3/18/2005										
		Resident Totals		0.00		1,095.00	0.00	1,095.00		2,190.00		-1,095.00
1328	2	McKay, Shawn	Cur PET	200.00	RNT Residential Rent	850.00		850.00	12/01/04	850.00 CR	12/03/04	
	Occupy:	9/15/2004 Term: 12	SEC	200.00								
	Last Pymt:	12/2/2004										
	Expires:	7/31/2005										
		Resident Totals		400.00		850.00	0.00	850.00		850.00		0.00
1411	3	Settle, Ginger	Cur		RNT Residential Rent	1,095.00		1,095.00	12/01/04	1,095.00 CR	12/03/04	
	Occupy:	8/14/2004 Term: 10										
	Last Pymt:	12/6/2004										
	Expires:	6/30/2005										
		Resident Totals		0.00		1,095.00	0.00	1,095.00		1,095.00		0.00
1412	3	Sandoz, Karen	Cur PET	300.00	RNT Residential Rent	825.00		825.00	12/01/04	825.00 CR	12/03/04	
	Occupy:	7/1/2002 Term: 12										
	Last Pymt:	12/6/2004										
	Expires:	3/31/2005										
		Resident Totals		300.00		825.00	0.00	825.00		825.00		0.00
1413	4	Blau, Chris	Cur SEC	200.00	RNT Residential Rent	945.00		945.00	12/01/04	945.00 CR	12/06/04	
	Occupy:	9/15/2004 Term: 12										
	Last Pymt:	12/6/2004										
	Expires:	9/30/2005										
		Resident Totals		200.00		945.00	0.00	945.00		945.00		0.00
1414	4	Dellett, Cristen	Cur SEC	400.00	RNT Residential Rent	905.00		905.00	12/01/04	905.00 CR	12/03/04	
	Occupy:	6/23/2004 Term: 10										
	Last Pymt:	12/6/2004										
	Expires:	4/30/2005										
		Resident Totals		400.00		905.00	0.00	905.00		905.00		0.00
1415	2	Purcell, Amy	Cur SEC	200.00	RNT Residential Rent	898.00		898.00	12/01/04	416.00 CR	12/03/04	
	Occupy:	8/9/2004 Term: 13			RNT Residential Rent					482.00 CR	12/02/04	
	Last Pymt:	12/2/2004										
	Expires:	9/30/2005										
		Resident Totals		200.00		898.00	0.00	898.00		898.00		0.00
1416	3	Longnecker, Burton	Cur SEC	200.00	PPR Prepaid Rent					900.00 CR	12/31/04	-900.00
	Occupy:	6/1/2004 Term: 8			RNT Residential Rent	900.00		900.00	12/01/04	900.00 CR	12/02/04	
	Last Pymt:	12/2/2004										
	Expires:	1/31/2005										
		Resident Totals		200.00		900.00	0.00	900.00		1,800.00		-900.00
1417	2	Snyder, Andrew	Cur PET	400.00	RNT Residential Rent	1,059.00		1,059.00	12/01/04	1,059.00 CR	12/03/04	
	Occupy:	7/23/2004 Term: 10	SEC	200.00								
	Last Pymt:	12/2/2004										
	Expires:	5/31/2005										
		Resident Totals		600.00		1,059.00	0.00	1,059.00		1,059.00		0.00
1418	3	Wood, Bobby	Cur PET	300.00	RNT Residential Rent	830.00		830.00	12/01/04	825.00 CR	12/03/04	
	Occupy:	9/28/2002 Term: 12			RNT Residential Rent					5.00 CR	12/03/04	
	Last Pymt:	12/8/2004			UAC Unapplied Credit		-5.00			-5.00 PR	12/03/04	
	Expires:	6/30/2005										
		Resident Totals		300.00		830.00	-5.00	830.00		825.00		0.00
1421	6	Brown, Roderick	Old SEC		DMG Damage& Cln Fe			25.00	12/13/04			
					DMG Damage& Cln Fe			15.00	12/13/04			
					DMG Damage& Cln Fe			-25.00 S	12/15/04			
					DMG Damage& Cln Fe			-15.00 S	12/15/04			
					RNT Residential Rent	1,120.00		1,120.00	12/01/04	433.55 CR	12/03/04	
					RNT Residential Rent					80.00 CR	12/03/04	
					RNT Residential Rent			-686.45 V	12/12/04			
					RNT Residential Rent					-80.00 RF	12/16/04	

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: LG - All Apartments							
					TER Termination Fee			1,680.00	12/03/04	1,680.00CR	12/03/04	
					UAC Unapplied Credit		-80.00			-80.00PR	12/08/04	
		Occupy: 9/4/2004 Term: 9										
		Last Pymt: 12/8/2004										
		Expires: 6/30/2005										
		Notice: 11/12/2004										
		Vacate: 12/12/2004 Why: @@										
		Resident Totals		0.00		1,120.00	-80.00	2,113.55		2,033.55		0.00
1421	5	Gulf Stream Const.,	Old		RNT Residential Rent	1,120.00	469.68					469.68
		Occupy: 1/23/2004 Term: 6										
		Expires: 1/31/2005										
		Notice: 7/13/2004										
		Vacate: 8/13/2004 Why: @@										
		Resident Totals		0.00		1,120.00	469.68	0.00		0.00		469.68
1421		Vacancy Adjustment			V Vacancy			686.45				
1422	4	Rains, Brian	Cur SEC	200.00	PPR Prepaid Rent					840.00CR	12/03/04	-840.00
		Occupy: 5/25/2004 Term: 8			RNT Residential Rent	840.00		840.00	12/01/04	840.00CR	12/01/04	
		Last Pymt: 12/6/2004										
		Expires: 1/31/2005										
		Resident Totals		200.00		840.00	0.00	840.00		1,680.00		-840.00
1423	6	McKee, Derek	Cur SEC	200.00	PPR Prepaid Rent					461.00CR	12/01/04	-461.00
		Occupy: 10/5/2004 Term: 12			RNT Residential Rent	922.00		922.00	12/01/04	536.47CR	12/03/04	
		Last Pymt: 12/2/2004			RNT Residential Rent					75.47CR	12/03/04	
		Expires: 10/31/2005			RNT Residential Rent					310.06CR	12/03/04	
					RNT Residential Rent					446.99CR	12/01/04	-446.99
					UAC Unapplied Credit		-14.01			0.01CR	12/03/04	-14.02
		Resident Totals		200.00		922.00	-14.01	922.00		1,830.00		-922.01
1424	4	Hughes, Mark	Cur SEC	200.00	PPR Prepaid Rent					884.00CR	12/02/04	-884.00
		Occupy: 11/23/2004 Term: 12			RNT Residential Rent	884.00		884.00	12/01/04	884.00CR	12/03/04	
		Last Pymt: 12/2/2004										
		Expires: 11/30/2005										
		Resident Totals		200.00		884.00	0.00	884.00		1,768.00		-884.00
1425	5	Manning, Christophe	Cur PET	200.00	MTM Month To Month	100.00		100.00	12/01/04			
		Occupy: 6/29/2003 Term:	SEC	100.00	MTM Month To Month			-100.00	12/01/04			
		Last Pymt: 12/31/2004			RNT Residential Rent	970.00		970.00	12/01/04	970.00CR	12/03/04	
		Expires: 7/31/2005			RNT Residential Rent					970.00CR	12/01/04	-970.00
		Resident Totals		300.00		1,070.00	0.00	970.00		1,940.00		-970.00
1426	3	James, Will	Cur PET	200.00	LAT Late Fee			92.50	12/05/04	92.50CR	12/15/04	
		Occupy: 6/1/2004 Term: 12	SEC	1,125.00	LEG Legal Fees			40.00	12/15/04	35.00CR	12/15/04	5.00
		Last Pymt: 12/15/2004			RNT Residential Rent	925.00		925.00	12/01/04	925.00CR	12/15/04	
		Expires: 5/31/2005										
		Resident Totals		1,325.00		925.00	0.00	1,057.50		1,052.50		5.00
1427	2	Cannon, Josephine	Old		DMGDamaged Clo Fe		95.00					95.00
		Occupy: 8/16/2003 Term: 9			RNT Residential Rent	1,110.00						
		Expires: 5/31/2004										
		Notice: 4/10/2004										
		Vacate: 5/31/2004 Why: @@										
		Resident Totals		0.00		1,110.00	95.00	0.00		0.00		95.00
1427	3	Cox, Greta	Cur PET	200.00	LAT Late Fee		105.90			105.90CR	12/03/04	
		Occupy: 6/7/2004 Term: 12	SEC	1,315.00	LEG Legal Fees		40.00			40.00CR	12/03/04	
		Last Pymt: 12/3/2004			RNT Residential Rent	1,059.00	1,059.00	1,059.00	12/01/04	1,059.00CR	12/03/04	
		Expires: 6/30/2005			RNT Residential Rent					1,059.00CR	12/03/04	
		Resident Totals		1,515.00		1,059.00	1,204.90	1,059.00		2,263.90		0.00

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: LG - All Apartments							
1428	3	Hollington, Jennifer	Cur PET	200.00	CRD Access Card Rec			20.00	12/2/04	20.00CR	12/2/04	
Occupy:		7/9/2003 Term: mtm	SEC	100.00	LAT Late Fee			94.50	12/5/04	10.00CR	12/13/04	
Last Pymt:		12/20/2004			LAT Late Fee					84.50CR	12/20/04	
					MTMMonth To Month	100.00	100.00	100.00	12/01/04	100.00CR	12/6/04	
					MTMMonth To Month					100.00CR	12/13/04	
					RNT Residential Rent	845.00		845.00	12/01/04	5.00CR	12/6/04	
					RNT Residential Rent			27.10	12/06/04			
					RNT Residential Rent					10.00CR	12/6/04	
					RNT Residential Rent					22.10CR	12/6/04	
					RNT Residential Rent					835.00CR	12/13/04	
					UAC Unapplied Credit		-137.10			-5.00PR	12/6/04	
					UAC Unapplied Credit					-32.10PR	12/6/04	
					UAC Unapplied Credit					-100.00PR	12/6/04	
					UAC Unapplied Credit					1.00CR	12/6/04	-1.00
		Resident Totals		300.00		945.00	-37.10	1,086.60		1,050.50		-1.00
1511	1	Rodgers, Frank	Cur SEC	300.00	PPR Prepaid Rent		-1,090.00			-1,090.00PR	11/5/04	
Occupy:		6/1/2001 Term: 12			PPR Prepaid Rent					3,270.00CR	12/23/04	-3,270.00
Last Pymt:		11/30/2004			RNT Residential Rent	1,090.00		1,090.00	12/01/04	1,090.00CR	11/5/04	
Expires:		6/30/2005										
		Resident Totals		300.00		1,090.00	-1,090.00	1,090.00		3,270.00		-3,270.00
1512	4	Russell, Cytherea	Cur SEC	200.00	RNT Residential Rent	825.00		825.00	12/01/04	825.00CR	12/6/04	
Occupy:		12/29/2003 Term: 12										
Last Pymt:		12/6/2004										
Expires:		12/31/2005										
		Resident Totals		200.00		825.00	0.00	825.00		825.00		0.00
1513	3	A Plus, 1513	Cur		PPR Prepaid Rent					126.00CR	12/6/04	-126.00
Occupy:		12/27/2004 Term:			RNT Residential Rent	945.00		152.42V	12/27/04			152.42
Last Pymt:		12/20/2004										
Expires:		3/26/2005										
		Resident Totals		0.00		945.00	0.00	152.42		126.00		26.42
1513		Vacancy Adjustment			V Vacancy			792.58				
1514	4	Henderson, Carolyn	Cur PET	400.00	PPR Prepaid Rent		-965.00			-965.00PR	11/5/04	
Occupy:		9/1/2004 Term: 82	SEC	200.00	PPR Prepaid Rent					482.49CR	12/24/04	-482.49
Last Pymt:		12/24/2004			RNT Residential Rent	965.00		965.00	12/01/04	965.00CR	11/30/04	
Expires:		4/30/2005			TER Termination Fee			1,447.50	12/24/04	1,447.50CR	12/24/04	
Notice:		12/2/2004										
Vacate:		1/15/2005 Why: BH										
		Resident Totals		600.00		965.00	-965.00	2,412.50		1,929.99		-482.49
1515	4	Haley, Ginn	Cur SEC	100.00	MTMMonth To Month	100.00		100.00	12/01/04	100.00CR	12/6/04	
Occupy:		7/27/2003 Term:			RNT Residential Rent	945.00		945.00	12/01/04	475.00CR	12/6/04	
Last Pymt:		12/6/2004			RNT Residential Rent					470.00CR	12/6/04	
		Resident Totals		100.00		1,045.00	0.00	1,045.00		1,045.00		0.00
1516	3	ACRS,	Cur		RNT Residential Rent	945.00		945.00	12/01/04	189.00CR	12/6/04	
Occupy:		11/7/2003 Term: 3			RNT Residential Rent					756.00CR	12/6/04	
Last Pymt:		12/20/2004			RNT Residential Rent					119.90CR	12/13/04	-119.90
Expires:		2/29/2004			UAC Unapplied Credit					63.00CR	12/6/04	-63.00
Notice:		12/3/2004										
Vacate:		1/6/2005 Why: @@										
		Resident Totals		0.00		945.00	0.00	945.00		1,127.90		-182.90
1517	4	Valdes, Marcus	Cur SEC	200.00	PPR Prepaid Rent					1,095.00CR	12/6/04	-1,095.00
Occupy:		10/26/2004 Term: 3			RNT Residential Rent	1,095.00		1,095.00	12/01/04	1,095.00CR	12/3/04	
Last Pymt:		12/2/2004										
Expires:		1/31/2005										
		Resident Totals		200.00		1,095.00	0.00	1,095.00		2,190.00		-1,095.00

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
Building: LG - All Apartments												
1518	2	Young, Ralph	Cur		PPR Prepaid Rent					789.00	CR 12/01/04	-789.00
Occupy:	10/23/2002	Term: 10			RNT Residential Rent	789.00		789.00	12/01/04	789.00	CR 12/02/04	
Last Pymt:	12/2/2004											
Expires:	5/31/2005											
		Resident Totals		0.00		789.00	0.00	789.00		1,578.00		-789.00
1521	2	McGill, Carol	Cur PET	300.00	PPR Prepaid Rent					1,105.00	CR 12/01/04	-1,105.00
Occupy:	2/25/2003	Term: 12	SEC	100.00	RNT Residential Rent	1,105.00		1,105.00	12/01/04	1,105.00	CR 12/02/04	
Last Pymt:	12/2/2004											
Expires:	2/28/2005											
		Resident Totals		400.00		1,105.00	0.00	1,105.00		2,210.00		-1,105.00
1522	3	ACRS, 1522	Cur		RNT Residential Rent	810.00		810.00	12/01/04	810.00	CR 12/01/04	
Occupy:	7/19/2004	Term: 5			RNT Residential Rent					809.10	CR 12/01/04	-809.10
Last Pymt:	12/31/2004				UAC Unapplied Credit		-0.90					-0.90
Expires:	12/31/2004											
		Resident Totals		0.00		810.00	-0.90	810.00		1,619.10		-810.00
1523	3	McMaster, Allison	Old SEC		MTM Month To Month	100.00		100.00	12/01/04			
Occupy:	11/10/2003	Term: 12			MTM Month To Month			-67.10	12/05/04			12.90
Expires:	12/4/2004				RNT Residential Rent	960.00		960.00	12/01/04			
Notice:	11/1/2004				RNT Residential Rent			-836.13v	12/05/04			
Vacate:	12/4/2004	Why: @@			RNT Residential Rent			-100.00s	12/14/04			23.87
		Resident Totals		0.00		1,060.00	0.00	36.77		0.00		36.77
1523		Vacancy Adjustment			V Vacancy			836.13				
1524	4	Gimenez, Rory	Cur SEC	200.00	PPR Prepaid Rent					490.00	CR 12/01/04	
Occupy:	7/30/2004	Term: 12			PPR Prepaid Rent					490.00	CR 12/01/04	-980.00
Last Pymt:	12/2/2004				RNT Residential Rent	980.00		980.00	12/01/04	490.00	CR 12/02/04	
Expires:	7/31/2005				RNT Residential Rent					490.00	CR 12/02/04	
		Resident Totals		200.00		980.00	0.00	980.00		1,960.00		-980.00
1525	2	Devine, Alexa	Cur		RNT Residential Rent	907.00		907.00	12/01/04	907.00	CR 12/02/04	
Occupy:	7/1/2002	Term: 12			RNT Residential Rent					907.00	CR 12/01/04	-907.00
Last Pymt:	12/31/2004											
Expires:	1/31/2006											
		Resident Totals		0.00		907.00	0.00	907.00		1,814.00		-907.00
1526	3	A+ Accommodations, 1526	Old		RNT Residential Rent	945.00	157.50	-157.50v	11/23/04			
Occupy:	7/29/2004	Term: 3										
Expires:	10/31/2004											
Notice:	9/25/2004											
Vacate:	11/25/2004	Why: @@										
		Resident Totals		0.00		945.00	157.50	-157.50		0.00		0.00
1526	4	Corporate Managemen,	Cur SEC	200.00	RNT Residential Rent	980.00		695.48v	12/16/04	695.48	CR 12/13/04	
Occupy:	12/10/2004	Term: 7										
Last Pymt:	12/12/2004											
Expires:	7/31/2005											
		Resident Totals		200.00		980.00	0.00	695.48		695.48		0.00
1526		Vacancy Adjustment			V Vacancy			462.02				
1527	3	Paradise, Sandra	Cur SEC	1,310.00	LAT Late Fee		105.50	105.50	12/05/04	105.50	CR 12/02/04	
Occupy:	8/9/2004	Term: 12			LAT Late Fee					100.00	CR 12/13/04	
Last Pymt:	12/12/2004				LAT Late Fee					5.50	CR 12/28/04	
Expires:	8/31/2005				LEG Legal Fees		40.00			40.00	CR 12/02/04	
					RNT Residential Rent	1,055.00	1,055.00	1,055.00	12/01/04	1,055.00	CR 12/02/04	
					RNT Residential Rent					1,055.00	CR 12/13/04	
		Resident Totals		1,310.00		1,055.00	1,200.50	1,160.50		2,361.00		0.00

Unit	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
Building: LG - All Apartments												
1528	6	DeBruin, Amanda	Cur PET	200.00	RNT Residential Rent	798.00		798.00	12/01/04	798.00CR	12/02/04	
	Occupy:	5/6/2004 Term: 14	SEC	200.00								
	Last Pymt:	12/2/2004										
	Expires:	7/31/2005										
		Resident Totals		400.00		798.00	0.00	798.00		798.00		0.00
1611	4	Wilcox, Karen	Cur SEC	200.00	LAT Late Fee		109.00			109.00CR	12/03/04	
	Occupy:	12/6/2003 Term: 12			RNT Residential Rent	1,090.00		1,090.00	12/01/04	981.00CR	12/06/04	109.00
	Last Pymt:	12/6/2004										
	Expires:	6/30/2005										
		Resident Totals		200.00		1,090.00	109.00	1,090.00		1,090.00		109.00
1612	3	Hodson, David	Cur SEC	200.00	RNT Residential Rent	830.00		830.00	12/01/04	830.00CR	12/06/04	
	Occupy:	8/28/2004 Term: 12										
	Last Pymt:	12/6/2004										
	Expires:	8/31/2005										
		Resident Totals		200.00		830.00	0.00	830.00		830.00		0.00
1613	4	Hospodar, John	Cur PET	200.00	PPR Prepaid Rent					898.00CR	12/02/04	-898.00
	Occupy:	9/13/2004 Term: 9	SEC	200.00	RNT Residential Rent	898.00		898.00	12/01/04	898.00CR	12/06/04	
	Last Pymt:	12/2/2004										
	Expires:	6/30/2005										
		Resident Totals		400.00		898.00	0.00	898.00		1,796.00		-898.00
1614	3	Gessinger, Chris	Cur SEC	200.00	RNT Residential Rent	955.00		955.00	12/01/04	477.50CR	12/02/04	
	Occupy:	8/15/2004 Term: 8			RNT Residential Rent					477.50CR	12/06/04	
	Last Pymt:	12/6/2004										
	Expires:	4/30/2005										
		Resident Totals		200.00		955.00	0.00	955.00		955.00		0.00
1615	5	Knight, Mark	Cur SEC	200.00	RNT Residential Rent	945.00		945.00	12/01/04	945.00CR	12/02/04	
	Occupy:	9/1/2004 Term: 12			RNT Residential Rent					945.00CR	12/31/04	-945.00
	Last Pymt:	12/31/2004										
	Expires:	8/31/2005										
		Resident Totals		200.00		945.00	0.00	945.00		1,890.00		-945.00
1616	3	West, Jenny	Cur SEC	200.00	RNT Residential Rent	907.00		907.00	12/01/04	907.00CR	12/06/04	
	Occupy:	6/25/2004 Term: 12										
	Last Pymt:	12/6/2004										
	Expires:	6/30/2005										
		Resident Totals		200.00		907.00	0.00	907.00		907.00		0.00
1617	3	Setterlund, sharilyn	Cur SEC	200.00	RNT Residential Rent	1,095.00		1,095.00	12/01/04	1,095.00CR	12/02/04	
	Occupy:	7/15/2004 Term: 12										
	Last Pymt:	12/2/2004										
	Expires:	7/31/2005										
		Resident Totals		200.00		1,095.00	0.00	1,095.00		1,095.00		0.00
1618	2	Bullock, Sarah	Cur SEC	200.00	RNT Residential Rent	770.00		770.00	12/01/04	770.00CR	12/06/04	
	Occupy:	10/23/2003 Term: 6										
	Last Pymt:	12/6/2004										
	Expires:	7/31/2005										
		Resident Totals		200.00		770.00	0.00	770.00		770.00		0.00
1621	3	Hewitt, John	Old		MTM Month To Month	100.00						
	Occupy:	10/10/2003 Term: 12			RNT Residential Rent	1,110.00	285.51					285.51
	Expires:	11/4/2004										
	Notice:	10/1/2004										
	Vacate:	10/27/2004 Why: OO										
		Resident Totals		0.00		1,210.00	285.51	0.00		0.00		285.51

Report Period: 12/04

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: LG - All Apartments							
1621	4	Curtis, Stacey	Cur SEC	200.00	RNT Residential Rent	1,110.00		1,110.00	12/01/04	1,110.00CR	12/06/04	
	Occupy:	10/28/2004 Term: 12										
	Last Pymt:	12/6/2004										
	Expires:	10/31/2005										
		Resident Totals		200.00		1,110.00	0.00	1,110.00		1,110.00		0.00
1622	4	ACRS, 1622	Old		RNT Residential Rent	810.00		810.00	12/01/04	324.00CR	12/03/04	
	Occupy:	9/11/2004 Term: 2			RNT Residential Rent			496.45V	12/21/04			-10.45
	Last Pymt:	12/3/2004										
	Expires:	11/30/2004										
	Notice:	11/12/2004										
	Vacate:	12/12/2004 Why: @@										
		Resident Totals		0.00		810.00	0.00	313.55		324.00		-10.45
1622		Vacancy Adjustment			V Vacancy			496.45				
1623	3	Schulman, Elaine	Cur SEC	100.00	RNT Residential Rent	960.00		960.00	12/01/04	949.00CR	12/06/04	
	Occupy:	8/15/2003 Term: 12			RNT Residential Rent					11.00CR	12/06/04	
	Last Pymt:	12/8/2004			UAC Unapplied Credit		-11.00			-11.00PR	12/06/04	
	Expires:	8/31/2005										
		Resident Totals		100.00		960.00	-11.00	960.00		949.00		0.00
1624	2	Von Cannon, Ashley	Cur PET	200.00	RNT Residential Rent	926.00		926.00	12/01/04	463.00CR	12/06/04	
	Occupy:	6/18/2004 Term: 12	SEC	200.00	RNT Residential Rent					463.00CR	12/06/04	
	Last Pymt:	12/6/2004										
	Expires:	6/30/2005										
		Resident Totals		400.00		926.00	0.00	926.00		926.00		0.00
1625	4	Ratka, Lisa	Cur PET	200.00	RNT Residential Rent	955.00		955.00	12/01/04	955.00CR	12/03/04	
	Occupy:	5/15/2004 Term: 12	SEC	200.00								
	Last Pymt:	12/2/2004										
	Expires:	5/31/2005										
		Resident Totals		400.00		955.00	0.00	955.00		955.00		0.00
1626	3	Guina, Raymond	Cur SEC	200.00	RNT Residential Rent	980.00		980.00	12/01/04	980.00CR	12/06/04	
	Occupy:	2/12/2004 Term: 6										
	Last Pymt:	12/6/2004										
	Expires:	5/31/2005										
		Resident Totals		200.00		980.00	0.00	980.00		980.00		0.00
1627	2	Nelsen, Jeffrey	Cur PET	400.00	RNT Residential Rent	1,110.00		1,110.00	12/01/04	370.00CR	12/06/04	
	Occupy:	7/24/2004 Term: 9	SEC	200.00	RNT Residential Rent					370.00CR	12/06/04	
	Last Pymt:	12/6/2004			RNT Residential Rent					370.00CR	12/06/04	
	Expires:	4/30/2005										
		Resident Totals		600.00		1,110.00	0.00	1,110.00		1,110.00		0.00
1628	2	Clymer, Karen	Cur SEC	100.00	RNT Residential Rent	779.00		779.00	12/01/04	779.00CR	12/06/04	
	Occupy:	3/28/2003 Term: 12										
	Last Pymt:	12/6/2004										
	Expires:	3/31/2005										
		Resident Totals		100.00		779.00	0.00	779.00		779.00		0.00
1711	3	Pax Industries, 1711	Cur SEC	200.00	COR Corp. Rental Inc	300.00		300.00	12/01/04	300.00CR	12/03/04	
	Occupy:	10/16/2004 Term: 9			RNT Residential Rent	1,095.00		1,095.00	12/01/04	1,095.00CR	12/03/04	
	Last Pymt:	12/31/2004			UAC Unapplied Credit					1,395.00CR	12/31/04	-1,395.00
	Expires:	7/31/2005										
		Resident Totals		200.00		1,395.00	0.00	1,395.00		2,790.00		-1,395.00
1712	7	Henderson, Carolyn	Cur SEC	200.00	PPR Prepaid Rent		-830.00			-830.00PR	11/05/04	
	Occupy:	9/1/2004 Term: 12			PPR Prepaid Rent					830.00CR	12/04/04	-830.00
	Last Pymt:	11/30/2004			RNT Residential Rent	830.00		830.00	12/01/04	830.00CR	11/05/04	
	Expires:	8/31/2005										
		Resident Totals		200.00		830.00	-830.00	830.00		830.00		-830.00

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: LG - All Apartments							
1713	3	Kalivas, Peter	Cur SEC	200.00	RNT Residential Rent	898.00		898.00	12/01/04	898.00 CR	12/09/04	
		Occupy: 10/11/2004 Term: 11			RNT Residential Rent					898.00 CR	12/31/04	-898.00
		Last Pymt: 12/31/2004										
		Expires: 9/30/2005										
		Resident Totals		200.00		898.00	0.00	898.00		1,796.00		-898.00
1714	2	Parsons, David	Cur PET	300.00	LAT Late Fee			106.50	12/05/04	106.50 CR	12/09/04	
		Occupy: 10/18/2002 Term: MTM			MTM Month To Month	-100.00		100.00	12/01/04	100.00 CR	12/09/04	
		Last Pymt: 12/20/2004			RNT Residential Rent	965.00		965.00	12/01/04	965.00 CR	12/09/04	
					UAC Unapplied Credit					3.50 CR	12/20/04	-3.50
		Resident Totals		300.00		1,065.00	0.00	1,171.50		1,175.00		-3.50
1715		Vacancy Adjustment			V Vacancy			945.00				
1716	9	Cloyd, Diane	Cur PET	400.00	RNT Residential Rent	965.00		965.00	12/01/04	965.00 CR	12/09/04	
		Occupy: 3/31/2004 Term: 6	SEC	200.00								
		Last Pymt: 12/2/2004										
		Expires: 6/30/2005										
		Resident Totals		600.00		965.00	0.00	965.00		965.00		0.00
1717	4	Leflet, Gale	Old PET	200.00	LAT Late Fee			109.00	12/06/04	109.00 CR	12/13/04	
		Occupy: 4/16/2004 Term: 8	SEC	200.00	RNT Residential Rent	1,090.00		1,090.00	12/01/04	1,090.00 CR	12/13/04	
		Last Pymt: 12/12/2004										
		Expires: 12/31/2004										
		Notice: 11/22/2004										
		Vacate: 12/31/2004 Why: @@										
		Resident Totals		400.00		1,090.00	0.00	1,199.00		1,199.00		0.00
1717		Vacancy Adjustment			V Vacancy			0.00				
1718		Vacancy Adjustment			V Vacancy			850.00				
1721	2	Lee, Jason	Old		COR Corp. Rental Incr	25.00						
		Occupy: 5/24/2002 Term: MTM			LAT Late Fee		109.00					109.00
		Expires: 5/31/2003			NSF NSF		30.00					30.00
		Notice: 5/1/2003			RNT Residential Rent	1,090.00						
		Vacate: 5/31/2003 Why: JT										
		Resident Totals		0.00		1,115.00	139.00	0.00		0.00		139.00
1721	3	Tyler, David	Cur SEC	100.00	COR Corp. Rental Incr	370.00		370.00	12/01/04	370.00 CR	12/09/04	
		Occupy: 6/23/2003 Term: 9			PPR Prepaid Rent					1,425.00 CR	12/01/04	-1,425.00
		Last Pymt: 12/2/2004			RNT Residential Rent	1,055.00		1,055.00	12/01/04	1,055.00 CR	12/09/04	
		Expires: 3/31/2005										
		Resident Totals		100.00		1,425.00	0.00	1,425.00		2,850.00		-1,425.00
1722	4	Faehrmann, Andrea	Cur SEC	200.00	RNT Residential Rent	845.00		845.00	12/01/04	845.00 CR	12/09/04	
		Occupy: 8/31/2004 Term: 12			RNT Residential Rent					845.00 CR	12/01/04	-845.00
		Last Pymt: 12/31/2004										
		Expires: 8/31/2005										
		Resident Totals		200.00		845.00	0.00	845.00		1,690.00		-845.00
1723	2	Jespersen, George	Cur SEC	100.00	RNT Residential Rent	955.00		955.00	12/01/04	955.00 CR	12/09/04	
		Occupy: 10/24/2003 Term: 7			RNT Residential Rent					955.00 CR	12/31/04	-955.00
		Last Pymt: 12/31/2004										
		Expires: 5/31/2005										
		Resident Totals		100.00		955.00	0.00	955.00		1,910.00		-955.00
1724	6	Hayes, Robert	Cur SEC	200.00	PPR Prepaid Rent					980.00 CR	12/09/04	-980.00
		Occupy: 8/26/2004 Term: 9			RNT Residential Rent	980.00		980.00	12/01/04	980.00 CR	12/09/04	
		Last Pymt: 12/2/2004										
		Expires: 5/31/2005										
		Resident Totals		200.00		980.00	0.00	980.00		1,960.00		-980.00

Report Period: 12/04

Unit Id	Lease Id	Name	Status	Security Balance	Charge Code	Recurring Rents	Beginning Balance	Charges Amount	Date	Payments Amount	Date	Ending Balance
					Building: LG - All Apartments							
1725	3	Bourassa, Kenneth	Cur SEC	200.00	RNT Residential Rent	907.00		907.00	12/01/04	907.00CR	12/03/04	
	Occupy:	2/21/2004 Term: 12										
	Last Pymt:	12/6/2004										
	Expires:	2/28/2005										
			Resident Totals	200.00		907.00	0.00	907.00		907.00		0.00
1726	3	Leroy, Perry	Cur SEC	200.00	PPR Prepaid Rent		-980.00			-980.00PR	11/30/04	
	Occupy:	11/11/2003 Term: 8			PPR Prepaid Rent					980.00CR	12/01/04	-980.00
	Last Pymt:	11/30/2004			RNT Residential Rent	980.00		980.00	12/01/04	980.00CR	11/30/04	
	Expires:	4/30/2005										
			Resident Totals	200.00		980.00	-980.00	980.00		980.00		-980.00
1727	2	WESOLOW, GRACE	Cur		MTM Month To Month	100.00		100.00	12/01/04	100.00CR	12/08/04	
	Occupy:	6/28/2002 Term: mtm			RNT Residential Rent	1,110.00		1,110.00	12/01/04	1,110.00CR	12/08/04	
	Last Pymt:	12/6/2004										
	Expires:	6/28/2004										
	Notice:	12/9/2004										
	Vacate:	1/8/2005 Why: @@										
			Resident Totals	0.00		1,210.00	0.00	1,210.00		1,210.00		0.00
1728	5	Sherven, Marvin	Old SEC	200.00	COR Corp. Rental Inc	605.00		605.00	12/01/04	605.00CR	12/08/04	
	Occupy:	7/21/2004 Term: 11			RNT Residential Rent	803.00		803.00	12/01/04	803.00CR	12/08/04	
	Last Pymt:	12/2/2004			TER Termination Fee			1,267.50	12/02/04	1,267.50CR	12/08/04	
	Expires:	6/30/2005			UAC Unapplied Credit					844.50CR	12/02/04	-844.50
	Notice:	11/29/2004										
	Vacate:	12/31/2004 Why: BH										
			Resident Totals	200.00		1,408.00	0.00	2,675.50		3,520.00		-844.50
1728		Vacancy Adjustment			V Vacancy			0.00				

		Beginning Balance	Charges	Adjustments	Cash	NSF/ PR/RF	Security Applied	Ending Balance	
	Property Totals	*LG*	*Long Grove at Seaside Farms*						
	COR Corp. Rental Income	0.00	3,734.00	0.00	3,734.00	0.00	0.00	0.00	1.43%
	RNT Residential Rent	8,293.68	233,217.47	-15.11	285,401.52	-1,015.74	-473.06	-43,362.60	89.25%
M	EMP Employee rent	0.00	3,608.00	0.00	0.00	0.00	0.00	0.00	1.38%
M	MOD Model Apartment	0.00	1,805.00	0.00	0.00	0.00	0.00	0.00	0.69%
M	V Vacancy	0.00	18,936.13	0.00	0.00	0.00	0.00	0.00	7.25%
	Total Potential	8,293.68	261,300.60	-15.11	289,135.52	-1,015.74	-473.06	-43,362.60	100.00%
M	Total Lost Rent		24,349.13						9.32%
	CRD Access Card Replacement	0.00	20.00	0.00	20.00	0.00	0.00	0.00	
	DMG Damage& Cln Fees	2,426.65	135.00	0.00	363.26	0.00	-85.00	2,113.39	
	GAR Garage Rent	277.60	2,825.00	0.00	3,665.00	0.00	0.00	-562.40	
	LEG Legal Fees	200.00	120.00	0.00	195.00	0.00	0.00	125.00	
	MTM Month To Month	182.04	1,212.90	0.00	1,500.00	0.00	0.00	-105.06	
	NSF NSF	60.00	0.00	0.00	0.00	0.00	0.00	60.00	
	PAS Beach Pass Fee	0.00	1,600.00	0.00	1,600.00	0.00	0.00	0.00	
	PET Pet Fee	200.00	600.00	0.00	600.00	0.00	0.00	200.00	
	TER Termination Fee	3,788.50	12,423.00	0.00	10,255.00	0.00	-150.00	5,806.50	
	UAC Unapplied Credit	-527.26	0.00	0.00	5,138.48	-2,026.91	0.00	-3,638.83	
	UTL Utility Reimbursement	0.00	40.12	0.00	0.00	0.00	-40.12	0.00	
	APP Application Fee	0.00	200.00	0.00	200.00	0.00	0.00	0.00	
	LAT Late Fee	1,206.40	1,185.50	0.00	1,437.60	0.00	0.00	954.30	
	PPR Prepaid Rent	-11,621.84	0.00	0.00	64,266.16	-10,159.84	0.00	-65,728.16	
	Total Non Potential	-3,807.91	20,361.52	0.00	89,240.50	-12,186.75	-275.12	-80,775.26	
	Totals	4,485.97	281,662.12	-15.11	378,376.02	-13,202.49	-748.18	-104,137.86	
PET	Pet Deposit	17,600.00		0.00	200.00	-300.75	-99.25	17,400.00	
SEC	Security Deposit	48,365.00		0.00	1,200.00	-851.07	-648.93	48,065.00	
	Security Totals	65,965.00		0.00	1,400.00	-1,151.82	-748.18	65,465.00	

Description	Units / Max. I		Percent
Occupied	272		90.07%
Special Use	1		0.33%
New Construction	0		0.00%
Vacant	29		9.60%
Total Units	302	302	100.00%

Description	Units	Percent
Leases Pending	4	1.32%
Total Occ & Pend	275	91.39%
C/M Move Outs	17	5.63%
Future Move Outs	8	2.65%

Description	Units	Percent
Units Leased	237	78.48%
Month To Month	11	3.64%
Units Not Leased	65	21.52%
C/M Leases Expiring	4	1.32%

Rent	378,376.02
Security	1,400.00
Rent-NSF/PR	-13,062.25
Security-NSF/PR	0.00
Misc. Income	787.19
Total Deposit	367,500.96

EXHIBIT D

SERVICE CONTRACTS

[To be delivered within 5 days of Contract execution]

LIST OF LONG GROVE SERVICE CONTRACT VENDORS

1. Allpro Pest Management
2. Apartment Finder
3. Bates Answering Service
4. Carolina Waste Services, LLC
5. Charleston Apartment Guide
6. Cintas
7. Comcast Cablevision of Carolina, Inc.
8. KeyTrak, Inc.
9. Lanier (Copy/Fax)
10. Lowcountry Vending (Coke/Vending machine)
11. Lowcountry Vending Management Group (Laundry)
12. Miracle Green
13. RENTNET part of the Homestore Network
14. Schweickart & Associates, Inc
15. Simplex

EXHIBIT E

FORM OF DISCLOSURE OF INFORMATION ON LEAD-BASED PAINT AND/OR LEAD-BASED PAINT HAZARDS
(Long Grove Apartment Community, Mount Pleasant, South Carolina)

Lead Warning Statement
Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. Sellers of any interest in residential property may be required to provide the buyers with any information on lead-based paint hazards from risk assessments or inspections in Seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller's Disclosure – **NO PART OF THE RESIDENTIAL IMPROVEMENTS WERE BUILT PRIOR TO 1978.**

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):

(i) _____ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

_____

(ii) _____ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to Seller (check (i) or (ii) below):

(i) _____ Seller has provided Purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).

_____

(ii) _____ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser's Acknowledgment (initial)

(c) _____ Purchaser has received copies of all information listed above.

(d) _____ Purchaser has received the pamphlet *Protect Your Family from Lead in Your Home.*

(e) _____ Purchaser has (check (i) or (ii) below):

(i) _____ received a 10-day opportunity (or mutually agreed-upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or
(ii) ___X___ waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

Agent's Acknowledgment (initial)
(f) _____ Agent has informed Seller of Seller's obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy
The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

SELLER:

LONG GROVE AT SEASIDE FARMS, LLC, a Delaware limited liability company
(SEAL)
By: Beach Long Grove I, LLC, its Manager
By: The Beach Co., its Manager

By: _____
Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

PURCHASER:

VISTA REALTY PARTNERS, L.L.C.,
a Georgia limited liability company (SEAL)

By: _____
Print Name: ED DE CARDENAS
Title: MANAGER

By: _____
Print Name: _____
Title: _____

(i) _____ received a 10-day opportunity (or mutually agreed-upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or
(ii) ___X___ waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

Agent's Acknowledgment (initial)
(f) _____ Agent has informed Seller of Seller's obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy
The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

SELLER:

LONG GROVE AT SEASIDE FARMS, LLC, a Delaware limited liability company
(SEAL)
By: Beach Long Grove I, LLC, its Manager
By: The Beach Co., its Manager

By: _____
Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

PURCHASER:

VISTA REALTY PARTNERS, L.L.C.,
a Georgia limited liability company (SEAL)

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

EXHIBIT F

LIST OF DUE DILIGENCE MATERIALS

1. Phase I Environmental Report
2. Existing Survey
3. Set of Architectural Construction Drawings
4. Contractor/Sub-Contractor List
5. List of Transferable Warranties to Purchaser
6. Schedule of All On-Site Staff, Salaries, Benefits and Tenure
7. Schedule of Security Deposits to be Transferred to Purchaser at Closing
8. Copy of Existing Title Insurance Policy & updated Title commitment
9. Copy of Real Estate Tax Bills for 2003 and 2004
10. Intangible Property List to Convey with Sale
11. Schedule of any Pending Litigation
12. Maintenance Log for 2004
13. Permits and licenses applicable to the Property.

Seller will not provide copies of the existing tenant leases. The Leases are on site in the management office and shall be reviewed and inventoried by Purchaser.

Purchaser has received and reviewed the inventory of all Due Diligence documents delivered and agrees that by its signature and date below, the time period (Inspection Period) outlined in paragraph four (4) of the Sales Contract commences upon January 7, 2005.

It is further understood that Purchaser is bound by the Confidentiality Agreement signed and dated _____, 2004 and should this contemplated purchase and closing not occur, Purchaser agrees to deliver to Seller the Due Diligence package in the same condition as it was received by Purchaser.

SEEN, AGREED AND ACKNOWLEDGED BY PURCHASER

VISTA REALTY PARTNERS, L.L.C., a Georgia limited liability company

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT G

PERMITTED EXCEPTIONS

[To be agreed upon by the parties within 7 business days of the Effective Date]

1. Taxes and assessments for the year 2004, and for all subsequent years.

2. Declaration Of Covenants, Conditions, And Restrictions For All Properties In Seaside Farms Plantation and Bylaws Of Seaside Farms Plantation Community Association, Inc. dated September 20, 1994 and recorded on September 23, 1994 in Book C-248, at page 229, as amended in Book M-301, Page 571 in the RMC Office aforesaid.

3. Easements and assessments as set forth in said restrictive covenants recorded in Book C-248, at page 229, as amended in Book M-301, Page 571.

4. Easement granted to Southern Bell Telephone and Telegraph Company by instrument dated January 12, 1993, and filed for record on July 6, 1994 in Book E-245, at page 611 in the RMC Office aforesaid.

5. 100' Buffer as shown on plat prepared by Thomas & Hutton Engineering Co., Inc., dated May 8, 2000, and recorded in Plat Book EE, Page 49 in the RMC Office for Charleston County.

6. Matters, including the following, as shown on plat entitled "AS-BUILT SURVEY PREPARED FOR GULF STREAM CONSTRUCTION CO., INC. LONG GROVE APARTMENTS PHASE I PARCEL G SEASIDE FARMS TOWN OF MOUNT PLEASANT CHARLESTON COUNTY, SOUTH CAROLINA" prepared by Stantec Consulting Services, Inc., dated May 25, 2000, and having latest revision date of May 22, 2003:

   a. 10' Southern Bell Easement.

   b. 100' Buffer.

   c. 15' Water/Wastewater Easement.

7. Light post, electrical box, transformer, water valve, fire hydrant, water lines, utility lines, terminals, equipment, pumps, pads, gauges, drains, pipes, sewers, grates, irrigation control valve, manholes, drop inlet, cable television service boxes, telephone service box and all other equipment or related improvements shown on plat of survey by Stantec Consulting Services, Inc., dated May 25, 2000, having latest revision date of May 22, 2003, and related utility lines and possible encroachments onto them.

8. Seaside Farms Development Agreement Among The Town of Mount Pleasant, The Beach Co., The Franke Home, Inc., and Others recorded in Book X-297, Page 159 in the RMC Office for Charleston County.

9. Declaration of Restrictive Covenants (Wetlands) by The Beach Co. dated June 24, 1997, and recorded June 25, 1997, in Book C-286, Page 394 in the RMC Office for Charleston County.

10. Reservation of easement as set forth in that certain Deed from The Beach Co. to Beach Long Grove I, LLC, dated December 21, 1998, and recorded December 23, 1998, in Book E-317, Page 125 in the RMC Office for Charleston County.

11. Title to Water and Wastewater Systems and Grants of Easement from Beach Long Grove I, LLC to the Commissioners of Public Works of the Town of Mt. Pleasant recorded on August 5, 1999, in Book Z-331, Page 556 in the RMC Office for Charleston County.

12. Grant of Perpetual Easement from Beach Long Grove I, LLC, to the Commissioners of Public Works of the Town of Mt. Pleasant recorded on August 5, 1999, in Book A-332, Page 501 in the RMC Office for Charleston County.

13. Grant of Perpetual Easement from Beach Long Grove I, LLC, to the Commissioners of Public Works of the Town of Mt. Pleasant recorded on August 5, 1999, in Book A-332, Page 505 in the RMC Office for Charleston County.

14. Title to Water and Wastewater Systems and Grants of Easements from The Beach Co. to the Commissioners of Public Works of the Town of Mt. Pleasant recorded on August 5, 1999, in Book Z-331, Page 544 in the RMC Office for Charleston County.

15. Easement from The Beach Co. to South Carolina Electric & Gas Company dated December 11, 1997, and recorded January 2, 1998, in Book J-295, Page 320 in the RMC Office for Charleston County.

16. Grant of Perpetual Easement from The Beach Company to the Commissioners of Public Works of the Town of Mount Pleasant recorded December 3, 1997, and recorded in Book W-293, Page 154 in the RMC Office for Charleston County.

17. Easement from Beach Long Grove I, LLC, to South Carolina Electric & Gas Company recorded April 9, 1999, in Book E-324, Page 299 in the RMC Office for Charleston County.

18. Rights of tenants under unrecorded leases.

19. Terms and conditions contained in the Indenture Deed between Long Grove at Seaside Farms, LLC and Vista Realty Partners, L.L.C., dated _____, 2005 for the conveyance of the Property.

20. Terms and conditions contained in the Sales Contract between Long Grove at Seaside Farms, LLC and Vista Realty Partners, L.L.C., dated _____, 2005 (as to those provisions that survive closing).

EXHIBIT H

Form of deed

STATE OF SOUTH CAROLINA)
) **SPECIAL WARRANTY INDENTURE DEED**
COUNTY OF CHARLESTON)

THIS SPECIAL WARRANTY INDENTURE DEED made the day hereinbelow stated, by and between **LONG GROVE AT SEASIDE FARMS, LLC**, hereinafter called "Grantor," which expression shall includes its successors and assigns, whether context so requires or admits, and **VISTA REALTY PARTNERS, L.L.C.**, whose address is set forth below, hereinafter sometimes referred to as "Grantee," which expression shall include its successors and assigns, whether context so requires or admits; and in this instrument, the singular shall include the plural, and the plural shall include the singular, and the gender shall include all genders.

FOR AND IN CONSIDERATION of the conditions hereinafter contained and the sum of THIRTY-SEVEN MILLION TWO HUNDRED FIFTY THOUSAND AND 00/100 ($37,250,000.00) Dollars paid to the Grantor by the Grantee, the Grantor has granted, bargained, sold and released and by these Presents grants, bargains, sells and releases unto the said Grantee, the following described real property (the "Property"), to-wit:

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

Being the same property conveyed to Long Grove at Seaside Farms, LLC, by deed of Beach Long Grove I, LLC, dated June 9, 2000, and recorded June 9, 2000, in Book D-349, Page 347 in the RMC Office for Charleston County.

AND SUBJECT to all other reservations and restrictions of record, easements, zoning ordinances and rights of way of record.

TMS Number: 561-00-00-147

Grantee's Address:

_____

_____

Save and excepting only the limited warranty of title hereinafter set forth and herein contained, the Property is being conveyed strictly on an "as is", "where is" and "with all defects" basis, without representation, warranty or covenant, express, implied or statutory, of any kind whatsoever, including, without limitation, representation, warranty or covenant as to condition (structural, environmental, mechanical or otherwise), past or present use, construction, development, lease performance, investment potential, tax ramifications or consequences, income, compliance with law, habitability, tenancies, merchantability or fitness or suitability for any purpose, all of which are hereby expressly disclaimed. Without limiting the generality of the foregoing, Grantee acknowledges that Grantor and its affiliates (The Beach Co. and Gulfstream Construction Company) have made no representations, warranties or covenants as to the compliance of the Property with any federal, state, municipal or local statutes, laws, rules, regulations or ordinances, including, without limitation, those pertaining to construction, rent control, building and health codes, land use (or permits issued in connection therewith), zoning, lead paint, urea formaldehyde foam insulation, asbestos, hazardous or toxic wastes or substances, pollutants, contaminants or other environmental matters.

TOGETHER with, all and singular, the Rights, Members, Hereditaments and Appurtenances to the said Premises belonging, or in anywise incident or appertaining.

TO HAVE AND TO HOLD, all and singular, the said Premises before mentioned unto the said Grantee, its successors and/or assigns forever.

AND the Grantor does hereby bind itself and its successors and assigns to warrant and forever defend, all and singular, the said premises unto the said Grantee, its successors and/or assigns, against itself and its successors and assigns and all persons whomsoever lawfully claiming, or to claim, the same or any part hereof.

ACKNOWLEDGMENT AND RATIFICATION BY GRANTEE: The Grantee by the acceptance and execution of this Special Warranty Indenture Deed acknowledges that the Property is being conveyed in its "as is", "where is" and "with all defects" basis and all subsequent owners of the within described Premises or any part thereof are so hereby notified.

[SIGNATURE PAGES ARE ATTACHED]

IN WITNESS WHEREOF, Grantor has caused this Special Warranty Indenture Deed to be executed this ____day of _____, 2005.

WITNESS:

LONG GROVE AT SEASIDE FARMS, LLC

By: Beach Long Grove I, LLC, its Manager
By: The Beach Co., its Manager

_____ By: _____
Its: _____

_____ By: _____
Its: _____

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this __ day of _____, 2005, by Long Grove at Seaside Farms, LLC, by Beach Long Grove I, LLC, its Manager, by The Beach Co., its Manager, by _____, its _____ and by _____, its _____.

_____ (SEAL)

NOTARY PUBLIC for South Carolina
My Commission expires:_____
(AFFIX SEAL)

ACKNOWLEDGMENT BY GRANTEE

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

_____ VISTA REALTY PARTNERS, L.L.C.

_____ By:_____

Its:_____

By:_____

Its:_____

STATE OF SOUTH CAROLINA)
) ACKNOWLEDGMENT
COUNTY OF CHARLESTON)

The foregoing instrument was acknowledged before me this ____ day of _____, 2005, by Vista Realty Partners, L.L.C., by_____, its _____ and by_____, its _____.

_____ (SEAL)

NOTARY PUBLIC for South Carolina
My Commission expires:_____
(AFFIX SEAL)

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

AFFIDAVIT

PERSONALLY appeared before me the undersigned, who, being duly sworn, deposes and says:

1. I have read the information on this Affidavit and I understand such information.

2. The property being transferred BY Long Grove at Seaside Farms, LLC
TO Vista Realty Partners, L.L.C. on _____, 2005.

3. Check one of the following: ***The DEED is***
(a) X subject to the deed recording fee as a transfer for consideration paid or to be paid in money or money's worth.
(b)____ subject to the deed recording fee as a transfer between a corporation, a partnership, or other entity and a stockholder, partner, or owner of the entity, or is a transfer to a trust or as a distribution to a trust beneficiary.
(c)____ EXEMPT from the deed recording fee because (exemption # _____)
Explanation if required _____
(If exempt, please skip items 4-6, and go to item 7 of this affidavit.)

4. Check one of the following if either item 3(a) or item 3(b) above has been checked.
(a) X The fee is computed on the consideration paid or to be paid in money or money's worth in the amount of $37,250,000.00.
(b)____ The fee is computed on the fair market value of the realty which is $_____.
(c)____ The fee is computed on the fair market value of the realty as established for property tax purposes which is $_____.

5. Check YES____ or NO____ to the following: A lien or encumbrance existed on the land, tenement, or realty before the transfer and remained on the land, tenement, or realty after the transfer. If "YES", the amount of the outstanding balance of this lien or encumbrance is $_____.

6. The DEED Recording Fee is computed as follows:
(a) $37,250,000.00 the amount listed in item 4 above
(b) 0.00 the amount listed in item 5 above (no amount place zero)
(c) $37,250,000.00 subtract line 6(b) from Line 6(a) and place the result.

7. As required by Code Section 12-24-70, I state that I am a responsible person who was connected with the transaction as:_____.

8. I understand that a person required to furnish this affidavit who willfully furnishes a false or fraudulent affidavit is guilty of a misdemeanor and, upon conviction, must be fined not more than one thousand dollars or imprisoned not more than one year, or both.

_____
Grantor, Grantee, or Legal Representative
connected with this transaction

_____
Print or Type Name Here

Sworn to before me this ____
day of _____, 2005.
Notary Public for South Carolina
My Commission Expires:_____

EXHIBIT I

Disclosure Language

Save and excepting only the limited warranty of title hereinafter set forth and herein contained, the Property is being conveyed strictly on an "as is", "where is" and "with all defects" basis, without representation, warranty or covenant, express, implied or statutory, of any kind whatsoever, including, without limitation, representation, warranty or covenant as to condition (structural, environmental, mechanical or otherwise), past or present use, construction, development, lease performance, investment potential, tax ramifications or consequences, income, compliance with law, habitability, tenancies, merchantability or fitness or suitability for any purpose, all of which are hereby expressly disclaimed. Without limiting the generality of the foregoing, Grantee acknowledges that Grantor's predecessor in title, Long Grove at Seaside Farms, LLC ("Long Grove") and its Affiliates (as herein defined) have made no representations, warranties or covenants as to the compliance of the Property with any federal, state, municipal or local statutes, laws, rules, regulations or ordinances, including, without limitation, those pertaining to construction, rent control, building and health codes, land use (or permits issued in connection therewith), zoning, lead paint, urea formaldehyde foam insulation, asbestos, hazardous or toxic wastes or substances, pollutants, contaminants or other environmental matters.

Grantee acknowledges that the Property was originally developed and constructed by Long Grove and its Affiliates (as herein defined). Grantor purchased the Property for the purpose of converting the Property into condominiums which it is selling to the public. Grantor assumed all responsibility for identifying and correcting all defects or problems, if any, that existed, to ensure that the Property is properly constructed and suitable for use as condominiums in accordance with all applicable building regulations, codes, standards, and other applicable laws and requirements.

Accordingly, as part of the valuable consideration being exchanged in this sale transaction, the receipt and sufficiency of which are hereby acknowledged, Grantor on behalf of itself and its heirs, representatives, successors, and assigns (including Grantee and all other successors-in-title to all or a portion of the Property), agrees to never sue and completely releases Long Grove at Seaside Farms, LLC, The Beach Co., Gulfstream Construction Company, its affiliates, agents, officers, directors, employees, insurers, representatives, successors, assigns, and all other companies, partnerships, entities, or persons (collectively, the "Affiliates") involved in the design, development and/or construction of the apartment buildings and apartments therein and all other improvements prior to March ___, 2005, for and from any and all claims of every kind whatsoever arising from or related to the development, design, construction, maintenance, alteration, or repair of the Property, including unknown and unforeseen claims that may now exist or that may arise in the future.

Grantor and Grantee acknowledge and agree that the assumption of liability and release of claims above is intended to be binding on all subsequent grantees of the Property or any condominiums or other subdivisions of the Property. In order to give effect to this intention, these provisions are included in this Master Deed, and will also be included in any other conveyances outside the coverage of this Master Deed.

EXHIBIT J

Leasing Standards

To be finalized within 7 business days of the Effective Date

AMENDMENT TO SALES CONTRACT

THIS AMENDMENT TO SALES CONTRACT is effective as of the 3rd day of March, 2005, between (as "Seller"), and LONG GROVE AT SEASIDE FARMS, LLC, a Delaware limited liability company (as Seller), and VISTA REALTY PARTNERS, L.L.C., a Georgia limited liability company (as "Purchaser").

WHEREAS, Seller and Purchaser entered a certain Long Grove Apartment Community Sales Contract (hereinafter referred to as the "Sales Contract") dated January 18, 2005, for the sale of real property known as Parcel "G" in Seaside Farms Plantation, in the Town of Mount Pleasant, South Carolina (hereinafter referred to as the "Property"); and

WHEREAS, Seller and Purchaser desire to amend the Sales Contract as set forth herein.

NOW, THEREFORE, for and in consideration of Ten Dollars ($10) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser hereby reinstate the Sales Contract and agree as follows:

1. The second paragraph of Section 16 of the Sales Contract is amended by deleting that paragraph and substituting the following:

> Should Purchaser elect to submit the Property or any portion thereof to a master deed (the "Master Deed") establishing a horizontal property regime, Purchaser shall, at Purchaser's expense, prepare the proposed Master Deed and related regime documents (the Condominium Documents") and submit the Condominium Documents to Seller for Seller's review and approval solely for purposes of determining compliance with the provisions of Section 15 of this Agreement, which determination shall be given in writing to Purchaser on or before five (5) business days from receipt of the Condominium Documents by Seller. In the event that Seller fails to give such determination in writing to Purchaser on or before five (5) business days from receipt of the Condominium Documents by Seller, Seller's approval shall not be required and this section will be deemed to be complied with. After Seller's approval of the Condominium Documents, no material changes shall be made to the Condominium Documents without the prior written approval of Seller and Purchaser. Seller and Purchaser shall agree upon the form and content of the Condominium Documents prior to their filing of record. The provisions of this Section shall survive the closing and the delivery of the deed or any expiration or termination of this Agreement.

2. Except as expressly amended herein, this Contract shall remain unchanged and in full force and effect.

[SIGNATURE PAGE IS ATTACHED]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to Sales Contract to be duly executed, sealed and delivered as of the date first above written.

SELLER: LONG GROVE AT SEASIDE FARMS, LLC

By: Beach Long Grove I, LLC, its Manager
By: The Beach Co., its Manager

By: _____
Its: _____

By: _____
Its: _____

PURCHASER: VISTA REALTY PARTNERS, L.L.C.

By: _____
Eduard de Guardiola, its Manager

STATE OF GEORGIA
COUNTY OF FULTON

ASSIGNMENT OF THE

SALE CONTRACT

THIS ASSIGNMENT OF THE SALES CONTRACT (hereinafter referred to as the "Assignment"), is hereby made and entered into as of the 7th day of March, 2005, by and between VISTA REALTY PARTNERS, L.L.C., a Georgia limited liability company (hereinafter referred to as "Assignor"), and LONG GROVE VISTA, LLC, a Georgia limited liability company (hereinafter referred to as "Assignee").

WITNESSETH:

WHEREAS, the Assignor entered into that certain Sales Contract dated January 27, 2005 (hereinafter referred to as the "Agreement"), as amended, with Long Grove at Seaside Farms, LLC, a Delaware limited liability company ("Seller");

WHEREAS, Assignor desires to assign all of its right, title and interest in and to the Agreement to Assignee;

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars ($10.00) in hand paid by Assignee to Assignor, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, that the mutual covenants flowing between the undersigned parties, the parties hereby agree as follows:

1. Assignor hereby conveys and assigns all of its right, title and interest in the Agreement to Assignee.

2. Assignee covenants and agrees to faithfully perform the covenants of Purchaser under the Agreement.

3. Assignee hereby agrees to indemnify, defend, and otherwise hold the Assignor harmless from and against all claims, losses, and debts (direct and consequential) arising from the Assignee's failure to perform the covenants of Purchaser under the Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals as of the day and year first above written.

ASSIGNOR:

VISTA REALTY PARTNERS, L.L.C., a Georgia limited liability company

By: _____

Eduard de Guardiola, its Manager

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

409293-1
11523.004

[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

ASSIGNEE:

LONG GROVE VISTA, LLC, a Georgia limited liability company

BY: LONG GROVE DEVELOPMENT, LLC, a Georgia limited liability company

By: _____
Eduard de Guardiola, Manager

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

409293-1
11523.004

[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

ACKNOWLEDGED BY:

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

By: Beach Long Grove I, LLC, Its Manager
By: The Beach Co., Its Manager
By:
Its: President

By:
Its: Executive Vice President

409293-1
11523.004

STATE OF SOUTH CAROLINA)
) SPECIAL WARRANTY INDENTURE DEED
COUNTY OF CHARLESTON)

THIS SPECIAL WARRANTY INDENTURE DEED made the day hereinbelow stated, by and between LONG GROVE AT SEASIDE FARMS, LLC, a Delaware limited liability company, hereinafter called "Grantor," which expression shall includes its successors and assigns, whether context so requires or admits, and LONG GROVE VISTA, L.L.C., a Georgia limited liability company, whose address is set forth below, hereinafter sometimes referred to as "Grantee," which expression shall include its successors and assigns, whether context so requires or admits; and in this instrument, the singular shall include the plural, and the plural shall include the singular, and the gender shall include all genders.

FOR AND IN CONSIDERATION of the conditions hereinafter contained and the sum of THIRTY-SEVEN MILLION TWO HUNDRED FIFTY THOUSAND AND 00/100 ($37,250,000.00) Dollars paid to the Grantor by the Grantee, the Grantor has granted, bargained, sold and released and by these Presents grants, bargains, sells and releases unto the said Grantee, the following described real property (the "Property"), to-wit:

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

Being the same property conveyed to Long Grove at Seaside Farms, LLC, by deed of Beach Long Grove I, LLC, dated June 9, 2000, and recorded June 9, 2000, in Book D-349, Page 347 in the RMC Office for Charleston County.

AND SUBJECT to all other reservations and restrictions of record, easements, zoning ordinances and rights of way of record, and those matters set forth on Exhibit B attached hereto and incorporated herein by reference.

TMS Number: 561-00-00-147

Grantee's Address:

One Midtown Plaza
1360 Peachtree Street, NE, Suite 1000
Atlanta, Georgia 30309

EXHIBIT
B

Save and excepting only the limited warranty of title hereinafter set forth and herein contained, the Property is being conveyed strictly on an "as is", "where is" and "with all defects" basis, without representation, warranty or covenant, express, implied or statutory, of any kind whatsoever, including, without limitation, representation, warranty or covenant as to condition (structural, environmental, mechanical or otherwise), past or present use, construction, development, lease performance, investment potential, tax ramifications or consequences, income, compliance with law, habitability, tenancies, merchantability or fitness or suitability for any purpose, all of which are hereby expressly disclaimed. Without limiting the generality of the foregoing, Grantee acknowledges that Grantor and its affiliates (The Beach Co. and Gulfstream Construction Company) have made no representations, warranties or covenants as to the compliance of the Property with any federal, state, municipal or local statutes, laws, rules, regulations or ordinances, including, without limitation, those pertaining to construction, rent control, building and health codes, land use (or permits issued in connection therewith), zoning, lead paint, urea formaldehyde foam insulation, asbestos, hazardous or toxic wastes or substances, pollutants, contaminants or other environmental matters.

TOGETHER with, all and singular, the Rights, Members, Hereditaments and Appurtenances to the said Premises belonging, or in anywise incident or appertaining.

TO HAVE AND TO HOLD, all and singular, the said Premises before mentioned unto the said Grantee, its successors and/or assigns forever.

AND the Grantor does hereby bind itself and its successors and assigns to warrant and forever defend, all and singular, the said premises unto the said Grantee, its successors and/or assigns, against itself and its successors and assigns and all persons whomsoever lawfully claiming, or to claim, the same or any part hereof.

ACKNOWLEDGMENT AND RATIFICATION BY GRANTEE: The Grantee by the acceptance and execution of this Special Warranty Indenture Deed acknowledges that the Property is being conveyed in its "as is", "where is" and "with all defects" basis and all subsequent owners of the within described Premises or any part thereof are so hereby notified.

[SIGNATURE PAGES ARE ATTACHED]

IN WITNESS WHEREOF, Grantor has caused this Special Warranty Indenture Deed to be executed this 7th day of March, 2005.

WITNESS:

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

By: Beach Long Grove I, LLC, its Manager
By: The Beach Co., its Manager

By: _____
Its: President

By: _____
Its: Executive Vice President

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 7th day of March, 2005, by Long Grove at Seaside Farms, LLC, a Delaware limited liability company, by Beach Long Grove I, LLC, its Manager, by The Beach Co., its Manager, by John C.L. Darby, its President and by J. Dermot Dunne, its Executive Vice President.

_____ (SEAL)
NOTARY PUBLIC for South Carolina
My Commission expires: 9-12-11
(AFFIX SEAL)

ACKNOWLEDGMENT BY GRANTEE

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

Linda B. Avery

Pamela Hall

LONG GROVE VISTA, L.L.C.,
a Georgia limited liability company

By: Long Grove Development, LLC,
a Georgia limited liability company,
its sole manager

By: _____
Eduard de Guardiola
Its Sole Manager

STATE OF Georgia)
)
COUNTY OF Fulton)

ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 7th day of March, 2005, by Long Grove Vista, L.L.C., a Georgia limited liability company, by Long Grove Development, LLC, a Georgia limited liability company, its sole manager, by Eduard de Guardiola, its sole manager.

_____ (SEAL)
NOTARY PUBLIC for _____
My Commission expires: _____
(AFFIX SEAL)

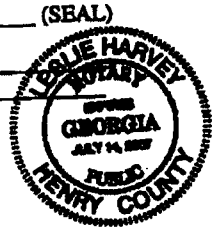

EXHIBIT B

PERMITTED ENCUMBRANCES

1. Taxes for the year 2005, which are a lien, but not yet due and payable, and taxes for all subsequent years.

2. Interests created by or limitations on the use imposed by the Federal Coastal Zone Management Act or other federal Law or Regulations or by South Carolina Code Section 48-39-10 through 48-39-360, as amended, or any regulations promulgated pursuant to said State or Federal Law.

3. Declaration Of Covenants, Conditions, And Restrictions For All Properties In Seaside Farms Plantation and Bylaws Of Seaside Farms Plantation Community Association, Inc. dated September 20, 1994 and recorded on September 23, 1994 in Book C-248, at page 229, as amended in Book M-301, Page 571 in the RMC Office aforesaid.

4. Easements and assessments as set forth in said restrictive covenants recorded in Book C-248, at page 229, as amended in Book M-301, Page 571.

5. Easement granted to Southern Bell Telephone and Telegraph Company by instrument dated January 12, 1993, and filed for record on July 6, 1994 in Book E-245, at page 611 in the RMC Office aforesaid.

6. 100' Buffer as shown on plat prepared by Thomas & Hutton Engineering Co., Inc., dated May 8, 2000, and recorded in Plat Book EE, Page 49 in the RMC Office for Charleston County.

7. Light post, electrical box, transformer, water valve, fire hydrant, water lines, utility lines, terminals, equipment, pumps, pads, gauges, drains, pipes, sewers, grates, irrigation control valve, manholes, drop inlet, cable television service boxes, telephone service box and all other equipment or related improvements shown on plat of survey by Stantec Consulting Services, Inc., dated Feb. 8, 2005, and related utility lines and possible encroachments onto them.

8. Seaside Farms Development Agreement Among The Town of Mount Pleasant, The Beach Co., The Franke Home, Inc., and Others recorded in Book X-297, Page 159 in the RMC Office for Charleston County.

9. Title to Water and Wastewater Systems and Grants of Easement from Beach Long Grove I, LLC to the Commissioners of Public Works of the Town of Mt. Pleasant recorded on August 5, 1999, in Book Z-331, Page 556 in the RMC Office for Charleston County.

10. Grant of Perpetual Easement from Beach Long Grove I, LLC, to the Commissioners of Public Works of the Town of Mt. Pleasant recorded on August 5, 1999, in Book A-332, Page 501 in the RMC Office for Charleston County.

11. Grant of Perpetual Easement from Beach Long Grove I, LLC, to the Commissioners of Public Works of the Town of Mt. Pleasant recorded on August 5, 1999, in Book A-332, Page 505 in the RMC Office for Charleston County.

12. Title to Water and Wastewater Systems and Grants of Easements from The Beach Co. to the Commissioners of Public Works of the Town of Mt. Pleasant recorded on August 5, 1999, in Book Z-331, Page 544 in the RMC Office for Charleston County.

13. Easement from The Beach Co. to South Carolina Electric & Gas Company dated December 11, 1997, and recorded January 2, 1998, in Book J-295, Page 320 in the RMC Office for Charleston County.

14. Grant of Perpetual Easement from The Beach Company to the Commissioners of Public Works of the Town of Mount Pleasant recorded December 3, 1997, and recorded in Book W-293, Page 154 in the RMC Office for Charleston County.

15. Easement from Beach Long Grove I, LLC, to South Carolina Electric & Gas Company recorded April 9, 1999, in Book E-324, Page 299 in the RMC Office for Charleston County.

16. Rights of tenants under unrecorded leases.

17. Terms and conditions contained in the Indenture Deed between Long Grove at Seaside Farms, LLC, and Long Grove Vista, LLC, dated March 7, 2005.

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

AFFIDAVIT

PERSONALLY appeared before me the undersigned, who, being duly sworn, deposes and says:

1. I have read the information on this Affidavit and I understand such information.

2. The property being transferred BY Long Grove at Seaside Farms, LLC TO Long Grove Vista, L.L.C. on March, 2005.

3. Check one of the following: *The DEED is*
   (a) X subject to the deed recording fee as a transfer for consideration paid or to be paid in money or money's worth.
   (b) ___ subject to the deed recording fee as a transfer between a corporation, a partnership, or other entity and a stockholder, partner, or owner of the entity, or is a transfer to a trust or as a distribution to a trust beneficiary.
   (c) ___ EXEMPT from the deed recording fee because (exemption # _____)
   Explanation if required _____
   (If exempt, please skip items 4-6, and go to item 7 of this affidavit.)

4. Check one of the following if either item 3(a) or item 3(b) above has been checked.
   (a) X The fee is computed on the consideration paid or to be paid in money or money's worth in the amount of $37,250,000.00.
   (b) ___ The fee is computed on the fair market value of the realty which is $_____.
   (c) ___ The fee is computed on the fair market value of the realty as established for property tax purposes which is $_____.

5. Check YES___ or NO___ to the following: A lien or encumbrance existed on the land, tenement, or realty before the transfer and remained on the land, tenement, or realty after the transfer. If "YES", the amount of the outstanding balance of this lien or encumbrance is $_____.

6. The DEED Recording Fee is computed as follows:
   (a) $37,250,000.00 the amount listed in item 4 above
   (b) 0.00 the amount listed in item 5 above (no amount place zero)
   (c) $37,250,000.00 subtract line 6(b) from Line 6(a) and place the result.

7. As required by Code Section 12-24-70, I state that I am a responsible person who was connected with the transaction as: legal representative for Grantor.

8. I understand that a person required to furnish this affidavit who willfully furnishes a false or fraudulent affidavit is guilty of a misdemeanor and, upon conviction, must be fined not more than one thousand dollars or imprisoned not more than one year, or both.

Sworn to before me this 7th day of March, 2005.

Notary Public for South Carolina (SEAL)
My Commission Expires: 4-12-11

Grantor, Grantee, or Legal Representative connected with this transaction

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CHARLESTON COUNTY SC

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DATE 3/7/05

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CHARLESTON COUNTY AUDITOR

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Return to:

MASTER DEED FOR LONG GROVE

HORIZONTAL PROPERTY REGIME

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EXHIBIT C

SOUTH CAROLINA

CHARLESTON COUNTY

MASTER DEED FOR LONG GROVE

HORIZONTAL PROPERTY REGIME

THIS MASTER DEED is made on the date set forth below by Long Grove Vista, LLC, a Georgia limited liability company (hereinafter referred to as "Declarant");

WITNESSETH

WHEREAS, Declarant is the owner of the real property which is located in Charleston County, South Carolina and is described in Exhibit "A" attached hereto and incorporated herein by this reference;

WHEREAS, Declarant desires to subject the real property described in Exhibit "A" hereto, including the improvements thereof, to the provisions of this Master Deed and to the South Carolina Horizontal Property Act; and

NOW, THEREFORE, Declarant hereby declares that the real property described in Exhibit "A" of this Master Deed, including the improvements located thereon, is hereby submitted and made subject to the form of ownership set forth in the South Carolina Horizontal Property Act, and is hereby subjected to the provisions of this Master Deed. By virtue of the recording of this Master Deed, said property shall be held, sold, transferred, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to provisions of the South Carolina Horizontal Property Act and the covenants, conditions, restrictions, easements, assessments, and liens set forth in this Master Deed, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, the real property subject to this Master Deed, and shall be binding on all Persons having any right, title or interest in all or any portion of the real property subject to this Master Deed, their respective heirs, legal representatives, successors, successors-in-title and assigns, and shall be for the benefit of all owners of the property subject to this Master Deed.

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MASTER DEED FOR LONG GROVE

HORIZONTAL PROPERTY REGIME

1. NAME.

The name of the horizontal property regime is Long Grove Horizontal Property Regime (hereinafter sometimes called "Long Grove" or the "Regime," as further defined herein), which horizontal property regime is hereby submitted by Declarant to provisions §27-31-10, *et seq.* of the South Carolina Code of Laws, 1976, as amended.

2. DEFINITIONS.

Generally, terms used in this Master Deed, the Bylaws, and the Articles of Incorporation shall have their normal, generally accepted meanings given in the Act or the South Carolina Nonprofit Corporation Act of 1994. Unless the context otherwise requires, certain terms used in this Master Deed, the Bylaws and the Articles of Incorporation shall be defined as follows:

(a) Act or South Carolina Horizontal Property Act shall mean provisions §27-31-10, *et seq.* of the South Carolina Code of Laws, 1976, as such Act may be amended from time to time.

(b) Architectural Control Committee or ACC shall mean the committee established to exercise the architectural review powers set forth in Paragraph 13 hereof, which shall be the Board of Directors of the Association unless by resolution the Board appoints a separate Architectural Control Committee.

(c) Area of Common Responsibility shall mean and refer to the Common Elements, together with those areas, if any, which by the terms of this Master Deed or by contract or agreement with any other Person or entity, become the responsibility of the Association.

(d) Articles or Articles of Incorporation shall mean the Articles of Incorporation of Long Grove Property Owners Association, Inc., which have been filed with the Secretary of State of the State of South Carolina.

(e) Association shall mean Long Grove Property Owners Association, Inc., a South Carolina nonprofit corporation, its successors or assigns.

(f) Board or Board of Directors shall mean the board of directors of the Association, which shall be the body responsible for management and operation of the Association.

(g) Bylaws shall mean the Bylaws of Long Grove Property Owners Association, Inc., attached to this Master Deed as Exhibit "E" and incorporated herein by this reference.

(h) Common Elements shall mean and refer to the aggregate of all General Common Elements and all Limited Common Elements which otherwise shall include all portions of the Regime which are not designated as Units or parts of Units.

(i) Common Expenses shall mean the expenses incurred or anticipated to be incurred by the Association for the general benefit of the Regime including, but not limited to, those expenses incurred

for maintaining, repairing, replacing, and operating the Common Elements, and as required under the Master Declaration.

(j) Declarant shall mean Long Grove Vista, LLC, a Georgia limited liability company, its respective successors and assigns and any other Person, provided that such successors and/or assignee are designated in writing by Declarant as its successor and/or assign of the rights of Declarant set forth herein. The expiration of Declarant's right to appoint the directors and officers of the Association as provided in Article III, Part A, Section 2 of the Bylaws shall not terminate or alter the status of the above-referenced entity and its successor and/or assign, as Declarant hereunder or divest it of other rights specifically reserved to Declarant herein.

(k) Declarant's Easement Area shall mean that certain area, as shown on the Plans, that Declarant has the right to use exclusively for any purpose it deems appropriate as set forth in subparagraph 21(g).

(l) Domestic Partner shall mean any adult who cohabitates with an Owner and who has been designated as the Owner's Domestic Partner in a written statement, signed by the Owner and filed with the Association's Secretary. A Person shall no longer be a Domestic Partner upon the Secretary's receipt of a written termination notice, signed by either the Owner or the Domestic Partner.

(m) Electronic Document shall mean information created, transmitted, received or stored by electronic means and retrievable in human perceivable form including, without limitation, e-mail, web pages, electronic documents, and facsimile transmissions.

(n) Electronic Signature shall mean a signature created, transmitted, received or stored by electronic means and includes, but is not limited to, a Secure Electronic Signature.

(o) Eligible Mortgage Holder shall mean those holders of first Mortgages secured by Units in the Regime who have requested notice of certain items as set forth in this Master Deed.

(p) General Common Elements shall mean those Common Elements set forth in Paragraph 5.

(q) Limited Common Elements shall mean a portion of the Common Elements reserved for the exclusive use of those Persons entitled to occupy one (1) or more, but less than all, Units, as more particularly set forth in this Master Deed.

(r) Majority shall mean fifty-one percent (51%) or more of the basic value of the Regime, in accordance with the percentages set forth on Exhibit "B".

(s) Master Declaration shall mean and refer to that certain Declaration of Covenants, Conditions, and Restrictions for All Properties in Seaside Farms Plantation, dated September 20, 1994, and recorded in Book C-248, Page 229, in the RMC Office for Charleston County, South Carolina, as amended by that certain First Supplemental Declaration of Covenants, Conditions and Restrictions for All Properties in Seaside Farms Plantation, dated April 23, 1998, and recorded in Book M-301, Page 571, aforesaid records, and as may be amended.

(t) Mortgage shall refer to any mortgage, deed to secure debt, deed of trust, or other transfer or conveyance for the purpose of securing the performance of an obligation including, but not limited to, a transfer or conveyance of fee title for such purpose.

(u) Mortgagee or Mortgagee Holder shall mean the holder of any Mortgage.

(v) Occupant shall mean any Person staying overnight in a Unit for a total of more than thirty (30) days, either consecutive or nonconsecutive, in any calendar year, regardless of whether such Person is a tenant or the Owner of such Unit.

(w) Owner shall mean the record titleholder of a Unit within the Regime, but shall not include a Person who is only a Mortgage Holder.

(x) Person shall mean any individual, corporation, firm, association, partnership, trust, or other legal entity.

(y) Plans shall mean the plot plan showing the location of the buildings in existence and other improvements on the Regime, and the floor plans showing the dimensions, area, and location of each Unit, the Common Elements that afford access to each Unit, and the other Common Elements for Long Grove Horizontal Property Regime, attached hereto as Exhibit "D".

(z) Regime shall mean all that property described in Exhibit "A" attached hereto and incorporated herein by this reference, submitted to the provisions of the Act by this Master Deed.

(aa) Regime Instruments shall mean this Master Deed and all exhibits to this Master Deed, including the Bylaws of the Association, and the Survey and Plans, all as may be supplemented or amended from time to time.

(bb) Secure Electronic Signature shall mean an electronic or digital method executed or adopted by a Person with the intent to be bound by or to authenticate a record, which is unique to the Person using it, is capable of verification, is under the sole control of the Person using it, and is linked to data in such a manner that if the data is changed, the electronic signature is invalidated.

(cc) Survey shall mean the survey for Long Grove Horizontal Property Regime attached hereto as Exhibit "C," showing the horizontal and vertical location of the buildings in existence and other improvements on the Regime.

(dd) Total Association Vote shall mean all of the eligible votes attributed to members of the Association (including votes attributable to Declarant), and the consent of Declarant for so long as Declarant owns a Unit primarily for the purpose of sale.

(ee) Unit shall mean that portion of the Regime intended for individual ownership and use as more particularly described in this Master Deed and shall include the undivided ownership in the Common Elements assigned to the Unit by this Master Deed.

3. LOCATION, PROPERTY DESCRIPTION, PLATS AND PLANS

The Regime subject to this Master Deed and the Act is located in the Town of Mount Pleasant, Christ Church Parish, Charleston County, South Carolina, being more particularly described in Exhibit "A" attached to this Master Deed, which exhibit is specifically incorporated herein by this reference. The Survey is attached hereto as Exhibit "C," and incorporated herein by this reference, and the Plans are attached hereto as Exhibit "D" and incorporated herein by this reference.

So long as Declarant owns a Unit, Declarant reserves the right, but shall have no obligation, to make improvements and changes to all or part of the Common Elements and the Units owned by Declarant (other than changes to the location of Unit boundaries unless expressly permitted herein), including, without limitation, addition and realignment of parking spaces, addition and reconfiguration of storage spaces, renovation and installation of changes to utility systems and facilities, rearrangement and installation of security and refuse facilities, work relating to building exteriors, and extension of the drives and utility lines and pipes located on the Regime.

4. UNITS AND BOUNDARIES.

The Regime shall consist of seventeen (17) existing two-story buildings containing a total of two hundred seventy-two (272) separate Units, and Common Elements, some of which will be assigned as Limited Common Elements. Each Unit consists of a dwelling and its appurtenant percentage of undivided interest in the Common Elements. Each Unit shall be conveyed as a separately designated and legally described freehold estate subject to the Act and the Regime Instruments. The Units are depicted on the Survey and the Plans. Each Unit includes that part of the structure, which lies within the following boundaries:

(a) Vertical Boundaries. The perimetrical or vertical boundaries of each Unit shall be the vertical planes formed by the outermost surface of the studs in the walls separating the Unit from the wall of the Regime building, the walls separating the Unit from the hallway of the floor on which the Unit is located in the Regime building, and the common walls between the Units. The vertical boundaries include the wallboard or other material comprising the wall of the Unit.

(b) Horizontal Boundaries.

(i) If the Unit is on the top floor of the building, the upper horizontal boundary of such Unit is the uppermost, unfinished, unexposed surface of the wallboard or other material comprising the ceiling of the Unit, with such material constituting part of the Unit. The lower horizontal boundary of such Unit is the lowermost surface of the wood floor truss structure comprising the subflooring of the Unit, with the flooring and subflooring constituting part of the Unit.

(ii) If the Unit is on the bottom floor of the building, the upper horizontal boundary of such Unit is the lowermost surface of the wood floor truss system with lightweight concrete comprising the subflooring of the Unit above, with the subflooring of the Unit above not constituting part of the Unit below. The lower horizontal boundary of such Unit is the lowermost surface of the wood floor truss structure comprising the subflooring of the Unit, with the flooring and subflooring constituting part of the Unit.

(c) Additional Information to Interpret Unit Boundaries. Entry doors and exterior glass surfaces, including, but not limited to, windows and glass doors, serving the Unit shall be included within the boundaries of the Unit. Heating and air conditioning systems serving a single Unit (including any part of any such system located outside the boundaries of the Unit), all duct work for heating and air conditioning systems and appliances and plumbing fixtures within a Unit shall be part of the Unit.

If any chutes, flues, ducts, conduits, wires, pipes or other apparatus lies partially within and partially outside of the designated boundaries of the Unit, any portion thereof which serves only that Unit shall be deemed to be a part of that Unit, while any portions thereof which serve more than one (1) Unit or any portion of the Common Elements shall be deemed a part of the Common Elements, except that any

chimney, fireplace flue, damper and chimney cap shall not be deemed part of a Unit, but shall be considered a *Limited Common Element assigned to such Unit as set forth below.*

In interpreting deeds and Plans, the existing physical boundaries of a Unit as originally constructed or of a Unit reconstructed in substantial accordance with the original Plans thereof shall be conclusively presumed to be its boundaries rather than the metes and bounds expressed in any deed or Floor Plan, regardless of settling or lateral movement of the building in which the Unit was located, and regardless of minor variance between the boundaries shown on the Plans or in a deed and those of the Unit.

The ownership of each Unit shall include, and there shall pass with each Unit, whether or not separately described in the conveyance thereof, that percentage of the right, title and interest in the Common Elements attributable to such Unit, together with membership in the Association and an undivided interest in the funds and assets held by the Association.

5. GENERAL COMMON ELEMENTS.

The General Common Elements consist of all portions of the Regime not located within the boundaries of a Unit and include, without limitation:

(a) the land whether leased or in fee simple and whether or not submerged on which the Regime buildings stand;

(b) certain utility infrastructures, fences, entry feature and lighting for same, paving, the foundation, roofs, exterior walls of the buildings, crawl spaces, landscape areas, outside parking area and lighting for same, mail kiosks, stairs, hallways, maintenance shed and car wash;

(c) the compactor, swimming pool, clubhouse with fitness facility, business center, laundry room, and clubroom, and all other lighting in any Common Element of the Regime buildings, and in general, all devices or installations existing or to be constructed or installed for common use; and

(d) all other elements of the Regime, in existence or to be constructed or installed, rationally of common use or necessary to its existence, upkeep, and safety.

Ownership of the General Common Elements shall be by the Owners as tenants-in-common. The percentage of undivided interest in and to the General Common Elements attributable to each Unit is set forth in Exhibit "B" attached hereto and incorporated herein by this reference. Such percentages of undivided interest may be altered only by the consent of all Owners and Mortgagees (or such lesser number of Owners and Mortgagees as may hereafter be prescribed by the Act) expressed in a duly recorded amendment to this Master Deed.

The General Common Elements shall remain undivided, and no Owner or any other Person shall bring any action for partition or division of the whole or any part thereof except as provided in the Act. Except as provided for Limited Common Elements or as otherwise provided herein, each Owner and the Association may use the General Common Elements for the purposes for which they are intended, but no such use shall enter or encroach upon the lawful rights of the other Owners.

6. LIMITED COMMON ELEMENTS.

(a) The Limited Common Elements located on the Regime and the Unit(s) to which they are assigned are:

(i) breezeways, hallways, corridors, and stairs serving more than one (1) but less than all Units, as shown on the Plans, are assigned as Limited Common Elements to the Units that they serve;

(ii) the portion of the Common Elements on which there is located any portion of the air conditioning or heating system exclusively serving a particular Unit or Units is assigned as a Limited Common Element to the Unit or Units so served;

(iii) any utility meter which serves only one (1) Unit is assigned as a Limited Common Element to the Unit so served;

(iv) a Unit may be assigned one (1) or more garages, shown on the Plans as Limited Common Elements. Garages may be initially assigned or reassigned by amendment to this Master Deed as provided in subparagraphs (b) and (c) below;

(v) a Unit may be assigned one (1) or more boat parking spaces, shown on the Plans as Limited Common Elements. Boat parking spaces may be initially assigned or reassigned by amendment to this Master Deed as provided in subparagraphs (b) and (c) below;

(vi) any balcony attached to and serving only one (1) Unit is assigned as a Limited Common Element to the Unit to which it is attached and which it serves;

(vii) any chimney (including the flue, damper and chimney cap) adjoined and connected to a Unit or Units are assigned as Limited Common Elements to the Unit or Units to which they are adjoined and connected; and

(viii) each Unit is assigned one (1) mailbox or mail slot, to be initially assigned in the sole discretion of Declarant.

(b) The Association's Board of Directors, without need for a membership vote, is hereby authorized to assign and to reassign Limited Common Elements and General Common Elements not previously assigned, provided that any such assignment or reassignment shall be made in accordance with the Act. A General Common Element not previously assigned as a Limited Common Element may be so assigned and a Limited Common Element may be reassigned by the Board, without the need for a vote of the Association, upon written application to the Association by the Owner or Owners for whose exclusive use such General Common Element is requested or whose use of the Limited Common Element previously assigned is directly affected. Upon such application, the Association shall prepare and execute an amendment to the Master Deed assigning the Common Element as a Limited Common Element or reassigning the Limited Common Element, which amendment shall be executed by the Owner or Owners making such application. For so long as Developer owns a Unit primarily for the purpose of sale, an amendment to assign a Common Element, not previously assigned as a Limited Common Element shall be executed by the officers of the Association, if the request is made by Developer. The Board has the right to approve or disapprove any such request made by any Person other than Developer.

(c) For so long as Developer owns any Unit primarily for the purpose of sale, Developer shall have the right to sell to Owners one (1) or more parking spaces and storage spaces to be assigned as Limited Common Elements pursuant to subparagraphs (a) and (b) above. The proceeds of the sale of parking spaces and storage spaces as Limited Common Elements shall belong to Developer.

7. ASSOCIATION MEMBERSHIP AND ALLOCATION OF VOTES.

All Owners, by virtue of their ownership of a fee or undivided fee interest in any Unit in the Regime, excluding Persons holding such interest under a Mortgage, are members of the Long Grove Property Owners Association, Inc., and, except as otherwise provided herein or in the Bylaws, shall be entitled to vote on all matters upon which members of the Association are entitled to vote pursuant to the Master Deed and in accordance with the Bylaws. Subject to the provisions of the Regime Instruments, the Owner or collective Owners shall be entitled to one (1) weighted vote for such Unit, which shall be weighted according to the percentage interests set forth in Exhibit "B." The percentage interests set forth on Exhibit "B" are calculated based on the value of an individual Unit versus the value of the Regime as a whole, which percentage interest may be expressed as a fraction, the numerator of which shall be the value of the individual Unit, and the denominator of which shall be the value of the Regime as a whole.

8. ALLOCATION OF LIABILITY FOR COMMON EXPENSES.

(a) Except as provided below or elsewhere in the Act or Regime Instruments, the amount of all Common Expenses shall be assessed against all the Units in accordance with the percentage of undivided interest in the Common Elements appurtenant to the Unit as set forth in Exhibit "B" attached hereto and incorporated herein by this reference.

(b) The Board of Directors shall have the power to levy special assessments against Units pursuant to this Paragraph as, in its discretion, it shall deem appropriate. Failure of the Board of Directors to exercise its authority under this Paragraph shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board's right to exercise its authority under this Paragraph in the future with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this Paragraph.

(i) Any Common Expenses benefiting less than all of the Units or significantly disproportionately benefiting all Units may be specially assessed equitably among all of the Units that are benefited according to the benefit received. Except for expenses for maintenance, repair or replacement of Limited Common Elements, which may be specially assessed, expenses incurred for the maintenance, repair or replacement of the Area of Common Responsibility, shall not be specially assessed.

(ii) Any Common Expenses occasioned by the conduct of less than all of those entitled to occupy all of the Units or by the Occupant(s), licensees or invitees of any such Unit or Units may be specially assessed against such Unit or Units.

(c) In the event the Regime is served by any common utility meter, the Board shall have the authority to install submeters and assess individual Unit utilities usage charges as special assessments as provided in subparagraph (b)(i) above. This shall include the right to add a charge for the cost of overhead for such submetering, against individual Units and/or to install separate utility meters for the Units.

9. ASSOCIATION RIGHTS AND RESTRICTIONS.

In addition to and not in limitation of all other rights it may have, the Association, acting through its Board of Directors, shall have the right and authority:

(a) to enter into Units for maintenance, emergency, security, or life-safety purposes, which right may be exercised by the Board of Directors, officers, agents, employees, managers, and all police officers, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall be only during reasonable hours and after reasonable notice to the Owner or Occupant of the Unit. For the purposes of this Paragraph, an emergency justifying immediate entry into a Unit shall include, but not be limited to, the following situations: a water or other utility leak, fire, strong foul odor, obvious insect infestation or sounds indicating that a Person or animal might be injured or sick and require immediate medical attention. No one exercising the rights granted in this subparagraph shall be liable for trespass, damages, or in any other manner by virtue of exercising such rights. The failure to exercise the rights herein or to exercise said rights in a timely manner shall not create liability to any of the above-referenced parties, it being agreed that no duty to enter a Unit shall exist;

(b) to make and to enforce reasonable rules and regulations governing the use of the Regime, including the Units, Limited Common Elements, and Common Elements;

(c) to enforce use restrictions, other Master Deed and Bylaws provisions, and rules and regulations by the imposition of reasonable monetary fines and suspension of use and voting privileges;

(d) to grant and accept permits, licenses, utility easements, leases, and other easements;

(e) to control, manage, operate, maintain, improve and replace all portions of the Area of Common Responsibility;

(f) to represent and act on behalf of the Owners in the event of damage or destruction as a result of casualty loss in accordance with the provisions of the Act and Paragraph 12 of this Master Deed;

(g) to represent and act on behalf of the Owners in the event of any loss resulting from condemnation or eminent domain in accordance with Paragraph 20 of this Master Deed;

(h) to acquire, hold, and dispose of tangible and intangible personal property and real property;

(i) to collect security deposits in reasonable amounts, as determined by the Board of Directors in its sole discretion, to protect against any damage to the Regime, including, without limitation, damage resulting from: moving in or out of a Unit; the transportation and use of construction materials in the Regime; and the alteration, modification, or addition to a Unit and any Limited Common Element appurtenant thereto. Costs for repair of such damage may be deductible from the security deposit and any additional expenses may be specifically assessed against the Unit under subparagraph 8(b)(ii) above;

(j) to approve contractors or subcontractors who have access to the Regime for the purpose of making repairs or improvements to Units based on rules and regulations promulgated and adopted by the Board which may include, without limitation: financial stability of the contractors and/or subcontractors; history of compliance with the Regime Instruments and rules and regulations of the Association; and other factors that may be reflective of quality and ability. The Board may also impose insurance requirements and collect other non-refundable fees for use of the trash receptacle;

(k) at the sole expense of the Association, without need for a membership vote, and without the consent of any affected Owner, to relocate any portion of the air conditioning, heating, plumbing, ventilating, exhaust or electrical system serving a particular Unit, provided that after such relocation, the system serving the Unit functions at least as well and at no greater cost to the Owner as existed prior to the relocation;

(l) to close permanently or temporarily any portion of the Common Elements (excluding the Limited Common Elements, and any Common Elements the use of which is reasonably necessary for access to or from a Unit and any portion of the Common Elements subject to the Master Declaration or any portion of the Common Elements over, on, upon or which Declarant has an easement) with thirty (30) days prior notice to all Owners, except that, in emergency situations requiring a temporary closing, prior notice shall not be required so long as notice is given within three (3) days after the closing explaining the reason for the closing. Notwithstanding the above, the Owners may re-open closed Common Elements by a majority vote of the Total Association Vote, cast at a duly called special or annual meeting; and

(m) to enter into joint agreements and contracts with other homeowners associations for the provision of services, including, without limitation, management, landscaping, porter, concierge, property monitoring services, and trash removal services.

10. ASSESSMENTS.

(a) Purpose of Assessment. The Association shall have the power to levy assessments as provided herein and in the Act. The assessments for Common Expenses provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and Occupants of Units in the Regime as may be more specifically authorized from time to time by the Board.

(b) Creation of the Lien and Personal Obligation For Assessments. Each Owner of any Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (i) annual assessments or charges; (ii) special assessments, such assessments to be established and collected as hereinafter provided; and (iii) specific assessments against any particular Unit which are established pursuant to the terms of this Master Deed, including but not limited to reasonable fines imposed in accordance with the terms of this Master Deed.

All such assessments, together with charges, interest, costs, and reasonable attorneys' fees actually incurred, and if the Board so elects, rents, in the maximum amount permitted under South Carolina law, shall be a charge on the Unit and shall be a continuing lien upon the Unit against which each assessment is made. Such amounts shall also be the personal obligation of the Person who was the Owner of such Unit at the time when the assessment fell due. Each Owner and his or her grantee shall be jointly and severally liable for all assessments and charges due and payable at the time of any conveyance. Pursuant to provision Section 27-31-200 of the Act, upon the conveyance of a Unit, all unpaid assessments against a Unit shall first be paid out of the sales price of such Unit or by the acquirer over any other charges or assessments of whatever nature, except as provided in the Act. Notwithstanding anything contained herein to the contrary, pursuant to the Act, any grantee who obtains title pursuant to judicial or nonjudicial foreclosure of any Mortgage of record shall not be liable for such Unit's share of assessments accruing subsequent to the recording of such Mortgage, but prior to the acquisition of title by such Mortgagee.

Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors; unless otherwise provided, the annual assessments shall be paid in equal monthly installments

due on the first day of each calendar month. No Owner may exempt him or herself from liability for or otherwise withhold payment of assessments for any reason whatsoever, including, but not limited to, nonuse of the Common Elements, the Association's failure to perform its obligations required hereunder, abandonment of his or her Unit, or a dispute arising from the Association's performance of its duties. The lien provided for herein shall have priority as provided in the Act.

The Board of Directors shall have the right to: (i) not spend the full amount budgeted for any particular line item in the budget; (ii) spend more than what has been budgeted; and (iii) shift revenues within the budget from one line to another.

(c) Delinquent Assessments. All assessments and related charges not paid on or before the due date shall be delinquent, and the Owner shall be in default.

(i) Any monthly installment of annual assessments or any part thereof not paid in full by the tenth (10th) day of the month or any other charge not paid within ten (10) days of the due date shall bear interest from such date at the maximum legal rate allowable under South Carolina law without further notice or warning to the delinquent Owner.

(ii) If part payment of assessments and related charges is made, the amount received may be applied first to costs and reasonable attorneys' fees actually incurred, then to late charges, then to interest, then to delinquent assessments, and then to current assessments.

(iii) If assessments, fines or other charges or any part thereof due from an Owner remain delinquent and unpaid for a period greater than fifteen (15) days from the date due, a notice of delinquency may be given to that Owner stating that if the assessment, fine or charge remains delinquent for more than ten (10) days from the date of the notice of delinquency, the Board of Directors may accelerate and declare immediately due all of that Owner's unpaid installments of the annual assessment and of any special assessment without any further notice being given to the delinquent Owner. Upon acceleration, that Owner shall thereby lose the privilege of paying the annual assessment in monthly installments for that fiscal year.

(iv) If assessments and other charges or any part thereof remain unpaid more than thirty (30) days after they become delinquent, the Association, acting through the Board, may institute suit to collect all amounts due pursuant to the provisions of the Master Deed, the Bylaws, the Act and South Carolina law, including reasonable attorneys' fees actually incurred, and suspend the Owner and/or Occupant's right to use the Common Elements, including the right to bring or park vehicles on the Common Elements or have guests bring or park vehicles on the Common Elements. However, the Board may not limit pedestrian, medical, fire, police or other health, safety, service or emergency vehicle ingress or egress to or from the Unit or deny necessary parking of clearly and properly identified handicapped vehicles used by handicapped owners or occupants protected by the Fair Housing Amendments Act of 1988. Prior to suspending parking privileges, the Association shall provide the delinquent Owner or Occupant written notice of its intention to do so, sent by certified mail not less than ten (10) days prior to the date of such suspension.

(v) If any assessment or other charge is delinquent for thirty (30) days or more, then, in addition to all other rights provided in the Act and herein, the Association shall have the right to suspend water, electricity, gas, heat, air conditioning, cable television, or other utility services to the Unit paid for as a Common Expense by the Association. Any costs incurred by the Association in discontinuing and/or reconnecting any utility service, including reasonable attorneys' fees, shall be an assessment against the Unit. The utility services shall not be required to be restored until the

delinquency is paid in full, at which time the Association shall make arrangements for restoration of the service. An Owner whose utility or service has been suspended hereunder shall not be entitled to use any such utility or service from any source, and any such unauthorized use shall be considered a theft of services under South Carolina law.

(d) Computation of Operating Budget and Assessment. It shall be the duty of the Board at least twenty-one (21) days prior to the Association's annual meeting to prepare and deliver to each member a budget covering the estimated costs of operating the Regime during the coming year and a notice of the assessments to be levied against each Unit for the following year. The budget and the assessment shall become effective unless disapproved at a duly called and constituted annual meeting of the Association by a vote of a majority of the Total Association Vote; provided, however, if a quorum is not obtained at the annual meeting, the budget shall become effective even though a vote to disapprove the budget could not be called at this meeting.

Notwithstanding the foregoing, in the event that the membership disapproves the proposed budget or the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the current year shall continue for the succeeding year. In such case, the Board may propose a new budget at any time during the year at a special meeting of the Association. The proposed budget and assessment shall be delivered to the members at least twenty-one (21) days prior to the proposed effective date thereof and at least ten (10) days prior to the special meeting. The approval procedure set forth above for budgets considered at annual meetings shall also apply to budgets considered at special meetings.

(e) Special Assessments. In addition to the annual assessment provided for in subparagraph (b) above, the Board may, at any time, and in addition to any other rights it may have, levy a special assessment against all Owners, notice of which shall be sent to all Owners.

(f) Capital Reserve Budget and Contribution. The Board of Directors shall annually prepare a capital reserve budget that shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital reserve contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital reserve budget, with respect both to amount and timing by equal annual assessments over the period of the budget. The annual capital reserve contribution required, if any, shall be fixed by the Board and included within the budget and assessment as provided in subparagraph (d) of this Paragraph. A copy of the capital reserve budget shall be distributed to each member in the same manner as the operating budget.

(g) Statement of Account. Any Owner, Mortgagee, or a Person having executed a contract for the purchase of a Unit, or a lender considering a loan to be secured by a Unit, shall be entitled, upon written request, to a statement from the Association setting forth the amount of assessments due and unpaid, including any late charges, interest, fines, or other charges against a Unit. The Association shall respond in writing within five (5) business days of receipt of the request for a statement; provided, however, the Association may require the payment of a fee as a prerequisite to the issuance of such a statement. Such written statement shall be binding on the Association as to the amount of assessments due on the Unit as of the date specified therein.

(h) Surplus Funds and Common Profits. Common profits from whatever source shall be applied to the payment of Common Expenses. Any surplus funds remaining after the application of such common profits to the payment of Common Expenses shall, at the option of the Board of Directors, either be distributed to the Owners or credited to the next assessment chargeable to the Owners in proportion to

the liability for Common Expenses attributable to each Unit, or added to the Association's capital reserve account as set forth in (f) above.

If the Board of Directors reasonably determines that during a fiscal year there will likely be a surplus of funds at the end of such fiscal year (excluding amounts designated for reserves), the Board may, but shall not be required to, reduce the amount of the annual assessment to be collected from the Owners for the remainder of that fiscal year. Any Owner who has already paid the entire annual assessment at the time of such reduction shall, in the discretion of the Owner, either receive a refund of the overpayment or a credit of the amount of the overpayment towards the annual assessment of the Association for the following fiscal year. Notwithstanding the above, the Association may first apply the amount of any overpayment toward any other amount the Owner may owe to the Association.

(i) Date of Commencement of Assessments. Assessments shall commence as to a Unit on the first day of the month following the conveyance of the Unit to a Person other than the Declarant. Notwithstanding anything to the contrary stated herein, the Declarant shall not be responsible for the payment of any type of assessment until the expiration of Declarant's right to appoint the directors and officers of the Association as provided in Article III, Part A, Section 2 of the Bylaws. Assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first annual common assessment shall be adjusted according to the number of months then remaining in that fiscal year.

(j) Budget Deficits During Declarant Control. For so long as the Declarant has the authority to appoint the directors and officers of the Association as provided in Article III, Part A, Section 2 of the Bylaws, Declarant shall pay to the Association the amount sufficient to satisfy the deficit, if any, between the actual operating expenses of the Association (but specifically not including an allocation for capital reserves) and the sum of the annual, special and specific assessments collected by the Association in any fiscal year.

(k) Working Capital Fund. Declarant, on behalf of the Association, shall establish a working capital fund to meet unforeseen expenditures or to purchase any additional equipment or services. A non-refundable contribution to the working capital fund of the Association shall be paid by the purchaser of a Unit at the closing of each sale or resale of a Unit in the amount of two (2) months of the general assessment charged to such Unit. Declarant shall not use the working capital funds to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the Association. Notwithstanding anything to the contrary herein, the contribution to the working capital fund shall not be due from: (i) any grantee who is the Domestic Partner, spouse or former spouse of the grantor; (ii) any grantee that is a wholly-owned entity of the grantor; (iii) any grantee to whom a Unit is conveyed by a will or through the law of intestacy; or (iv) any grantee of a Unit who obtains title pursuant to judicial or nonjudicial foreclosure of any first Mortgage of record or secondary purchase money Mortgage of record (provided that neither the grantee nor any successor grantee on the Mortgage is the seller of the Unit).

11. INSURANCE.

The Association, acting through its Board of Directors, shall obtain and maintain at all times, as a Common Expense, insurance as required herein. The Association shall obtain property insurance that shall, at a minimum, afford fire and extended coverage insurance for and in an amount consonant with the full replacement value of the buildings and other structures on the Regime. Such coverage shall include all of the Units and the fixtures initially installed therein by Developer and replacements thereof up to the value of those initially installed by Developer, but shall not include any improvements or additions (including wall

coverings and fixtures) made by or on behalf of any Owner other than those made by Developer and shall exclude furnishings and other personal property within a Unit.

All insurance purchased by the Association pursuant to this Paragraph shall run to the benefit of the Association, the Board of Directors, officers, all agents and employees of the Association, the Owners and their respective Mortgagees, and all other persons entitled to occupy any Unit as their interests may appear. The Association's insurance policy may contain a reasonable deductible, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance equals at least the replacement cost of the insured property.

The Board of Directors shall make available for review by Owners a copy of the Association's insurance policy to allow Owners to assess their personal insurance needs and each Owner shall have the obligation to obtain any additional coverage at his or her own expense.

All insurance coverage for the Association shall be written in the name of the Association as trustee for itself, each of the Owners, and the Mortgagees of Owners, if any. It shall be the duty of the Board of Directors at least every two (2) years to conduct an insurance review to determine if the policy in force is adequate to meet the needs of the Association and to satisfy the requirements of this Paragraph. Such responsibility may be performed, and shall be deemed reasonably performed, by the Board requesting the Association's insurance agent to verify that insurance policies in existence meet the needs of the Association and satisfy the requirements of this Paragraph.

(a) The Board of Directors shall utilize reasonable efforts to secure a blanket hazard insurance policy providing "special perils" coverage in an amount equal to full replacement cost, before application of deductibles, of all improvements located on the Regime. If "special perils" coverage is not reasonably available at reasonable cost, the Board shall obtain, at a minimum, fire and extended coverage, in like amounts. The Board shall use reasonable efforts to obtain policies that will provide the following:

(i) the insurer waives its rights of subrogation of any claims against directors, officers, the managing agent, the individual Owners, Occupants, and their respective household members;

(ii) any "other insurance" clause contained in the master policy shall expressly exclude individual Owners' policies from its operation;

(iii) until the expiration of ten (10) days after the insurer gives notice in writing to the Mortgagee of any Unit, the Mortgagee's insurance coverage will not be affected or jeopardized by any act or conduct of the Owner of such Unit, the other Owners, the Board of Directors, or any of their agents, employees, or household members, nor be canceled for nonpayment of premiums;

(iv) the master policy may not be canceled, substantially modified, or subjected to nonrenewal without at least ten (10) days prior notice in writing to the Board of Directors and all Mortgagees of Units; and

(v) an agreed value endorsement and an inflation guard endorsement.

(b) All policies of insurance shall be written with a company licensed to do business in the State of South Carolina. The company shall provide insurance certificates to each Owner and each Mortgagee upon request.

(c) Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Association's Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(d) In no event shall the insurance coverage obtained and maintained by the Association hereunder be brought into contribution with insurance purchased by individual Owners or their Mortgagees. Each Owner shall notify the Board of Directors of all structural improvements or significant upgrades made by the Owner to his or her Unit. Any Owner who obtains an individual insurance policy covering any portion of the Regime, other than improvements and betterments made by such Owner at his or her expense and personal property belonging to such Owner, shall file a copy of such individual policy or policies with the Board of Directors within thirty (30) days after the purchase of such insurance. Such Owner shall also promptly notify, in writing, the Board of Directors in the event such policy is cancelled.

(e) In addition to the insurance required hereinabove, the Board shall obtain as a Common Expense:

(i) workers' compensation insurance if and to the extent necessary to meet the requirements of law;

(ii) public liability insurance and officers' and directors' liability insurance in such amounts as the Board may determine. The public liability insurance shall contain a cross liability endorsement;

(iii) fidelity bonds, if reasonably available, covering officers, directors, employees, and other persons who handle or are responsible for handling Association funds. Such bonds, if reasonably available, shall be in an amount consistent with the best business judgment of the Board of Directors, but in no event less than three (3) months assessments plus a reasonable amount to cover all or a reasonable portion of reserve funds in the custody of the Association at any time during the term of the bond; provided, however, fidelity coverage herein required may be reduced based on the implementation of financial controls which take one or more of the following forms: (a) the Association or management company, if any, maintains a separate bank account for the working account and the reserve account, each with appropriate access controls and the bank in which funds are deposited sends copies of the monthly bank statements directly to the Association; (b) the management company, if any, maintains separate records and bank accounts for each association that uses its services and the management company does not have the authority to draw checks on, or to transfer funds from, the Association's reserve account; or (c) two (2) members of the Board of Directors must sign any checks written on the reserve account; and

(iv) such other insurance as the Board of Directors may determine to be necessary or desirable including, for example coverage of the following types of property contained within a Unit, regardless of ownership: (A) fixtures, improvements and alterations that are part of the Building or structure; and (B) appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

(f) Insurance carried by the Association as a Common Expense shall not be required to include: (i) any part of a Unit that is not depicted on the original Plat; or (ii) any part of a Unit that was not included as part of the collateral for the initial loan made for the initial purchase of the Unit, nor shall the Association include public liability insurance for individual Owners for liability arising within the Unit.

(g) Nothing contained herein gives any Owner or other party a priority over any rights of first Mortgagees as to distribution of insurance proceeds. Any insurance proceeds payable to the Owner of a Unit on which there is a Mortgagee endorsement shall be disbursed jointly to such Owner and the Mortgagee. This is a covenant for the benefit of any such Mortgagee and may be enforced by any such Mortgagee.

(h) Every Owner shall be obligated to obtain and maintain at all times insurance covering those portions of his or her Unit to the extent not insured by policies maintained by the Association. Upon request by the Board, the Owner shall furnish a copy of such insurance policy or policies to the Association. In the event that any such Owner fails to obtain insurance as required by this subparagraph, the Association may purchase such insurance on behalf of the Owner and assess the cost thereof to the Owner, to be collected in the manner provided for collection of assessments under Paragraph 10 hereof.

(i) Insurance Deductibles. In the event of an insured loss, any required deductible shall be considered a maintenance expense to be paid by the person or persons who would be responsible for such loss in the absence of insurance. If the loss affects more than one (1) Unit or a Unit and the Common Elements, the cost of the deductible may be apportioned equitably by the Board among the parties suffering loss in proportion to each affected owner's portion of the total cost of repair. Notwithstanding this, if the insurance policy provides that the deductible will apply to each Unit separately or to each occurrence, each Owner shall be responsible for paying the deductible pertaining to his or her Unit, if any. If any Owner or Owners fail to pay the deductible when required under this subparagraph, then the Association may pay the deductible and assess the cost to the Owner or Owners pursuant to Paragraph 8 of this Master Deed.

(j) Payment of Claims to Delinquent Owners. Notwithstanding anything to the contrary herein, in the event of an insured loss under the Association's master hazard insurance policy for which the Association receives from the insurer payment for a loss sustained by an Owner who is delinquent in the payment of assessments owed to the Association under Paragraph 10 hereof, then the Association may retain and apply such proceeds to the delinquency. Any surplus remaining after application of the proceeds to any delinquency shall be paid by the Association to the affected Owner.

12. REPAIR AND RECONSTRUCTION.

Pursuant to the Act, in the event of damage to or destruction of any part of the Regime as a result of fire or other casualty which requires the reconstruction of more than two-thirds (2/3) of the Regime, the Association shall not proceed with the reconstruction and repair of the Regime unless one hundred percent (100%) of the Owners agree to proceed with the reconstruction and repair of the Regime. If one hundred percent (100%) of the Owners do not agree to proceed with the reconstruction and repair of the Regime, the insurance proceeds shall be delivered pro rata to the Owners in accordance with the percentage of ownership set forth on Exhibit "B".

Pursuant to the Act, in the event of damage to or destruction of any part of the Regime as a result of fire or other casualty which does not requires the reconstruction of more than two-thirds (2/3) of the Regime, the Association shall proceed with the reconstruction and repair of the Regime in accordance with the provisions below.

In the event of substantial damage or destruction, each holder of a first Mortgage shall be entitled to written notice of the damage, and nothing in these documents shall be construed to afford a priority to any Owner with respect to the distribution of proceeds to any such Unit.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to the Regime, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring the structures (including any damaged Unit) to substantially the condition that existed before such casualty, allowing for any changes or improvements necessitated by changes in applicable building codes. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary.

(b) Source and Allocation of Proceeds. If, for any reason, the proceeds of insurance are not sufficient to defray the costs of reconstruction and repair, as determined by the Board, the additional costs shall be assessed against the Owners of the Unit(s) damaged in proportion to the value of their respective Units or against all Owners, in the case of insufficient funds to cover damage to the Common Elements. If an Owner refuses to pay such costs, upon the affirmative vote or written consent of the members of the Association holding a Majority of the Total Association Vote, the Owners may proceed with such reconstruction at the expense of all Owners benefited thereby. This assessment shall not be considered a special assessment as discussed in subparagraph 10(e). If there are surplus funds after repair and reconstruction is completed, such funds shall be common funds of the Association to be used as directed by the Board. The provisions of this subparagraph 11(b) may be amended subsequent to the date on which the fire or other disaster occurs by one hundred percent (100%) of the Owners affected.

(c) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the Plans and specifications under which the Regime was originally constructed to standard finish so as to exclude any upgrades made to Units, except where changes are necessary to comply with current applicable building codes or where improvements not in accordance with the original Plans and specifications are approved by the Board of Directors. To the extent insurance proceeds are available, the Association may reconstruct or repair Owner improvements damaged as a result of fire or other casualty.

(d) Encroachments. Encroachments upon or in favor of Units that may be created as a result of such reconstruction or repair shall not constitute a claim or basis for any proceeding or action by the Owner upon whose property such encroachment exists, provided that such reconstruction was substantially in accordance with the architectural plans under which the Regime was originally constructed. Such encroachments shall be allowed to continue in existence for so long as the reconstructed building shall stand.

(e) Construction Fund. The net proceeds of the insurance collected on account of a casualty and the funds collected by the Association from assessments against Owners on account of such casualty shall constitute a construction fund, which shall be disbursed in payment of the cost of reconstruction and repair in the manner set forth in this Paragraph to be disbursed by the Association in appropriate progress payments to such contractor(s), supplier(s), and personnel performing the work or supplying materials or services for the repair and reconstruction of the structure as are designated by the Board of Directors.

13. ARCHITECTURAL CONTROLS.

(a) During Declarant Control. During the time in which Declarant has the right to appoint directors and officers of the Association under Article III, Part A, Section 2 of the Bylaws, there shall be no Architectural Control Committee and all encroachments onto the Common Elements or Limited Common Elements, exterior change, alteration or construction (including painting and landscaping), and any erection, placement or posting of any object, sign, clothesline, speaker, playground equipment, light, fountain, flag, personalized or customized exterior door mat, or thing on the exterior or roofs of the buildings, in any windows (except window treatments as provided herein), or on any Limited Common

Elements or any Common Elements, must receive the prior written approval of Declarant. However, a mezuzah or comparable religious symbol not larger than three inches (3") in width and nine inches (9") in height may be posted on the doorframe of the Unit. In addition, reasonable seasonal decorative lights may be displayed between Thanksgiving and January 15. Granting or withholding such approval shall be within the sole discretion of Declarant. All references in the Regime Instruments to the Architectural Control Committee or ACC shall refer to Declarant during the period Declarant has the right to appoint the officers and directors of the Association. Notwithstanding anything to the contrary stated herein, the initial improvements constructed on the Regime and all architectural modifications thereto that are made by Declarant shall not be subject to approval pursuant to this Paragraph.

(b) After Declarant Control. After such time as Declarant's rights to appoint officers and directors of the Association as provided in Article III, Part A, Section 2 of the Bylaws has expired, an Architectural Control Committee shall be appointed by the Board of Directors and except for Declarant, so long as Declarant shall own a Unit for sale, no Owner, Occupant, or any other Person may make any encroachment onto the Common Elements or Limited Common Elements, or make any exterior change, addition, alteration, or construction (including painting and landscaping), nor erect, place or post any object, sign, clothesline, speaker, playground equipment, light, fountain, flag, personalized or customized exterior door mat, or thing on the exterior or roofs of the buildings, in any windows (except window treatments as provided herein), on any Limited Common Elements, or on any other Common Elements, without first obtaining the written approval of the ACC. However, a mezuzah or comparable religious symbol not larger than three inches (3") in width and nine inches (9") in height may be posted on the doorframe of the Unit. In addition, reasonable seasonal decorative lights may be displayed between Thanksgiving and January 15. The standard for approval of such improvements shall include, but not be limited to, aesthetic consideration, materials to be used, harmony with the external design of the existing buildings, Units and structures, the location in relation to surrounding structures and topography, and the impact of such approval, if any, on the increase or decrease of sounds and vibrations between the Units and between the Units and the Common Elements. Notwithstanding the above, Declarant shall not be required to obtain any approvals under this Paragraph.

(c) Alteration of Units. Subject to the other provisions of this Master Deed, alterations to the interiors of Units, relocation of the boundaries between adjoining Units, and subdivision of Units are subject to the following restrictions:

(i) Alterations to the Interiors of the Units. Except as provided herein, no Owner or Occupant may make any alteration within a Unit which involves connecting to Common Element pipes, lines, conduits and/or other apparatus for access to common utilities without prior written ACC approval (including, but not limited to, installation of washers and dryers). Except as provided herein, no Owner or Occupant shall make any interior modifications to or place an excessive load on any structural or load bearing portions of a Unit without first obtaining the prior written approval of the ACC. Such approval shall not be granted by the ACC unless the Owner has presented to the ACC a report or drawing prepared by a licensed structural engineer showing that compensating measures will be taken to ensure the structural integrity of the Unit and the Regime. All building code requirements must be complied with and necessary permits and approvals secured for any modifications. Notwithstanding the above, all Owners desiring to make any interior modifications or alterations to a Unit affecting the Common Elements or structure or load bearing portions of a Unit must make application to the ACC as described below in order for the ACC to make the determination of whether the ACC's approval is required.

Notwithstanding the above, if any Owner acquires an adjoining Unit, such Owner shall have the right (subject to the prior written approval of the Mortgagees of the Units involved)

to remove all or any part of any intervening partition or to create doorways or other apertures therein, notwithstanding the fact that such partition may, in whole or part, be part of the Common Elements, so long as no portion of any structural or load bearing portions of the Unit(s) are materially weakened or removed and the ACC has approved the plans described above and no portion of any Common Elements is damaged, destroyed or endangered, other than that partition and any chutes, flues, ducts, conduits, wires or other apparatus contained therein which shall be relocated by such Owner if such facilities serve any other part of the Regime. Notwithstanding the above, Declarant shall not be required to obtain any approvals under this Paragraph. The alterations permitted in this Paragraph shall not be deemed an alteration or relocation of boundaries between adjoining Units.

(ii) Relocation of Boundaries. Boundaries between adjoining Units shall not be relocated; provided, however, Declarant shall have the right to relocate boundaries between Units owned by Declarant without the approval of the Board of Directors, and the Board of Directors shall execute the required amendment to the Master Deed.

(iii) Subdivision of Units. No Unit shall be subdivided into a smaller Unit or Units.

(d) Applications. Applications for approval of any such architectural modification shall be in writing and shall provide such information as the ACC may reasonably require. Once an application and all required information is received by the ACC, the ACC shall stamp the application as being complete and shall then forward to the applicant a written notice of application completion (the "Notice of Application Completion"). The ACC shall be the sole arbiter of such application and may withhold approval for any reason, including purely aesthetic considerations, and it shall be entitled to stop any construction that is not in conformance with approved plans. The Board or ACC may publish written architectural standards for exterior and Common Element alterations or additions, and any request in substantial compliance therewith shall be approved; provided, however, each such requested change shall be in harmony with the external design of the existing buildings and Units and the location in relation to surrounding structures and topography of the vicinity.

In the event that the ACC fails to approve or to disapprove such application within forty-five (45) days after the date of the Notice of Application Completion, ACC approval will not be required and this Paragraph will be deemed complied with; provided, however, even if the requirements of this Paragraph are satisfied, nothing herein shall authorize anyone to construct or maintain any structure or improvement that is otherwise in violation of the Master Deed, the Bylaws, or the rules and regulations of the Association.

(e) Appeal. In the event that the ACC or its designated representative disapproves any application or part thereof, an Owner shall have the right to appeal the ACC's decision to the Board of Directors. The Board shall rule on the appeal within forty-five (45) days of receiving written notice requesting an appeal from the Owner. In ruling on the appeal, the Board shall consider all relevant materials presented to it by either the Owner or the ACC, the decision of the ACC, and the application of the Owner to the ACC. The Board of Directors shall have the final authority to approve, disapprove, or conditionally approve or disapprove the application of the Owner. If the Board does not receive written notice from the Owner by certified mail requesting an appeal within fourteen (14) days from the date of the ACC's notice to the Owner of its decision, the decision of the ACC shall become final and all rights of appeal shall terminate and thereafter be void.

(f) Encroachments onto Common Elements. The ACC, subject to this Paragraph, may permit Owners to make encroachments onto the Common Elements as it deems acceptable.

(g) Condition of Approval. As a condition of approval for a requested architectural change, modification, addition, or alteration, an Owner, on behalf of him or herself and his or her successors-in-interest, shall assume all responsibilities for maintenance, repair, replacement and insurance of such change, modification, addition, or alteration, unless otherwise agreed to in writing by the ACC. It is the responsibility of every Owner of a Unit to determine for him or herself what architectural modifications have been made to his or her Unit by any predecessor-in-interest. In the discretion of the Board or ACC, an Owner may be made to verify such condition of approval by written instrument in recordable form acknowledged by such Owner on behalf of him or herself and all successors-in-interest.

(h) Limitation of Liability. Review and approval of any application pursuant to this Paragraph is made on the basis of aesthetic considerations only, and neither Declarant, the Board of Directors or the ACC shall bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, or for ensuring compliance with building codes and other governmental requirements. Neither Declarant, the Association, the Board of Directors, the ACC, or member of any of the foregoing shall be held liable for any injury, damages or loss arising out of the manner or quality of approved construction on or modifications to any Unit.

(i) No Waiver of Future Approvals. Each Owner acknowledges that the members of the Board of Directors and ACC will change from time to time and that interpretation, application and enforcement of the architectural standards may vary accordingly. Each Owner further acknowledges that the Board of Directors and ACC may adopt different architectural standards for different parts of the Regime, based on street visibility and location of the proposed modification in the building. The approval of either the Board of Directors or the ACC of any proposals, plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the Board of Directors, or the ACC shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent.

(j) Enforcement. Any construction, alteration, or other work done in violation of this Paragraph shall be deemed to be nonconforming. Upon written request from the Board or the ACC, Owners shall, at their own cost and expense, remove such construction, alteration, or other work and shall restore the property to substantially the same condition as existed prior to the construction, alteration, or other work. Should an Owner fail to remove and restore as required hereunder, the Board or its designees shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as existed prior to the construction, alteration or other work. All costs thereof, including reasonable attorneys' fees, may be assessed against the benefited Unit and collected as an assessment pursuant to this Master Deed.

In addition to the foregoing, the Board of Directors shall have the authority and standing, on behalf of the Association, to impose reasonable fines and to pursue all legal and equitable remedies available to enforce the provisions of this Paragraph and its decisions. Furthermore, the Board shall have the authority to record in the Charleston County land records notices of violation of the provisions of this Paragraph.

If any Owner or Occupant makes any exterior change, alteration, or construction (including landscaping) upon the Common Elements or Limited Common Elements in violation of this Paragraph, he or she does so at his or her sole risk and expense. The Board may require that the change, alteration or construction be removed or that it remain on the Common Elements or Limited Common Elements without reimbursement to the Owner or Occupant for any expense he or she may have incurred in making the change, alteration or construction.

(k) Commencement of Construction. All changes, modifications and improvements approved by the ACC hereunder must be commenced within six (6) months from the date of approval. If not commenced within six (6) months from the date of such approval, then such approval shall be deemed revoked by the ACC, unless the ACC gives a written extension for commencing the work. All work approved by the ACC hereunder shall be completed in its entirety within ninety (90) days from the date of commencement, unless otherwise agreed in writing by the ACC. All approved changes, modifications, and improvements must be completed in their entirety. An Owner may not construct only a portion or part of an approved change, modification, or improvement.

(l) Approval Under the Master Declaration. The provisions for architectural control contained in this Declaration shall be in addition to, and not in lieu of the architectural control provisions contained in the Master Declaration. Whenever approval of the Board of Directors or the ACC is required under this Master Deed, the granting of such approval shall not dispense with the need also to comply with the approval procedures set forth in the Master Declaration. All proposed construction, modifications, alterations, and improvements shall be approved pursuant to this Master Deed before being submitted for approval pursuant to the Master Declaration. The Owner shall be responsible for any fees and costs associated with making such application pursuant to the Master Declaration, and any unpaid fees and costs shall constitute a lien against the Owner's Unit, and may be collected as an assessment pursuant to this Master Deed.

14. USE RESTRICTIONS.

Each Owner of a Unit shall be responsible for ensuring that the Owner's family, guests, tenants and Occupants comply with all provisions of the Regime Instruments and the rules and regulations of the Association. Furthermore, each Owner and Occupant shall always endeavor to observe and promote the cooperative purposes for which the Association was established. In addition to any rights the Association may have against the Owner's family, guests, tenants or Occupants, as a result of such Person's violation of the Regime Instruments, the Association may take action under this Master Deed against the Owner as if the Owner committed the violation in conjunction with the Owner's family, guests, tenants or Occupants.

In addition to the following use restrictions, the Board of Directors may adopt rules and regulations in accordance with the terms hereof and as specified in the Bylaws.

(a) Use of Units. Each Unit shall be used for residential purposes only, and no trade or business of any kind may be conducted in or from a Unit or any part of the Regime, except that the Owner or Occupant residing in a Unit may conduct ancillary business activities within the Unit so long as:

(i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside of the Unit;

(ii) the business activity does not involve visitation of the Unit by employees, clients, customers, suppliers or other business invitees in greater volume than would normally be expected for guest visitation to a residential Unit without business activity;

(iii) the business activity is legal and conforms to all zoning requirements for the Regime;

(iv) the business activity does not unreasonably increase traffic in the Regime in excess of what would normally be expected for residential Units in the Regime without business activity

(other than by couriers, express mail carriers, parcel delivery services and other such similar delivery services);

(v) the business activity does not increase the insurance premium paid by the Association or otherwise negatively affect the Association's ability to obtain insurance coverage;

(vi) the business activity is consistent with the residential character of the Regime and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of other residents of the Regime, as determined in the Board's discretion; and

(vii) the business activity does not result in a materially greater use of common element facilities or Association services.

The terms "business" and "trade," as used herein, shall have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to Persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefor. Notwithstanding the above, the use of a Unit by an on-site management agent operating on behalf of the Association shall not be considered a trade or business within the meaning of this Paragraph.

(b) Number of Occupants. The maximum number of Occupants in a Unit shall be limited to two (2) people per bedroom in the Unit, (as such bedrooms are depicted on the original Survey and Plans filed in the Office of the Register of Deeds for Charleston County, South Carolina). This occupancy restriction shall not apply to require the removal of any Person lawfully occupying a Unit on the date of the recording of this Master Deed. Upon written application, the Board shall grant variances to this restriction to comply with provisions of the Fair Housing Amendments Act of 1988 or any amendments thereto.

If an Owner of a Unit is a corporation, partnership, trust or other legal entity not being a natural person, the entity shall designate in writing to the Board the name(s) of the Person(s) who will occupy the Unit. The designated Person(s) to occupy the Unit may not be changed more frequently than once every six (6) months without the express written consent of the Board as determined in the Board's sole discretion.

(c) Outbuildings. No structure of a temporary character, trailer, tent, shack, carport, garage, barn or other outbuilding shall be erected by any Owner or Occupant, other than Declarant, on any portion of the Regime, at any time, either temporarily or permanently, without the prior written approval of the Board.

(d) Use of Common Elements Including Amenities. There shall be no obstruction of the Common Elements, nor shall anything be kept on, parked on, stored on or removed from any part of the Common Elements without the prior written consent of the Board, except as specifically provided herein. With prior written Board approval, and subject to any restrictions imposed by the Board, an Owner may reserve portions of the Common Elements for use for a period of time as set by the Board. Any such Owner who reserves a portion of the Common Elements as provided herein shall assume, on behalf of him or herself and his or her guests, Occupants and family, all risks associated with the use of the Common Elements and all liability for any damage or injury to any Person or thing as a result of such use. The Association shall not be liable for any damage or injury resulting from such use unless such damage or injury is caused solely by the willful acts or gross negligence of the Association, its agents or employees.

There shall be no use of the roofs of the Regime buildings by the Owners, their family members, guests, tenants, invitees, agents or contractors. The Association and its agents and contractors shall have access to the roofs for performing its maintenance and repair responsibility. There shall be no gardening or landscaping on the Common Elements by Owners or Occupants without the prior written consent of the Board. This subparagraph shall not apply to Declarant, for so long as Declarant shall own a Unit for sale.

(e) Use of Storage Spaces, Limited Common Elements, and Balconies. Except as otherwise provided herein, the use of the Limited Common Elements assigned to the Units is restricted exclusively to the Owners of the Unit to which such Limited Common Elements are assigned, and said Owner's family members, guests, tenants and invitees. The Limited Common Elements are reserved for exclusive use, but shall not be construed or interpreted to be separate and apart from the Common Elements in general, and the restrictions applicable to the Common Elements shall also apply to the Limited Common Elements.

(i) Storage Spaces. Storage spaces shall be used solely for the purpose of storing any personal property belonging to the Owner or Occupant of the Unit to which such storage space is assigned as a Limited Common Element. No Owner or Occupant shall store any explosives, or any flammable, odorous, noxious, corrosive, hazardous or pollutant materials or any other goods in the space that would cause danger or nuisance to the storage space or the Regime. The storage space shall not be used for any purposes unlawful or contrary to any ordinance, regulation, fire code, or health code. If hazardous substances are stored, used, generated or disposed of on or in the storage space or if the storage space becomes contaminated in any manner for which the Owner or Occupant thereof is legally liable, Owner or Occupant shall indemnify and hold harmless Declarant, Association and Board of Directors from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses and any and all sums paid from settlement of claims, attorneys' fees, consultant and expert fees, arising as a result of that contamination by Owner or Occupant.

(ii) Balconies. No objects other than potted plants and patio furniture shall be placed on a balcony. This prohibition applies to objects such as, but not limited to, umbrellas, bicycles, laundry garments, towels and objects other than potted plants and patio furniture, except as may be authorized by the Board. Objects shall not be permitted to hang over or be attached to any exterior balcony wall or railing or to otherwise protrude outside of the vertical plane formed by the exterior surface of the balcony wall. Penetration of the surfaces of a balcony wall or floor is prohibited. No Owner or Occupant may enclose a balcony without the prior written consent of the ACC, as set forth in Paragraph 13 above. As used herein, "enclosure" shall mean the permanent enclosure of a balcony into the heated and cooled space within the boundaries of a Unit.

(f) Prohibition of Damage, Nuisance and Noise. Without the prior written consent of the Board of Directors, nothing shall be done or kept on the Regime, or any part thereof, which would increase the rate of insurance on the Regime or any Unit or part thereof, which would be in violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirements of any governmental body, or which would increase the Common Expenses.

The Units in the Regime are built in close proximity to one another, resulting in the sharing of common walls, floors and ceilings. As a result, noise and vibration may be detectable between Units or between Units and the Common Elements. Therefore, an Owner or Occupant shall not conduct activities within a Unit or use a Unit in a manner that interferes with or causes disruption to the use and quiet enjoyment of another Unit by its respective Owner and Occupant.

Furthermore, noxious, destructive or offensive activity shall not be carried on within any portion of the Regime. No Owner or Occupant of a Unit may use or allow the use of the Unit or any portion of the

Regime at any time, in any way or for any purpose which may endanger the health, unreasonably annoy or disturb or cause embarrassment, or discomfort to other Owners or Occupants, or in such a way as to constitute, in the sole opinion of the Board of Directors, a nuisance. In addition, no Owner or Occupant of a Unit may use or allow the use of a Unit or the Common Elements in any manner which creates disturbing noises, including, without limitation, use of stereo speakers or equipment that will in the sole discretion of the Board of Directors interfere with the rights, comfort or convenience of the other Owners or Occupants. Nothing herein, however, shall be construed to affect the rights of an aggrieved Owner to proceed individually for relief from interference with his or her property or personal rights.

No Owner, Occupant or agent of such Owner or Occupant shall do any work which, in the reasonable opinion of the Board of Directors or its designee, would jeopardize the soundness or safety of the Regime or any structure created thereon, would reduce the value thereof, or would impair any easement or other interest in real property thereto, without in every such case the unanimous, prior written consent of all members of the Association and their Mortgagees.

No damage to or waste of the Common Elements, or any part thereof, shall be permitted by any Owner or member of his or her family or any invitee of any Owner. Each Owner shall indemnify and hold the Association and the other Owners harmless against all loss to the Association or other Owners resulting from any such damage or waste caused by such Owner, members of his or her family, guests, invitees, or Occupants of his or her Unit.

(g) Firearms and Fireworks. The display or discharge of firearms or fireworks on the Common Elements or Limited Common Elements is prohibited; provided, however, the display of lawful firearms on the Common Elements or Limited Common Elements is permitted by law enforcement officers and also is permitted for the limited purpose of transporting the firearms across the Common Elements or Limited Common Elements to or from the Owner's Unit. The term "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size. The term "fireworks" shall include those items as listed in Section 23-35-10 of the of the South Carolina Code of Laws, 1976, as amended.

(h) Animals. No Owner or Occupant may keep any animal on any portion of the Regime except as expressly permitted in this subparagraph. An Owner or Occupant may keep no more than a total of two (2) dogs and/or cats per Unit; provided, however, each such pet shall not weigh more than fifty pounds (50 lbs.). Notwithstanding the foregoing, a reasonable number of other generally recognized household pets, as determined in the Board's sole discretion, weighing less than two (2) pounds each (including by way of illustration, but not limitation, fish, gerbils and small birds) may be kept in Units.

No Owner or Occupant may keep, breed or maintain any pet for any commercial purpose, and no structure for the care, housing, or confinement of any pet shall be constructed or maintained on any part of the Common Elements, including Limited Common Elements, without prior written ACC approval. No pets are allowed on any portion of the Common Elements except for the designated dog walk area, if any; provided, however, an Owner or Occupant may walk a pet across the Common Elements to reach such dog walk area, if any, or to enter or exit the Regime property. Notwithstanding the foregoing, pets must be kept on a leash and be under the physical control of a responsible Person at all times while on the Common Elements, but excluding the Limited Common Elements. Feces left upon the Common Elements by pets must be immediately removed by the owner of the pet or the Person responsible for the pet.

No potbellied pigs, snakes, pit bulldogs, Rotweillers or Doberman Pinschers may be brought onto or kept on the Regime at any time. In addition, other animals determined in the Board's sole discretion to be dangerous shall not be brought onto or kept on the Regime at any time. The Board may require that any pet that, in the Board's opinion, endangers the health of any Owner or Occupant or creates a nuisance or

unreasonable disturbance, be permanently removed from the Regime upon seven (7) days written notice. If the Owner or Occupant fails to do so, the Board may remove the pet. The Board may remove any pet, which, in the Board's sole discretion, presents an immediate danger to the health, safety or property of any community member, without prior notice to the pet's owner.

Any Owner or Occupant who keeps or maintains any pet upon the Regime shall be deemed to have agreed to indemnify and hold the Association, its directors, officers, and agents free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Regime.

(i) Parking. Subject to the restrictions herein, parking shall be available on a first-come, first-serve basis. No Owner or Occupant may keep or bring onto the Regime more than a reasonable number of vehicles per Unit at any time, as determined by the Board; provided, however, the Board may adopt reasonable rules limiting the number of vehicles which may be parked at the Regime. Vehicles only may be parked in designated parking spaces or other areas authorized in writing by the Board.

For so long as Declarant owns a Unit primarily for the purpose of sale, Declarant may sell more parking spaces or garages (which parking spaces or garages shall thereafter be Limited Common Elements appurtenant to the Unit to which they have been sold) to an Owner and may adopt rules regulating the use of unassigned parking spaces.

Disabled and stored vehicles are prohibited from being parked on the Regime, except in garages. For purposes hereof, a vehicle shall be considered "disabled" if it does not have a current license tag or is obviously inoperable. A vehicle shall be considered "stored" if it remains on the Regime without being driven for fourteen (14) consecutive days or longer without prior written Board permission.

Boats, trailers, jet-skis and trailers for same, panel trucks, buses, trucks with a load capacity of one (1) ton or more, vans (excluding vans used by handicapped persons, mini-vans or sport utility vehicles used as passenger vehicles and receiving a "car" or "passenger vehicle" classification by the South Carolina Department of Motor Vehicles), recreational vehicles (RVs and motor homes), vehicles used primarily for commercial purposes, and vehicles with commercial writings on their exteriors other than Sheriffs, Marshals, or police officers' vehicles marked as such, are also prohibited from being parked on the Regime, except areas, if any, that may be designated by the Board as parking areas for particular types of vehicles. Notwithstanding the above, trucks, vans, commercial vehicles and vehicles with commercial writings on their exteriors shall be allowed temporarily on the Common Elements during normal business hours for the purpose of serving any Unit or the Common Elements; provided, however, no such vehicle shall remain on the Common Elements overnight or for any purpose unless prior written consent of the Board is first obtained.

If any vehicle is parked on any portion of the Regime in violation of this Paragraph or in violation of the Association's rules and regulations, the Board or agent of the Association may place a notice on the vehicle specifying the nature of the violation and stating that after twenty-four (24) hours the vehicle may be towed or booted. The notice shall include the name and telephone number of the Person or entity that will do the towing or booting and the name and telephone number of a Person to contact regarding the alleged violation. If twenty-four (24) hours after such notice is placed on the vehicle the violation continues or thereafter occurs again within six (6) months of such notice, the Board or agent of the Association may have the vehicle towed or booted in accordance with the notice, without further notice to the Owner or user of the vehicle.

If a vehicle is parked in a fire lane, is blocking another vehicle or access to another Owner's Unit or parking space, is obstructing the flow of traffic, is parked on any grassy area, is parked in a parking space which has been assigned as exclusively serving another Unit, or otherwise creates a hazardous condition, no notice shall be required and the Board or agent of the Association may have the vehicle towed immediately. If a vehicle is towed in accordance with this subparagraph, neither the Association nor any officer or agent of the Association shall be liable to any Person for any claim of damage as a result of the towing activity. Notwithstanding anything to the contrary herein, the Board may elect to impose fines or use other available sanctions, rather than exercise its authority to tow or boot.

(j) Heating of Units in Colder Months. In order to prevent breakage of water pipes during colder months of the year resulting in damage to any portion of the Regime, increased Common Expenses, and increased insurance premiums or cancellation of insurance policies due to numerous damage claims, the thermostats within the Units shall be maintained with the heat in an "on" position and at a minimum temperature setting of fifty-five degrees (55°) Fahrenheit (except during power failures or periods when heating equipment is broken) whenever the temperature is forecasted to or does reach thirty-two degrees (32°) Fahrenheit or below. Owners and Occupants of Units shall take all steps possible on a timely basis to keep heating equipment, including, but not limited to, the thermostat, in good working order and repair. The Board of Directors may fine any Owner or Occupant and/or may cause the water service to the violator's Unit to be discontinued for violation of this subparagraph, in addition to any other remedies of the Association.

(k) Signs. Except as may be provided for herein or as may be required by legal proceedings, and except for signs which may be erected by Declarant related to the development and sale of Units, no signs, advertising posters, flyers, political placards or billboards of any kind shall be erected, placed, or permitted to remain on the Regime without the prior written consent of the Board or its designee. The Board shall have the right to erect reasonable and appropriate signs on behalf of the Association.

(l) Rubbish, Trash, and Garbage. All rubbish, trash, and garbage shall be regularly removed from the Unit and shall not be allowed to accumulate therein. No garbage or trash shall be placed on the Common Elements or Limited Common Elements outside the Unit, temporarily or otherwise, except in trash compactor. Rubbish, trash, and garbage shall be disposed of in sealed bags and either placed in the trash compactor, or proper receptacles designated by the Board for collection or removed from the Regime.

(m) Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities, including, but not limited to the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Regime. Clothing, bedding, rugs, mops, appliances, indoor furniture, and other household items shall not be placed or stored outside the Unit.

(n) Garage Sales. Garage sales, yard sales, flea markets, or similar activities are prohibited unless approved in writing by the Board of Directors.

(o) Garages. A Unit may have a garage assigned as a Limited Common Element, exclusively serving a particular Unit. Such assigned garages are designated Limited Common Elements and may only be used by the Owner or Occupants to whom the garages are assigned, and their guests and families. It is prohibited for an Owner or Occupant of a Unit that includes a garage to convert such garage to any other use. Garage doors shall remain closed at all times, except for necessary use, ingress, and egress. All garages shall be maintained in such a manner that parking for the maximum number of motor vehicles for which it was originally designed to hold is allowed and possible.

(p) Window Treatments. All windows in Units must have window treatments. The color of all window treatments visible from outside the Unit must be white or off-white. Bed sheets shall not be used as window treatments.

(q) Antennas and Satellite Dishes. Except as provided below, no satellite dish, antenna or other device for the transmission or reception of television signals, radio signals or any form of electromagnetic wave or radiation shall be erected, used or maintained on any portion of the Regime, including the Unit or Limited Common Elements; provided, however, the Association shall have the right to erect, construct and maintain such devices. The following shall apply to all Owners:

(i) No transmission antenna, of any kind, may be erected anywhere on the Regime, including the Units, without written approval of the Board of Directors or the Architectural Control Committee.

(ii) No direct broadcast satellite (DBS) antenna or multi-channel multi-point distribution service (MMDS) antenna larger than one meter in diameter shall be placed, allowed or maintained upon the Regime, including the Units and the Limited Common Elements.

(iii) DBS and MMDS satellite dishes or antennas one meter or less in diameter and television broadcast service antennas may only be installed in accordance with Federal Communication Commission (FCC) rules and the rules and regulations of the Association, both as may be amended from time to time.

In the event of a transfer of the Unit which includes a satellite dish or antenna, the grantee shall assume all responsibility for the satellite dish or antenna and shall comply with this Master Deed, the Bylaws and the rules and regulations regarding satellite dishes and antennas, including, but not limited to, those requirements relating to maintenance and removal of satellite dish or antenna.

(r) Grilling. The use of outdoor grills on any portion of the Regime buildings, including, without limitation, a balcony shall be governed by applicable state laws and local ordinances having jurisdiction over the Regime.

(s) Abandoned Personal Property. Personal property, other than vehicles as provided for in subparagraph (i) shall not be kept, or allowed to remain for more than twenty-four (24) hours upon any portion of the Common Elements, other than on a Limited Common Element, without prior written permission of the Board of Directors. If the Board determines that a violation exists, then, not less than two (2) days after written notice is placed on the personal property and/or on the front door of the property owner's Unit, if known, the Board may remove and either discard or store the personal property in a location which the Board may determine and shall have no obligation to return, replace or reimburse the owner of the property. The notice shall include the name and telephone number of the Person or entity that will remove the property and the name and telephone number of a Person to contact regarding the alleged violation.

The Board, in its discretion, may determine that an emergency situation exists and may exercise its removal rights hereunder without prior notice to the property owner; provided, however, in such case, the Board shall give the property owner, if known, notice of the removal of the property and the location of the property within three (3) days after the property is removed.

Neither the Association nor any officer or agent thereof shall be liable to any Person for any claim of damage resulting from the removal activity in accordance herewith. The Board may elect to impose fines or use other available remedies, rather than exercise its authority to remove property hereunder.

(t) Replacing Carpet with Tile or Hardwood Floors. Other than Declarant, no Owner, Occupant, or any other Person may replace carpeting with a tile, marble, vinyl, hardwood floor, or other hard surfaced flooring material, on the interior floor of a Unit which is located immediately above another Unit without first obtaining written approval of Declarant or the Architectural Control Committee, as applicable, as set forth in Paragraph 13. Among other factors, Declarant or the Architectural Control Committee, as applicable, may consider whether the change will cause noise to any Unit below which will exceed the average noise level in Units below Units with carpeted floors and that the weight of such proposed flooring is appropriate and will not cause problems to the structure or subflooring.

The Owner applying for such approval shall provide Declarant or the Architectural Control Committee, as applicable, with information regarding these factors, as well as other information requested by Declarant or the Architectural Control Committee regarding the proposed flooring and its effect; provided, however, the noise level requirements shall be considered to be met if the Owner provides a sound transmission test that the proposed flooring will create a noise level less than a standard level set by reasonable regulation of Declarant or the Architectural Control Committee, as applicable. Notwithstanding anything to the contrary stated herein, at least fifty percent (50%) of each room within a Unit located above another Unit (excluding the kitchen and bathrooms) shall have area rugs or carpet unless the flooring is sound proofed so as not to exceed the noise level in Units with carpeted floors.

(u) Sale Period. Notwithstanding any provisions contained in this Master Deed to the contrary, during the period of the sale of the Units it shall be expressly permissible for Declarant, its contractors, agents, employees, assigns and representatives, to maintain and carry on, upon such portion of the Regime as Declarant may deem necessary, such facilities and activities as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the completion and sale of the Units, including, but without limitation, business offices, signs, model Units and sales offices. The right to maintain and carry on such facilities and activities shall include specifically the right to use the parking facilities on the Regime for such purposes and to use the Units owned by Declarant as model Units and as offices for the sale of the Units and related activities.

(v) Move In/Move Out. Owner or Occupant shall not move furniture, construction materials, and other over-sized items in or out of the Regime except during such hours and according to requirements to be determined by the Board of Directors.

(w) Life-Safety Systems. Owners and Occupants shall not tamper with or disengage any portion of the life-safety systems that serve the Regime including, without limitation, the sprinkler heads and all branch and feed lines that support such sprinkler heads, and all fire control devices (such as smoke detectors and call boxes), regardless of whether such items are located within the boundaries of a Unit.

15. LEASING.

In order to preserve the character of the Regime as predominantly owner-occupied, and to comply with the eligibility requirements for financing in the secondary mortgage market, the leasing of Units shall be governed by the restrictions imposed by this Paragraph. Except as provided herein, the leasing of Units shall be prohibited. "Leasing," for the purposes of this Master Deed, is defined as regular, exclusive occupancy of a Unit by any Person other than the Owner. For purposes hereof, occupancy by a roommate

of an Owner who occupies the Unit as such Owner's primary residence shall not constitute Leasing hereunder.

(a) General. Owners desiring to lease their Units may do so only if they have applied for and received from the Board of Directors either a "Leasing Permit" or a "Hardship Leasing Permit." Such a permit, upon its issuance, will allow an Owner to lease his or her Unit provided that such Leasing is in strict accordance with the terms of the permit and this Paragraph. The Board of Directors shall have the authority to establish conditions as to the duration and use of such permits consistent with this Paragraph. All Leasing Permits and Hardship Leasing Permits shall be valid only as to a specific Owner and Unit and shall not be transferable between either Units or Owners, but shall be transferable to successors in title to the same Unit.

(b) Leasing Permits. An Owner's request for a Leasing Permit shall be approved if current, outstanding Leasing Permits have not been issued for more than twenty-five percent (25%) of the total number of Units (excluding Units owned by Declarant) in the Regime. A Leasing Permit shall be automatically revoked upon the happening of any of the following events: (i) the failure of an Owner to lease his or her Unit within one hundred eighty (180) days of the Leasing Permit having been issued; (ii) the failure of an Owner to have his or her Unit leased for any consecutive one hundred eighty (180) day period thereafter; or (iii) the occurrence of the date referenced in a written notification by the Owner to the Association that the Owner will, as of said date, no longer need the Leasing Permit. If current Leasing Permits have been issued for more than twenty-five percent (25%) of the total number of Units (excluding Units owned by Declarant), no additional Leasing Permits shall be issued (except for Hardship Leasing Permits) until the number of outstanding current Leasing Permits falls below twenty-five percent (25%) of the total number of Units (excluding Units owned by Declarant) in the Regime. Owners who have been denied a Leasing Permit shall automatically be placed on a waiting list for a Leasing Permit and shall be issued the same if they so desire when the number of current outstanding Leasing Permits issued falls to twenty-five percent (25%) or less of the total number of Units (excluding Units owned by Declarant) in the Regime. The issuance of a Hardship Leasing Permit to an Owner shall not cause the Owner to be removed from the waiting list for a Leasing Permit.

(c) Hardship Leasing Permits. If the failure to lease will result in a hardship, the Owner may seek to lease on a hardship basis by applying to the Board of Directors for a Hardship Leasing Permit. The Board of Directors shall have the authority to issue or deny requests for Hardship Leasing Permits in its discretion after considering the following factors: (i) the nature, degree, and likely duration of the hardship, (ii the harm, if any, which will result to the Regime if the permit is approved, (iii) the number of Hardship Leasing Permits which have been issued to other Owners, (iv) the Owner's ability to cure the hardship, and (v) whether previous Hardship Leasing Permits have been issued to the Owner. A "hardship" as described herein shall include, but not be limited to the following situations: (A) an Owner must relocate his or her residence outside the greater Charleston metropolitan area and cannot, within six (6) months from the date that the Unit was placed on the market, sell the Unit except at a price below the current appraised market value, after having made reasonable efforts to do so; (B) where the Owner dies and the Unit is being administered by his or her estate; and (C) the Owner takes a leave of absence or temporarily relocates and intends to return to reside in the Unit. Hardship Leasing Permits shall be valid for a term not to exceed one (1) year. Owners may apply for additional Hardship Leasing Permits. Hardship Leasing Permits shall be automatically revoked if during the term of the permit, the Owner is approved for and receives a Leasing Permit.

(d) Leasing Provisions. Leasing which is authorized, pursuant to permit, hereunder shall be governed by the following provisions:

(i) Notice. At least seven (7) days prior to entering into the lease of a Unit, the Owner shall provide the Board with a copy of the proposed lease agreement. The Board shall approve or disapprove the form of said lease. In the event a lease is disapproved, the Board shall notify the Owner of the requisite action to be taken in order to bring the lease in compliance with the Master Deed and any rules and regulations adopted pursuant thereto.

(ii) General. Units may be leased only in their entirety; no fraction or portion may be leased without prior written Board approval. All leases shall be in writing and in a form approved by the Board prior to the effective date of the lease. The Board may maintain and, upon request, provide a form that is deemed acceptable. There shall be no subleasing of Units or assignment of leases without prior written Board approval. All leases must be for an initial term of not less than one (1) year, except with written Board approval, which shall not be unreasonably withheld in cases of undue hardship. Within ten (10) days after executing a lease agreement for the lease of a Unit, the Owner shall provide the Board with a copy of the lease and the name of the lessee and all other people occupying the Unit. The Owner must provide the lessee copies of the Master Deed, Bylaws, and the rules and regulations. Nothing herein shall be construed as giving the Association the right to approve or disapprove a proposed lessee; the Board's approval or disapproval shall be limited to the form of the proposed lease.

(iii) Liability for Assessments, Use of Common Elements, and Compliance with Master Deed, Bylaws, and Rules and Regulations. Each Owner covenants and agrees that any lease of a Unit shall contain the following language and agrees that if such language is not expressly contained therein, then such language shall be incorporated into the lease by existence of this covenant, and the lessee, by occupancy of the Unit, agrees to the applicability of this covenant and incorporation of the following language into the lease:

(A) Compliance with Master Deed, Bylaws, and Rules and Regulations. The lessee shall comply with all provisions of the Master Deed, Bylaws, and rules and regulations adopted pursuant thereto and shall control the conduct of all other Occupants and guests of the leased Unit in order to ensure such compliance. The Owner shall cause all Occupants of his or her Unit to comply with the Master Deed, Bylaws, and the rules and regulations adopted pursuant thereto, and shall be responsible for all violations by such Occupants, notwithstanding the fact that such Occupants of the Unit are fully liable and may be sanctioned for any such violation. If the lessee, or a Person living with the lessee, violates the Master Deed, Bylaws, or a rule or regulation for which a fine is imposed, notice of the violation shall be given to the Owner and the lessee, and such fine may be assessed against the lessee in accordance with Article V of the Bylaws. If the fine is not paid by the lessee within the time period set by the Board, the Owner shall pay the fine upon notice from the Association of the lessee's failure to pay the fine. Unpaid fines shall constitute a lien against the Unit.

Any violation of the Master Deed, Bylaws, or rules and regulations adopted pursuant thereto by the lessee, any Occupant, or any guest of lessee, is deemed to be a default under the terms of the lease and authorizes the Owner to terminate the lease without liability and to evict the lessee in accordance with South Carolina law. The Owner hereby delegates and assigns to the Association, acting through the Board, the power and authority of enforcement against the lessee for breaches resulting from the violation of the Master Deed, Bylaws, and the rules and regulations adopted pursuant thereto, including the power and authority to evict the lessee as attorney-in-fact on behalf and for the benefit of the Owner, in accordance with the terms hereof. If the Association proceeds to evict the lessee,

any costs, including reasonable attorneys' fees actually incurred and court costs associated with the eviction shall be an assessment and lien against the Unit.

(B) Use of Common Elements. The Owner transfers and assigns to the lessee, for the term of the lease, any and all rights and privileges that the Owner has to use the Common Elements, including but not limited to, the use of any and all recreational facilities and other amenities.

(C) Liability for Assessments. When an Owner who is leasing his or her Unit fails to pay any annual or special assessment or any other charge for a period of more than thirty (30) days after it is due and payable, then the delinquent Owner hereby consents to the assignment of any rent received from the lessee during the period of delinquency, and, upon request by the Board, lessee shall pay to the Association all unpaid annual and special assessments and other charges payable during and prior to the term of the lease and any other period of occupancy by lessee. However, lessee need not make such payments to the Association in excess of, or prior to the due dates for, monthly rental payments unpaid at the time of the Board's request. All such payments made by lessee shall reduce, by the same amount, lessee's obligation to make monthly rental payments to lessor. If lessee fails to comply with the Board's request to pay assessments or other charges, lessee shall pay to the Association all amounts authorized under the Master Deed as if lessee were an Owner. The above provision shall not be construed to release the Owner from any obligation, including the obligation for assessments, for which he or she would otherwise be responsible.

(e) Applicability of this Paragraph. Notwithstanding the above, this Paragraph shall not apply to any leasing transaction entered into by Declarant (regardless of whether said lease is entered into prior to or after the expiration of Declarant's right to appoint and remove officers and directors of the Association pursuant to Article III, Part A, Section 2 of the Bylaws), the Association, or the holder of any first Mortgage on a Unit who becomes the Owner of a Unit through foreclosure or any other means pursuant to the satisfaction of the indebtedness secured by such Mortgage. Such parties shall be permitted to lease a Unit without first obtaining a permit in accordance with this Paragraph, and such Units shall not considered as being leased in determining the maximum number of Units that may be leased in accordance with this Paragraph.

16. TRANSFER OR SALE OF UNITS.

An Owner intending to make a transfer or sale of a Unit or any interest in a Unit shall give written notice to the Board of Directors of such intention within seven (7) days after execution of the purchase agreement (in the case of the purchase of a Unit) or transfer or sales documents (in the case of the conveyance of a Unit without a purchase of said Unit). The Owner shall furnish to the Board of Directors as part of the notice (i) the name and address of the intended grantee; and (ii) such other information as the Board of Directors may reasonably require. In addition, the purchase agreement or transfer documents shall attach a copy of the Master Deed and Bylaws. This Paragraph shall not be construed to create a right of first refusal in the Association or in any third party.

In addition, a non-refundable contribution to the working capital fund of the Association shall be paid to the Association by the purchaser of a Unit at the closing of each sale or resale of a Unit in the amount of two (2) months of the general assessment charges to such Unit in accordance with Paragraph 10(i) hereof.

Within seven (7) days after receiving title to a Unit, the new Owner of the Unit shall give written notice to the Board of Directors of his or her ownership of the Unit. Upon failure of an Owner to give the required notice within the seven (7) day time period provided herein, the Board may levy fines against the Unit and the Owner thereof, and assess the Owner for all costs incurred by the Association in determining his or her identity.

17. MAINTENANCE RESPONSIBILITY.

(a) By the Owner. Each Owner shall have the obligation to maintain and keep in good repair all portions of his or her Unit and all improvements made by the Owner to the Limited Common Elements assigned to the Unit except any portion of a Unit which is expressly made the maintenance obligation of the Association as set forth in subparagraph (b) below. This maintenance responsibility shall include, but not be limited to the following: all glass surfaces (excluding exterior cleaning), windows, window frames (except for periodic painting of the exterior window frames), casings and locks (including caulking of windows); all doors, doorways, door frames, and hardware that are part of the entry system of the Unit (except for periodic painting of the exterior surface of entry doors and door frames facing the hallway of the Regime); all portions of the heating and air conditioning system, including the air conditioning compressor and the fan coil serving the Unit; and all pipes, lines, ducts, conduits, or other apparatus which serve only the Unit, whether located within or without a Unit's boundaries (including all electricity, water, sewer, or air conditioning pipes, lines, ducts, conduits, or other apparatus serving only the Unit).

In addition, each Owner shall have the responsibility:

(i) To keep in a neat, clean and sanitary condition any Limited Common Elements serving his or her Unit;

(ii) To perform his or her responsibility in such manner so as not to unreasonably disturb other Persons in other Units;

(iii) To promptly report to the Association or its agent any defect or need for repairs, for which the Association is responsible; and

(iv) To pay for the cost of repairing, replacing or cleaning up any item which is the responsibility of the Owner but which responsibility such Owner fails or refuses to discharge (which the Association shall have the right, but not the obligation, to do), or to pay for the cost of repairing, replacing, or cleaning up any item which, although the responsibility of the Association, is necessitated by reason of the willful or negligent act of the Owner, his or her family, tenants or guests, with the cost thereof to be added to and become part of the Owner's next chargeable assessment.

(b) By the Association. The Association shall maintain and keep in good repair as a Common Expense the "Area of Common Responsibility," which includes the following:

(i) all General Common Elements, including any Limited Common Elements, but excluding all improvements made to such Limited Common Elements; provided, however, the cost of maintenance and repair of Limited Common Elements may be assessed against the Owner to whom the Limited Common Element is assigned under Paragraph 8(b)(i);

(ii) periodic painting of exterior surfaces of the Regime buildings, exterior window frames, and entry doors and door frames facing the hallway of the Regime, on a schedule to be determined by the Board of Directors;

(iii) periodic cleaning of exterior window surfaces on a schedule to be determined by the Board of Directors;

(iv) life safety and building systems; and

(v) all Limited Common Element chimneys and chimney caps the cost of which may be assessed against the Owner of the Unit to which the chimney and fireplace flue are attached, pursuant to Paragraph 8(b)(i).

Additionally, the Association shall have the right, but not the obligation, to conduct a periodic inspection, on a schedule to be determined by the Board of Directors, of all fireplaces and chimney flues and, if, in the Board of Director's sole discretion, a flue needs to be cleaned and/or repaired, the Association shall provide such cleaning and/or repair (even though the flues are considered a portion of the Unit) and the cost of such periodic inspection, cleaning and/or repair may be assessed against the Owner of the Unit served by such flue pursuant to Paragraph 8(b)(i).

Subject to the maintenance responsibilities herein provided, any maintenance or repair performed on or to the Common Elements by an Owner or Occupant which is the responsibility of the Association hereunder (including, but not limited to landscaping of Common Elements) shall be performed at the sole expense of such Owner or Occupant, and the Owner or Occupant shall not be entitled to reimbursement from the Association even if the Association accepts the maintenance or repair.

The Association shall repair incidental damage to any Unit resulting from performance of work that is the responsibility of the Association. As finish levels can have varying degrees, such repairs will be complete only to the extent of being "paint-ready". Such repair and subsequent cleaning shall be performed based on a reasonableness standard. In performing its responsibilities hereunder, the Association shall have the authority to delegate to such Persons, firms or corporations of its choice, such duties as are approved by the Board of Directors.

The Association shall not be liable for injury or damage to Person or property caused by the elements or by the Owner of any Unit, or any other Person, or resulting from any utility, rain, snow or ice which may leak or flow from any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment which the Association is responsible to maintain hereunder, except for injuries or damages arising after the Owner of a Unit has put the Association on notice of a specific leak or flow from any portion of the Common Elements and the Association has failed to exercise due care to correct the leak or flow within a reasonable time thereafter. The Association shall not be liable to the Owner of any Unit or such Owner's Occupant, guest, or family, for loss or damage, by theft or otherwise, of any property which may be stored in or upon any of the Common Elements. The Association shall not be liable to any Owner, or any Owner's Occupant, guest or family for any damage or injury caused in whole or in part by the Association's failure to discharge its responsibilities under this Paragraph where such damage or injury is not a foreseeable, natural result of the Association's failure to discharge its responsibilities. No diminution or abatement of assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Master Deed, or for inconvenience or discomfort arising from the making of repairs or improvements

which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority.

(c) Failure to Maintain. If the Board of Directors determines that any Owner has failed or refused to discharge properly his or her obligation with regard to the maintenance, repair, or replacement of items of which he or she is responsible hereunder, then, the Association shall give the Owner written notice of the Owner's failure or refusal and of the Association's right to provide necessary maintenance, repair, or replacement at the Owner's cost and expense. The notice shall set forth with reasonable particularity the maintenance, repair, or replacement deemed necessary by the Board of Directors.

Unless the Board of Directors determines that an emergency exists, the Owner shall have ten (10) days within which to complete maintenance or repair, or if the maintenance or repair is not capable of completion within such time period, to commence replacement or repair within ten (10) days. If the Board determines that: (i) an emergency exists or (ii) that an Owner has not complied with the demand given by the Association as herein provided; then the Association may provide any such maintenance, repair, or replacement at the Owner's sole cost and expense, and such costs shall be added to and become a part of the assessment to which such Owner is subject, shall become and be a lien against the Unit, and shall be collected as provided herein for the collection of assessments.

If the Board determines that the need for maintenance or repair is in the Area of Common Responsibility and is caused through the willful or negligent act of any Owner, or Occupant or their family, guests, lessees, or invitees, then the Association may assess the cost of any such maintenance, repair, or replacement against the Owner or Occupant's Unit, shall become a lien against the Unit, and shall be collected as provided herein for the collection of assessments.

(d) Measures Related to Insurance Coverage.

(i) The Board of Directors, upon resolution, shall have the authority to require all or any Owner(s) to do any act or perform any work involving portions of the Regime which are the maintenance responsibility of the Owner, which will, in the Board's sole discretion, decrease the possibility of fire or other damage in the Regime, reduce the insurance premium paid by the Association for any insurance coverage or otherwise assist the Board in procuring or maintaining such insurance coverage. This authority shall include, but need not be limited to, requiring Owners to install and maintain smoke detectors, requiring Owners to certify that they have checked the batteries for their smoke detectors, requiring Owners to allow the Association to inspect the smoke detectors and replace batteries if needed on a schedule to be determined by the Board of Directors, requiring Owners to make improvements to the Owner's Unit, and such other measures as the Board may reasonably require so long as the cost of such work does not exceed Three Hundred Dollars ($300) per Unit in any twelve (12) month period.

(ii) In addition to, and not in limitation of, any other rights the Association may have, if any Owner does not comply with any requirement made by the Board of Directors pursuant to subparagraph (d)(i) above, the Association, upon fifteen (15) days' written notice (during which period the Owner may perform the required act or work without further liability), may perform such required act or work at the Owner's sole cost. Such cost shall be an assessment and a lien against the Unit as provided herein. The Association shall have all rights necessary to implement the requirements mandated by the Board pursuant to subparagraph (d)(i) of this Paragraph, including, but not limited to, a right of entry during reasonable hours and after reasonable notice to the Owner or Occupant of the Unit, except that access may be had at any time without notice in an emergency situation.

(e) Mold and/or Mildew. Mold and/or mildew can grow in any portion of the Regime that is exposed to elevated levels of moisture. The Association and each Owner agree to: (i) regularly inspect the parts of the Regime that they respectively maintain, and which are visible and accessible without having to first conduct invasive testing, for the existence of mold, mildew, and/or water intrusion (except when the water intrusion is part of the normal functioning of improvements and appliances such as showers, sinks, dishwashers, and other similar appliances and improvements) and/or damage; (ii) upon discovery, immediately repair in a good and workmanlike condition the source of any water intrusion in the parts of the Regime that they respectively maintain; (iii) remediate or replace any building material located in the parts of the Regime that they respectively maintain that has absorbed water or moisture as a result of water intrusion; and (iv) promptly and regularly remediate all mold and/or mildew discovered in the parts of the Regime that they respectively maintain in accordance with current industry-accepted methods. In addition, the Association agrees to notify the Owners, and each Owner agrees to notify the Association of the discovery of mold, mildew, and/or water intrusion and/or damage in the parts of the Regime that they respectively maintain. Each Owner further agrees not to block or cover any of the heating, ventilation or air-conditioning ducts located in the Unit.

Notwithstanding anything to the contrary herein, Declarant shall have no obligation to perform any invasive testing or inspections, maintenance or repairs in accordance with this subparagraph 17(e), and shall not be held liable for any loss or damage caused by the failure of the Association or an Owner to perform their obligations herein.

18. MORTGAGEE'S RIGHTS.

(a) Unless at least two-thirds (2/3) of the first Mortgagees and Owners give their consent, the Association or the membership shall not:

(i) by act or omission seek to abandon or terminate the Regime;

(ii) change the pro rata interest or obligations of any individual Unit for the purpose of (A) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or (B) determining the pro rata share of ownership of each Unit in the Common Elements;

(iii) partition or subdivide any Unit in any manner inconsistent with the provisions of this Master Deed;

(iv) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Elements (the granting of easements or licenses, as authorized herein, shall not be deemed a transfer within the meaning of this clause); or

(v) use hazard insurance proceeds for losses to any portion of the Regime (whether to Units or to Common Elements) for other than the repair, replacement, or reconstruction of such portion of the Regime.

The provisions of this subparagraph shall not be construed to reduce the percentage vote that must be obtained from Mortgagees or Owners where a larger percentage vote is otherwise required by the Act or the Regime Instruments for any of the actions contained in this Paragraph.

(b) Where the Mortgagee holding a first Mortgage of record, a secondary purchase money Mortgage of record (provided that neither the grantee nor any successor grantee on the secondary purchase money Mortgage is the seller of the Unit) or other purchaser of a Unit obtains title pursuant to judicial or nonjudicial foreclosure of the Mortgage, it shall not be liable, nor shall the Unit be subject to a lien, for the share of the Common Expenses or assessments by the Association chargeable to such Unit which became due prior to such acquisition of title. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible from Owners of all the Units, including such acquirer, and its successors and assigns. Additionally, such acquirer shall be responsible for all charges accruing subsequent to the passage of title, including, but not limited to, all charges for the month in which title is passed.

(c) Upon written request to the Association, identifying the name and address of the holder and the Unit number or address, any Eligible Mortgage Holder will be entitled to timely written notice of:

(i) any condemnation loss or any casualty loss which affects a material portion of the Regime or any Unit on which there is a first Mortgage held by such Eligible Mortgage Holder;

(ii) any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to a first Mortgage held by such Eligible Mortgage Holder which remains unsatisfied for a period of sixty (60) days, and any default in the performance by an individual Owner of any other obligation under the Regime Instruments which is not cured within sixty (60) days;

(iii) any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; or

(iv) any proposed action that would require the consent of a specified percentage of Eligible Mortgage Holders, as specified herein.

(d) Upon written request to the Association, identifying the name and address of the holder and the Unit number or address, any Eligible Mortgage Holder, or insurer or guarantor of a first mortgage on a Unit, will be entitled to timely written notice of:

(i) any proposed amendment of the Regime Instruments effecting a change in (a) the boundaries of any Unit or the exclusive easement rights appertaining thereto; (b) the interests in the Common Elements or Limited Common Elements appertaining to any Unit or the liability for Common Expenses appertaining thereto; (c) the number of votes in the Association appertaining to any Unit; or (d) the purposes to which any Unit or the Common Elements are restricted;

(ii) any proposed termination of the Regime;

(iii) any condemnation loss or any casualty loss which affects a material portion of the Regime or any Unit on which there is a first Mortgage held by such Eligible Mortgage Holder;

(iv) any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to a first Mortgage held by such Eligible Mortgage Holder which remains unsatisfied for a period of sixty (60) days, and any default in the performance by an individual Owner of any other obligation under the Regime Instruments which is not cured within sixty (60) days;

(v) any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; or

(vi) any proposed action that would require the consent of a specified percentage of Eligible Mortgage Holders, as specified herein.

(e) Any holder of a first Mortgage shall be entitled, upon written request, to receive within a reasonable time after request, a copy of the financial statement of the Association for the immediately preceding fiscal year, free of charge to the Mortgagee so requesting.

(f) Notwithstanding anything to the contrary herein contained, the provisions of Paragraphs 15 and 16 governing leasing and sales of units, respectively, shall not apply to impair the right of any first Mortgagee to:

(i) foreclose or take title to a Unit pursuant to remedies contained in its Mortgage; or

(ii) take a deed or assignment in lieu of foreclosure; or

(iii) sell, lease, or otherwise dispose of a Unit acquired by the Mortgagee.

(g) No Priority. No provision of this Master Deed or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Elements.

(h) Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of any mortgagee encumbering such Owner's Unit.

(i) Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

(j) Construction of this Paragraph. Nothing contained in this Paragraph shall be construed to reduce the percentage vote that must otherwise be obtained under the Regime Instruments or South Carolina law for any of the actions set forth in this Paragraph.

19. GENERAL PROVISIONS.

(a) **SECURITY. THE ASSOCIATION OR DECLARANT MAY, BUT SHALL NOT BE REQUIRED TO, FROM TIME TO TIME, PROVIDE MEASURES OR TAKE ACTIONS WHICH DIRECTLY OR INDIRECTLY IMPROVE SECURITY ON THE REGIME; HOWEVER, EACH OWNER, FOR HIM OR HERSELF AND HIS OR HER TENANTS, GUESTS, LICENSEES, AND INVITEES, ACKNOWLEDGES AND AGREES THAT NEITHER THE ASSOCIATION NOR DECLARANT IS A PROVIDER OF SECURITY AND NEITHER PARTY SHALL HAVE A DUTY TO PROVIDE SECURITY ON THE REGIME. FURTHERMORE, THE ASSOCIATION DOES NOT GUARANTEE THAT NON-OWNERS AND NON-OCCUPANTS WILL NOT GAIN ACCESS TO THE REGIME AND COMMIT CRIMINAL ACTS ON THE REGIME NOR DOES THE ASSOCIATION GUARANTEE THAT CRIMINAL ACTS ON THE REGIME WILL NOT BE *COMMITTED BY OTHER OWNERS OR OCCUPANTS. IT SHALL BE THE RESPONSIBILITY* OF EACH OWNER TO PROTECT HIS OR HER PERSON AND PROPERTY AND ALL RESPONSIBILITY TO PROVIDE SUCH SECURITY SHALL LIE SOLELY WITH EACH**

OWNER. NEITHER DECLARANT NOR THE ASSOCIATION SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF MEASURES UNDERTAKEN.

(b) Dispute Resolution. Prior to filing a lawsuit against the Association, the Board, or any officer, director, or property manager of the Association, an Owner or Occupant must request and attend a hearing with the Board of Directors. Any such request shall be in writing and shall be personally delivered to any member of the Board of Directors or the property manager, if any, of the Association. The Owner or Occupant shall, in such request and at the hearing, make a good faith effort to explain the grievance to the Board and resolve the dispute in an amicable fashion, and shall give the Board a reasonable opportunity to address the Owner or Occupant's grievance before filing suit. Upon receiving a request for a hearing, the Board shall give notice of the date, time and place of the hearing to the Person requesting the hearing. The Board shall schedule this hearing for a date not less than seven (7) or more than twenty-one (21) days from the date of receipt of the request.

(c) Parking Spaces, Garages, Vehicles and Storage Spaces. Neither Declarant nor the Association shall be held liable for any loss or damage arising from theft, vandalism, malicious mischief, or any loss or damage resulting from water or acid damage, to any property placed or kept in any parking space, garage or storage space in the Regime. Each Owner or Occupant with use of a parking space, garage, or storage space who places or keeps a vehicle and/or any personal property in the vehicle, parking space, garage or storage space does so at his or her own risk.

(d) Unit Keys. At the request of the Association, each Owner, by acceptance of a deed to a Unit, agrees to provide the Association with a key to the Unit (and the security alarm code, if any) to be used by the Association for maintenance, emergency, security or safety purposes as provided in subparagraph 9(a) of this Master Deed (and for pest control, if necessary, as provided in subparagraph 21(e) of this Master Deed). Neither Declarant nor the Association shall be liable for any loss or damage due to its holding such key, or use of such key for the purposes described above and each Owner shall indemnify and hold harmless Declarant, the Association and its officers and directors against any and all expenses, including attorneys' fees, reasonably incurred by or imposed upon Declarant, the Association or its officers or directors in connection with any action, suit, or other proceeding (including settlement of any such action, suit or proceeding) brought by the Owner or the Owner's family, tenants, guests, employees, invitees, or licensees against Declarant, the Association, its officers or directors arising out of or relating to its holding or use of such key for the purposes described above.

(e) Successor Declarants. Any successor to Declarant shall not be responsible or subject to liability by operation of law or through the purchase of Declarant's interest in the Regime or any portion thereof at foreclosure or otherwise for any act, omission, or matter occurring or arising from any act, omission, or matter occurring prior to the time the successor succeeded to the interest of Declarant.

(f) Disclosures. Each Owner and Occupant acknowledge the following:

(i) The Regime is located adjacent to thoroughfares that may be affected by traffic and noise from time to time and may be improved and/or widened in the future.

(ii) The natural light available to and views from an Owner's Unit may change over time due to, among other circumstances, additional development and the removal or addition of landscaping.

(iii) No representations are made regarding the zoning of adjacent property, or that the category to which adjacent property is zoned may not change in the future.

(iv) No representations are made regarding the schools that currently or may in the future serve the Unit.

(v) Since in every community, there are conditions that different people may find objectionable, it is acknowledged that there may be conditions outside of the Regime that an Owner or Occupant may find objectionable and that it shall be the sole responsibility of the Owners and Occupants to become acquainted with community conditions that could affect the Unit.

(vi) The Plans and the dimensions and square footage calculations shown thereon are only approximations. Any Owner who is concerned about any representations regarding the Plans should do his/her own investigation as to the dimensions, measurements and square footage of his/her Unit.

(vii) Declarant may be renovating and constructing portions of the Regime and engaging in other construction activities related to the construction of Common Elements. Such renovation and construction activities may, from time to time, produce certain conditions on the Regime, including, without limitation: (A) noise or sound that is objectionable because of its volume, duration, frequency or shrillness; (B) smoke; (C) noxious, toxic, or corrosive fumes or gases; (D) obnoxious odors; (E) dust, dirt or flying ash; (F) unusual fire or explosion hazards; (G) temporary interruption of utilities; and/or (H) other conditions that may threaten the security or safety of Persons on the Regime. Notwithstanding the foregoing, all Owners and Occupants agree that such conditions on the Regime resulting from renovation and construction activities shall not be deemed a nuisance and shall not cause Declarant and its agents to be deemed in violation of any provision of the Master Deed.

(viii) Exposed concrete surfaces in portions of the Regime which are not heated and cooled are subject to cracking due to (A) water penetration, (B) expansion and contraction of the concrete with temperature changes, and (C) building settlement.

(ix) Concrete surfaces in heated and cooled portions of the Regime are subject to cracking due to building settlement.

(x) Concrete and hardwood surfaces and other uncovered surfaces within a Unit may transmit noise, and such noise shall not constitute a use of the Unit that interferes with or causes disruption to the use and enjoyment of another Unit by its respective Owner and/or Occupant.

(xi) No representations are made that the Unit is or will be soundproof or that sound may not be transmitted from one Unit to another.

(xii) A Unit may trap humidity created by every day living (cooking, bathing, laundering etc.). As a result, condensation may appear on the interior portion of windows and glass surfaces and fogging of windows and glass surfaces may occur due to temperature disparities between the interior and exterior portions of the windows and glass. If left unattended and not properly maintained by Owners and Occupants, the condensation may increase resulting in staining, damage to surrounding seals, caulk, paint, wood work and sheetrock, and potentially, mildew and/or mold (see subparagraph 17(e) hereof).

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

(xiv) Portions of the Regime will not be landscaped and will be allowed to return to their natural state.

(xv) Declarant shall not be responsible for responding to or taking any affirmative action on behalf of the Association or an individual member of the Association to mitigate, alleviate, remedy or cure any off-site conditions that may directly impact the Regime or any portion thereof, and such inaction by the Declarant shall not constitute a breach of fiduciary duty by the directors and officers of the Association that are appointed by the Declarant, pursuant to Article III, Part A, Section 2 of the Bylaws of the Association.

(xvi) While the drainage system for surface water runoff on the Regime will be constructed in accordance with applicable governmental standards, the Regime may still be subject to erosion and/or flooding during unusually intense or prolonged periods of rain.

(xvii) Light may emit from improvements on adjacent properties.

(g) Services During Declarant Control. Each Owner acknowledges that Declarant and its affiliates may provide services utilized by communities such as this Regime including, but not limited to, management services. Each Owner consents and agrees that the Association may enter into service contracts with Declarant and its affiliates.

(h) Master Declaration. Every Owner, by acceptance of a deed to a Unit, acknowledges that, in addition to being subject to and bound by the Regime Instruments, he or she is subject to the Master Declaration.

(i) Supremacy of Master Declaration. In addition to all of the rights and obligations which have been conferred or imposed upon the Association pursuant to this Master Deed, the Bylaws, or the Articles of Incorporation, the Association shall be entitled to exercise any of the rights conferred upon it and shall be subject to all of the obligations imposed upon it pursuant to the Master Declaration. The Association and all committees of the Association shall also be subject to all superior rights and powers, which have been conferred pursuant to the Master Declaration. The Association shall take no action in derogation of the rights of or contrary to the interest of the Master Declaration. In the event of conflict between the provisions of the Master Declaration and this Master Deed, the Master Declaration shall control.

20. EMINENT DOMAIN.

(a) General. Whenever all or any part of the Regime shall be taken by any authority having the power of condemnation or eminent domain, each Owner shall appoint the Association, as attorney-in-fact for the Owners, to represent such Owners in any related proceedings, negotiations, settlements, or agreements. The award made for such taking shall be payable to the Association, for the benefit of the Owners and Mortgagees, and shall be disbursed by the Association as hereinafter provided in this Paragraph 20.

(b) Common Elements and Limited Common Elements. If any portion of the Common Elements on which improvements, excluding Units, shall have been constructed is taken by eminent domain, and if at least two-thirds (2/3) of the Total Association Vote consent to replace such Common

Elements on the remaining portions of the Regime and according to plans therefore to be approved by the Association, then the Board of Directors shall arrange for such replacement and the Association shall disburse the award in the same manner as they are required to disburse insurance proceeds where damage or destruction to the Regime is to be repaired or reconstructed, in accordance with Paragraph 13 above. If the Association does not consent as provided above, the award shall be allocated by the Association to the Owners in proportion to their respective undivided interest in the Common Elements; provided, however, that the portion of the award attributable to the taking of any permanently assigned Limited Common Element shall be allocated to the Owner to which that Limited Common Element was so assigned at the time of the taking. If any Limited Common Element was permanently assigned to more than one Unit at the time of the taking, the portion of the award attributable to the taking thereof shall be allocated in equal shares to the Owners to which it was so assigned.

(c) Units. If all or any portion of a Unit is taken by eminent domain, the interest of all remaining Owners in the Common Elements shall be reallocated by taking as a basis the value of the individual Units in relation to the Regime as a whole, and such revised interests shall be reflected in an amendment to Exhibit "B" of this Master Deed. The Association shall disburse to the Owners affected by such condemnation, the share of the award attributable to each Unit (in accordance with such Unit's interest in the Common Elements as set forth on Exhibit "B"), as well as each Unit's undivided interest in the Common Elements.

21. EASEMENTS.

(a) Use and Enjoyment. Each Owner and Occupant shall have a right and a non-exclusive easement of use and enjoyment in and to the Common Elements (including the right of access, ingress and egress to and from his or her Unit over those portions of the Regime designated for such purpose), and such non-exclusive easement shall be appurtenant to and shall pass with the title to such Unit, subject to (i) the rights of the Owners to the exclusive use of the Limited Common Elements assigned to their respective Units; (ii) to the right of the Association to control the use and enjoyment of the Common Elements as provided by the terms of this Master Deed including, but not limited to, the right of the Association to suspend voting and use privileges as provided herein; and (iii) the right of the Association to have access to the Units and Limited Common Elements assigned to a Unit to discharge its rights and obligations, under the Regime Instruments, including without limitation, the maintenance responsibility of the Association.

(b) Support. Every portion of a Unit and all Limited Common Elements contributing to the support of an abutting Unit shall be burdened with a non-exclusive easement of support for the benefit of such abutting Unit.

(c) Encroachments. The Units and Common Elements shall be subject to non-exclusive easements of encroachment to the extent that any Unit or Common Element encroaches on any other Unit or Common Element, whether by reason of any deviation from the Survey or Plans in the construction, renovation, restoration, or repair of any improvement or by reason of the settling or shifting of any land or improvement.

(d) Utilities. To the extent that the sprinkler system or any utility line, pipe, wire, or conduit serving any Unit, Units or the Common Elements shall lie wholly or partially within the boundaries of another Unit or the Common Elements, such other Unit, Units, or the Common Elements shall be burdened with a non-exclusive easement for the use, maintenance, repair and replacement of such sprinkler system, utility line, pipe, wire or conduit, such non-exclusive easement to be in favor of the Unit, Units, or Common Elements served by the same and the Association. It shall be the obligation of the benefited Owner to maintain, replace and repair any pipe, line, conduit, duct or wire owned by such Owner, even if such pipe,

line conduit, duct or wire is located within the boundaries of a Unit of another Owner. In such circumstance, the benefited Owner shall repair all incidental damage to any Unit resulting from performance of any such work. All Owners hereby covenant and agree that as finish levels can have varying degrees, such repairs will be complete only to the extent of being "paint-ready". Components that may require repair or replacement, such as tile and trim, will be reinstalled only to the extent of readily available materials or similar materials (trim and such will also be finished to "paint-ready"). Due to the uncontrollability of quality of repair, items such as faux paint treatment, wallpaper, ceiling/wall appliqué, and any other similar types of finishes, will not be the responsibility of the benefited Owner.

(e) Pest Control. The Association may but shall not be obligated to dispense chemicals for the extermination of insects and pests within the Units and Common Elements. In the event the Association chooses to provide such pest control, the Association and its duly authorized contractors, representatives, and agents shall have an easement to enter Units for the purpose of dispensing chemicals for the exterminating of insects and pests within the Units and Common Elements. Owners shall either provide a key to the Unit for purpose of such entry or have someone available at such times as are designated by the Board of Directors to allow entry into the Unit for this purpose. The Association shall not be liable for any illness, damage, or injury caused by the dispensing of these chemicals for this purpose.

(f) Community Bulletin Board. As part of the Common Elements maintained by the Association, Declarant and/or the Board shall have the right, but not the obligation, to erect on the Regime a bulletin board primarily for the use of Owners in advertising their Units for sale. For so long as the Association desires to maintain this bulletin board, each Owner and his licensed real estate broker and agent may use the Regime for access, ingress and egress to and from this bulletin board; provided, however, the use of the bulletin board shall be subject to such reasonable nondiscriminatory rules and regulations as may be adopted or promulgated by the Board regulating the size and duration of such advertisements. Declarant or Board may terminate use of this bulletin board entirely at any time, and no property rights of any kind are created hereby.

(g) Declarant Easements. For so long as Declarant owns any Unit primarily for the purpose of sale, Declarant and its duly authorized contractors, subcontractors, representatives, agents, associates, employees, tenants and successors and assigns shall have: (i) a non-exclusive easement for access and ingress to, egress from and use of the Common Elements for the placement and maintenance of signs, banners, balloons, decorations marketing materials and tables, a sales office, a leasing office, a business office, promotional facilities and model Units on any portion of the Regime, together with such other facilities as in the opinion of Declarant may be reasonably required, convenient or incidental to the completion, renovation, improvement, development, sale or lease of any Unit; (ii) a non-exclusive easement to use the Common Elements for special events and promotional activities; and (iii) a transferable, non-exclusive easement on, over, through, under and across the Common Elements and Limited Common Elements for the purpose of making improvements on the Regime or any portion thereof, for the purpose of constructing, installing, replacing, repairing, restoring and maintaining all utilities, buildings, driveways, landscaping and any other improvements on the Regime property or serving the Regime, and for the purpose of doing all things reasonably necessary and proper in connection therewith.

Additionally, Declarant and its duly authorized contractors, subcontractors, representatives, agents, associates, employees, tenants and successors and assigns, shall have an exclusive easement for any and all purposes it deems appropriate over, on and through Declarant's Easement Area so long as Declarant, or any successor Declarant, owns any Unit for the purpose of sale or lease.

line conduit, duct or wire is located within the boundaries of a Unit of another Owner. In such circumstance, the benefited Owner shall repair all incidental damage to any Unit resulting from performance of any such work. All Owners hereby covenant and agree that as finish levels can have varying degrees, such repairs will be complete only to the extent of being "paint-ready". Components that may require repair or replacement, such as tile and trim, will be reinstalled only to the extent of readily available materials or similar materials (trim and such will also be finished to "paint-ready"). Due to the uncontrollability of quality of repair, items such as faux paint treatment, wallpaper, ceiling/wall appliqué, and any other similar types of finishes, will not be the responsibility of the benefited Owner.

(e) Pest Control. The Association may but shall not be obligated to dispense chemicals for the extermination of insects and pests within the Units and Common Elements. In the event the Association chooses to provide such pest control, the Association and its duly authorized contractors, representatives, and agents shall have an easement to enter Units for the purpose of dispensing chemicals for the exterminating of insects and pests within the Units and Common Elements. Owners shall either provide a key to the Unit for purpose of such entry or have someone available at such times as are designated by the Board of Directors to allow entry into the Unit for this purpose. The Association shall not be liable for any illness, damage, or injury caused by the dispensing of these chemicals for this purpose.

(f) Community Bulletin Board. As part of the Common Elements maintained by the Association, Declarant and/or the Board shall have the right, but not the obligation, to erect on the Regime a bulletin board primarily for the use of Owners in advertising their Units for sale. For so long as the Association desires to maintain this bulletin board, each Owner and his licensed real estate broker and agent may use the Regime for access, ingress and egress to and from this bulletin board; provided, however, the use of the bulletin board shall be subject to such reasonable nondiscriminatory rules and regulations as may be adopted or promulgated by the Board regulating the size and duration of such advertisements. Declarant or Board may terminate use of this bulletin board entirely at any time, and no property rights of any kind are created hereby.

(g) Declarant Easements. For so long as Declarant owns any Unit primarily for the purpose of sale, Declarant and its duly authorized contractors, subcontractors, representatives, agents, associates, employees, tenants and successors and assigns shall have: (i) a non-exclusive easement for access and ingress to, egress from and use of the Common Elements for the placement and maintenance of signs, banners, balloons, decorations marketing materials and tables, a sales office, a leasing office, a business office, promotional facilities and model Units on any portion of the Regime, together with such other facilities as in the opinion of Declarant may be reasonably required, convenient or incidental to the completion, renovation, improvement, development, sale or lease of any Unit; (ii) a non-exclusive easement to use the Common Elements for special events and promotional activities; and (iii) a transferable, non-exclusive easement on, over, through, under and across the Common Elements and Limited Common Elements for the purpose of making improvements on the Regime or any portion thereof, for the purpose of constructing, installing, replacing, repairing, restoring and maintaining all utilities, buildings, driveways, landscaping and any other improvements on the Regime property or serving the Regime, and for the purpose of doing all things reasonably necessary and proper in connection therewith.

Additionally, Declarant and its duly authorized contractors, subcontractors, representatives, agents, associates, employees, tenants and successors and assigns, shall have an exclusive easement for any and all purposes it deems appropriate over, on and through Declarant's Easement Area so long as Declarant, or any successor Declarant, owns any Unit for the purpose of sale or lease.

(K) Leasing of Units;

(L) Imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his or her Unit in the Regime;

(M) Establishment of self-management by the Association where professional management has been required by any of the agencies or corporations set forth below;

(N) Amendment of any provisions that are for the express benefit of Eligible Mortgage holders or insurers or guarantors of first mortgages on Units in the Regime; and

(O) Restoration or repair of the Regime (after damage or partial condemnation) in a manner other than that specified in the Regime Instruments).

Notwithstanding the foregoing, Declarant or the Board of Directors, without the necessity of a vote from the Owners, may amend this Master Deed to correct any scriveners errors, comply with any applicable state, city or federal law, and/or to bring the Regime into compliance with applicable rules and regulations of the Federal National Mortgage Association ("Fannie Mae"), the Department of Housing and Urban Development ("HUD") and the Veterans Administration ("VA") pursuant to federal law.

Any action to challenge the validity of an amendment adopted under this Paragraph must be brought within one (1) year of the effective date of such amendment. No action to challenge such amendment may be brought after such time.

23. SEVERABILITY.

Invalidation of any one of these covenants or restrictions by judgment or court order or otherwise shall in no way affect the application of such provision to other circumstances or affect any other provision(s), which shall remain in full force and effect.

24. RELEASE.

Declarant purchased the property comprising the Regime from Long Grove at Seaside Farms, LLC ("Long Grove") on March 7, 2005. In the Sales Contract between Long Grove and Declarant, dated January 18, 2005, to convey the property comprising the Regime to Declarant, Declarant agreed to include the following provision regarding release in this Master Deed:

> Save and excepting only the limited warranty of title hereinafter set forth and herein contained, the property comprising the Regime was conveyed to Declarant in the sale on March 7, 2005 noted above strictly on an "as is", "where is" and "with all defects" basis, without representation, warranty or covenant, express, implied or statutory, of any kind whatsoever, including, without limitation, representation, warranty or covenant as to condition (structural, environmental, mechanical or otherwise), past or present use, construction, development, lease performance, investment potential, tax ramifications or consequences, income, compliance with law, habitability, tenancies, merchantability or fitness or suitability for any purpose, all of which are hereby expressly disclaimed. Without limiting the generality of the foregoing, the Owners acknowledge that Declarant's predecessor in title, Long Grove and its Affiliates (as herein defined) have made no representations, warranties or covenants as to the compliance of the property comprising the Regime with any federal, state, municipal or local statutes, laws, rules, regulations or

ordinances, including, without limitation, those pertaining to construction, rent control, building and health codes, land use (or permits issued in connection therewith), zoning, lead paint, urea formaldehyde foam insulation, asbestos, hazardous or toxic wastes or substances, pollutants, contaminants or other environmental matters.

The Owners acknowledge that the property comprising the Regime was originally developed and constructed by Long Grove and its Affiliates (as herein defined). Declarant purchased the property comprising the Regime for the purpose of converting such property into condominiums which it is or will be selling to the public. Declarant assumed all responsibility for identifying and correcting all defects or problems, if any, that existed, to ensure that the property comprising the Regime is properly constructed and suitable for use as condominiums in accordance with all applicable building regulations, codes, standards, and other applicable laws and requirements.

Accordingly, as part of the valuable consideration exchanged in the sale transaction on March 7, 2005 noted above, the receipt and sufficiency of which are hereby acknowledged, Declarant on behalf of itself and its heirs, representatives, successors, and assigns (including the Owners and all other successors-in-title to all or a portion of the property comprising the Regime), agreed to never sue and completely released Long Grove, The Beach Co., Gulfstream Construction Company, its affiliates, agents, officers, directors, employees, insurers, representatives, successors, assigns, and all other companies, partnerships, entities, or Persons (collectively, the "Affiliates") involved in the design, development and/or construction of the apartment buildings and apartments therein and all other improvements prior to March 7, 2005, for and from any and all claims of every kind whatsoever arising from or related to the development, design, construction, maintenance, alteration, or repair of the property comprising the Regime, including unknown and unforeseen claims that may now exist or that may arise in the future.

Declarant and the Owners acknowledge and agree that the assumption of liability and release of claims above is intended to be binding on all subsequent grantees of the property comprising the Regime, the grantees of any condominiums or other subdivisions of the property comprising the Regime, and the Owners. In order to give effect to this intention, these provisions are included in this Master Deed, and will also be included in any other conveyances outside the coverage of this Master Deed.

25. DECLARANT RIGHTS.

Notwithstanding anything to the contrary herein, and in addition to Declarant's right to appoint and remove officers and directors under Article III, Part A, Section 2 of the Bylaws and other rights set forth herein, Declarant shall have the right, as long as Declarant owns at least one (1) Unit, to conduct such sales, marketing, leasing, administrative and other activities at the Regime as Declarant deems appropriate for the sale, marketing or leasing of any Unit and Declarant shall have a non-exclusive easement right across the Common Elements to erect signs, banners, balloons and other decorations and to conduct such other sales, marketing and leasing activities as provided herein. The expiration of Declarant's right to appoint and remove officers and directors of the Association pursuant to Article III, Part A, Section 2 of the Bylaws shall not terminate or alter the status of the above-referenced entity and its respective successors and assigns as Declarant hereunder or divest Declarant of other rights specifically reserved to Declarant herein.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Declarant has executed this Master Deed under seal this 13th day of April, 2005.

DECLARANT: **LONG GROVE VISTA, LLC,**
a Georgia limited liability company

By: LONG GROVE DEVELOPMENT, LLC,
a Georgia limited liability company, its Sole Manager

By: _____
Eduard de Guardiola, sole manager

Signed, sealed, and delivered
this 13 day of April, 2005
in the presence of:

_____
Witness #1

_____
Witness #2

STATE OF Georgia)
)
COUNTY OF Fulton)

ACKNOWLEDGMENT

I, a Notary Public in and for the County and State aforesaid, certify that Eduard de Guardiola, sole manager of Long Grove Development, LLC, Sole Manager of Long Grove Vista, LLC, personally appeared before me this day and acknowledged the execution of the foregoing Master Deed on behalf of Long Grove Vista, LLC.

WITNESS my hand and official stamp or seal this 13 day of April, 2005.

_____
NOTARY PUBLIC for _____
My commission Expires: _____
Notary Public, Rockdale County, Georgia
My Commission Expires July 21, 2006

EXHIBIT "A"

Description of Submitted Property

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

EXHIBIT "B"

Undivided Percentage Interest in the Common Elements and Liabilities for Common Expenses

Unit Number	Number of Bedrooms and Bathrooms	Value of Unit*	Ownership Percentage
111	3 BR/2BA	$229,900	0.447%
112	1 BR/1BA	$159,900	0.290%
113	2 BR/2BA	$199,900	0.387%
114	2 BR/1BA	$179,900	0.318%
115	2 BR/2BA	$199,900	0.387%
116	2 BR/1BA	$179,900	0.318%
117	3 BR/2BA	$229,900	0.447%
118	1 BR/1BA	$159,900	0.290%
121	3 BR/2BA	$229,900	0.447%
122	1 BR/1BA	$159,900	0.290%
123	2 BR/2BA	$199,900	0.387%
124	2 BR/1BA	$179,900	0.318%
125	2 BR/2BA	$199,900	0.387%
126	2 BR/1BA	$179,900	0.318%
127	3 BR/2BA	$229,900	0.447%
128	1 BR/1BA	$159,900	0.290%
211	3 BR/2BA	$229,900	0.447%
212	1 BR/1BA	$159,900	0.290%
213	2 BR/2BA	$199,900	0.387%
214	2 BR/1BA	$179,900	0.318%
215	2 BR/2BA	$199,900	0.387%
216	2 BR/1BA	$179,900	0.318%
217	3 BR/2BA	$229,900	0.447%
218	1 BR/1BA	$159,900	0.290%
221	3 BR/2BA	$229,900	0.447%
222	1 BR/1BA	$159,900	0.290%
223	2 BR/2BA	$199,900	0.387%
224	2 BR/1BA	$179,900	0.318%
225	2 BR/2BA	$199,900	0.387%
226	2 BR/1BA	$179,900	0.318%
227	3 BR/2BA	$229,900	0.447%
228	1 BR/1BA	$159,900	0.290%
311	3 BR/2BA	$229,900	0.447%
312	1 BR/1BA	$159,900	0.290%
313	2 BR/2BA	$199,900	0.387%
314	2 BR/1BA	$179,900	0.318%
315	2 BR/2BA	$199,900	0.387%
316	2 BR/1BA	$179,900	0.318%
317	3 BR/2BA	$229,900	0.447%
318	1 BR/1BA	$159,900	0.290%
321	3 BR/2BA	$229,900	0.447%
322	1 BR/1BA	$159,900	0.290%

Unit Number	Number of Bedrooms and Bathrooms	Value of Unit*	Ownership Percentage
323	2 BR/2BA	$199,900	0.387%
324	2 BR/1BA	$179,900	0.318%
325	2 BR/2BA	$199,900	0.387%
326	2 BR/1BA	$179,900	0.318%
327	3 BR/2BA	$229,900	0.447%
328	1 BR/1BA	$159,900	0.290%
411	3 BR/2BA	$229,900	0.447%
412	1 BR/1BA	$159,900	0.290%
413	2 BR/2BA	$199,900	0.387%
414	2 BR/1BA	$179,900	0.318%
415	2 BR/2BA	$199,900	0.387%
416	2 BR/1BA	$179,900	0.318%
417	3 BR/2BA	$229,900	0.447%
418	1 BR/1BA	$159,900	0.290%
421	3 BR/2BA	$229,900	0.447%
422	1 BR/1BA	$159,900	0.290%
423	2 BR/2BA	$199,900	0.387%
424	2 BR/1BA	$179,900	0.318%
425	2 BR/2BA	$199,900	0.387%
426	2 BR/1BA	$179,900	0.318%
427	3 BR/2BA	$229,900	0.447%
428	1 BR/1BA	$159,900	0.290%
511	3 BR/2BA	$229,900	0.447%
512	1 BR/1BA	$159,900	0.290%
513	2 BR/2BA	$199,900	0.387%
514	2 BR/1BA	$179,900	0.318%
515	2 BR/2BA	$199,900	0.387%
516	2 BR/1BA	$179,900	0.318%
517	3 BR/2BA	$229,900	0.447%
518	1 BR/1BA	$159,900	0.290%
521	3 BR/2BA	$229,900	0.447%
522	1 BR/1BA	$159,900	0.290%
523	2 BR/2BA	$199,900	0.387%
524	2 BR/1BA	$179,900	0.318%
525	2 BR/2BA	$199,900	0.387%
526	2 BR/1BA	$179,900	0.318%
527	3 BR/2BA	$229,900	0.447%
528	1 BR/1BA	$159,900	0.290%
611	3 BR/2BA	$229,900	0.447%
612	1 BR/1BA	$159,900	0.290%
613	2 BR/2BA	$199,900	0.387%
614	2 BR/2BA	$199,900	0.387%
615	2 BR/2BA	$199,900	0.387%
616	2 BR/2BA	$199,900	0.387%
617	3 BR/2BA	$229,900	0.447%
618	1 BR/1BA	$159,900	0.290%
621	3 BR/2BA	$229,900	0.447%

Unit Number	Number of Bedrooms and Bathrooms	Value of Unit*	Ownership Percentage
622	1 BR/1BA	$159,900	0.290%
623	2 BR/2BA	$199,900	0.387%
624	2 BR/2BA	$199,900	0.387%
625	2 BR/2BA	$199,900	0.387%
626	2 BR/2BA	$199,900	0.387%
627	3 BR/2BA	$229,900	0.447%
628	1 BR/1BA	$159,900	0.290%
711	3 BR/2BA	$229,900	0.447%
712	1 BR/1BA	$159,900	0.290%
713	2 BR/2BA	$199,900	0.387%
714	2 BR/2BA	$199,900	0.387%
715	2 BR/2BA	$199,900	0.387%
716	2 BR/2BA	$199,900	0.387%
717	3 BR/2BA	$229,900	0.447%
718	1 BR/1BA	$159,900	0.290%
721	3 BR/2BA	$229,900	0.447%
722	1 BR/1BA	$159,900	0.290%
723	2 BR/2BA	$199,900	0.387%
724	2 BR/2BA	$199,900	0.387%
725	2 BR/2BA	$199,900	0.387%
726	2 BR/2BA	$199,900	0.387%
727	3 BR/2BA	$229,900	0.447%
728	1 BR/1BA	$159,900	0.290%
811	3 BR/2BA	$229,900	0.447%
812	1 BR/1BA	$159,900	0.290%
813	2 BR/2BA	$199,900	0.387%
814	2 BR/2BA	$199,900	0.387%
815	2 BR/2BA	$199,900	0.387%
816	2 BR/2BA	$199,900	0.387%
817	3 BR/2BA	$229,900	0.447%
818	1 BR/1BA	$159,900	0.290%
821	3 BR/2BA	$229,900	0.447%
822	1 BR/1BA	$159,900	0.290%
823	2 BR/2BA	$199,900	0.387%
824	2 BR/2BA	$199,900	0.387%
825	2 BR/2BA	$199,900	0.387%
826	2 BR/2BA	$199,900	0.387%
827	3 BR/2BA	$229,900	0.447%
828	1 BR/1BA	$159,900	0.290%
911	3 BR/2BA	$229,900	0.447%
912	1 BR/1BA	$159,900	0.290%
913	2 BR/2BA	$199,900	0.387%
914	2 BR/1BA	$179,900	0.318%
915	2 BR/2BA	$199,900	0.387%
916	2 BR/1BA	$179,900	0.318%
917	3 BR/2BA	$229,900	0.447%
918	1 BR/1BA	$159,900	0.290%

Unit Number	Number of Bedrooms and Bathrooms	Value of Unit*	Ownership Percentage
921	3 BR/2BA	$229,900	0.447%
922	1BR/1BA	$159,900	0.290%
923	2 BR/2BA	$199,900	0.387%
924	2 BR/1BA	$179,900	0.318%
925	2 BR/2BA	$199,900	0.387%
926	2 BR/1BA	$179,900	0.318%
927	3 BR/2BA	$229,900	0.447%
928	1 BR/1BA	$159,900	0.290%
1011	3 BR/2BA	$229,900	0.447%
1012	1 BR/1BA	$159,900	0.290%
1013	2 BR/2BA	$199,900	0.387%
1014	2 BR/2BA	$199,900	0.387%
1015	2 BR/2BA	$199,900	0.387%
1016	2 BR/2BA	$199,900	0.387%
1017	3 BR/2BA	$229,900	0.447%
1018	1 BR/1BA	$159,900	0.290%
1021	3 BR/2BA	$229,900	0.447%
1022	1 BR/1BA	$159,900	0.290%
1023	2 BR/2BA	$199,900	0.387%
1024	2 BR/2BA	$199,900	0.387%
1025	2 BR/2BA	$199,900	0.387%
1026	2 BR/2BA	$199,900	0.387%
1027	3 BR/2BA	$229,900	0.447%
1028	1 BR/1BA	$159,900	0.290%
1111	3 BR/2BA	$229,900	0.447%
1112	1 BR/1BA	$159,900	0.290%
1113	2 BR/2BA	$199,900	0.387%
1114	2 BR/1BA	$179,900	0.318%
1115	2 BR/2BA	$199,900	0.387%
1116	2 BR/1BA	$179,900	0.318%
1117	3 BR/2BA	$229,900	0.447%
1118	1 BR/1BA	$159,900	0.290%
1121	3 BR/2BA	$229,900	0.447%
1122	1 BR/1BA	$159,900	0.290%
1123	2 BR/2BA	$199,900	0.387%
1124	2 BR/1BA	$179,900	0.318%
1125	2 BR/2BA	$199,900	0.387%
1126	2 BR/1BA	$179,900	0.318%
1127	3 BR/2BA	$229,900	0.447%
1128	1 BR/1BA	$159,900	0.290%
1211	3 BR/2BA	$229,900	0.447%
1212	1 BR/1BA	$159,900	0.290%
1213	2 BR/2BA	$199,900	0.387%
1214	2 BR/1BA	$179,900	0.318%
1215	2 BR/2BA	$199,900	0.387%
1216	2 BR/1BA	$179,900	0.318%
1217	3 BR/2BA	$229,900	0.447%

Unit Number	Number of Bedrooms and Bathrooms	Value of Unit*	Ownership Percentage
1218	1 BR/1BA	$159,900	0.290%
1221	3 BR/2BA	$229,900	0.447%
1222	1 BR/1BA	$159,900	0.290%
1223	2 BR/2BA	$199,900	0.387%
1224	2 BR/1BA	$179,900	0.318%
1225	2 BR/2BA	$199,900	0.387%
1226	2 BR/1BA	$179,900	0.318%
1227	3 BR/2BA	$229,900	0.447%
1228	1 BR/1BA	$159,900	0.290%
1311	3 BR/2BA	$229,900	0.447%
1312	1 BR/1BA	$159,900	0.290%
1313	2 BR/2BA	$199,900	0.387%
1314	2 BR/1BA	$179,900	0.318%
1315	2 BR/2BA	$199,900	0.387%
1316	2 BR/1BA	$179,900	0.318%
1317	3 BR/2BA	$229,900	0.447%
1318	1 BR/1BA	$159,900	0.290%
1321	3 BR/2BA	$229,900	0.447%
1322	1 BR/1BA	$159,900	0.290%
1323	2 BR/2BA	$199,900	0.387%
1324	2 BR/1BA	$179,900	0.318%
1325	2 BR/2BA	$199,900	0.387%
1326	2 BR/1BA	$179,900	0.318%
1327	3 BR/2BA	$229,900	0.447%
1328	1 BR/1BA	$159,900	0.290%
1411	3 BR/2BA	$229,900	0.447%
1412	1 BR/1BA	$159,900	0.290%
1413	2 BR/2BA	$199,900	0.387%
1414	2 BR/1BA	$179,900	0.318%
1415	2 BR/2BA	$199,900	0.387%
1416	2 BR/1BA	$179,900	0.318%
1417	3 BR/2BA	$229,900	0.447%
1418	1 BR/1BA	$159,900	0.290%
1421	3 BR/2BA	$229,900	0.447%
1422	1 BR/1BA	$159,900	0.290%
1423	2 BR/2BA	$199,900	0.387%
1424	2 BR/1BA	$179,900	0.318%
1425	2 BR/2BA	$199,900	0.387%
1426	2 BR/1BA	$179,900	0.318%
1427	3 BR/2BA	$229,900	0.447%
1428	1 BR/1BA	$159,900	0.290%
1511	3 BR/2BA	$229,900	0.448%
1512	1 BR/1BA	$159,900	0.290%
1513	2 BR/2BA	$199,900	0.387%
1514	2 BR/2BA	$199,900	0.387%
1515	2 BR/2BA	$199,900	0.387%
1516	2 BR/2BA	$199,900	0.387%

Unit Number	Number of Bedrooms and Bathrooms	Value of Unit*	Ownership Percentage
1517	3 BR/2BA	$229,900	0.448%
1518	1 BR/1BA	$159,900	0.290%
1521	3 BR/2BA	$229,900	0.448%
1522	1 BR/1BA	$159,900	0.290%
1523	2 BR/2BA	$199,900	0.387%
1524	2 BR/2BA	$199,900	0.387%
1525	2 BR/2BA	$199,900	0.387%
1526	2 BR/2BA	$199,900	0.387%
1527	3 BR/2BA	$229,900	0.448%
1528	1 BR/1BA	$159,900	0.290%
1611	3 BR/2BA	$229,900	0.448%
1612	1 BR/1BA	$159,900	0.290%
1613	2 BR/2BA	$199,900	0.387%
1614	2 BR/2BA	$199,900	0.387%
1615	2 BR/2BA	$199,900	0.387%
1616	2 BR/2BA	$199,900	0.387%
1617	3 BR/2BA	$229,900	0.448%
1618	1 BR/1BA	$159,900	0.290%
1621	3 BR/2BA	$229,900	0.448%
1622	1 BR/1BA	$159,900	0.290%
1623	2 BR/2BA	$199,900	0.387%
1624	2 BR/2BA	$199,900	0.387%
1625	2 BR/2BA	$199,900	0.387%
1626	2 BR/2BA	$199,900	0.387%
1627	3 BR/2BA	$229,900	0.448%
1628	1 BR/1BA	$159,900	0.290%
1711	3 BR/2BA	$229,900	0.448%
1712	1 BR/1BA	$159,900	0.290%
1713	2 BR/2BA	$199,900	0.387%
1714	2 BR/2BA	$199,900	0.387%
1715	2 BR/2BA	$199,900	0.387%
1716	2 BR/2BA	$199,900	0.387%
1717	3 BR/2BA	$229,900	0.448%
1718	1BR/1BA	$159,900	0.290%
1721	3 BR/2BA	$229,900	0.448%
1722	1 BR/1BA	$159,900	0.290%
1723	2 BR/2BA	$199,900	0.387%
1724	2 BR/2BA	$199,900	0.387%
1725	2 BR/2BA	$199,900	0.387%
1726	2 BR/2BA	$199,900	0.387%
1727	3 BR/2BA	$229,900	0.448%
1728	1 BR/1BA	$159,900	0.290%
TOTAL			100.000%

***THESE VALUATIONS ARE FOR PURPOSES OF THE SOUTH CAROLINA HORIZONTAL PROPERTY ACT, AND ARE NOT A GUARANTEE OF THE VALUE OF YOUR UNIT NOR ARE THEY INTENDED TO BE A GUARANTEE OF THE PURCHASE PRICE OF THE UNIT.**

EXHIBIT "C"

Survey

BK 5336072

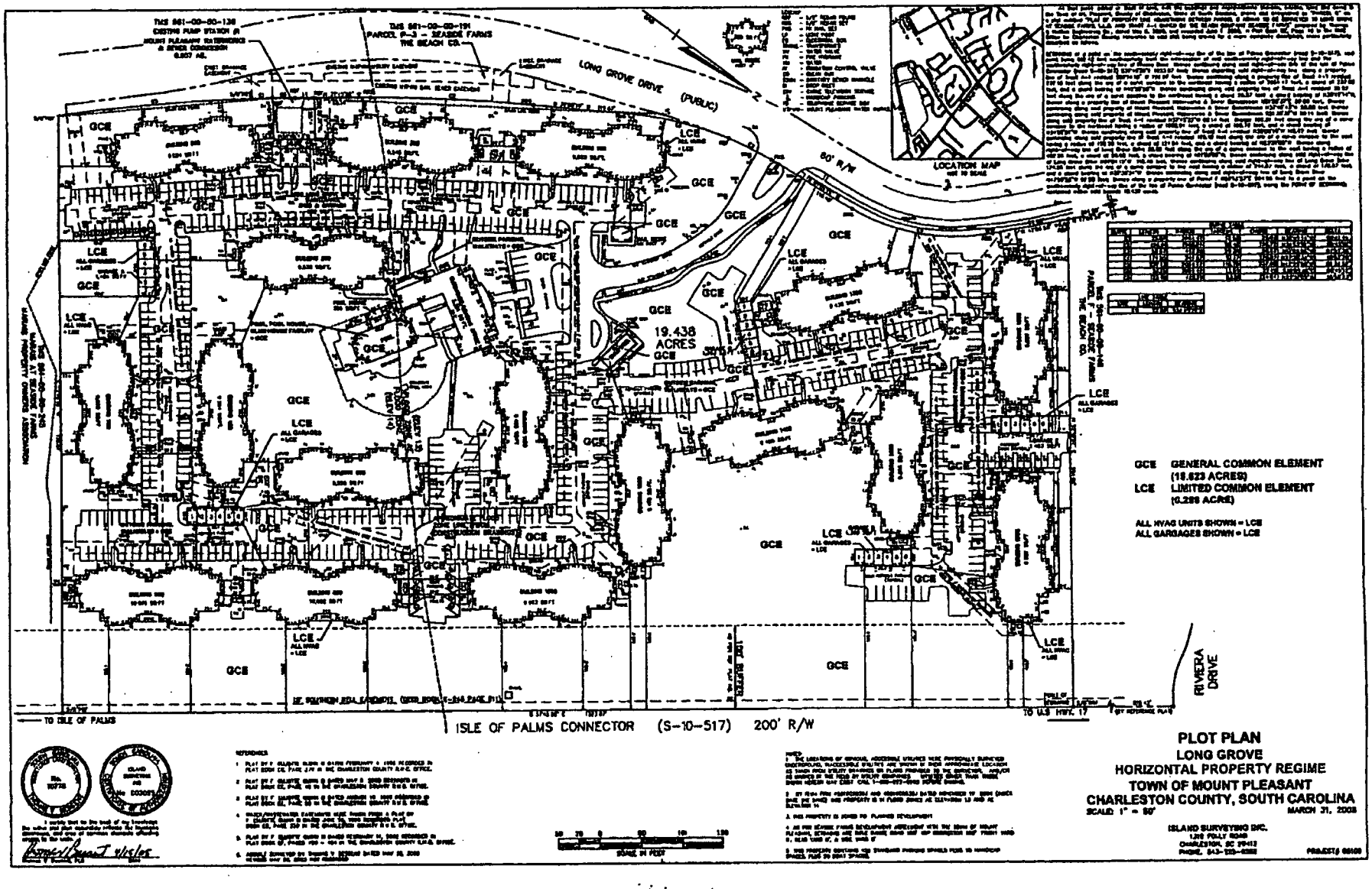
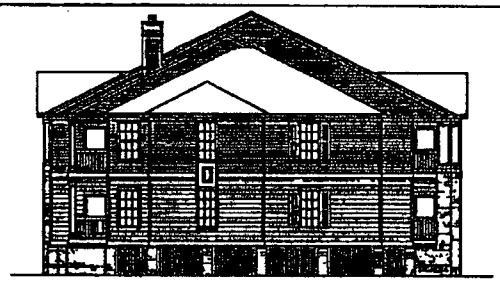
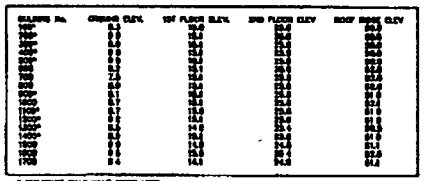


Exhibit C-1

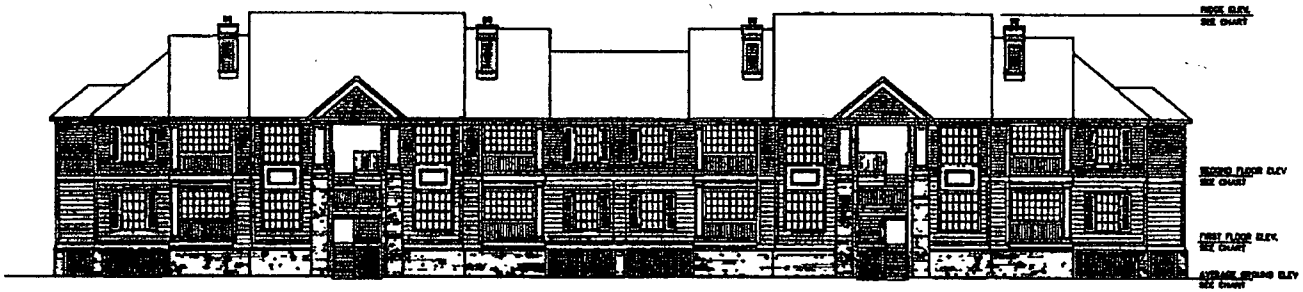


End Elevation – Building

1/8" = 1'-0"

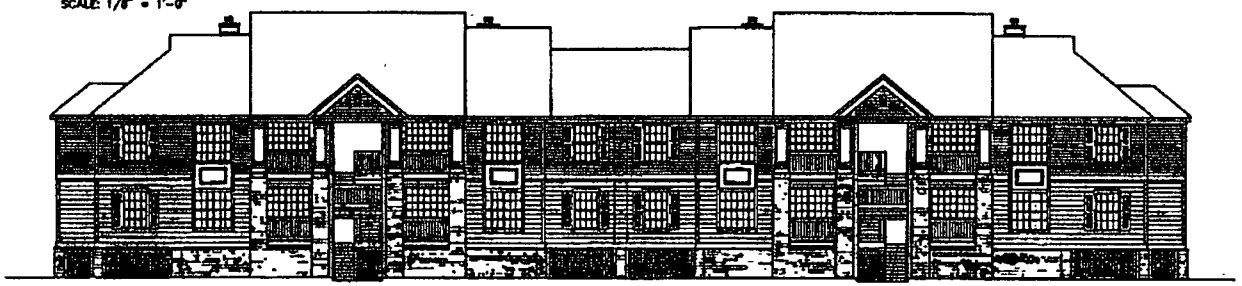


B.M. 533/6013



Front Elevation – Building

SCALE: 1/8" = 1'-0"



Rear Elevation – Building

SCALE: 1/8" = 1'-0"

ELEVATION PLAN
LONG GROVE
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA

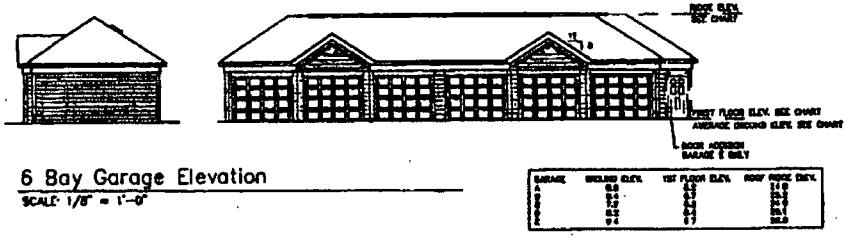
SCALE: AS SHOWN — MARCH 31, 2005

ISLAND SURVEYING INC.

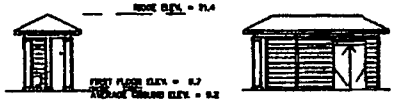
Exhibit C-2

BK 532K071L

Leasing Office Front Elevation
SCALE: 1/8" = 1' - 0"

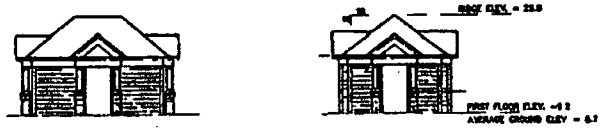


6 Bay Garage Elevation
SCALE: 1/8" = 1'-0"



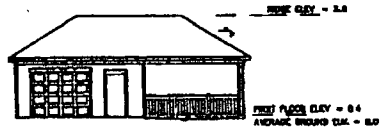
Cabana Front Elev.
SCALE: 1/8" = 1'-0"

Cabana Side Elev.
SCALE: 1/8" = 1'-0"



Mail Kiosk Side Elevation
SCALE: 1/8" = 1'-0"

Mail Kiosk Front & Rear Elev.
SCALE: 1/8" = 1'-0"



Car Wash / Maint. Front Elevation
SCALE: 1/8" = 1'-0"

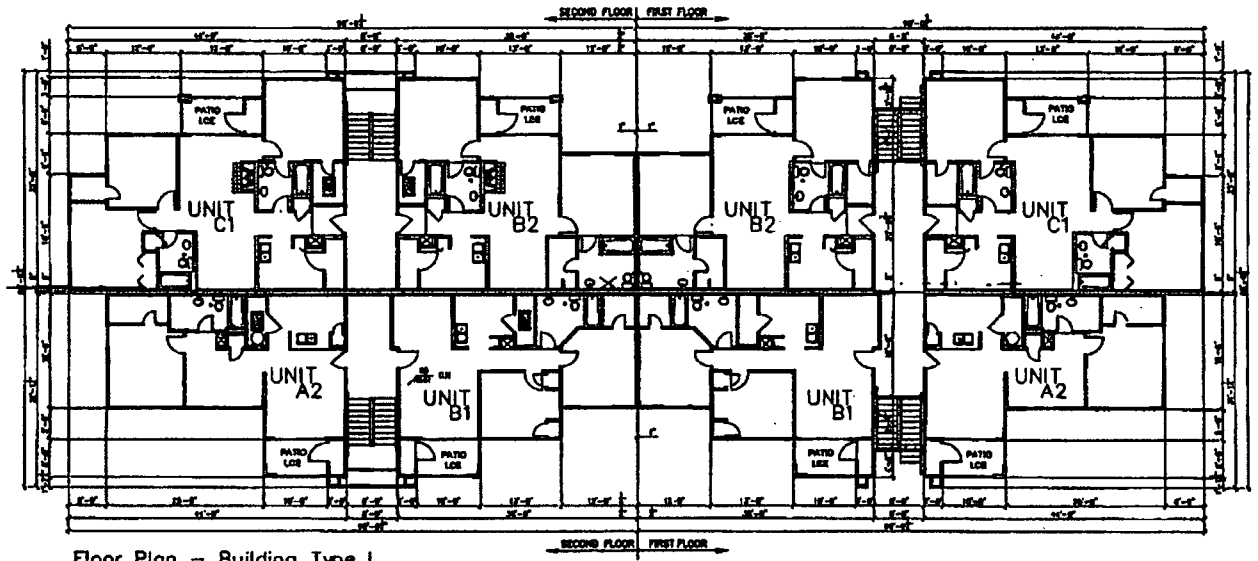
ELEVATION PLAN
LONG GROVE
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
SCALE: AS SHOWN MARCH 31, 2003

ISLAND SURVEYING INC.
1301 FOLLY ROAD
CHARLESTON, SC 29412
PHONE 843-795-0666

Exhibit C-3

EXHIBIT "D"

Plans



Floor Plan – Building Type I

SCALE 1/8" = 1'-0"

BUILDING TYPE I - BUILDING 100, BUILDING 200, BUILDING 300, BUILDING 400, BUILDING 500, BUILDING 900, BUILDING 1100, BUILDING 1200, BUILDING 1300, & BUILDING 1400

FIREPLACES: UNIT B2 = 20 UNITS; UNIT C1 = 20 UNITS, ALL FIREPLACES ARE ON THE SECOND FLOOR

ALL FLOOR PLAN INFORMATION WAS TAKEN FROM ARCHITECTURAL DRAWINGS PROVIDED BY JAMES, RANNICK & PARTNERS, P.A.

LCE = LIMITED COMMON ELEMENT

FLOOR PLAN
LONG GROVE
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA

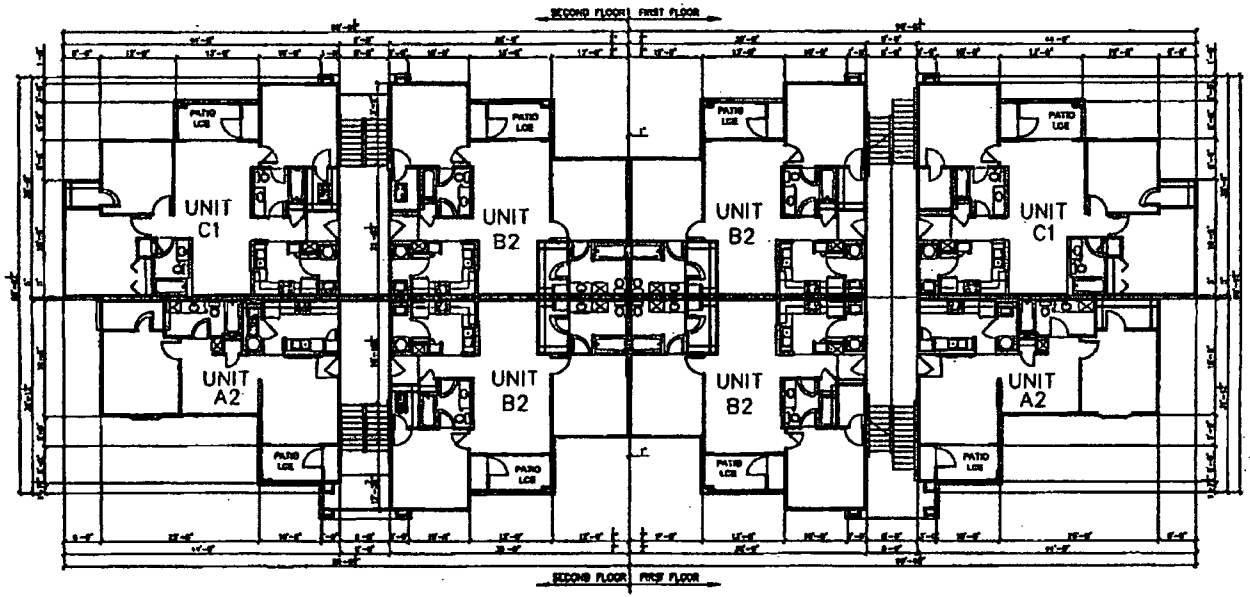
SCALE: AS SHOWN MARCH 31, 2003

ISLAND SURVEYING INC.
1207 FOLLY ROAD
CHARLESTON, SC 29412
PHONE 843-795-5363

PROJECT # 01100

Exhibit D-1

BK 933/6077



Floor Plan Building Type II

SCALE: 1/8" = 1'-0"

BUILDING TYPE II : BUILDING 600, BUILDING 700, BUILDING 800, BUILDING 1000, BUILDING 1500, BUILDING 1600, & BUILDING 1700

HANDICAP UNITS. UNIT 1513, UNIT 1514, UNIT 1515, UNIT 1516, UNIT 1517, UNIT 1518, UNIT 1711, UNIT 1712, UNIT 1713, UNIT 1714, UNIT 1715, UNIT 1716, UNIT 1717, & UNIT 1718

FIREPLACES: THERE ARE NO FIREPLACES IN BUILDING TYPE II

ALL FLOOR PLAN INFORMATION WAS TAKEN FROM ARCHITECTURAL DRAWINGS PROVIDED BY JAMES, HARDER & PARTNERS, INC.

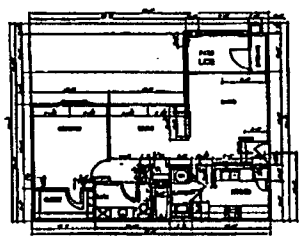
LCE = LIMITED COMMON ELEMENT

FLOOR PLAN
LONG GROVE
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
SCALE: AS SHOWN MARCH 31, 2005

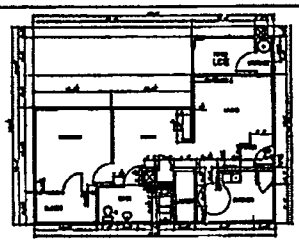
ISLAND SURVEYING INC.
1242 FOLLY ROAD
CHARLESTON, SC 29412
PHONE: 843-225-6262

Exhibit D-2

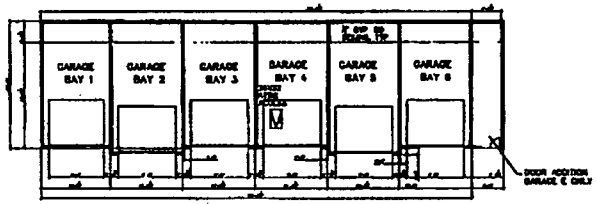
BH 533-6078



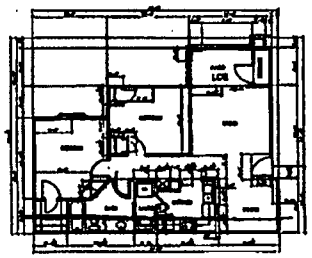
Floor Plan – Unit A2
SCALE: 1/8" = 1'-0"



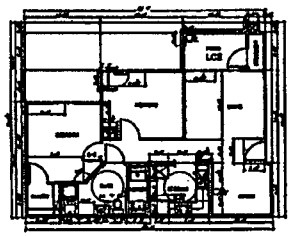
Floor Plan – Unit A2 – Handicap
SCALE: 1/8" = 1'-0"



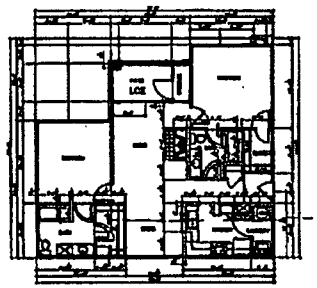
Floor Plan – Garage
SCALE: 1/8" = 1'-0"
GARAGES ARE LCE = LIMITED COMMON ELEMENT



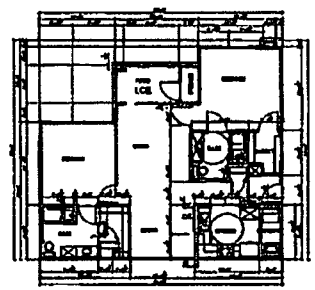
Floor Plan – Unit B1
SCALE: 1/8" = 1'-0"



Floor Plan – Unit B1 – Handicap
SCALE: 1/8" = 1'-0"

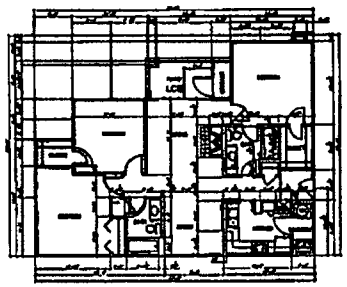


Floor Plan – Unit B2
SCALE: 1/8" = 1'-0"
FIREPLACES IN UNITS B2 & C1 ARE ONLY ON THE SECOND FLOOR OF BUILDING TYPE I.

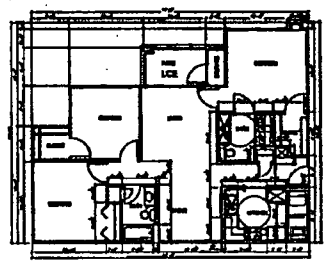


Floor Plan – Unit B2 – Handicap
SCALE: 1/8" = 1'-0"

LCE = LIMITED COMMON ELEMENT



Floor Plan – Unit C1
SCALE: 1/8" = 1'-0"
FIREPLACES IN UNITS B2 & C1 ARE ONLY ON THE SECOND FLOOR OF BUILDING TYPE I.



Floor Plan – Unit C1 – Handicap
SCALE: 1/8" = 1'-0"

ALL FLOOR PLAN INFORMATION WAS TAKEN FROM ARCHITECTURAL DRAWINGS PROVIDED BY JAMES, HARRIS & PARTNERS, INC.

UNIT FLOOR PLAN
LONG GROVE
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
SCALE: AS SHOWN MARCH 31, 2005

ISLAND SURVEYING INC.
1212 FOLLY ROAD
CHARLESTON, SC 29412
PHONE: 843-795-9669

Exhibit D-3

EXHIBIT "E"

BYLAWS

OF

LONG GROVE PROPERTY OWNERS ASSOCIATION, INC.

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BYLAWS

OF

LONG GROVE PROPERTY OWNERS ASSOCIATION, INC.

Article I
General

Section 1. Applicability. These Bylaws provide for the self-government of Long Grove Property Owners Association, Inc., in accordance with provisions § 27-31-10, *et seq.* of the South Carolina Code of Laws, 1976, as may be amended from time to time, the Articles of Incorporation filed with the Secretary of State and the Master Deed for Long Grove Horizontal Property Regime, recorded in the RMC Office for Charleston County, South Carolina ("Master Deed").

Section 2. Name. The name of the corporation is Long Grove Property Owners Association, Inc. ("Association").

Section 3. Definitions. The terms used herein shall have their generally accepted meanings or such meanings as are specified in Paragraph 2 of the Master Deed.

Section 4. Membership. An Owner of a Unit shall automatically become a member of the Association upon taking title to the Unit and shall remain a member for the entire period of ownership. As may be more fully provided below, a member's spouse or Domestic Partner may exercise the powers and privileges of the member. If title to a Unit is held by more than one (1) Person, the membership shall be shared in the same proportion as the title, but there shall be only one (1) membership and one (1) vote per Unit. Membership does not include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. Membership shall be appurtenant to the Unit and shall be transferred automatically by conveyance of that Unit and may be transferred only in connection with the transfer of title.

Section 5. Entity Members. In the event an Owner is a corporation, limited liability company, partnership, trust, or other legal entity not being a natural person or persons, then any natural person who is an officer, director, or other designated agent of such corporation, partner of such partnership, beneficiary or other designated agent of such trust, manager of a limited liability company or representative of such other legal entity shall be eligible to represent such entity or entities in the affairs of the Association, including, without limitation, serving on the Board of Directors of the Association. Such person's relationship with the Association shall terminate automatically upon the termination of such person's relationship with the entity or entities which are the Owner, and termination of the person's relationship with the Association will create a vacancy in any elected or appointed position within the Association in which such person may have been serving and such vacancy will be filled in accordance with these Bylaws.

Section 6. Voting. Each Unit shall be entitled to one (1) weighted vote, which vote shall be weighted according to the percentage interests set forth in Exhibit "B" to the Master Deed, which vote may be cast by the Owner, the Owner's spouse or Domestic Partner, or by a lawful proxy as provided below. When more than one (1) Person owns a Unit, the vote for such Unit shall be exercised as they determine

between or among themselves, but in no event shall more than one (1) vote be cast with respect to any Unit. If only one (1) co-owner attempts to cast the vote for a Unit, it shall be conclusively presumed that such co-owner is authorized on behalf of all co-owners to cast the vote for such Unit. In the event of disagreement between or among co-owners and an attempt by two (2) or more of them to cast such vote or votes, such Persons shall not be recognized and such vote or votes shall not be counted. No Owner shall be eligible to vote, either in person or by proxy, or to act as a proxy for any other member if that Owner is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association or if the Owner has had its voting rights suspended for the infraction of any provision of the Master Deed, these Bylaws, or any rule of the Association. If the voting rights of an Owner have been suspended, that Owner shall not be counted as an eligible vote for purposes of establishing a majority or a quorum.

Section 7. Majority. As used in these Bylaws, the term "majority" shall mean those votes, Owners, or other group as the context may indicate totaling more than fifty percent (50%) of the total number of eligible votes, Owners, or other group, respectively. Unless otherwise specifically stated, the words "majority vote" mean more than fifty percent (50%) of those voting in person or by proxy. Except as otherwise specifically provided in the Declaration or these Bylaws, all decisions shall be by majority vote.

Section 8. Purpose. The Association shall have the responsibility of administering the Regime, establishing the means and methods of collecting the contributions to the Common Expenses, arranging for the management of the Regime and performing all of the other acts that may be required to be performed by the Association pursuant to the Act, the South Carolina Nonprofit Corporation Act of 1994 and the Master Deed. Except as to those matters which the Act, the Master Deed or the South Carolina Nonprofit Corporation Act of 1994 specifically require to be performed by the vote of the Association membership, the administration of the foregoing responsibilities shall be performed by the Board of Directors as more particularly set forth below.

Section 9. Electronic Documents and Electronic Signatures.

(a) Electronic Documents. Whenever these Bylaws require that a document, record or instrument be "written" or "in writing," the requirement is deemed satisfied by an Electronic Document.

(b) Electronic Signatures. Whenever these Bylaws require a signature, an Electronic Signature satisfies that requirement only if: (1) the signature is easily recognizable as a Secure Electronic Signature which is capable of verification, under the sole control of the signatory, and attached to the electronic document in such a way that the document cannot be modified without invalidating the signature; or (2) the Board reasonably believes that the signatory affixed the signature with the intent to sign the Electronic Document, and that the Electronic Document has not been modified since the signature was affixed.

(c) Verification and Liability for Falsification. The Board may require reasonable verification of any Electronic Signature or Electronic Document. Pending verification, the Board may refuse to accept any Electronic Signature or Electronic Document that, in the Board's sole discretion, is not clearly authentic. Neither the Board nor the Association shall be liable to any Member or any other Person for accepting or acting in reliance upon an Electronic Signature or Electronic Document that the Board reasonably believes to be authentic. Any Member or Person who negligently, recklessly or intentionally submits any falsified Electronic Document or an unauthorized Electronic Signature shall fully indemnify the Association for actual damages, reasonable attorneys' fees and expenses incurred as a result of such acts.

Article II
Meetings of Members

Section 1. Annual Meetings. The regular annual meeting of the members shall be held during the fourth quarter of each year with the date, hour, and place to be set by the Board of Directors. No annual meeting of the Association shall be set on a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called for any purpose at any time by the President or Secretary, by request of any two (2) members of the Board of Directors, or upon written petition of Owners holding at least five percent (5%) of the Total Association Vote. Any such written petition by the members must be submitted to the Association's Secretary. The Secretary shall then verify that the required number of members have joined in the petition and shall submit all proper petitions to the Association's President. The President shall then promptly call a special meeting for the purpose stated in the petition setting the date, time and location of the meeting (which is not required to be the date, time or location requested in any petition submitted to the Association), and the Secretary shall send notice of the meeting in accordance with these Bylaws. Any special meeting called pursuant to written petition shall be set within thirty (30) days of the date of the petition. If a special meeting is not called within such thirty (30) day period, the Person signing the written petition may set the time and the place of such special meeting and give notice pursuant to Section 3 below.

Section 3. Notice of Meetings. It shall be the duty of the Secretary to mail or deliver to the record Owner of each Unit or to the Units a notice of each annual or special meeting of the Association at least twenty-one (21) days prior to each annual meeting and at least ten (10) days (or if notice is sent by other than first class mail or registered mail, thirty (30) days) prior to each special meeting. The notice shall state the purpose of any special meeting, as well as the time and place where it is to be held. The notice of an annual meeting shall state the time and place of the meeting and if any of the following items will be considered at such annual meeting, the notice shall also state such purpose: director conflict of interest; indemnification of officers, employees or agents; amendment of the Articles by directors and members; amendment of the Bylaws by directors and members; articles of merger; sale of assets other than in the regular course of activities; dissolution by incorporators, dissolution by directors and members; removal of directors; amendment to the Articles or Bylaws terminating members or redeeming or canceling membership (and if such amendment is to be considered, the notice to members proposing the amendment shall include one statement of up to five hundred (500) words opposing the proposed amendment if the statement is submitted by any five (5) members or members having three percent (3%) or more of the voting power, whichever is less, not later than twenty (20) days after the Board has voted to submit the amendment to the members for their approval. The production and mailing costs must be paid by the Association. If any Owner wishes notice to be given at an address other than his or her Unit, the Owner shall have designated by notice in writing to the Secretary such other address. The mailing or delivering of a notice of meeting in the manner provided in this Section shall be considered proper service of notice.

Section 4. Waiver of Notice. Waiver of notice of meeting of the Owners shall be deemed the equivalent of proper notice. Any Owner may, in a signed writing, waive notice of any meeting of the Owners, either before or after such meeting. Attendance at a meeting by an Owner, whether in person or represented by proxy, shall be deemed waiver by such Owner of notice of the time, date, and place thereof, or particular matter not described in the notice unless such Owner specifically objects to lack of proper notice at the time the meeting is called to order or objects to considering the matter when it is presented. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted at such meeting unless objection to lack of notice is raised before the business, of which proper notice was not given, is put to a vote.

Section 5. Quorum. Except as may be provided elsewhere, the presence of Owners, in person or by proxy, entitled to cast twenty-five percent (25%) of the Total Association Vote shall constitute a quorum. Once a quorum is established for a meeting, it shall conclusively be presumed to exist until the meeting is adjourned and shall not need to be reestablished. Owners whose voting rights have been suspended pursuant to the Master Deed or these Bylaws shall not be counted as eligible votes toward the quorum requirement.

Section 6. Adjournment Any meeting of the Owners may be adjourned from time to time for periods not exceeding ten (10) days by vote of the Owners holding the majority of the votes represented at such meeting, regardless of whether a quorum is present. Any business that could be transacted properly at the original session of the meeting may be transacted at a reconvened session, and no additional notice of such reconvened session shall be required if the new date, time or place is announced at the meeting prior to adjournment.

Section 7. Proxy. Any member entitled to vote may do so by written proxy duly executed by the member setting forth the meeting at which the proxy is valid. To be valid, a proxy must be signed, dated, and filed with the Secretary prior to the opening of the meeting for which it is to be used. Proxies may be delivered to the Board by personal delivery, U.S. mail or facsimile transmission to any Board member or the property manager and are effective when received by the Secretary. Proxies may be revoked only by written notice signed by the member and delivered to the Secretary, except that: (a) the presence in person by the giver of a proxy at a meeting for which the proxy is given shall automatically invalidate the proxy for that meeting; and (b) a later dated proxy shall automatically be deemed to invalidate any previously give proxy. A proxy holder may not appoint a substitute proxy holder unless expressly authorized to do so in the proxy. Proxies shall be valid for a period of eleven (11) months, unless the proxy expressly provides for another time period; provided that, no proxy is valid for more than three (3) years from the date of its execution. The death or incapacity of the member appointing a proxy does not affect the right of the Association to accept the proxy's authority unless the Secretary receives notice of such death or incapacity prior to the exercise of the authority by the proxy.

Section 8. Members' List For Voting.

(a) After fixing a "Record Date" (as hereinafter defined) for a notice of a meeting, the Association shall prepare an alphabetical list of the names of all its members who are entitled to notice of the meeting. The list must show the address and number of votes each member is entitled to vote at the meeting. The Board shall prepare on a current basis through the time of the membership meeting a list of members, if any, who are entitled to vote at the meeting but not entitled to notice of the meeting. This list must be prepared on the same basis and be part of the list of members. As used herein, "Record Date" shall mean the close of business on the business day preceding the day on which the meeting is held, unless a date is fixed by the Board.

(b) The list of members must be available for inspection by any member for the purpose of communication with other members concerning the meeting, beginning the day after notice is given of the meeting for which the list was prepared and continuing through the meeting, at the Association's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held. A member, a member's agent, or member's attorney is entitled on written demand to inspect and, subject to the limitations of Sections 33-31-1602(c) and 33-31-1605 of the South Carolina Nonprofit Corporation Act of 1994, to copy the list, at a reasonable time and at the member's expense, during the period it is available for inspection.

(c) The Association shall make the list of members available at the meeting, and any member, a member's agent, or member's attorney is entitled to inspect the list at any time during the meeting or any adjournment.

(d) If the Association refuses to allow a member, a member's agent, or member's attorney to inspect the list of members before or at the meeting, or copy the list as permitted by subsection 8(b), the court of common pleas of the county in which the Association's principal office is located in South Carolina or, if none in South Carolina, its registered office is located on application of the member, may summarily order the inspection or copying at the Association's expense and may postpone the meeting for which the list was prepared until the inspection or copying is complete and may order the Association to pay the member's costs, including reasonable counsel fees, incurred to obtain the order.

(e) Unless a written demand to inspect and copy a membership list has been made under subsection 8(b) before the membership meeting and the Association improperly refuses to comply with the demand, refusal or failure to comply with this Section does not affect the validity of action taken at the meeting.

(f) A member may inspect and copy the membership list only if: (i) his demand is made in good faith and for a proper purpose; (ii) he describes with reasonable particularity his purpose; and (iii) the list is directly connected with his purpose.

Section 9. Action Taken Without a Meeting. In the Board's discretion, any action that may be taken by the Association members at any annual, regular, or special meeting may be taken without a meeting if the Board delivers a written consent form or written ballot to every member entitled to vote on the matter.

(a) Ballot. A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

The Board may deliver ballots and consent forms by personal delivery, U.S. Mail, facsimile transmission, e-mail, or other electronic means. Owners shall deliver their vote by ballot or consent form by whatever means is specified by the Board.

All solicitations for votes by written ballot shall: (i) indicate the number of responses needed to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter other than election of directors; and (iii) specify the time by which a ballot must be received by the Board in order to be counted. A written ballot may not be revoked. The Association shall maintain such ballots in its file for at least three (3) years.

(b) Written Consent. Approval by written consent shall be valid only when the number of written consents setting forth the actions taken is received and equals or exceeds the requisite voting power required to pass such action at a meeting held on the date that the last consent is executed; provided however, in no event less than eighty percent (80%) of the Total Association Vote, and if such action is consented to by the Declarant, if required. Executed written consents shall be included in the minutes or filed with the Association's records. If an action of the members is approved by written consent hereunder, the Board shall issue written notice of such approval to all members who did not sign written consents. Membership approval shall be effective ten (10) days after written notice is issued; provided, however, if

the consent is to an amendment to the Master Deed or Bylaws which must be recorded, the effective date shall be no earlier than the date of recording of such amendment.

Section 10. Order of Business. At all meetings of the Association, Roberts Rules of Order (latest edition) shall govern when not in conflict with the Master Deed, these Bylaws or the Articles of Incorporation, unless the Owners present at a particular meeting vote to suspend Robert's Rules at that meeting.

Article III
Board of Directors

A. Composition and Selection

Section 1. Composition and Eligibility. The affairs of the Association shall be governed by a Board of Directors. Except for directors appointed by the Declarant hereunder, the directors shall be Owners or spouses or Domestic Partners of such Owners; provided, however, no Owner and his or her spouse or Domestic Partner may serve on the Board at the same time, and no co-owners may serve on the Board at the same time. No persons shall be eligible to be elected to or continue to serve on the Board of Directors if they are shown on the books and records of the Association to be more than thirty (30) days delinquent in the payment of any assessment or charge by the Association. Directors shall not be eligible to serve more than three (3) consecutive two (2) year terms without first resigning from the Board for a time period which shall be the lesser of: (a) one (1) year; or (b) the period of time from the end of one (1) annual meeting of the Association to the beginning of the next annual meeting of the Association.

Section 2. Directors Appointed by the Declarant. Notwithstanding anything to the contrary herein, Declarant shall have exclusive authority to appoint and remove directors and officers until the earlier of: (1) three (3) years after the recording of the Master Deed, (2) four (4) months after seventy-five percent (75%) of the Units have been conveyed to Owners, or (3) the surrender in writing by Declarant of the authority to appoint and remove officers and directors of the Association.

Section 3. Number of Directors and Term of Office. During the period that the Declarant has the authority to appoint directors, the Board shall consist of three (3) directors. After termination of Declarant's right to appoint directors and officers as described in Section 2 of this Article, the Association shall call a meeting to be held at which Owners shall elect five (5) directors. If such meeting is not the annual meeting, the directors elected shall serve until the next annual meeting. At the first annual meeting after Declarant has surrendered control of the Association, the three (3) directors receiving the highest number of votes shall be elected for terms of two (2) years each and remaining directors shall be elected for terms of one (1) year each. At each annual meeting thereafter, a successor shall be elected to serve for a term of two (2) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

Section 4. Removal of Members of the Board of Directors. During the time in which Declarant has the right to appoint officers and directors of the Association, the Declarant may remove a director without cause by delivering written notice to such director and the presiding officer of the Board or the president or secretary. Such removal is effective when the notice is effective, unless the notice specifies a future date. After expiration of Declarant's right to appoint officers and directors of the Association, at any annual or special meeting called for the purpose of removing of a director of the Association duly called, any one (1) or more Board members, except for directors appointed by Declarant hereunder, may be removed with or without cause by the minimum number of votes required for removal under Section 3331-808 of the South Carolina Nonprofit Corporation Act of 1994, to elect said director and a successor may

then and there be elected to fill the vacancy thus created. A director elected by the Board may be removed without cause by the vote of two-thirds (2/3) of the directors then in office; however, a director elected by the Board to fill a vacancy of a director elected by the members may be removed without cause by the members, but not the Board. Further, any director who is more than thirty (30) days past due in the payment of any assessment or charge shall be automatically removed from the Board of Directors, even if the director subsequently pays the amount owed, and the vacancy shall be filled as provided in Section 5 below. Any director who has had three (3) consecutive unexcused absences from regularly scheduled Board meetings may be removed by the vote of a majority of the other directors. Any director whose removal has been proposed shall be given at least ten (10) days notice of the calling of the meeting to consider his or her removal and the purpose thereof and shall be given an opportunity to be heard at the meeting.

Section 5. Vacancies. Except for a vacancy of a director appointed by the Declarant, which may only be filled by the Declarant, vacancies in the Board caused by any reason, except the removal of a director by a majority of the Total Association Vote or by Declarant, shall be filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meeting of the Board of Directors. The successor so selected shall hold office until the next annual meeting. Notwithstanding anything to the contrary herein, any director who is an officer, director or other designated agent of an entity member and whose position becomes vacant for any reason, may be replaced by the entity who is the Owner unless there has been a transfer of ownership of the Unit, in which case, the vacancy shall be filled by the remaining directors, even if less than a quorum at any meeting of the directors.

Section 6. Compensation. Directors shall not be compensated for services as such unless and only to the extent that compensation is authorized by a majority of the Total Association Vote. Directors may be reimbursed for the expenses incurred in carrying out their duties as directors upon approval of such expenses by the Board of Directors. Directors also may be given nominal gifts or tokens of appreciation by the Association for recognition of services performed, not to exceed a value of One Hundred Dollars ($100) per calendar year. For purposes hereof, reasonable food and beverages purchased for Board meeting shall not be considered compensation.

Section 7. Director Conflicts of Interest.

(a) A conflict of interest transaction is a transaction with the Association in which a director of the Association has a direct or indirect conflict. For purposes of this Section, a director has an indirect interest in a transaction if: (i) another entity in which the director has a material interest or in which the director is a general partner is a party to the transaction; or (ii) another entity of which the director is a director, officer, or trustee is a party to the transaction.

(b) A conflict of interest transaction is not voidable or the basis for imposing liability on the director if the transaction (i) was fair to the Association at the time it was entered into; (ii) the material facts of the transaction and the director's interest were disclosed or known to the Board or a committee of the Board and the Board or committee authorized, approved, or ratified the transaction; or (iii) the material facts of the transaction and the director's interest were disclosed or known to the members and they authorized, approved, or ratified the transaction. Notwithstanding anything herein, the directors, during the period of Declarant control, shall be authorized on behalf of the Association to enter into contracts with the Declarant and its affiliates as set forth in Paragraph 19(g) of the Master Deed.

(c) For purposes of subsection 7(b)(ii), a conflict of interest transaction is authorized, approved, or ratified if it receives the affirmative vote of a majority of the directors on the Board or on the committee who have no direct or indirect interest in the transaction, but a transaction may be authorized, approved, or ratified under this Section by a single director. If a majority of the directors on the Board who have no

direct or indirect interest in the transaction vote to authorize, approve, or ratify the transaction, a quorum is present for the purpose of taking action under this Section. The presence of, or a vote cast by, a director with a direct or indirect interest in the transaction does not affect the validity of any action taken under subsection 7(b)(ii) if the transaction is otherwise approved as provided in subsection 7(b).

(d) For purposes of subsection 7(b)(iii), a conflict of interest transaction is authorized, approved, or ratified by the members if it receives a majority of the votes entitled to be counted under this subsection 7(d). Votes cast by or voted under the control of a director who has a direct or indirect interest in the transaction, and votes cast by or voted under the control of an entity described in subsection 7(a)(i), may not be counted in a vote of members to determine whether to authorize, approve, or ratify a conflict of interest transaction under subsection 7(b)(iii). The vote of these members, however, is counted in determining whether the transaction is approved under other provisions of the South Carolina Nonprofit Corporation Act of 1994. A majority of the voting power, whether or not present, that are entitled to be counted in a vote on the transaction under this subsection 7(d) constitutes a quorum for the purpose of taking action under this Section.

Section 8. Nomination. Nomination for election to the Board shall be made from the floor at the meeting. The Board also may appoint a nominating committee to make nominations prior to the meeting.

Section 9. Elections. All members of the Association eligible to vote shall be entitled to cast their entire vote for each directorship to be filled. There shall be no cumulative voting. The directorships for which elections are held shall be filled by that number of candidates receiving the most votes. Voting for election of Board members shall be by written ballot (unless dispensed by unanimous consent at such meeting at which such voting is conducted).

B. Meetings.

Section 1. Regular Meetings. Regular meetings of the Board may be held on such date and at such time and place as shall be determined from time to time by the Board, but such meetings shall be held at least once every six (6) months. The newly elected Board shall meet within ten (10) days after each annual meeting of the membership. Notwithstanding the foregoing, during the period in which Declarant shall have exclusive authority to appoint and remove directors and officers of the Association, as set forth in Article III, Section 2 hereof, the Board shall not be required to hold regular meetings.

Section 2. Special Meetings. Special meetings of the Board may be called by the President on two (2) days notice to each director given by regular first class or electronic mail, in person, by telephone, or by facsimile transmission, which notice shall state the date, time, and place of the meeting. Special meetings of the Board shall be called by the President, Vice President, Secretary, or Treasurer in like manner and on like notice on the written request of at least two (2) directors.

Section 3. Waiver of Notice. Any director may, at any time, in writing, waive notice of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall also constitute a waiver of notice by him or her of the date, time and place of such meeting, unless such director, upon arriving at the meeting or prior to the vote on a matter not noticed in conforming with the South Carolina Nonprofit Corporation Act of 1994, objects to lack of notice and does not thereafter vote for or assent to the objected action. If all directors are present at any Board meeting, no notice shall be required and any business may be transacted at such meeting.

Section 4. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book recording therein all resolutions adopted by the Board

of Directors and a record of all transactions and proceedings occurring at such meetings. A majority of directors shall constitute a quorum for the transaction of business. If a quorum is present when a vote is taken, the affirmative vote of a majority of the directors present is the act of the Board, unless otherwise provided by these Bylaws or the South Carolina Nonprofit Corporation Act of 1994. One (1) or more directors who participate in a meeting by means of telephone or electronic communication shall be deemed present and in attendance for all purposes at such meeting, provided all persons participating in the meeting can hear each other.

Section 5. Open Meetings. Board meetings need not be open to all members. However, if the Board permits members to attend Board meetings, then members other than directors may not participate in any discussion or deliberation unless expressly so authorized by the Board. Notwithstanding the above, the Board may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session. The Board may order the removal of any meeting guest who, in the Board's opinion, either disrupts the conduct of business at the meeting or fails to leave the meeting upon request after an announcement of reconvening in executive session.

Section 6. Action Without a Meeting. Any action by the Board required or permitted to be taken at any meeting may be taken without a meeting if a majority of the directors consent to such action in writing, sent via hand delivery, regular first class or electronic mail or facsimile. Such consents must describe the action taken and be signed by no fewer than a majority of the directors and such consents shall be filed with the minutes of the Board of Directors. An action taken pursuant to this Section shall be effective when the last director signs the consent, unless, the consent specifies a different effective date.

C. Powers and Duties.

Section 1. Powers and Duties. The Board of Directors shall manage the affairs of the Association and shall have all the powers and duties necessary for the administration of the Regime and may do all such acts and things as are not by the Act, the Master Deed, the Articles of Incorporation, or these Bylaws directed to be done and exercised exclusively by the members. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and shall be responsible for the following, in the way of explanation, but not limitation:

(a) preparation and adoption of an annual budget, in which there shall be established the contribution of each Owner to the Common Expenses;

(b) making assessments to defray the Common Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment;

(c) providing for the operation, care, upkeep, and maintenance of all of the Area of Common Responsibility as set forth in Paragraph 17 of the Master Deed;

(d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and the maintenance, repair, and replacement of the Common Elements, Association property, and the Area of Common Responsibility and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a financial depository or institution which it shall approve, or otherwise investing the proceeds in accordance with any limitations set forth in South Carolina law, and using the proceeds to administer the Association;

(f) making and amending rules and regulations and imposing sanctions for violation thereof, including, without limitation, monetary fines;

(g) opening of bank or other financial accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to, or alterations of the Common Elements in accordance with the other provisions of the Master Deed and these Bylaws, after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Master Deed, these Bylaws, and the rules and regulations adopted by it, and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Act and the Master Deed, and paying the premium cost thereof;

(k) paying the costs of all services rendered to the Association or its members and not directly chargeable to specific Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred; and

(m) contracting with any Person for the performance of various duties and functions. The Board shall have the power to enter into common management agreements with trusts, condominium associations, or other associations or corporations. Any and all functions of the Association shall be fully transferable by the Board, in whole or in part, to any other entity.

Section 2. Management Agent. The Association may, but shall not be required to, hire a professional management agent or agents, at a compensation established by the Board, to perform such duties and services as the Board of Directors shall authorize. The Board shall use reasonable efforts in any management contract to provide for termination of such contract by the Association with or without cause and without penalty, upon no more than thirty (30) days written notice. No management contract shall have a term in excess of one (1) year.

Section 3. Borrowing. Except as may be set forth in Paragraph 18 of the Master Deed, the Board of Directors shall have the power to borrow money for the purpose of maintenance, repair, restoration, or improvement of the Common Elements and facilities, and for other purposes, with the approval of a majority of the Total Association Vote.

Section 4. Liability and Indemnification of Officers, Directors and Committee Members. The Association shall indemnify every officer, director, and committee member (including directors, officers, and committee members appointed by Declarant during the period of Declarant control) that conducted himself or herself in good faith, and in the case of a criminal proceeding had no reasonable cause to believe his or her conduct was unlawful, and reasonably believed (i) in the case of conduct in his or her official

capacity with the Association, that his conduct was in its best interest; and (ii) in all other cases, that his or her conduct was at least not opposed to its best interests. The foregoing indemnification shall be valid against any and all expenses, including attorneys' fees, reasonably incurred by or imposed upon such officer, director or committee member in connection with any action, suit, or other proceeding (including settlement of any such action, suit, or proceeding, if approved by the then Board of Directors) to which he or she may be made a party by reason of being or having been an officer, director or committee member, whether or not such person is an officer, director or committee member at the time such expenses are incurred subject to the limitations herein. The Board must make a determination of whether the director has met the standard of conduct in the preceding sentence prior to indemnifying such officer, director or committee member. Such determination shall be made by: (i) the Board by majority vote of a quorum consisting of directors not at the time parties to the proceeding; (ii) if a quorum cannot be obtained as outlined above, by majority vote of a committee duly designated by the Board, in which designation directors who are parties may participate, consisting solely of two (2) or more directors not at the time parties to the proceeding; (iii) by special legal counsel pursuant to Section 33-31-855(b)(3) of the South Carolina Nonprofit Corporation Act of 1994; or (iv) by members of the Association. Authorization of indemnification and evaluation as to reasonableness of expenses must be made in the same manner as the preceding sentence, except that if the determination is made by special legal counsel, such authorization and evaluation must be made by those entitled under Section 33-31-855(b)(3) of the South Carolina Nonprofit Corporation Act of 1994 to select counsel. Directors who are partners to the proceedings may not vote on the determination.

If the Association indemnifies or advances expenses to a director pursuant hereto in connection with a proceeding by or in the right of the Association, the Association shall report the indemnification or advance in writing to the members with or before the notice of the next meeting of members. The officers, directors and committee members shall not be liable for any mistake of judgment, negligent or otherwise, or for injury or damage caused by any such officer, director or committee member in the performance of his or her duties, except for his or her own individual willful misfeasance or malfeasance. The Association, in determining whether to indemnify a director, officer or committee member, shall not impute knowledge to said director, officer or committee member from any source whatsoever; rather, any such determination shall be based on the actual knowledge of the director, officer or committee member. The officers, directors and committee members shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers, directors and committee members may also be members of the Association), and the Association shall indemnify and forever hold each such officer, director or committee member free and harmless against any and all liability to others on account of any such contract or commitment. Notwithstanding anything contained herein to the contrary, the Association may not indemnify a director (i) in connection with a proceeding by or in the right of the Association in which the director was adjudged liable to the Association; or (ii) in connection with any other proceeding charging improper personal benefit to the director, whether or not involving action in his or her official capacity, in which the director was adjudged liable on the basis that personal benefit was improperly received by the director. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer, director or committee member or former officer or director may be entitled. The Association shall maintain, as a Common Expense, adequate general liability and, if obtainable, officers' and directors' liability insurance to fund this obligation, and the insurance shall be written as provided in the Master Deed.

D. Committees.

Section 1. Architectural Control Committee. After termination of the Declarant's right to appoint directors and officers of the Association as described in Part A, Section 2 of this Article, the Board shall establish an Architectural Control Committee for the purpose of establishing and maintaining architectural

standards in the Regime as provided in the Master Deed; provided that such committees shall have two (2) or more members.

Section 2. Other Committees. There shall be such other committees as the Board shall determine with the powers and duties that the Board shall authorize; provided that such committees shall have two (2) or more members.

Section 3. Service on Committees. Unless otherwise provided in these Bylaws or in the resolution authorizing a particular committee, the members of any committee shall be appointed by the President and shall serve at the pleasure of the Board of Directors. Any committee member may be removed with or without cause at any time and with or without a successor being named. A Committee may not (i) authorize distributions; (ii) approve or recommend to members dissolution, merger, or the sale, pledges, or transfer of all or substantially all of the Association's assets; (iii) select, appoint, or remove directors or fill vacancies on the Board or any of its committees; or (iv) adopt, amend, or repeal the Articles of Incorporation or Bylaws.

Article IV
Officers

Section 1. Designation. The principal officers of the Association shall be the President, the Secretary and the Treasurer, all or any of which may be the same person. A Vice President may be elected at the discretion of the Board.

Section 2. Election of Officers. The Association officers shall be elected annually by the Board at the first Board meeting following each annual meeting of the members and shall hold office at the pleasure of the Board and until a successor is elected.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and a successor may be elected.

Section 4. Vacancies. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term.

Section 5. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the members and of the Board. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the South Carolina Nonprofit Corporation Act of 1994, including, but not limited to, the power to appoint committees from among the members from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 6. Vice President. The Vice President, if any, shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

Section 7. Secretary. The Secretary shall keep the minutes of all meetings of the members and of the Board of Directors and authenticate records of the Association and shall have charge of such books and papers as the Board of Directors may direct, and shall, in general, perform all duties incident to the office of the secretary of a corporation organized under South Carolina law.

Section 8. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account

showing all receipts and disbursements (such account shall be in chronological order and shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred), for preparing all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall be responsible for the preparation of the budget as provided in the Master Deed. The Treasurer may delegate all or a part of the preparation and notification duties associated with the above responsibilities to a management agent.

Section 9. Other Officers. Other offices may be created by the Board, and the Board members that hold such offices shall have such titles and duties as are defined by the Board.

Section 10. Agreements, Contracts, Deeds, Leases, Etc. Except during the period Declarant has the right to appoint the officers and directors of the Association, all agreements, contracts, deeds, leases, checks, promissory notes, and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors.

Article V
Rule Making and Enforcement

Section 1. Authority and Enforcement. The Regime shall be used only for those uses and purposes set out in the Master Deed. The Board of Directors shall have the authority to make, modify, repeal and enforce reasonable rules and regulations governing the conduct, use, and enjoyment of Units and the Common Elements; provided, copies of all such rules and regulations shall be furnished to all Owners and Occupants. Any rule or regulation may be repealed by the affirmative vote or written consent of a majority of the Total Association Vote and the consent of the Declarant so long as the Declarant has the right to appoint and remove directors, at an annual or special meeting of the membership. Every Owner and Occupant shall comply with the Master Deed, Bylaws and rules and regulations of the Association, and any lack of compliance therewith shall entitle the Association and, in an appropriate case, one (1) or more aggrieved Owners, to take action to enforce the terms of the Master Deed, Bylaws or rules and regulations.

The Board shall have the power to impose reasonable fines, which shall constitute a lien upon the Owner's Unit, and to suspend an Owner's right to vote or to use the Common Elements for violation of any duty imposed under the Master Deed, these Bylaws, or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board to limit ingress and egress to or from a Unit. In the event that any Occupant of a Unit violates the Master Deed, Bylaws, or a rule or regulation and a fine is imposed, notice of such violation shall be sent to the Owner and Occupant, and the fine shall first be assessed against such Occupant; provided, however, if the fine is not paid by the Occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association, and the fine shall be an assessment and a lien against the Unit until paid. The failure of the Board to enforce any provision of the Master Deed, Bylaws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

Section 2. Fining and Suspension Procedure. The Board shall not impose a fine, suspend the right to vote or suspend the right to use the Common Elements (provided, however, if an Owner is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association, suspension of the right to vote and the right to use the Common Elements shall be automatic; provided further, however, suspension of common utility services shall require compliance with the provisions of Paragraph 10(c)(v) of the Master Deed, where applicable), unless and until the Association has sent or delivered written notice to the violator as provided in subsection (a) below. Any such fine or fines may be effective or commence upon the sending of such notice or such later date as

may be set forth in such notice, notwithstanding the violator's right to request a hearing before the Board to challenge such fine under subsection (b) below.

(a) Notice. If any provision of the Master Deed or Bylaws or any rule or regulation of the Association is violated, the Board shall send the violator written notice identifying the violation and fine(s) and/or suspension being imposed and advising the violator of the right to request a hearing before the Board to contest the violation, fine(s), or suspension or to request reconsideration of the fine(s) or suspension. Fine(s) may be effective or commence upon the sending of such notice or such later date specified in such notice, notwithstanding the violator's right to request a hearing before the Board to challenge the fine. In the event of a continuing violation, each day the violation continues or occurs again constitutes a separate offense, and fines may be imposed on a per diem basis without further notice to the violator. Suspensions shall be effective pursuant to Section 33-31-621 of the South Carolina Nonprofit Corporation Act of 1994.

(b) Hearing. If a written request for hearing is received from the violator within ten (10) days of the date of the violation notice provided above, then the Board shall schedule and hold in executive session a hearing affording the violator a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing. The Board may establish rules of conduct for such hearing, which may include limits on time and on the number of participants who may be present at one time.

Section 3. Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Board may elect to enforce any provision of the Master Deed, the Bylaws, or the rules and regulations by self-help (specifically including, but not limited to, towing of vehicles that are in violation of the parking rules and regulations or performing maintenance on any Unit upon a failure by the Owner to so do) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity for compliance with the procedure set forth in Section 2 of this Article. In any such action, to the maximum extent permissible, the Owner or Occupant responsible for the violation for which abatement is sought shall pay all costs, including reasonable attorneys' fees actually incurred.

The Association or its duly authorized agent shall have the power to enter a Unit or upon any portion of the Common Elements to abate or remove, using such force as may be reasonably necessary, any structure, thing or condition which violates the Master Deed, the Bylaws, or the rules and regulations; provided, however, written notice shall be given to the Owner of the Unit at least two (2) days prior to the time that any items of construction are altered or demolished. All costs of self-help, including reasonable attorneys' fees, shall be assessed against the violating Owner and shall be collected as provided herein for the collection of assessments.

Article VI
Miscellaneous

Section 1. Notices.

(a) Method of Giving Notice. Unless otherwise prohibited in these Bylaws, all notices, demands, bills, statements, or other communications shall be in writing and shall be given via:

(i) Personal delivery to the addressee; or

(ii) United States mail, first class, postage prepaid; or

(iii) Electronic mail; or

(iv) Facsimile; or

(v) A secure web site, provided that notice shall be deemed given via web site only upon proof that the addressee has retrieved the message.

(b) Addressee. Notice sent by one of the methods described in subparagraph (a) above shall be deemed to have been duly given:

(i) If to an Owner, at the address, electronic mail address or facsimile number which the Owner has designated in writing and filed with the Secretary, or if no such address has been designated, at the address of the Unit of such Owner;

(ii) If to an Occupant, at the address, electronic mail address or facsimile number which the Occupant has designated in writing with the Secretary or, if no such address has been designated, at the address of the Unit occupied; or

(iii) If to the Association, the Board or the managing agent, at the postal address, facsimile or electronic mail address of the principal office of the Association or the managing agent, if any, or at such other address as shall be designated in writing and filed with the Secretary. The Secretary shall promptly provide notice to all Owners of any such change in address.

Section 2. Severability. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws or the Master Deed.

Section 3. Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision thereof.

Section 4. Gender and Grammar. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural whenever the context so requires.

Section 5. Fiscal Year. The fiscal year of the Association may be set by Board resolution, and, in the absence thereof, shall be the calendar year.

Section 6. Financial Audit. The accounts of the Association shall be audited as a Common Expense by an independent accountant after the close of each fiscal year. Such audited statement shall include a balance sheet as of the end of the fiscal year and a statement of operations for that year, and shall be made available to the member, the Attorney General, or the holder, insurer, or guarantor of any first mortgage on a Unit upon submission of a written request and must be available within one hundred twenty (120) days of the Association's fiscal year end.

If annual financial statements are reported upon by a public accountant, the accountant's report must accompany them. If not, the statements must be accompanied by the statement of the president or Person responsible for the Association's financial accounting records stating that Person's belief as to whether the statements were prepared on the basis of generally accepted accounting principles, and if not, describing the basis of preparation, and describing any respects in which the statements were not prepared on a basis of accounting consistent with the statements prepared for the preceding year.

Section 7. Conflicts. The duties and powers of the Association shall be those set forth in the Act, the South Carolina Nonprofit Corporation Act of 1994, the Master Deed, these Bylaws, and the Articles of Incorporation, together with those reasonably implied to affect the purposes of the Association; provided, however, that if there are conflicts or inconsistencies between the Act, the South Carolina Nonprofit Corporation Act of 1994, the Master Deed, these Bylaws, or the Articles of Incorporation, then the provisions of the Act, the South Carolina Nonprofit Corporation Act of 1994, as may be applicable, the Master Deed, the Articles of Incorporation and these Bylaws, in that order, shall prevail, and each Owner of a Unit, by acceptance of a deed or other conveyance therefor, covenants to vote in favor of such amendments as will remove such conflicts or inconsistencies.

Section 8. Amendment. Except where a higher vote is required for action under a particular provision of the Master Deed or Bylaws, in which case such higher vote shall be necessary to amend, these Bylaws may be amended by the affirmative vote, written consent, or any combination of affirmative vote and written consent of the members holding two-thirds (2/3) of the Total Association Vote. Any amendment to add, change, or delete a greater quorum for members must be adopted under the quorum then in effect or proposed to be adopted, whichever is greater. Any amendment to add, change, or delete a voting requirement must be adopted by the same vote and classes of members required to take action under the voting requirements then in effect or proposed to be adopted, whichever is greater. Any amendment that fixes a greater quorum or voting requirements for the Board may be amended or repealed only by the members, if the members originally adopted such quorum or voting requirements. Notwithstanding the foregoing, any amendment to the Bylaws shall require the written consent of Declarant until the later of the following: (a) the date upon which the Declarant no longer owns any Unit at Long Grove Horizontal Property Regime; (b) the date upon which the Declarant no longer has the right to appoint the directors and officers of the Association as provided in Article III, Part A, Section 2 of the Bylaws; or (C) ten (10) years after the date on which the Master Deed is recorded in the RMC Office for Charleston County, South Carolina, whichever period of time is longer. Moreover, no amendment shall become effective until it is certified by the President and Secretary of the Association and recorded in the RMC Office for Charleston County, South Carolina. Any amendment duly certified and recorded shall be conclusively presumed to have been duly adopted in accordance with the Master Deed and Bylaws. Owners whose voting rights have been suspended pursuant to the Master Deed or these Bylaws shall not be counted as eligible votes toward the amendment requirement.

Any action to challenge the validity of an amendment adopted under this Section must be brought within one (1) year of the amendment's effective date. No action to challenge any such amendment may be brought after such time.

Notwithstanding the foregoing, Declarant or the Board of Directors, without the necessity of a vote from the Owners, may amend these Bylaws to correct any scriveners errors, comply with any applicable state, city or federal law, and/or to bring the Regime into compliance with applicable rules and regulations of the Federal National Mortgage Association ("Fannie Mae"), the Department of Housing and Urban Development ("HUD") and the Veterans Administration ("VA") pursuant to federal law.

Section 9. Books and Records.

(a) The Association shall:

(i) keep as permanent records minutes of all meetings of its members and Board, a record of all actions taken by the members or directors without a meeting, and a record of all

actions taken by committees of the Board as authorized by Section 33-31-825(d) of the South Carolina Nonprofit Corporation Act of 1994;

(ii) maintain appropriate accounting records;

(iii) maintain a record of its members in a form that permits preparation of a list of the name and address of all members, in alphabetical order, showing the number of votes each member is entitled to cast;

(iv) maintain its records in written form or in another form capable of conversion into written form within a reasonable time; and

(v) keep a copy of the following records at its principal office:

(A) its Articles or restated Articles of Incorporation and all amendments to them currently in effect;

(B) its Bylaws or restated Bylaws and all amendments to them currently in effect;

(C) resolutions adopted by the Board relating to the characteristics, qualifications, rights, limitations, and obligations of members;

(D) the minutes of all meetings of members and records of all actions approved by the members for the past three years;

(E) all written communications to members generally within the past three years, including the financial statements furnished for the past three years under Section 33-31-1620 of the South Carolina Nonprofit Corporation Act of 1994;

(F) a list of the names and business or homes address of its current directors and officers; and

(G) its most recent report of each type required to be filed by it with the Secretary of State of South Carolina under the South Carolina Nonprofit Corporation Act of 1994.

(b) All members of the Association and any holder of a first Mortgage shall be entitled to inspect the following records at a reasonable time and location specified by the Association, upon written request at least five (5) business days before the date on which the member or mortgagee wishes to inspect and copy:

(vi) its Articles or restated Articles of Incorporation and all amendments to them currently in effect;

(vii) its Bylaws or restated Bylaws and all amendments to them currently in effect;

(viii) resolutions adopted by either its members or Board of Directors increasing or decreasing the number of directors or the classification of directors, or relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members;

(ix) resolutions adopted by either its members or Board of Directors relating to the characteristics, qualification, rights, limitations, and obligations of members or any class or category of members;

(x) the minutes of all meetings of members and records of all actions approved by the members for the past three (3) years;

(xi) all written communications to members generally within the past three (3) years, including the financial statements furnished for the past three (3) years;

(xii) a list of the names and business or home addresses of its current directors and officers; and

(xiii) its most recent annual report delivered to the Secretary of State.

(c) A member may inspect and copy the following records upon written notice at least five (5) business days before the date on which the member wishes to inspect and copy only if the member's demand is made in good faith and for a proper purpose that is reasonably relevant to the member's legitimate interest as a member; the member describes with reasonable particularity the purpose and the records the member desires to inspect; the records are directly connected with this purpose:

(i) excerpts from minutes of any Board meeting, records of any action of a committee of the Board while acting in place of the Board on behalf of the Association, minutes of any meeting of the members, and records of action taken by the members or the Board without a meeting, to the extent not subject to inspection under subsection 9(a);

(ii) accounting records of the Association; and

(iii) the membership list only if for a purpose related to the member's interest as a member. Without the consent of the Board, a membership list or any part thereof may not be: used to solicit money or property unless such money or property will be used solely to solicit the votes of the members in an election to be held by the Association; used for any commercial purpose; or sold to or purchased by any person.

The Association may impose a reasonable charge, covering the cost of labor and material, for copies of any documents provided to the Member.

Notwithstanding anything to the contrary, the Board may limit or preclude member inspection of confidential or privileged documents, including attorney/client privileged communications, executive session meeting minutes, and financial records or accounts of other members. Minutes for any Board or Association meetings do not become effective and an official Association record until approved by the Board or Association membership, as applicable, at a subsequent meeting.

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Krawcheck & Davidson

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CHARLIE LYBRAND
REGISTER
CHARLESTON COUNTY SC

Recording Fee	91.00
State Fee	
County Fee	
Postage	
Total	91.00

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PID VERIFIED BY ASSESSOR
REP TRR
DATE 5 14 05

RECEIVED FROM RMC
MAY 4 2005
PEGGY A. MOSELEY
CHARLESTON COUNTY AUDITOR

(843) 958-4800 2 COURTHOUSE SQUARE CHARLESTON, SOUTH CAROLINA 29402-0726

STATE OF SOUTH CAROLINA) FIRST AMENDMENT TO MASTER DEED
) FOR LONG GROVE HORIZONTAL
COUNTY OF CHARLESTON) PROPERTY REGIME

WHEREAS, by its Master Deed dated April 13, 2005 and recorded April 18, 2005 in Book H533, Page 15 in the Charleston County RMC Office (the "Master Deed"), Long Grove Vista, LLC, a Georgia limited liability company (the "Declarant") created and established on the property described herein, Long Grove Horizontal Property Regime. In the Master Deed, the Developer reserved the right to amend the Master Deed and does hereby amend the Master Deed in the following particulars:

1. Exhibit "D" attached to the Master Deed, is replaced by Exhibit "D", attached hereto and made a part hereof.

2. All other terms and provisions of the Master Deed not affected by this amendment shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned have set their hands and seals this 26 day of April, 2005.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

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

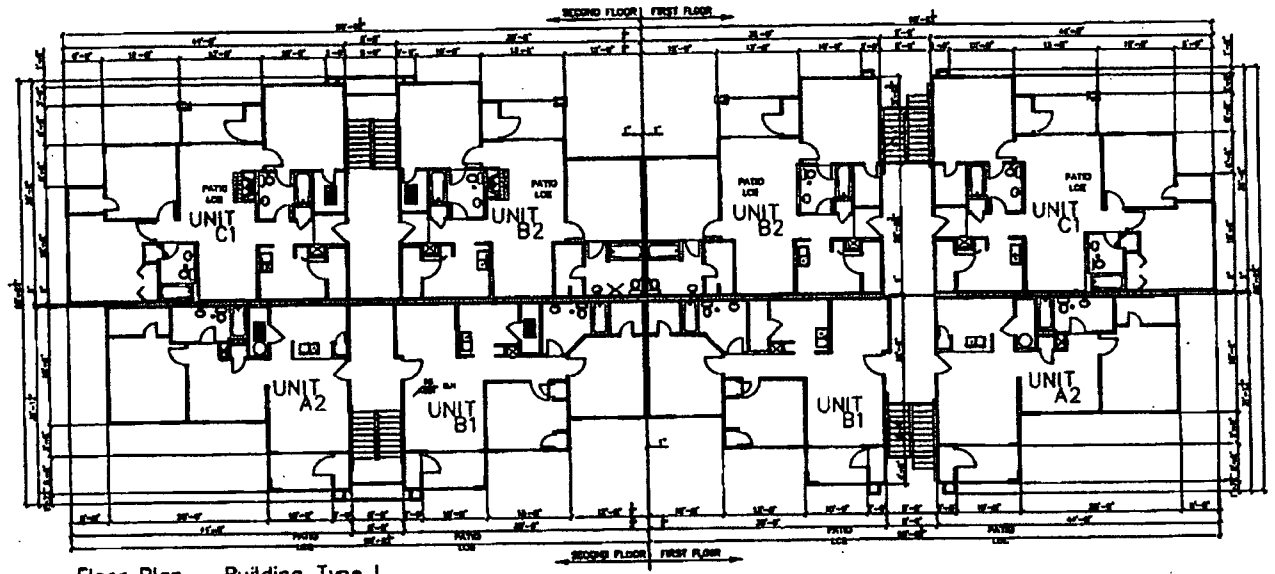
By: _____
Eduard de Guardiola
Sole Member

STATE OF Georgia)
) Acknowledgment
COUNTY OF Fulton)

The foregoing instrument was acknowledged before me this 26th day of April, 2005, by Long Grove Vista, LLC, a Georgia limited liability company, by Eduard de Guardiola, its Sole Member.

Notary Public for Georgia
My Commission Expires: April 12, 2009

Notary Public
My Commission Expires April 12, 2009
Fulton County, Georgia



Floor Plan – Building Type I

SCALE 1/8" = 1'-0"

BUILDING TYPE I : BUILDING 100, BUILDING 200, BUILDING 300, BUILDING 400, BUILDING 500, BUILDING 900, BUILDING 1100, BUILDING 1200, BUILDING 1300, & BUILDING 1400

FIREPLACES: UNIT B2 = 20 UNITS; UNIT C1 = 20 UNITS, ALL FIREPLACES ARE ON THE SECOND FLOOR.

LCE = LIMITED COMMON ELEMENT

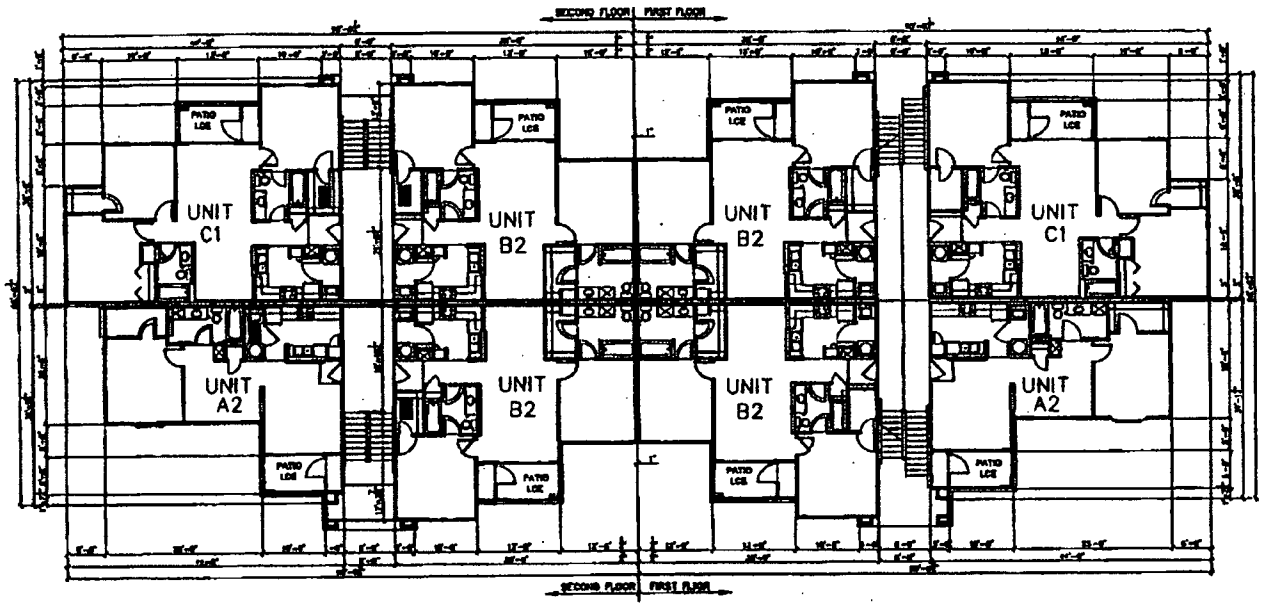
ALL FLOOR PLAN INFORMATION WAS TAKEN FROM ARCHITECTURAL DRAWINGS PROVIDED BY JAMES, BARNES & PARTNERS, INC.

I HEREBY CERTIFY THAT THE PLAT OF LONG GROVE HORIZONTAL PROPERTY REGIME, TOWN OF MOUNT PLEASANT, CHARLESTON COUNTY, SOUTH CAROLINA, CONSISTING OF SHEETS 1 THROUGH 5 INCLUSIVE, IS A TRUE AND CORRECT PLAT OF SAID CONDOMINIUM, AS BUILT, AND THAT THE ELEVATIONS SHOWN HEREON ARE IN FEET AND DECIMAL PARTS THEREOF.

Exhibit D-1

FLOOR PLAN
LONG GROVE
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
SCALE: AS SHOWN MARCH 31, 2005

ISLAND SURVEYORS INC.
1313 FOLLY ROAD
CHARLESTON, SC 29412
PHONE: 843-795-4588



Floor Plan Building Type II

SCALE: 1/8" = 1'-0"

BUILDING TYPE II : BUILDING 600, BUILDING 700, BUILDING 800, BUILDING 1000, BUILDING 1500, BUILDING 1600, & BUILDING 1700

HANDICAP UNITS: UNIT 1513, UNIT 1514, UNIT 1515, UNIT 1516, UNIT 1517, UNIT 1518, UNIT 1711, UNIT 1712, UNIT 1713, UNIT 1714, UNIT 1715, UNIT 1716, UNIT 1717, & UNIT 1718

FIREPLACES: THERE ARE NO FIREPLACES IN BUILDING TYPE II.

ALL FLOOR PLAN INFORMATION WAS TAKEN FROM ARCHITECTURAL DRAWINGS PROVIDED BY JAMES, BARRICK & PARTNERS, INC.

I HEREBY STATE TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF, THE PROVISIONS OF THE HORIZONTAL PROPERTY REGIME ACT CONCERNING THE PLANS PRESENTED IN THIS EXHIBIT "D" ARE SUBSTANTIALLY COMPLETE SO THAT THE MATERIAL, TOGETHER WITH THE DESCRIPTION OF THE IMPROVEMENTS IN EXHIBIT "D" OF THE MASTER DEED, IS AN ACCURATE REPRESENTATION OF THE UNITS AND COMMON ELEMENTS AS BUILT.

JOHN D. LONGO, JR.
S.C. REGISTERED ENGINEER No. 23999

5/11/05
DATE

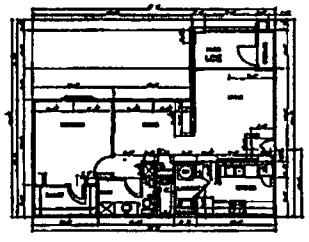
LCE = LIMITED COMMON ELEMENT

Exhibit D-2

FLOOR PLAN
LONG GROVE
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
SCALE: AS SHOWN MARCH 31, 2005

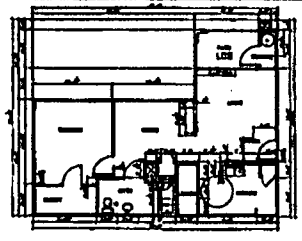
ISLAND SURVEYING INC.
1252 FOLLY ROAD
CHARLESTON, SC 29412
PHONE 843-795-4383

PROJECT# 04109



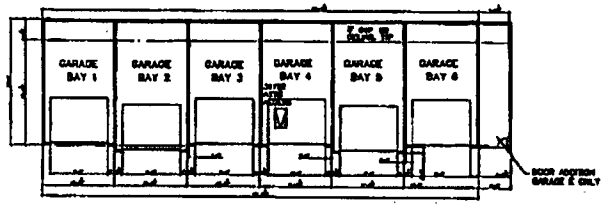
Floor Plan – Unit A2

SCALE: 1/8" = 1'-0" 786 SQ FT.



Floor Plan – Unit A2 – Handicap

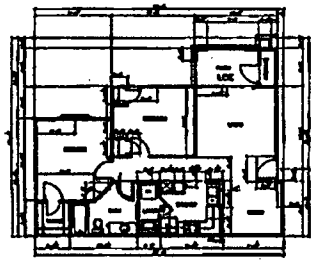
SCALE 1/8" = 1'-0" 786 SQ.FT



Floor Plan – Garage

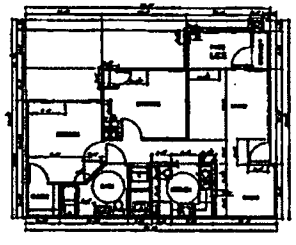
SCALE: 1/8" = 1'-0"

GARAGES ARE LCE = LIMITED COMMON ELEMENT



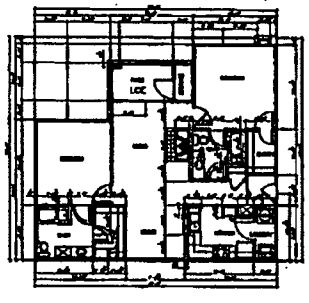
Floor Plan – Unit B1

SCALE: 1/8" = 1'-0" 860 SQ FT.



Floor Plan – Unit B1 – Handicap

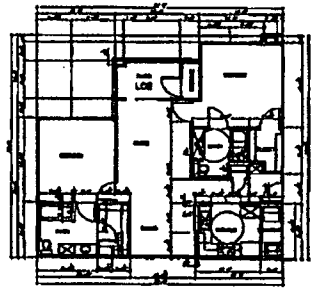
SCALE: 1/8" = 1'-0" 860 SQ FT



Floor Plan – Unit B2

SCALE: 1/8" = 1'-0" 1,048 SQ FT

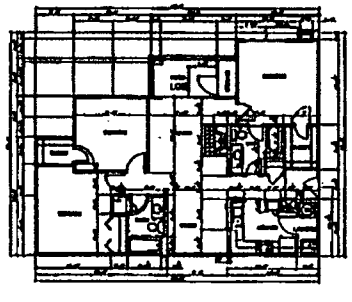
FIREPLACES IN UNITS B2 & C1 ARE ONLY ON THE SECOND FLOOR OF BUILDING TYPE I.



Floor Plan – Unit B2 – Handicap

SCALE: 1/8" = 1'-0" 1,048 SQ FT

LCE = LIMITED COMMON ELEMENT

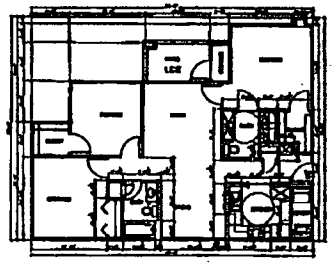


Floor Plan – Unit C1

SCALE: 1/8" = 1'-0" 1,197 SQ FT

FIREPLACES IN UNITS B2 & C1 ARE ONLY ON THE SECOND FLOOR OF BUILDING TYPE I.

Exhibit D-3



Floor Plan – Unit C1 – Handicap

SCALE: 1/8" = 1'-0" 1,197 SQ FT.

ALL FLOOR PLAN INFORMATION HAS BEEN TAKEN FROM ARCHITECTURAL DRAWINGS PROVIDED BY JAMES, BARRETT & PARTNERS, INC.

I HEREBY STATE THAT TO THE BEST OF MY KNOWLEDGE AND BELIEF, THE POSITIONAL TEXT AND GRAPHIC DEPICTIONS CONTAINED HEREIN ARE AN ACCURATE REPRESENTATION OF THE UNITS AS BUILT.

UNIT FLOOR PLAN
LONG GROVE
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA

SCALE: AS SHOWN MARCH 31, 2005

BELAND SURVEYING INC.
1212 FELLY ROAD
CHARLESTON, SC 29412
PHONE: 843-795-0360

PROJECT# 05009

BK U535PG439

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9 State Street
Charleston, SC 29401

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State Fee	
County Fee	EXEMPT
Postage	
Total	10.00

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CHARLIE LYBRAND
REGISTER
CHARLESTON COUNTY SC

PID VERIFIED BY ASSESSOR
REP T, JR
DATE 5/24/05

RECEIVED FROM RMC
MAY 25 2005
PEGGY A. MOSELEY
CHARLESTON COUNTY AUDITOR

(843) 958-4800 2 COURTHOUSE SQUARE CHARLESTON, SOUTH CAROLINA 29402-0726

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

TITLE TO REAL ESTATE

WHEREAS, Long Grove Vista, L.L.C. is the sole owner of that certain real property with improvements thereon commonly known as Long Grove Apartments located in the Town of Mt. Pleasant, Christ Church Parish, Charleston County, South Carolina; and

WHEREAS, Long Grove Vista, L.L.C. has converted the rental units at Long Grove Apartments to condominium ownership pursuant to S.C. Code of Laws, Section 27-31-410, et seq., and has complied with the disclosure, notice and offer requirements, set forth thereon, including but not limited to compliance with Section 27-31-420(B); and

WHEREAS, Long Grove Vista, L.L.C., is a Georgia limited liability company, and Long Grove Development, L.L.C., its sole manager by Eduarad de Guardiola, its sole manager, is authorized to execute and deliver deeds on behalf of this Company;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that **LONG GROVE VISTA, L.L.C.**, a Georgia limited liability company, for and in consideration of the sum of **ONE HUNDRED NINETY-ONE THOUSAND NINE HUNDRED AND 00/100 ($191,900.00) DOLLARS**, to it in hand paid at and before the sealing and delivery of these presents by **DAVID PATE, CRAIG GANGLOFF and CINDY L. GANGLOFF**, in the State aforesaid, County aforesaid, the receipt whereof is hereby acknowledged, has granted, bargained, sold and released, and by these presents does grant, bargain, sell and release unto the said **DAVID PATE, CRAIG GANGLOFF and CINDY L. GANGLOFF**, their heirs and assigns forever, the following described real property, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO
AND INCORPORATED HEREIN BY REFERENCE FOR LEGAL DESCRIPTION

BEING a portion of the property conveyed to Long Grove Vista, L.L.C. by Long Grove at Seaside Farms, L.L.C. by deed dated March 7, 2005 and recorded in Book C-528, Page 321, in the RMC Office for Charleston County.

TMS No. 561-00-00-471

Grantees' Address: 2750 Oak Hammock Preserve Blvd.
Kissimmee, FL 34746

TOGETHER WITH, all and singular, the rights, members, hereditaments and appurtenances to the said premises belonging, or in anywise incident or appertaining.

TO HAVE AND TO HOLD, all and singular, the said premises unto the said David Pate, Craig Gangloff and Cindy L. Gangloff, their heirs and assigns forever.

AND subject to the exceptions set forth above, Long Grove Vista, L.L.C. does hereby bind itself and its successors and assigns to warrant and forever defend all and singular, the said premises unto the said David Pate and Craig Gangloff, their heirs and assigns, from and against its successors and assigns lawfully claiming under it.

EXHIBIT
D

IN WITNESS WHEREOF, **LONG GROVE VISTA, L.L.C.**, a Georgia limited liability company, has caused these presents to be executed in its name by Long Grove Development, LLC, its Sole Manager, by Eduard de Guardiola, its Sole Manager, this 29th day of Sept., in the year of our Lord Two Thousand Five and in the Two Hundred and Thirtieth year of the Sovereignty and Independence of the United States of America.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

LONG GROVE VISTA, L.L.C.

By: Long Grove Development, LLC
its Sole Manager

By: _____
Eduard de Guardiola
Its: Sole Manager

_____
Witness #1

_____
Witness #2

STATE OF Georgia)
)
COUNTY OF Clayton)

The foregoing instrument was acknowledged before me by **LONG GROVE VISTA, L.L.C.**, by Long Grove Development, LLC, its Sole Manager, by Eduard de Guardiola, its Sole Manager, this 29th day of Sept., 2005.

_____ (SEAL)
Notary Public for _____
My commission expires: _____

Angela N. Hamilton
Notary Public, Clayton County, Georgia
My Commission Expires November 28, 2006

NOTARY PUBLIC

EXHIBIT "A"

UNIT 1226 (the "Property") of Long Grove Horizontal Property Regime, as more specifically identified in that Master Deed and the exhibits thereto (together, the "Master Deed") dated April 13, 2005 and recorded April 18, 2005, in Book H533 at Page 15 et seq., as amended by First Amendment to Master Deed for Long Grove Horizontal Property Regime dated April 26, 2005 and recorded May 5, 2005 in Book U535 at Page 435 in the RMC Office for Charleston County, South Carolina together with an undivided percentage in the common elements and rights and easements as set forth in the Master Deed.

Said Property having such size, shape, dimensions and boundaries as will by reference to the Master Deed and amendments, as will more fully appear by reference thereto.

Said property subject to the following:

1. Master Deed for Long Grove Horizontal Property Regime, as more specifically identified in the Master Deed and the exhibits thereto (together, the "Master Deed) dated April 13, 2005 and recorded April 18, 2005, in Book H533 at Page 15 et seq., as amended by First Amendment to Master Deed for Long Grove Horizontal Property Regime dated April 26, 2005 and recorded May 5, 2005 in Book U535 at Page 435 in the RMC Office for Charleston County, South Carolina, and any exhibits and further amendments thereto;

2. Covenants, conditions, restrictions, reservations, easements, encroachments, right of encroachment, liens for assessments, options, power of attorney, and limitations on title created by the South Carolina Horizontal Property Act or referenced or shown in the Master Deed and any exhibits and further amendments thereto;

3. Declaration of Covenants, Conditions, and Restrictions For All Properties in Seaside Farms Plantation and ByLaws of Seaside Farms Plantation Community Association, Inc. dated September 20, 1994 and recorded in the Office of the Register of Deeds for Charleston County in Deed Book C248, Page 229 as amended in Book M301, Page 571 and Book R-387, Page 577;

4. Seaside Farms Development Agreement Among The Town of Mount Pleasant, The Beach Co., The Franke Home, Inc. and Others recorded in Book X2997, Page 159, aforesaid records;

5. Light post, electrical box, transformer, water valve, fire hydrant, water lines, utility line, terminals, equipment, pumps, pads, gauges, drains, pipes, sewers, grates, irrigations control valve, manholes, drop inlet, cable television service boxes, telephone service box and all other equipment or related improvements shown on plat of survey by Santee Consulting Services, Inc. dated February 8, 2005, and related utility lines and possible encroachments onto them.

6. 100' Buffer as shown on plat prepared by Thomas & Hutton Engineering Co., Inc. dated May 8, 2000 and recorded in Plat Book EE, Page 49, Charleston County RMC Office;

7. Interests created by, or limitations on use imposed by, the Federal Coastal Zone Management Act or other federal law or by SC Code, Chapter 39, Title 48, as amended, or any regulations promulgated pursuant to said state or federal laws.

8. Grant of Perpetual Easement from Beach Long Grove I, LLC to the Commissioners of Public Works of the Town of Mt. Pleasant recorded on August 5, 1999 in Book A332, Page 501, Charleston County RMC Office;

9. Grant of Perpetual Easement from Beach Long Grove I, LLC to the Commissioners of Public Works of the Town of Mt. Pleasant recorded on August 5, 1999 in Book A332, Page 505, Charleston County RMC Office;

10. Grant of Perpetual Easement from The Beach Company to the Commissioners of Public Works of the Town of Mt. Pleasant recorded on December 3, 1997 in Book W293, Page 154, Charleston County RMC Office;

11. Title to Water and Wastewater Systems and Grants of Easements from Beach Long Grove I, LLC to the Commissioners of Public Works of the Town of Mt. Pleasant recorded on August 5, 1999 in Book Z331, Page 550, Charleston County RMC Office;

12. Title to Water and Wastewater Systems and Grants of Easements from The Beach Co. to the Commissioners of Public Works of the Town of Mt. Pleasant recorded on August 5, 1999 in Book Z331, Page 554, Charleston County RMC Office;

13. Easement granted to Southern Bell Telephone and Telegraph Company by instrument dated January 12, 1993 and recorded July 16, 1994 in Book E245, Page 611, Charleston County RMC Office;

14. Easement from Beach Long Grove I, LLC to South Carolina Electric & Gas Company recorded April 9, 1999 in Book E324, Page 299, Charleston County RMC Office;

15. Easement from The Beach Co. to South Carolina Electric & Gas Company dated December 11, 1997 and recorded January 2, 1998 in Book J295, Page 320, Charleston County RMC Office;

16. Such other applicable covenants, conditions, restrictions and easements of record

17. Grantor's Right of Refusal and Right to Repurchase. This property is subject to a right of refusal and right to repurchase in favor of the grantor herein pursuant to the terms of same as set forth in the Long Grove Horizontal Property Regime Purchase Agreement executed by grantee and grantor. Said rights shall automatically expire after a period of twelve (12) months from the date of this deed. The grantor's right herein shall be, and is hereby made to be, subordinate to any first priority mortgage securing a purchase money loan, refinance loan taken out by the grantee or home equity line of credit taken out by grantee on such unit.

STATE OF SOUTH CAROLINA)
) AFFIDAVIT
COUNTY OF CHARLESTON)

PERSONALLY appeared before me this undersigned, who being duly sworn, deposes and says:

1. I have read the information on this Affidavit and I understand such information.

2. The property being transferred by Long Grove Vista, L.L.C. to David Pate, Craig Gangloff and Cindy L. Gangloff on September 29, 2005.

3. Check one of the following: ***The DEED is***
   (a) _x_ subject to the deed recording fee as a transfer for consideration paid or to be paid in money or money's worth.
   (b) ___ subject to the deed recording fee as a transfer between a corporation, a partnership, or other entity and a stockholder, partner, or owner of the entity, or is a transfer to a trust or as a distribution to a trust beneficiary.
   (c) ___ EXEMPT from the deed recording fee because (exemptions 1-12) (If exempt, please skip items 4-6, and go to item 7 of this affidavit).
   Exempt # _____

4. Check one of the following if either item 3(a) or item 3(b) above has been checked.
   (a) _x_ The fee is computed on the consideration paid or to be paid in money or money's worth in the amount of $ 191,900.00 .
   (b) ___ The fee is computed on the fair market value of the realty which is $ #.
   (c) ___ The fee is computed on the fair market value of the realty as established for property tax purposes which is $ #.

5. Check ***YES*** ___ or ***NO*** _x_ to the following: A lien or encumbrance existed on the land, tenement, or realty before the transfer and remained on the land, tenement, or realty after the transfer. If "***YES***", the amount of the outstanding balance of this lien or encumbrance is $ #.

6. The DEED Recording Fee is computed as follows:
   (a) $ 191,900.00 ___ the amount listed in item 4 above
   (b) -0- ___ the amount listed in item 5 above (no amount place zero)
   (c) $ 191,900.00 ___ Subtract Line 6(b) from Line 6(a) and place the result.

7. As required by Code Section '12-24-70, I state that I a responsible person who was connected with the transaction as: Legal Representative .

8. I understand that a person required to furnish this affidavit who wilfully furnishes a false or fraudulent affidavit is guilty of a misdemeanor and, upon conviction, must be fined not more than one thousand dollars or imprisoned not more than one year, or both.

Richard J. Brownyard

Sworn to before me this
28th day of September, 2005

Notary Public for South Carolina
My Commission Expires: _____

ALISON D. MEZA NOTARY PUBLIC STATE OF SOUTH CAROLINA MY COMMISSION EXPIRES DEC. 28, 2012

BK M 556PG143

RECORDER'S PAGE

***NOTE*: This page MUST remain with the original document**

FILED

October 4, 2005

2:35:42 PM

BK M 556PG138

Charlie Lybrand, Register
Charleston County, SC

Filed By:

Brownyard Law Firm
Attorneys at Law
1470 Ben Sawyer Blvd., Ste 22
Mt. Pleasant SC 29464

DESCRIPTION	AMOUNT
Recording Fee	$ 11.00
State Fee	$ 499.20
County Fee	$ 211.20
Postage	
TOTAL	$ 721.40

AUDITOR STAMP HERE
RECEIVED FROM RMC
NOV 10 2005
PEGGY A. [illegible]
CHARLESTON CO. AUDITOR

PID VERIFIED BY ASSESSOR
REP
DATE 11/10/05

$ Amount (in thousands): 192

DRAWER: B - ecp

DO NOT STAMP BELOW THIS LINE

MULLEN WYLIE
ATTORNEYS

Suite 370, Franke Building
171 Church St.
Charleston, SC 29401
Phone: (843) 853-6200
Fax: (843) 853-8994

AUG 09

August 7, 2009

Via U.S. Certified Mail – Return Receipt Requested
Long Grove at Seaside Farms, LLC
C/O John C. Darby, President
211 King Street, Ste. 300
Charleston, SC 29401

Re: Long Grove Project, Seaside Farms, Mt. Pleasant, South Carolina

To Whom It May Concern:

I am writing pursuant to the South Carolina Notice and Opportunity to Cure Construction Dwelling Defects Act" (SC Code Section 40-11-500, *et seq.)* to advise that Long Grove Property Owners' Association and Long Grove Property Regime is asserting a construction defects claim and claims against the developers against Long Grove at Seaside Farms, LLC in regard to its development of the buildings within the Long Grove Project.

The construction and architectural defects include, but are not necessarily limited to, the following:

1) Failure of balcony waterproofing
2) Lack of proper waterproofing system at balconies
3) Lack of proper window flashing
4) Lack of proper chimney flashing
5) Lack of proper roof flashing
6) Improper repairs and failure of repairs to balconies
7) Lack of proper fire protection at the HVAC system
8) Leaks at windows
9) Leaks at balconies
10) Leaks at chimneys
11) Decay of structural building components
12) Mold infestation
13) Improper brick installation
14) Lack of code compliant fire protection
15) Defects caused decay of building components

George E. Mullen
Robert L. Wylie, IV
Francis E. Grimball
James E. Lady
Glynn L. Capell
Allison B. Thompson
Arthur T. Meeder
Mark A. Brunty
Amy W. Wates

EXHIBIT
E-1

16) Improper architectural details at balconies, and doors
17) Lack of proper details at balconies, roof, chimneys, attics, brick, & windows
18) Lack of proper flashing details
19) Defects in plans caused water intrusion and decay of building components

As a result of these above-referenced construction and architectural defects and/or omissions, the buildings and their structural components, including but not limited to the sheathing, studs, insulation and interior finishes of the buildings have been damaged by water intrusion.

Please respond in accordance with the Notice and Opportunity to Cure Construction Dwelling Defects Act.

Yours truly,

Frank E. Grimball

Frank E. Grimball

FEG/sdh
cc: James Elliott, Esq.

MULLEN WYLIE
ATTORNEYS

Suite 370, Franke Building
171 Church St.
Charleston, SC 29401
Phone: (843) 853-6200
Fax: (843) 853-8994

AUG 10 2009

August 7, 2009

Via U.S. Certified Mail – Return Receipt Requested
The Beach Company
C/O John C. Darby, President
211 King Street
Charleston, SC 29401

Re: Long Grove Project, Seaside Farms, Mt. Pleasant, South Carolina

To Whom It May Concern:

I am writing pursuant to the South Carolina Notice and Opportunity to Cure Construction Dwelling Defects Act" (SC Code Section 40-11-500, *et seq.)* to advise that Long Grove Property Owners' Association and Long Grove Property Regime is asserting a construction defects claim and claims against the developers against The Beach Company in regard to its development of the buildings within the Long Grove Project.

The construction and architectural defects include, but are not necessarily limited to, the following:

1) Failure of balcony waterproofing
2) Lack of proper waterproofing system at balconies
3) Lack of proper window flashing
4) Lack of proper chimney flashing
5) Lack of proper roof flashing
6) Improper repairs and failure of repairs to balconies
7) Lack of proper fire protection at the HVAC system
8) Leaks at windows
9) Leaks at balconies
10) Leaks at chimneys
11) Decay of structural building components
12) Mold infestation
13) Improper brick installation
14) Lack of code compliant fire protection
15) Defects caused decay of building components

George E. Mullen
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Francis E. Grimball
James E. Lady
Glynn L. Capell
Allison B. Thompson
Arthur T. Meeder
Mark A. Brunty
Amy W Wates

EXHIBIT
E-2

16) Improper architectural details at balconies, and doors
17) Lack of proper details at balconies, roof, chimneys, attics, brick, & windows
18) Lack of proper flashing details
19) Defects in plans caused water intrusion and decay of building components

As a result of these above-referenced construction and architectural defects and/or omissions, the buildings and their structural components, including but not limited to the sheathing, studs, insulation and interior finishes of the buildings have been damaged by water intrusion.

Please respond in accordance with the Notice and Opportunity to Cure Construction Dwelling Defects Act.

Yours truly,

Frank E. Grimball

Frank E. Grimball

FEG/sdh
cc: James Elliott, Esq.

MULLEN WYLIE
ATTORNEYS

Suite 370, Franke Building
171 Church St.
Charleston, SC 29401
Phone: (843) 853-6200
Fax: (843) 853-8994

RECEIVED
JUL 27 2009
BY:

July 23, 2009

Via U.S. Certified Mail – Return Receipt Requested
Gulf Stream Construction Company, Inc.
C/O Kenneth Holseberg, President
1920 Hanahan Road
North Charleston, SC 29406

Re: Long Grove Project

To Whom It May Concern:

I am writing pursuant to the South Carolina Notice and Opportunity to Cure Construction Dwelling Defects Act" (SC Code Section 40-11-500, *et seq.)* to advise that Long Grove Property Owners' Association and Long Grove Property Regime is asserting a construction defect claim against Gulf Stream Construction Company, Inc. in regard to the construction of the buildings within the Long Grove Project.

George E. Mullen
Robert L. Wylie, IV
Francis E. Grimball
James E. Lady
Glynn L. Capell
Allison B. Thompson
Arthur T Meeder
Mark A. Brunty
Amy W. Wates

The construction defects include, but are not necessarily limited to, the following:

1) Failure of balcony waterproofing
2) Lack of proper waterproofing system at balconies
3) Lack of proper window flashing
4) Lack of proper chimney flashing
5) Lack of proper roof flashing
6) Improper repairs and failure of repairs to balconies
7) Lack of proper fire protection at the HVAC system
8) Leaks at windows
9) Leaks at balconies
10) Leaks at chimneys
11) Decay of structural building components
12) Mold infestation
13) Improper brick installation
14) Lack of code compliant fire protection
15) Defects caused decay of building components

EXHIBIT
E-3

As a result of these above-referenced defects, the buildings and their structural components, including but not limited to the sheathing, studs, insulation and interior finishes of the buildings have been damaged by water intrusion.

Please respond in accordance with the Notice and Opportunity to Cure Construction Dwelling Defects Act.

Yours truly,

Frank E. Grimball

FEG/abs
cc: James Elliott, Esq.

NEXSEN|PRUET

David J. Parrish
Member
Admitted in SC

August 19, 2009

Via Mail and Email (fgrimball@mullenwylie.com)

Francis E. Grimball, Esquire
Mullen Wylie, LLC
171 Church Street, Suite 370
Charleston, SC 29401

Re: Long Grove Condominiums at Seaside Farms, Mt. Pleasant, SC

Dear Frank:

I write in response to your letters to Long Grove at Seaside Farms, LLC ("LGSF"), The Beach Company, and Gulfstream Construction Company, Inc. asserting construction defects claims related to the condominiums in the Long Grove Horizontal Property Regime. LGSF, The Beach Company, and Gulfstream were not involved in the creation, conversion, or development of the Long Grove Horizontal Property Regime, and they are not responsible for the alleged construction defects claimed in your letter.

The Long Grove Apartments were developed by LGSF as a rental apartment complex—not as a condominium development. After the Long Grove Apartments were constructed, the property was operated as an apartment complex and the units were leased to tenants. The apartment units were never condominiums at any time while LGSF owned the property.

In 2005 LGSF was approached by an independent, arms-length buyer, Vista Realty Partners, LLC ("VRP"), which was interested in purchasing the apartments and converting the development into condominiums. The proposed transaction was a property conveyance, and LGSF, The Beach Company, and Gulfstream would have no involvement or role in any efforts by VRP to convert the apartments into condominiums.

Given the tendency of condominium associations to file construction defect lawsuits, the sales contract and closing documents conveying the apartment complex property

Charleston
Charlotte
Columbia
Greensboro
Greenville
Hilton Head
Myrtle Beach
Raleigh

205 King Street
Suite 400 (29401)
PO Box 486
Charleston, SC 29402
www.nexsenpruet.com

T 843 720 1771
F 843.414.8214
E DParrish@nexsenpruet.com
Nexsen Pruet, LLC
Attorneys and Counselors at Law

EXHIBIT
F

to VRP included special provisions in order to clearly identify that LGSF, The Beach Company, and Gulfstream would have no role in the condominium conversion and would not be responsible for any claimed construction defects after VRP converted the project to condominiums and sold the units.

LGSF, as the Seller, and VRP, as the Purchaser, entered into a Sales Contract for the property dated January 18, 2005. The Sales Contract states in pertinent part:

> 14. **Condition of Property.** Except as otherwise provided specifically in this Sales Contract, specifically including but not limited to the representations and warranties contained in Section 6 hereof, Purchaser acknowledges that neither Seller nor anyone acting for or on behalf of Seller has made any representation, statement, warranty, or promise to Purchaser with respect to the Property. Purchaser shall immediately examine the Property, and become familiar with the physical condition thereof. The Property shall be sold and conveyed strictly on an "as is", "where is", "without recourse" and "with all defects" basis, as it exists on the last day of the Inspection Period, without representation, warranty or covenant, express, implied or statutory, of any kind whatsoever, including, without limitation, representation, warranty or covenant as to condition (structural, environmental, mechanical or otherwise), past or present use, construction, development, lease performance, investment potential, tax ramifications or consequences, income, compliance with law, habitability, tenancies, merchantability or fitness or suitability for any purpose, all of which are hereby expressly disclaimed except as contained in this Agreement. Without limiting the generality of the foregoing, Purchaser acknowledges that Seller has made no representations, warranties or covenants (except as otherwise provided specifically in this Sales Contract, specifically including but not limited to the representations and warranties contained in paragraph 6 hereof) as to the compliance of the Property with any federal, state, municipal or local statutes, laws, rules, regulations or ordinances, including, without limitation, those pertaining to construction, rent control, building and health codes, land use (or permits issued in connection therewith), zoning, lead paint, urea formaldehyde foam insulation, asbestos, hazardous or toxic wastes or substances, pollutants, contaminants or other environmental matters. Purchaser knowingly and fully assumes the entire risk as to all such matters. Purchaser shall confirm the aforesaid acknowledgments in writing as of the Closing Date. The provisions of this Section shall survive the closing and the delivery of the deed or any expiration or termination of this Agreement. . . . .

15. **Assumption of Liability and Release of Claims.**

a) Purchaser acknowledges that the Property was originally developed and constructed by Seller and its Affiliates (as herein defined). Purchaser represents that it is purchasing the Property for the purpose of converting the Property into condominiums which will be sold to the public. Purchaser assumes all responsibility for identifying and correcting all defects or problems, if any, that may exist, to ensure that the Property is properly constructed and suitable for use as condominiums in accordance with all applicable building regulations, codes, standards, and other applicable laws and requirements.

b) Accordingly, as part of the valuable consideration being exchanged in this sale transaction, the receipt of which is hereby acknowledged, Purchaser on behalf of itself and its heirs, representatives, successors, and assigns, agrees to never sue and completely releases Seller, The Beach Co., Gulfstream Construction Company, Seller's other affiliates, agents, officers, directors, employees, insurers, representatives, successors, assigns, and all other companies, partnerships, entities, or persons involved in the design, development and/or construction of the apartment buildings and apartments therein and all other improvements prior to the Closing Date of this sale transaction (collectively, the "Affiliates"), for and from any and all claims of every kind whatsoever arising from or related to the development, design, construction, maintenance, alteration, or repair of the Property, including unknown and unforeseen claims that may now exist or that may arise in the future. At its sole expense, Purchaser shall also defend, indemnify and hold the Seller and the Affiliates harmless from any cost, liability, damages, claims or the like which may arise as a result of the same including reasonable attorney fees and other costs of defense associated therewith, including, but not limited to, any claims made by future purchasers of condominium units at the Property. Eduard deGuardiola, a principal in the Purchaser, assumes and guaranties these indemnification obligations if the Purchaser ceases to exist, its assets are depleted or it is otherwise unable, or refuses, to perform the indemnity obligations of the Purchaser in a timely and reasonable manner. . . . . [emphasis added]

16. **Condominium Regime Documents.**

Purchaser acknowledges and agrees that the Assumption of Liability and Release of Claims in Section 15 above is intended to be binding on all subsequent purchasers of the Property or any

condominiums or other subdivisions of the Property. In order to give effect to this intention, the provision set forth in Exhibit I, attached hereto and incorporated herein, will be included in the Master Deed (as herein defined) establishing any condominium regime, and in any and all deeds or any other conveyances of all or part of the Property (except for conveyances of condominium units by Purchaser), including, but not limited to, a sale of a company (or corporate stock or partnership interest) interest.

. . . .

Exhibit I to the Sale Contract as referenced in the above quoted portion of Section 16 states:

EXHIBIT I
Disclosure Language

Save and excepting only the limited warranty of title hereinafter set forth and herein contained, the Property is being conveyed strictly on an "as is", "where is" and "with all defects" basis, without representation, warranty or covenant, express, implied or statutory, of any kind whatsoever, including, without limitation, representation, warranty or covenant as to condition (structural, environmental, mechanical or otherwise), past or present use, construction, development, lease performance, investment potential, tax ramifications or consequences, income, compliance with law, habitability, tenancies, merchantability or fitness or suitability for any purpose, all of which are hereby expressly disclaimed. Without limiting the generality of the foregoing, Grantee acknowledges that Grantor's predecessor in title, Long Grove at Seaside Farms, LLC ("Long Grove") and its Affiliates (as herein defined) have made no representations, warranties or covenants as to the compliance of the Property with any federal, state, municipal or local statutes, laws, rules, regulations or ordinances, including, without limitation, those pertaining to construction, rent control, building and health codes, land use (or permits issued in connection therewith), zoning, lead paint, urea formaldehyde foam insulation, asbestos, hazardous or toxic wastes or substances, pollutants, contaminants or other environmental matters.

Grantee acknowledges that the Property was originally developed and constructed by Long Grove and its Affiliates (as herein defined). Grantor purchased the Property for the purpose of converting the Property into condominiums which it is selling to the public. Grantor assumed all responsibility for identifying and correcting all defects or problems, if any, that existed, to ensure that the Property is properly constructed and suitable for use as

> condominiums in accordance with all applicable building regulations, codes, standards, and other applicable laws and requirements.
>
> Accordingly, as part of the valuable consideration being exchanged in this sale transaction, the receipt and sufficiency of which are hereby acknowledged, Grantor on behalf of itself and its heirs, representatives, successors, and assigns (including Grantee and all other successors-in-title to all or a portion of the Property), agrees to never sue and completely releases Long Grove at Seaside Farms, LLC, The Beach Co., Gulfstream Construction Company, its affiliates, agents, officers, directors, employees, insurers, representatives, successors, assigns, and all other companies, partnerships, entities, or persons (collectively, the "Affiliates") involved in the design, development and/or construction of the apartment buildings and apartments therein and all other improvements prior to March ___, [sic] 2005, for and from any and all claims of every kind whatsoever arising from or related to the development, design, construction, maintenance, alteration, or repair of the Property, including unknown and unforeseen claims that may now exist or that may arise in the future.
>
> Grantor and Grantee acknowledge and agree that the assumption of liability and release of claims above is intended to be binding on all subsequent grantees of the Property or any condominiums or other subdivisions of the Property. In order to give effect to this intention, these provisions are included in this Master Deed, and will also be included in any other conveyances outside the coverage of this Master Deed.

Per an addendum to the Sales Contract, VRP assigned its rights under the Sales Contract to Long Grove Vista, LLC. The Long Grove apartment complex was then deeded from LGSF to Long Grove Vista, LLC via a Special Warranty Indenture Deed that was recorded on March 7, 2005, in Book C528 at Page 321 in the Charleston County RMC Office. The Deed states in pertinent part:

> Save and excepting only the limited warranty of title hereinafter set forth and herein contained, the Property is being conveyed strictly on an "as is", "where is" and "with all defects" basis, without representation, warranty or covenant, express, implied or statutory, of any kind whatsoever, including, without limitation, representation, warranty or covenant as to condition (structural, environmental, mechanical or otherwise), past or present use, construction, development, lease performance, investment potential, tax ramifications or consequences, income, compliance with law, habitability, tenancies, merchantability or fitness or suitability for any purpose, all of which are hereby expressly disclaimed. Without limiting

> the generality of the foregoing, Grantee acknowledges that Grantor and its affiliates (The Beach Co. and Gulfstream Construction Company) have made no representations, warranties or covenants as to the compliance of the Property with any federal, state, municipal or local statutes, laws, rules, regulations or ordinances, including, without limitation, those pertaining to construction, rent control, building and health codes, land use (or permits issued in connection therewith), zoning, lead paint, urea formaldehyde foam insulation, asbestos, hazardous or toxic wastes or substances, pollutants, contaminants or other environmental matters. [Emphasis added]

After acquiring title to the property, Long Grove Vista, LLC converted the apartment complex into a condominium development and conveyed the units to third-party buyers. As part of the conversion and creation of the condominiums, Long Grove Vista, LLC prepared a Master Deed creating the Long Grove Horizontal Property Regime, which was recorded on April 18, 2005, in Book H533 at Page 016 in the Charleston RMC Office. Consistent with the above-referenced requirements in the Sales Contract conveying the property from LGSF to Long Grove Vista, LLC (as the assignee of VRP), Section 24 in the Master Deed as prepared and recorded by Vista Realty Partners, LLC includes the disclaimer and release language required in Exhibit I to the Sale Contract. Specifically, Section 24 in the recorded Master Deed for the Long Grove Horizontal Property Regime states:

> 24. RELEASE.
>
> Declarant [i.e., Long Grove Vista, LLC] purchased the property comprising the Regime from Long Grove at Seaside Farms, LLC ("Long Grove") on March 7, 2005. In the Sales Contract between Long Grove and Declarant, dated January 18, 2005, to convey the property comprising the Regime to Declarant, Declarant agreed to include the following provision regarding release in this Master Deed:
>
> > Save and excepting only the limited warranty of title hereinafter set forth and herein contained, the Property comprising the Regime was conveyed to Declarant in the sales on March 7, 2005 noted above strictly on an "as is", "where is" and "with all defects" basis, without representation, warranty or covenant, express, implied or statutory, of any kind whatsoever, including, without limitation, representation, warranty or covenant as to condition (structural, environmental, mechanical or otherwise), past or present use, construction, development, lease performance, investment potential, tax ramifications or consequences, income, compliance with law, habitability, tenancies, merchantability or

fitness or suitability for any purpose, all of which are hereby expressly disclaimed. Without limiting the generality of the foregoing, the Owners acknowledge that Declarant's predecessor in title, Long Grove and its Affiliates (as herein defined) have made no representations, warranties or covenants as to the compliance of the property compromising the Regime with any federal, state, municipal or local statutes, laws, rules, regulations or ordinances, including, without limitation, those pertaining to construction, rent control, building and health codes, land use (or permits issued in connection therewith), zoning, lead paint, urea formaldehyde foam insulation, asbestos, hazardous or toxic wastes or substances, pollutants, contaminants or other environmental matters.
The Owners acknowledge that the property comprising the Regime was originally developed and constructed by Long Grove and its Affiliates (as herein defined). Declarant purchased the property compromising the Regime for the purpose of converting such property into condominiums which it is or will sell to the public. Declarant assumed all responsibility for identifying and correcting all defects or problems, if any, that existed, to ensure that the property comprising the Regime is properly constructed and suitable for use as condominiums in accordance with all applicable building regulations, codes, standards, and other applicable laws and requirements.

Accordingly, as part of the valuable consideration being exchanged in the sale transaction on Marcy 7, 2005 note above, the receipt and sufficiency of which are hereby acknowledged, Declarant on behalf of itself and its heirs, representatives, successors, and assigns (including the Owners and all other successors-in-title to all or a portion of the property comprising the Regime), agreed to never sue and completely released Long Grove, The Beach Company, Gulfstream Construction, its affiliates, agents, officers, directors, employees, insurers, representatives, successors, assigns, and all other companies, partnerships, entities, or Persons (collectively, the "Affiliates") involved in the design, development and/or construction of the apartment buildings and apartments therein and all other improvements prior to March 7, 2005, for and from any and all claims of every kind

> whatsoever arising from or related to the development, design, construction, maintenance, alteration, or repair of the property comprising the Regime, including unknown and unforeseen claims that may now exist or that may arise in the future.
>
> Declarant and Owners acknowledge and agree that the assumption of liability and release of claims above is intended to be binding on all subsequent grantees of the property comprising the Regime, the grantees of any condominiums or other subdivisions of the property compromising the Regime, and the Owners. In order to give effect to this intention, these provisions are included in this Master Deed, and will also be included in any other conveyances outside the coverage of this Master Deed. [emphasis added]

My spot check of several deeds indicates that the deeds from Long Grove Vista, LLC conveying the newly developed condominiums to individual condominium unit buyers included the following disclosure:

> WHEREAS, Long Grove Vista, LLC has converted the rental units at Long Grove Apartments to condominium ownership pursuant to S.C. Code of Laws, Section 27-31-410, et seq., and has complied with the disclosure, notice and offer requirements, set forth therein, including but not limited to compliance with Section 27-31-420(B) . . . .

The deeds conveying the condominium units from Long Grove Vista, LLC to individual buyers also state that the conveyance is subject to the Master Deed for the Long Grove Horizontal Property Regime.

In summary, LGSF, The Beach Company, and Gulfstream were not involved in the development of the Long Grove Horizontal Property Regime. That fact is disclosed in the deeds conveying condominium units to buyers and in the Master Deed, which also specifically releases LGSF, The Beach Company, and Gulfstream Construction Company from liability for any claimed defects in the subsequently created and conveyed condominium buildings and units. The Master Deed is recorded in the chain of title to the property and "runs with the land," meaning it is enforceable against later grantees. 17 S.C. Juris Covenants § 18. The condominium owners are charged with constructive notice of the Master Deed recorded in the chain of title. Harbison Community Ass'n, Inc. v. Mueller, 459 S.E.2d 860, 863 (S.C. Ct. App. 1995); Queen's Grant II Horizontal Property Regime v. Greenwood Development Corp., 628 S.E.2d 902 (S.C. Ct. App. 2006). Accordingly, the owners were on

constructive notice of the release of LGSF, The Beach Company, and Gulfstream in the Master Deed when they purchased their condominium units, and any claim of ignorance as to the requirements and release in the Master Deed is not a valid legal excuse to compliance with the terms.

In light of the above, LGSF, The Beach Company, and Gulfstream Construction Company are not responsible for any of the alleged construction defects claimed in your letters. Any claims of alleged defects or deficiencies concerning the condominium buildings or units should be directed to the developer of the condominiums and not to LGSF and its affiliates. Any attempt to improperly name LGSF, The Beach Company, or Gulfstream in any action involving the condominiums will be defended aggressively. In light of the above information concerning the disclosures and releases in the units deeds and in the Master Deed, the Regime, the owners, and counsel are reminded of the requirements and liabilities imposed under Rule 11 of the South Carolina Rules of Civil Procedure and the South Carolina Frivolous Civil Proceedings Sanctions Act, S. C. Code § 15-36-10 et. seq.

With kind regards,

David J. Parrish

DJP/sec
cc: w/encl:

Via email to:
J. Darryl Reyna
John C. Darby
Kenneth Holseberg
M. Jeffrey Vinzani, Esquire
J. David Hawkins, Esquire

Via Fax (404-995-4439) and UPS Overnight Delivery to:
Vista Realty Partners, LLC
Attention: Eduard deGuardiola
1360 Peachtree Street, N.E. – Suite 1000
Atlanta, Georgia 30309

Via Fax (404-995-4439) and UPS Overnight Delivery to:
Vista Realty Partners, LLC
Attention: Eduard deGuardiola
1100 Peachtree Street, N.E. – Suite 1500
Atlanta, Georgia 30309

Via Fax (404-926-4716) and UPS Overnight Delivery to:
Linda B. Curry, Esquire
Weissman, Nowack, Curry & Wilco, P.C.
One Alliance Center – 4th Floor
3500 Lenox Road
Atlanta, Georgia 30326

Via Fax (404-851-3623) and Mail to:
Zurich Insurance
Attention: Christina Washington, Case Manager
Re: Claim No. 9260075859
PO Box 66965
Chicago, IL 6065600965

MULLEN WYLIE
ATTORNEYS

Suite 370, Franke Building
171 Church St.
Charleston, SC 29401
Phone: (843) 853-6200
Fax: (843) 853-8994

RECEIVED
JUL 27 2009
BY:

July 23, 2009

Via U.S. Certified Mail – Return Receipt Requested
Gulf Stream Construction Company, Inc.
C/O Kenneth Holseberg, President
1920 Hanahan Road
North Charleston, SC 29406

Re: Long Grove Project

To Whom It May Concern:

I am writing pursuant to the South Carolina Notice and Opportunity to Cure Construction Dwelling Defects Act" (SC Code Section 40-11-500, *et seq.)* to advise that Long Grove Property Owners' Association and Long Grove Property Regime is asserting a construction defect claim against Gulf Stream Construction Company, Inc. in regard to the construction of the buildings within the Long Grove Project.

George E. Mullen
Robert L. Wylie, IV
Francis E Grimball
James E. Lady
Glynn L. Capell
Allison B. Thompson
Arthur T Meeder
Mark A. Brunty
Amy W. Wates

The construction defects include, but are not necessarily limited to, the following:

1) Failure of balcony waterproofing
2) Lack of proper waterproofing system at balconies
3) Lack of proper window flashing
4) Lack of proper chimney flashing
5) Lack of proper roof flashing
6) Improper repairs and failure of repairs to balconies
7) Lack of proper fire protection at the HVAC system
8) Leaks at windows
9) Leaks at balconies
10) Leaks at chimneys
11) Decay of structural building components
12) Mold infestation
13) Improper brick installation
14) Lack of code compliant fire protection
15) Defects caused decay of building components

As a result of these above-referenced defects, the buildings and their structural components, including but not limited to the sheathing, studs, insulation and interior finishes of the buildings have been damaged by water intrusion.

Please respond in accordance with the Notice and Opportunity to Cure Construction Dwelling Defects Act.

Yours truly.

Frank E. Grimball

FEG/abs
cc: James Elliott, Esq.

MULLEN WYLIE
ATTORNEYS

Suite 370, Franke Building
171 Church St
Charleston, SC 29401
Phone (843) 853-6200
Fax: (843) 853-8994

AUG
'09

August 7, 2009

Via U.S. Certified Mail – Return Receipt Requested
Long Grove at Seaside Farms, LLC
C/O John C. Darby, President
211 King Street, Ste. 300
Charleston, SC 29401

Re: Long Grove Project, Seaside Farms, Mt. Pleasant, South Carolina

To Whom It May Concern:

I am writing pursuant to the South Carolina Notice and Opportunity to Cure Construction Dwelling Defects Act" (SC Code Section 40-11-500, *et seq.)* to advise that Long Grove Property Owners' Association and Long Grove Property Regime is asserting a construction defects claim and claims against the developers against Long Grove at Seaside Farms, LLC in regard to its development of the buildings within the Long Grove Project.

The construction and architectural defects include, but are not necessarily limited to, the following:

1) Failure of balcony waterproofing
2) Lack of proper waterproofing system at balconies
3) Lack of proper window flashing
4) Lack of proper chimney flashing
5) Lack of proper roof flashing
6) Improper repairs and failure of repairs to balconies
7) Lack of proper fire protection at the HVAC system
8) Leaks at windows
9) Leaks at balconies
10) Leaks at chimneys
11) Decay of structural building components
12) Mold infestation
13) Improper brick installation
14) Lack of code compliant fire protection
15) Defects caused decay of building components

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Robert L. Wylie, IV
Francis E. Grimball
James E. Lady
Glynn L. Capell
Allison B. Thompson
Arthur T. Meeder
Mark A. Brunty
Amy W. Wates

16) Improper architectural details at balconies, and doors
17) Lack of proper details at balconies, roof, chimneys, attics, brick, & windows
18) Lack of proper flashing details
19) Defects in plans caused water intrusion and decay of building components

As a result of these above-referenced construction and architectural defects and/or omissions, the buildings and their structural components, including but not limited to the sheathing, studs, insulation and interior finishes of the buildings have been damaged by water intrusion.

Please respond in accordance with the Notice and Opportunity to Cure Construction Dwelling Defects Act.

Yours truly,

Frank E. Grimball

Frank E. Grimball

FEG/sdh
cc: James Elliott, Esq.

MULLEN WYLIE
ATTORNEYS

Suite 370, Franke Building
171 Church St.
Charleston, SC 29401
Phone: (843) 853-6200
Fax: (843) 853-8994

AUG 10 2009

August 7, 2009

Via U.S. Certified Mail – Return Receipt Requested

The Beach Company
C/O John C. Darby, President
211 King Street
Charleston, SC 29401

Re: Long Grove Project, Seaside Farms, Mt. Pleasant, South Carolina

To Whom It May Concern:

I am writing pursuant to the South Carolina Notice and Opportunity to Cure Construction Dwelling Defects Act" (SC Code Section 40-11-500, *et seq.)* to advise that Long Grove Property Owners' Association and Long Grove Property Regime is asserting a construction defects claim and claims against the developers against The Beach Company in regard to its development of the buildings within the Long Grove Project.

The construction and architectural defects include, but are not necessarily limited to, the following:

1) Failure of balcony waterproofing
2) Lack of proper waterproofing system at balconies
3) Lack of proper window flashing
4) Lack of proper chimney flashing
5) Lack of proper roof flashing
6) Improper repairs and failure of repairs to balconies
7) Lack of proper fire protection at the HVAC system
8) Leaks at windows
9) Leaks at balconies
10) Leaks at chimneys
11) Decay of structural building components
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13) Improper brick installation
14) Lack of code compliant fire protection
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19) Defects in plans caused water intrusion and decay of building components

As a result of these above-referenced construction and architectural defects and/or omissions, the buildings and their structural components, including but not limited to the sheathing, studs, insulation and interior finishes of the buildings have been damaged by water intrusion.

Please respond in accordance with the Notice and Opportunity to Cure Construction Dwelling Defects Act.

Yours truly,

Frank E. Grimball

Frank E. Grimball

FEG/sdh
cc: James Elliott, Esq.

239

MULLEN WYLIE
ATTORNEYS

Suite 370, Franke Building

171 Church St.

Charleston, SC 29401

Phone: (843) 853-6200

Fax: (843) 853-8994

September 14, 2009

Via U.S. Mail
David J. Parrish
Nexsen Pruet, LLC
P.O. Box 486
Charleston, SC 29402

RE: Long Grove Property Owners' Association

Dear David:

Thank you for your letter of August 19, 2009. Although I will and have carefully considered the substance of your letter, the provisions of the agreement have significant defects. I disagree with your analysis. Please forward to me any legal authority supporting your assertions.

Please advise me of your clients' intentions under the Right to Cure Act.

With best regards, I am,

Yours very truly,

Frank E. Grimball

FEG:sdh

George E. Mullen

Robert L. Wylie, IV

Francis E. Grimball

James E. Lady

Glynn L. Capell

Allison B. Thompson

Arthur T. Meeder

Mark A. Brunty

Amy W. Wates

EXHIBIT
6

2009-CP-10-6746

STATE OF SOUTH CAROLINA COUNTY OF CHARLESTON THE BEACH COMPANY; LONG GROVE AT SEASIDE FARMS, LLC; GULF STREAM CONSTRUCTION COMPANY, INC.; Plaintiffs, vs. LONG GROVE PROPERTY OWNERS' ASSOCIATION, INC.: VISTA REALTY PARTNERS, LLC; LONG GROVE VISTA, LLC; Defendants. LONG GROVE PROPERTY OWNERS' ASSOCIATION, INC. Third-Party Plaintiffs, vs. James, Harwick & Partners, Inc. n/k/a JHP Architecture/Urban Design, P.C.; Sam Mayo d/b/a SCM Construction, Inc.; Essex Engineering Corporation Third-Party Defendants	IN THE COURT OF COMMON PLEAS NINTH JUDICIAL CIRCUIT ~~2009-CP-10-6776~~ **DEFENDANT LONG GROVE PROPERTY OWNERS' ASSOCIATION'S ANSWER, COUNTERCLAIM, CROSSCLAIM AND THIRD-PARTY COMPLAINT** **JURY TRIAL DEMANDED**

FILED
2009 DEC 22 PM 2:48
JULIE J. ARMSTRONG
CLERK OF COURT
BY: _____

The Defendant, Long Grove Property Owners' Association, Inc., answering the Complaint of the Plaintiffs, would respectfully allege and show unto this Honorable Court as follows.

FIRST DEFENSE

1. It admits only so much of Paragraph 1 as alleges that there are design, development, and construction defects and denies that this action does not address these issues. The remaining allegations of said paragraph allege matters of law not requiring an answer.
2. On information and belief it admits the allegations of paragraphs 2, 3, and 4.
3. It admits paragraph 5.
4. On information and belief it admits the allegations of paragraph 6 concerning the legal status of Vista Realty Partners, LLC and Long Grove Vista, LLC and it denies the remaining allegations of said paragraph.
5. Paragraph 7 alleges matters of the law not requiring an answer.
6. It admits paragraph 8 as stated except that the lawsuit concerns other matters as stated herein.
7. Answering paragraph 9 it craves reference to the Master Deed and to the Statutes of the State of South Carolina and it denies so much of said paragraph as in any way attempts to change the Master Deed and the Statutes.
8. On information and belief it admits paragraph 10.
9. Paragraph 11 alleges matters of the law not requiring an answer.
10. It admits only so much of paragraph 12 as alleges that Long Grove Apartments were operated as a rental apartment complex with the units being leased to tenants; it has no knowledge or information sufficient to form a belief as to the remaining allegations of said paragraph.
11. It has no knowledge or information sufficient to form a belief as to the allegations of paragraph 13.

12. It denies paragraph 14 except that it has no knowledge or information sufficient to form a belief as to the allegations concerning any negotiations between Vista Realty Partners, LLC and the Plaintiffs.

13. Answering paragraphs 15, 16 and 17 it craves reference to the documents referred to in those paragraphs and it denies that the documents release these Plaintiffs from any claims by the Long Grove Property Owners Association, Inc., Long Grove Horizontal Property Regime, or the owners of the units.

14. Answering paragraphs 18,19, and 20 it craves reference to the documents cited therein and denies that the documents release the Plaintiffs from any claims by the Long Grove Property Owner's Association, Inc., Long Grove Horizontal Property Regime or the Owners.

15. It admits only so much of Paragraph 21 as alleges that Long Grove Vista, LLC converted the apartments into condominiums and conveyed the condominium units to third-party buyers and it denies that in so doing the Plaintiffs were released from any claims by the Long Grove Property Association, Inc., Long Grove Horizontal Property Regime, or the Owners. Any remaining allegations of Paragraph 21 are denied.

16. It admits only so much of Paragraph 22 as alleges that Long Grove Vista, LLC converted the apartments into condominiums; it has no knowledge or information sufficient to form a belief as to the process by which that was done; it denies that Long Grove Vista, LLC was the only developer and it denies that the documents and transactions release plaintiffs from any claims by the Long Grove Property Association, Inc. Long Grove Horizontal Property Regime, or the Owners. Any remaining allegations of Paragraph 22 are denied.

17. It has no knowledge or information sufficient to form a belief as to the allegations of paragraph 23.

18. Answering Paragraph 24, it craves reference to the documents cited therein but denies that the documents release Plaintiffs from any claims by the Long Grove Property Owners Association, Inc., Long Grove Horizontal Property Regime, or by the Owners.

19. Answering Paragraph 25 it craves reference to the documents cited therein but denies that the documents release Plaintiffs from any claims by the Long Grove Property Owners Association or by the Owners. Any remaining allegations are denied.

20. On information and belief, it admits only so much of paragraph 26 as alleges that Long Grove Vista, LLC converted the apartments into condominiums and hired an architect or engineer to inspect the condition of the buildings and prepare a report, but it denies that said report complies with the requirements of S.C. Code Annotated § 27-31-430 and denies that in so doing Long Grove Vista, LLC released Plaintiffs from any claims by the Long Grove Property Owners Association, Inc., Long Grove Horizontal Property Regime, or the Owners.

21. On information and belief it admits only so much of Paragraph 27 as alleges that Long Grove Vista, LLC sold the condominiums to individual condominium unit buyers but denies that in so doing Long Grove Vista, LLC through the documents released the Plaintiffs from any claims by the Long Grove Property Owners Association, Inc., Long Grove Horizontal Property Regime, or the Owners and denies that Long Grove Vista, LLC complied with the statutory requirements for the conversion of the units to condominiums. Any remaining allegations are denied.

22. On information and belief it admits only so much of Paragraph 28 as alleges that there were conveyances of condominium units by means of deeds but denies that the deeds or Master Deed release Plaintiffs from any claims by the Long Grove Property Owners Association,

[redacted] Regime, or by the Owners. Any remaining allegations are denied.

23. Except so [redacted] aphs as alleges matters of law not requiring an answer it denies [redacted] paragraphs 29, 30, 31, 32, 33, 34 and 35 and denies that the documents cited therein release the Plaintiffs from any claims by the Long Grove Property Owners Association, Long Grove Horizontal Property Regime, or by the Owners.

24. Answering paragraphs 36 and 37, it craves reference to the Notice letters cited therein which were sent to comply with certain statutory requirements and it denies so much of said paragraphs as in any way attempts to change the content of those letters.

25. It admits only so much of Paragraph 38 as alleges that the Plaintiffs responded to the notice letters from the Long Grove Property Owners Association and it denies the accuracy of the content of those response letters. Any remaining allegations are denied.

26. Answering Paragraph 39 it craves reference to the letter of September 14, 2009, and denies so much of said paragraph as in any way attempts to change the content of that letter. In that letter Plaintiffs were asked to provide the legal basis for their position. Plaintiffs never responded to that letter.

27. Answering Paragraph 40 it repeats and realleges as if stated herein its responses to paragraphs 1-39 of the Summons and Complaint.

28. It admits Paragraph 41.

29. Paragraph 42 alleges matters of the law not requiring an answer.

30. It admits only so much of Paragraph 43 that alleges that there are defects in the development, design, and construction of the Long Grove Condominiums f/k/a Long Grove Apartments. The remaining allegations concern matters of the law not requiring an answer.

31. It denies paragraph 44.

32. It denies paragraph 45, except so much of said paragraph as alleges matters of the law not requiring an answer.

33. It denies paragraph 46.

34. It denies each and every allegation of the Complaint not hereinabove specifically admitted.

FOR A SECOND DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO

35. The alleged disclaimers and releases are not conspicuous, not known to the buyers and not specifically bargained for and therefore are not valid.

FOR A THIRD DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO
(Waiver, Estoppel, Laches)

36. Plaintiffs' claims may be barred by the doctrines of waiver, estoppel and/or laches.

FOR A FOURTH DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO

37. Plaintiffs' lack legal privity with Defendants to permit enforcement of the alleged disclaimers and releases.

FOR A FIFTH DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO

38. Plaintiffs were aware of the defects at the time they attempted to create the alleged disclaimers and releases.

FOR A SIXTH DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO

39. All conditions precedent necessary to the enforcement of the alleged disclaimers and releases were not met.

FOR A SEVENTH DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO

(Failure to State a Claim)

40. Plaintiffs' have failed to state facts sufficient to constitute a cause of action against these Defendants pursuant to Rule 12(b)(6), SCRCP, and Plaintiffs' claim should be dismissed.

FOR AN EIGHTH DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO
(Failure to Join a Necessary Party)

41. Plaintiffs have failed to join a party necessary to this litigation as required by Rule 19, SCRCP, and Plaintiffs' Complaint should be dismissed pursuant to Rule 12(b)(7), SCRCP.

FOR A NINTH DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO

42. The alleged disclaimers and releases did not involve the exchange of any consideration.

FOR A TENTH DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO

43. Plaintiffs, knowing of the purpose of the purchase of the Long Grove Apartments, failed to make proper disclosures concerning the physical condition of the property at conversion of the property from apartments to condominiums.

FOR AN ELEVENTH DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO

44. That all claims asserted by Plaintiffs are barred by the doctrine of unclean hands.

FOR A TWELTH DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO

45. That the Plaintiffs claims are barred by the doctrine of unjust enrichment.

FOR A THIRTEENTH DEFENSE AND FOR A COUNTER-CLAIM, CROSS-CLAIM AND THIRD-PARTY CLAIM

The Long Grove Property Owners Assocation, Inc. (Long Grove POA), complaining of the Defendants and Third-Party Defendants above named, would respectfully allege and show unto this Honorable Court as follows:

46. Long Grove Property Owners' Association, Inc. is a non-profit corporation organized and existing pursuant to the laws of the State of South Carolina which has its principle place of business in Charleston County. Long Grove Property Owners' Association, Inc. was formed pursuant to the "Declaration of Covenants, Conditions and Restrictions for Long Grove" to carry out the responsibilities of the Property Owners' Association including, but not limited to, the maintenance and repair of common elements of the Long Grove Condominium project f/k/a Long Grove Apartments ("the project").

47. The Beach Company is, upon information and belief, a corporation organized and existing pursuant to the laws of the State of South Carolina which was, at all times relevant hereto, conducting business within Charleston County, South Carolina.

48. Long Grove at Seaside Farms, LLC is, upon information and belief, a limited liability company organized and existing pursuant to the laws of the State of Delaware per their complaint which was, at all times relevant hereto, conducting business within Charleston County, South Carolina.

49. The Beach Company and/or Long Grove at Seaside Farms, LLC held legal title to certain real estate in Charleston County, South Carolina, and developed and constructed the Project on that real estate.

50. Gulf Stream Construction Company, Inc. (hereinafter "General Contractor"), is, upon information and belief, a corporation organized and existing pursuant to the laws of the State of South Carolina which was, at all times relevant hereto, conducting business within Charleston County, South Carolina. Gulf Stream acted as the general contractor for the original construction of the Long Grove Project.

51. Long Grove Vista, LLC is, upon information and belief, a limited liability company organized and existing pursuant to the laws of a state other than the State of South Carolina which conducted business in Charleston County, South Carolina. Upon information and belief, Long Grove Vista, LLC developed, constructed, and converted the Project to condominiums on that real estate and then marketed and sold the units to the general public.

52. Vista Realty Partners, LLC is, upon information and belief, a limited liability company organized and existing pursuant to the laws of a state other than the State of South Carolina which conducted business in Charleston County, South Carolina. Upon information and belief, Vista Realty Partners, LLC developed, constructed and converted the Project on that real estate and then sold the units to the general public.

53. Third-Party Defendant James, Harwick & Partners, Inc. n/k/a JHP Architecture / Urban Design, P.C. (hereinafter "Architect") is, upon information and belief, a corporation organized and existing pursuant to the laws of a state other than the State of South Carolina which was, at all times relevant hereto, conducting business in Charleston County, South Carolina. Upon information and belief, said Architect was responsible for the schematic design, design development, construction documents, bidding and negotiations, construction supervision and acceptance of work at the Project.

54. Third-Party Defendant Sam Mayo d/b/a SCM Construction, Inc. (hereinafter referred to as SCM Construction) is, upon information and belief, a corporation organized and existing pursuant to the laws of a state other than the State of South Carolina which was, at all times relevant hereto, conducting business within Charleston County, South Carolina. Defendant SCM Construction acted as the general contractor for the conversion to condominiums of the Project.

55. Third-Party Defendant Essex Engineering Corporation (hereinafter referred to as Essex) is, upon information and belief, a corporation organized and existing pursuant to the laws of a state other than the State of South Carolina which was, at all times relevant hereto, conducting business within Charleston County, South Carolina. Upon information and belief, Essex inspected the Long Grove Project as part of the conversion process and issued a report as to the condition of the property for prospective purchasers.

56. The actions, conduct and agreements of the above named Parties (The Beach Company, Long Grove at Seaside Farms, LLC, Gulf Stream Construction Company, Long Grove Vista, LLC, Vista Realty Partners, LLC, JHP Architecture, SCM Construction and Essex) at all times contemplated the sale of the condominium units at the Project to individual purchasers and the formation of a Regime to be charged with the responsibility for maintenance and repairs of the general and limited common elements.

57. The Parties did design, develop, construct and sell the Project which became known as Long Grove. Developers, as grantors of the Project, caused to be prepared and filed at the RMC Office for Charleston County, South Carolina, the Master Deed and By-Laws for the Long Grove Horizontal Property Regime, thereby committing the real estate with improvements thereon into a horizontal property regime.

58. Since completion of the Project, problems with water infiltration into the interior of the buildings at the Project have occurred. An inspection of the Project site and the buildings located at the Project has resulted in the discovery of numerous construction defects impacting upon the structural integrity and safety of the Project. Upon information and belief, the problems or defects in the Project are a result of defective design and/or construction and/or defective products.

59. The defects in construction and/or design complained of include, but are not limited to, the following:

a. Failure of balcony waterproofing;

b. Lack of proper waterproofing system at balconies;

c. Lack of proper window flashing;

d. Lack of proper chimney flashing;

e. Lack of proper roof flashing;

f. Improper repairs and failure of repairs to balconies;

g. Lack of proper fire protection at the HVAC system;

h. Leaks at windows;

i. Leaks at balconies;

j. Leaks at chimneys;

k. Decay of structural building components;

l. Mold infestation;

m. Improper brick installation;

n. Lack of code compliant fire protection;

o. Defects causeing decay of building components.

60. As a direct and proximate result and consequence of the numerous construction and/or design defects and problems at the Project, the Project has suffered substantial water intrusion, rot and deterioration and Long Grove POA has spent and will continue to spend substantial sums of money for the extraordinary repairs and reconstruction of major portions of the Project.

FOR A FIRST CAUSE OF ACTION
(Developer Negligence as to The Beach Co., Long Grove at Seaside Farms, LLC, Long Grove Vista, LLC and Vista Realty Construction, LLC)

61. The Long Grove POA incorporates into this cause of action the allegations in Paragraphs 46-60 above as fully as if repeated verbatim herein.

62. The Beach Co., Long Grove at Seaside Farms, LLC, Long Grove Vista, LLC, and Vista Realty Construction, LLC (hereinafter referred to collectively as "Developers), were developers of the original project and the conversion from apartments to condominiums.

63. Developers, owed a duty to the Long Grove POA to exercise that degree of skill necessary to select an architect, engineer and contractor and to oversee the Project and otherwise deliver the Project free of construction defects and designed and built in conformity with the customary and ordinary standards of the building and construction industry.

64. The deficiencies and defects which exist at the Project are the proximate and direct result of the negligence and/or gross negligence of Developers in one or more of the following particulars:

a. in failing to properly select an architect and contractor so that the Project would be designed and built by methods of construction and design conforming with accepted industry standards;

b. in allowing and/or accepting non-conforming or defective work;

c. in failing to properly oversee the Project in order to ensure that all work proceeded in accordance with the plans and specifications and also in conformity with the customary and ordinary standards of the construction industry;

d. in failing to inform the architect, engineer and contractor of any defects found in the Project; and

e. In failing to properly convert the Project from apartments to condominiums.

65. As a direct and proximate result and consequence of the negligence and/or gross

negligence of Developers, the Long Grove POA has suffered injuries and damages in the amount equal to the extraordinary repair, maintenance and reconstruction cost required and to be required over the expected life of the structure, loss of use, depreciation in value and such punitive damages as may be appropriate.

FOR A SECOND CAUSE OF ACTION
(Developer Breach of Express Warranty as to Defendants The Beach Co., Long Grove at Seaside Farms, LLC, Long Grove Vista, LLC and Vista Realty Construction, LLC))

66. The Long Grove POA incorporates into this cause of action the allegations in Paragraphs 46-65 above as fully as if repeated verbatim herein.

67. Developers represented and warranted that the Project, including the project units and the general common elements, were of the highest quality. Those representations and warranties were made in connection with the sale of the units and formation of the Long Grove Property Owners' Association.

68. Developers breached their express warranty by producing, selling and turning over to the Long Grove POA, an inferior and rapidly deteriorating project, plagued with extensive and severe construction defects and problems.

69. As a direct and proximate result and consequence of Developers' breach of their express warranties, the Long Grove POA has suffered injuries and damages in the amount equal to the extraordinary repair, maintenance and reconstruction cost required and to be required over the expected life of the structure, loss of use and depreciation in value and such punitive damages as may be appropriate.

FOR A THIRD CAUSE OF ACTION
(Developer Breach of Implied Warranty as to The Beach Co., Long Grove at Seaside Farms, LLC, Long Grove Vista, LLC and Vista Realty Construction, LLC))

70. The Long Grove POA incorporates into this cause of action the allegations in Paragraphs 46-69 above as fully as if repeated verbatim herein.

71. Developers, as sellers, grantors and developers, made implied warranties of habitability and fitness for intended use.

72. Developers have breached their implied warranties by producing, selling and turning over to the Long Grove POA an inferior and rapidly deteriorating project plagued with extensive and severe construction defects and problems.

73. As a direct and proximate result and consequence of Developers' breach of their implied warranties, the Long Grove POA has suffered injuries and damages in an amount equal to the extraordinary repairs, maintenance and reconstruction costs required and to be required over the expected life of the structure, loss of use and depreciation in value.

FOR A FOURTH CAUSE OF ACTION
(Developer Breach of Fiduciary Duty as to Long Grove Vista, LLC and Vista Realty Construction, LLC))

74. The Long Grove POA incorporates into this cause of action the allegations in Paragraphs 46-73 above as fully as if repeated verbatim herein.

75. Upon information and belief, from its inception, and for a period of time afterwards, Developer Long Grove Vista, LLC and/or Vista Realty Construction, LLC controlled the Long Grove Property Owners' Association.

76. Developer Long Grove Vista, LLC and/or Vista Realty Construction, LLC, as a controlling entity, owed a fiduciary duty to the Long Grove Property Owners Association to inform it of any deficiencies in the construction of the Long Grove project.

77. Developer Long Grove Vista, LLC and/or Vista Realty Construction, LLC, as a controlling entity, also owed a fiduciary duty to the Long Grove Property Owners Associaton to disclose any defects in design of the Long Grove project.

78. Developer Long Grove Vista, LLC and/or Vista Realty Construction, LLC breached its fiduciary duty to the Long Grove Property Owners Association by failing to disclose design and/or construction defects to the Plaintiff prior to relinquishing control of the Board of Directors to the owners.

79. Developer Long Grove Vista, LLC and/or Vista Realty Construction, LLC owed a fiduciary duty to Long Grove POA to turn over the common elements of the Regime to Long Grove Property Owners Association in good condition, or to provide funds to Plaintiff to remedy any defects in the common areas.

80. Developer Long Grove Vista, LLC and/or Vista Realty Construction, LLC breached its fiduciary duty to Plaintiff by turning over to Long Grove Property Owners Association a deteriorating and defective townhome project without providing Long Grove Property Owners Association with any funds to effectuate necessary repairs.

81. As a direct and proximate result and consequence of Developers' Long Grove Vista, LLC and/or Vista Realty Construction, LLC breach of fiduciary duty, the Long Grove Property Owners Association has suffered injuries and damages in an amount equal to the extraordinary repairs, maintenance and reconstruction cost required and to be required over the expected life of the structure, loss of use, and depreciation in value, and such punitive damages as may be appropriate.

FOR A FIFTH CAUSE OF ACTION
(Negligence as to Gulf Stream Construction)

82. The Long Grove Property Owners Association incorporates into this cause of action the allegations in Paragraphs 46-81 above as fully as if repeated verbatim herein.

83. Gulf Stream as the original general contractor owed a duty to the Long Grove Property Owners Association to exercise that degree of skill necessary to construct, supervise and review the design and otherwise deliver the Project free of construction defects and to ensure that the Project was designed and built in conformity with the customary and ordinary standards of the building and construction industry.

84. The deficiencies and defects which exist at the Project are the proximate and direct result of the negligence and/or gross negligence of Gulf Stream in more of the following particulars:

a. in failing to properly construct the Project by deviating from the plans and specifications and by failing to employ practices and methods of construction conforming with accepted industry standards; and/or using defective materials; and/or installing materials not in accordance with the plans and specifications, or in violation of the manufacturer's instructions;

b. in using and supplying defective material;

c. by installing materials not in accordance with the plans and specifications;

d. by installing materials in violation of manufacturer's instructions;

e. in failing to properly supervise the subcontractors and/or other trades in order to ensure that all work proceeded in accordance with the plans and specifications and in conformity with the customary and ordinary standards of the construction industry;

f. in accepting non-conforming or defective material or labor;

g. in accepting and performing deficient and/or defective workmanship and/or materials without proper inspection to ensure that the work was correct and in conformity with

industry standards and in accordance with the plans and specifications and the manufacturer's instructions;

h. in constructing the Project in violation of the applicable building codes;

i. in failing to adequately construct a waterproofing system on the exterior of the building thereby allowing water to infiltrate the interior of the building;

j. in failing to inform the architect and/or developer of the defects in the plans and specifications; and

k. In failing to act as a reasonable and prudent contractor would act under the circumstances then and there existing.

85. As a direct and proximate result and consequence of the negligence and/or gross negligence of Gulf Stream, The Long Grove Property Owners Association has suffered injuries and damages in an amount equal to the extraordinary repair, maintenance and reconstruction costs required and to be required over the expected life of the structure, loss of use, depreciation in value and such punitive damages as may be appropriate.

FOR A SIXTH CAUSE OF ACTION
(Breach of Express and Implied Warranty as to Gulf Stream Construction)

86. The Long Grove Property Owners Association incorporates into this cause of action the allegations in Paragraphs 46-85 above as fully as if repeated verbatim herein.

87. Upon information and belief, Gulf Stream made express warranties in connection with contracting to build the Project to the effect that the building would be free from construction defects.

88. Gulf Stream also impliedly warranted that the Project would be constructed in a careful, diligent and workmanlike manner, free of construction deficiencies.

89. Gulf Stream breached its express and implied warranties in the following particulars:

a. in failing to properly construct the Project by deviating from the plans and specifications and/or failing to employ practices and methods of construction conforming to the customary and ordinary standards of the construction industry;

b. in using and supplying defective material;

c. by installing materials not in accordance with the plans and specifications;

d. by installing materials in violation of manufacturer's instructions;

e. in performing work which violated applicable building codes;

f. in failing to properly supervise employees, agents and subcontractors to ensure that all work proceeded in accordance with the plans and specifications and in conformity with industry standards;

g. in accepting defective and/or non-conforming materials and labor;

h. in providing deficient and/or defective workmanship and/or materials, without proper inspections to ensure that the work was correct and in conformity with customary industry standards and in accordance with the plans and specifications and the manufacturer's instructions;

i. in failing to adequately construct a waterproofing system on the exterior of the building thereby allowing water to infiltrate the interior of the building; and

j. in failing to inform the architect and/or developer of the defects in the plans and specifications.

90. As a direct and proximate result and consequence of Gulf Stream's breach of its expressed and implied warranties, the Long Grove Property Owners Association has suffered injuries and damages in an amount equal to the extraordinary repair, maintenance and reconstruction

costs required and to be required over the expected life of the structure, loss of use and depreciation in value.

FOR A SEVENTH CAUSE OF ACTION
(Negligence as to Third-Party Defendant SCM Construction)

91. The Long Grove Property Owners Association incorporates into this cause of action the allegations in Paragraphs 46-90 above as fully as if repeated verbatim herein.

92. Third-Party Defendant SCM Construction as the general contractor for the conversion and construction of the Project owed a duty to the Long Grove Property Owners Association to exercise that degree of skill necessary to construct, supervise and review the design and otherwise deliver the Project free of construction defects and to ensure that the Project was designed and built in conformity with the customary and ordinary standards of the building and construction industry.

93. The deficiencies and defects which exist at the Project are the proximate and direct result of the negligence and/or gross negligence of Third-Party Defendant SCM Construction in more of the following particulars:

    a. in failing to properly construct the Project by deviating from the plans and specifications and by failing to employ practices and methods of construction conforming with accepted industry standards; and/or using defective materials; and/or installing materials not in accordance with the plans and specifications, or in violation of the manufacturer's instructions;

    b. by installing materials not in accordance with the plans and specifications;

    c. by installing materials in violation of manufacturer's instructions;

d. in failing to properly supervise the subcontractors and/or other trades in order to ensure that all work proceeded in accordance with the plans and specifications and in conformity with the customary and ordinary standards of the construction industry;

e. in accepting non-conforming or defective material or labor;

f. in accepting and performing deficient and/or defective workmanship and/or materials without proper inspection to ensure that the work was correct and in conformity with industry standards and in accordance with the plans and specifications and the manufacturer's instructions;

g. in constructing and converting the Project in violation of the applicable building codes;

h. in failing to adequately construct a waterproofing system on the exterior of the building thereby allowing water to infiltrate the interior of the building;

i. in failing to inform the architect and/or developer of the defects in the plans and specifications; and

j. In failing to act as a reasonable and prudent contractor would act under the circumstances then and there existing.

94. As a direct and proximate result and consequence of the negligence and/or gross negligence of Third-Party Defendant SCM Construction, The Long Grove Property Owners Association has suffered injuries and damages in an amount equal to the extraordinary repair, maintenance and reconstruction costs required and to be required over the expected life of the structure, loss of use, depreciation in value and such punitive damages as may be appropriate.

FOR AN EIGHTH CAUSE OF ACTION
(Breach of Express and Implied Warranty as to Third-Party Defendant SCM Construction)

95. The Long Grove Property Owners Association incorporates into this cause of action the allegations in Paragraphs 46-94 above as fully as if repeated verbatim herein.

96. Upon information and belief, Third-Party Defendant SCM Construction made express warranties in connection with contracting to build and convert the Project to the effect that the building would be free from construction defects.

97. Third-Party Defendant SCM Construction also impliedly warranted that the Project would be converted in a careful, diligent and workmanlike manner, free of construction deficiencies.

98. Third Party Defendant SCM Construction breached its express and implied warranties in the following particulars:

a. in failing to properly construct and convert the Project by deviating from the plans and specifications and/or failing to employ practices and methods of construction conforming to the customary and ordinary standards of the construction industry;

b. in using and supplying defective material;

c. by installing materials not in accordance with the plans and specifications;

d. by installing materials in violation of manufacturer's instructions;

e. in performing work which violated applicable building codes;

f. in failing to properly supervise employees, agents and subcontractors to ensure that all work proceeded in accordance with the plans and specifications and in conformity with industry standards;

g. in accepting defective and/or non-conforming materials and labor;

h. in providing deficient and/or defective workmanship and/or materials, without proper inspections to ensure that the work was correct and in conformity with customary

industry standards and in accordance with the plans and specifications and the manufacturer's instructions;

i. in failing to adequately construct a waterproofing system on the exterior of the building thereby allowing water to infiltrate the interior of the building; and

j. in failing to inform the architect and/or developer of the defects in the plans and specifications.

99. As a direct and proximate result and consequence of Third-Party Defendant SCM Construction's breach of its expressed and implied warranties, the Long Grove POA has suffered injuries and damages in an amount equal to the extraordinary repair, maintenance and reconstruction costs required and to be required over the expected life of the structure, loss of use and depreciation in value.

FOR A NINTH CAUSE OF ACTION
(Negligence as to Third-Party Defendant Architect James, Harwick & Partners)

100. The Long Grove Property Owners Association incorporates into this cause of action the allegations in Paragraphs 46 thru 99 above as fully as if repeated verbatim herein.

101. Third-Party Defendant Architect owed a duty to the Long Grove Property Owners Association to exercise that degree of skill necessary in design and inspection of the Project so that the Project would be delivered free of construction defects and would be designed and built in conformity with the customary and ordinary standards of the building and construction industry and the applicable building codes..

102. Third-Party Defendant Architect was negligent, and/or grossly negligent in its design and inspection of the Project in one or more of the following particulars:

a. Improper design of details at balconies and doors;

b. Lack of proper details at balconies;

c. Lack of proper details at roof;

d. Lack of proper details at chimneys;

e. Lack of proper details at attics;

f. Lack of proper details for brick system;

g. Lack of proper details for windows;

h. Lack of proper flashing details;

i. Failure to adequately design and the defects in the plans have caused water intrusion and decay of building components;

j. Inadequate inspection and acceptance of defective or non-conforming construction work;

k. Failure to design and insure construction in compliance with applicable building codes and acceptable building practices; and

l. In failing to act as a reasonable and prudent architect would act under the circumstances then and there existing.

See the affidavit of Peter E. Sherratt attached hereto as Exhibit 1.

103. As a direct and proximate result and consequence of the negligence and gross negligence of Defendant Architect, The Long Grove Property Owners Assocation has suffered injuries and damages in an amount equal to the extraordinary repairs, maintenance and reconstruction costs required and to be required over the expected life of the structures, loss of use, depreciation in value and such punitive damages as may be appropriate.

FOR A TENTH CAUSE OF ACTION
(Breach of Express and Implied Warranty as to Third –Party Defendant Architect James, Harwick & Partners)

104. The Long Grove Property Owners Association incorporates into this cause of action the allegations in Paragraphs 46-103 above as fully as if repeated verbatim herein.

105. Architect expressly and impliedly warranted that its design of the Project would be of the highest quality and in conformance with the generally accepted standards of the architectural and construction industry, and further, that the specifications of materials and procedures would comply with the generally accepted principals in the industry.

106. Architect further expressly and impliedly warranted that the plans and specifications prepared for the Project were suitable and fit for use in constructing the Project, and that the building, when complete, would be free of design defects.

107. The plans and specifications as provided by the Architect were not suitable or appropriate for their intended purpose (Exhibit 1), and as a result of the Architect's breach of warranties by designing the Project with severe structural and water intrusion problems, the Long Grove Property Owners Association is entitled to such actual and consequential damages as this Court may deem appropriate, including but not limited to the amount equal to the extraordinary repair, maintenance and reconstruction costs required and to be required over the expected life of the structure, loss of use and depreciation in value.

FOR AN ELEVENTH CAUSE OF ACTION
(Negligence as to Third-Party Defendant Essex Engineering)

108. The Long Grove Property Owners Association incorporates into this cause of action the allegations in Paragraphs 46-107 above as fully as if repeated verbatim herein.

109. Essex owed a duty to the Long Grove Property Owners Assocation to exercise that degree of skill necessary in design and inspection of the Project so that the Project would be delivered free of construction defects and would be designed and built in conformity

with the customary and ordinary standards of the building and construction industry and the applicable building codes.

110. Essex was negligent, and/or grossly negligent in its inspection of the Project and failed to report or to observe the construction and architectural defects at the Project. Exhibit 1

111. As a direct and proximate result and consequence of the negligence and gross negligence of Essex, the Long Grove Property Owners Association has suffered injuries and damages in an amount equal to the extraordinary repairs, maintenance and reconstruction costs required and to be required over the expected life of the structures, loss of use, depreciation in value and such punitive damages as may be appropriate.

FOR A TWELFTH CAUSE OF ACTION
(Breach of Warranty as to Essex Engineering

112. The Long Grove Property Owners Association incorporates into this cause of action the allegations in Paragraphs 45-108 above as fully as if repeated verbatim herein.

113. Essex expressly and impliedly warranted that its inspection of the Project would be of the highest quality and in conformance with the generally accepted standards of the engineering and construction industry, and further, that the construction of the project complied with the generally accepted principals in the industry.

114. Essex further expressly and impliedly warranted that the inspection report prepared for the Project was suitable and fit for use in the conversion of the Project, and that the building, when as completed and converted, would be free of design and construction defects.

115. The inspection report provided by Essex was not suitable or appropriate for its intended purpose, and as a result of Essex's breach of warranties by failing to find the severe structural and water intrusion problems at the Project, the Long Grove Property Owners

Association is entitled to such actual and consequential damages as this Court may deem appropriate, including but not limited to and amount equal to the extraordinary repair, maintenance and reconstruction costs required and to be required over the expected life of the structure, loss of use and depreciation in value.

WHEREFORE, the Long Grove Property Owners Association, Inc. prays for judgment against the Plaintiffs, Co-Defendants, and Third-Party Defendants for such actual, consequential and punitive damages as this Court deems appropriate and for such other and further relief as is just and proper, including costs, pre-judgment interest and attorney's fees.

MULLEN WYLIE, LLC

By: Frank E. Grimball

Frank E. Grimball, Esq. (SC #2310)
Robert L. Wylie, IV, Esq. (SC#13052)
171 Church Street, Suite 370
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Tel: (843) 853-6200
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Counsel for Defendant & Third-Party Plaintiff Long Grove Property Owners' Association

December 22, 2009
Charleston, South Carolina

STATE OF SOUTH CAROLINA)
) **AFFIDAVIT OF PETER E. SHERRATT**
COUNTY OF CHARLESTON)

PERSONALLY appeared before me, Peter E. Sherratt, who, having being duly sworn, deposes and states as follows:

1. That I am a design professional and licensed architect in the State of South Carolina with my principle place of business in Hilton Head Island, South Carolina;

2. That I have a specialty in forensic architecture and have been qualified as an expert in both state and federal courts;

3. That I have inspected and observed the conditions at the Long Grove Condominium Project located in Charleston County, South Carolina;

4. That I have been informed and believe that James, Harwick & Partners, Inc. n/k/a JHP Architecture / Urban Design, P.C. acted as the architect for the Project;

5. That I have reviewed architectural plans for the Long Grove Project prepared by James, Harwick & Partners, Inc. n/k/a JHP Architecture / Urban Design, P.C.;

6. That in observing the conditions at the Long Grove Project and in reviewing the unsealed set of architectural plans, I noted numerous violations of industry standards and good architectural practices, specifically in regard to (1) Improper design of details at balconies and doors; (2) Lack of proper details at balconies; (3) Lack of proper details at roof; (4) Lack of proper details at chimneys; (5) Lack of proper details at attics; (6) Lack of proper details for brick system; (7) Lack of proper details for windows; and (8) Lack of proper flashing details;

7. That as a result of my review of the un-sealed plans, I have determined that James, Harwick & Partners, Inc. n/k/a JHP Architecture / Urban Design, P.C. failed to conform to the standard of care required by a design professional for this Project. If sealed plans differ my

opinions may change;

8. That I have been informed and believe that Essex Engineering Corporation is an engineering firm that inspected Long Grove for the purpose of the conversion of these units and buildings from apartments to condominiums;

9. That Essex Engineering Corporation prepared a report of its inspection;

10. That Essex Engineering Corporation failed to identify deficiencies in the construction of Long Grove;

FURTHER, AFFIANT SAITH NOT.

Peter E. Sherratt, AIA

SWORN TO before me this
2nd day of December 2009.

Peggy A Medaglia
Notary Public for South Carolina
My commission expires: 11-21-17

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

IN THE CIRCUIT COURT

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

Plaintiffs,

vs.

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

Defendants.

Case No. 2009-CP-10-6746

PLAINTIFFS' MOTION TO DISMISS AND FOR JUDGMENT ON THE PLEADINGS

FILED
2009 DEC 30 PM 4:15
JULIE J. ARMSTRONG
CLERK OF COURT
BY ____

09-a1935

Long Grove Property Owners' Association, Inc.

Third-Party Plaintiffs,

vs.

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

Third-Party Defendants.

Plaintiffs move the Court for Order dismissing Defendant Long Grove Property Owners' Association, Inc.'s ("POA's") counterclaims pursuant to Rule 12(b)(6), SCRCP, on the ground that the counterclaims fail to state a claim upon which relief can be granted because the Plaintiffs owe no legal duty to the POA, the Plaintiffs did not extend any warranties to the POA, the POA is bound by the release and other terms in the instruments of record, and the POA is estopped as a matter of law from disclaiming or collaterally attacking these instruments of record.

Plaintiffs further move the Court for a judgment on the pleadings pursuant to 12(c), SCRCP, by granting the declaratory judgment relief sought in Plaintiffs' complaint and dismissing the POA's counterclaims.

In the alternative, Plaintiffs move the Court pursuant to Rule 18(c), SCRCP, for separate trials on Plaintiffs' claim for declaratory relief and on the POA's counterclaims. The ground for this motion is that Defendants' counterclaims are cognizable only after Plaintiff's declaratory judgment has been prosecuted to conclusion, the claims involve separate parties and issues, the resolution of the declaratory judgment will affect issues of insurance coverage, indemnification obligations and third-party claims, and separate trials will avoid unnecessary delay and promote the interest of the judicial economy.

In the alternative, Plaintiffs move the Court pursuant to Rule 12(e), SCRCP, to require the POA to amend its counterclaim to set forth a more certain and definitive statement of the factual allegation asserted against the Plaintiffs. The grounds for this motion is that the factual allegations in the counterclaim are so vague, conclusory, and contradictory as to alleged roles, responsibilities, and alleged conduct of the named parties that Plaintiffs cannot reasonably be required to frame a responsive pleading. Without limitation, the POA's counterclaim should separately identify the alleged role and alleged nature of responsibility claimed as to each party named therein, and set forth a separate statement of the facts supporting each cause of action alleged against the Plaintiffs.

This motion is based on the pleadings and other matters of record, and a supporting memorandum that may be submitted at or before a hearing on this motion.

David J. Parrish
NEXSEN PRUET, LLC
Post Office Box 486
Charleston, South Carolina 29402
phone: (843) 720-1771
Attorneys for Plaintiffs

December 30, 2009

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

IN THE COURT OF COMMON PLEAS

FOR THE NINTH JUDICIAL CIRCUIT

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

Plaintiffs,

v.

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

Defendants.

CASE NO.: 2009-CP-10-6746

FILED
2010 FEB 24 PM 2:58
JULIE J. ARMSTRONG
CLERK OF COURT
BY

JAMES, HARWICK & PARTNERS, INC. N/K/A JHP ARCHITECTURE/URBAN DESIGN, P.C.'S MOTION TO DISMISS THIRD PARTY COMPLAINT AND FOR JUDGMENT ON THE PLEADINGS

JUNE 1

LONG GROVE PROPERTY OWNERS' ASSOCIATION, INC.,

Third Party Plaintiff,

v.

JAMES, HARWICK & PARTNERS, INC. N/K/A JHP ARCHITECTURE/ URBAN DESIGN P.C.; SAM MAYO D/B/A SCM CONSTRUCTION, INC.; ESSEX ENGINEERING CORPORATION

Third Party Defendants.

COMES NOW Third Party Defendant, James, Harwick & Partners, Inc. n/k/a JHP Architecture/Urban Design, P.C. ("James Harwick"), by and through its undersigned counsel,

and files this Motion to Dismiss the Third Party Complaint of Long Grove Property Owners' Association, Inc. pursuant to Rule 12(b)(6) and for Judgment on the Pleadings pursuant to Rule 12(c) of the South Carolina Rules of Civil Procedure.

As the basis for its Motion, James Harwick fully incorporates the Plaintiffs' Complaint, the exhibits thereto, and the arguments set forth in Plaintiffs' Motion Dismiss and For Judgment on the Pleadings that was filed on December 30, 2009. With respect to each third party claim asserted against James Harwick, this Third Party Defendant is entitled to the same relief as requested by Plaintiffs with respect to the counterclaims and for the same reasons as set forth in the relevant pleadings.

Respectfully submitted,

Ellis R. Lesemann, Esq.
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200 Meeting Street, Suite 301
Post Office Box 160 (29402)
Charleston, South Carolina 29401
Phone: (843)727-2650
Fax: (843) 727-2680

ATTORNEYS FOR THIRD-PARTY DEFENDANT JAMES, HARWICK & PARTNERS, INC. N/K/A JHP ARCHITECTURE/URBAN DESIGN, P.C.

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

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

vs.

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

LONG GROVE PROPERTY OWNERS' ASSOCIATION, INC.

Third-Party Plaintiffs,

vs.

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

Third-Party Defendants

IN THE COURT OF COMMON PLEAS

NINTH JUDICIAL CIRCUIT
2009-CP-10-6746

MEMORANDUM IN OPPOSITION TO PLAINTIFFS' MOTION TO DISMISS AND FOR JUDGMENT ON THE PLEADINGS

FILED
2010 MAY 20 AM 11:57
JULIE J. ARMSTRONG
CLERK OF COURT
BY

TO: PLAINTIFFS AND THEIR COUNSEL OF RECORD, DAVID J. PARRISH, ESQ.:

COMES NOW the above-named Defendant Long Grove Property Owners' Association, Inc., through its undersigned counsel, responding to the Plaintiffs' Motion to Dismiss and For Judgment on the Pleadings against Defendant Long Grove Property Owners' Association, Inc. (hereinafter "Long Grove POA"). Pursuant to the South Carolina Rules of Procedure, Defendant

Long Grove POA hereby files its Memorandum in Opposition based upon applicable case law, and any affidavits and other exhibits attached hereto.

I. INTRODUCTION AND FACTUAL BACKGROUND

This matter arises from the development, design, and construction of the Long Grove Apartment Project and its subsequent conversion to the Long Grove Condominiums located in the Seaside Farms subdivision in Mt. Pleasant, South Carolina. The owner and developer was Plaintiff Long Grove at Seaside Farms, LLC. Plaintiff The Beach Company was the manager of the entity that was the managing member of Long Grove at Seaside Farms, LLC, and The Beach Company was the property manager for the Project which was operated as an apartment complex after it was completed. Third-Party Defendant James, Harwick & Partners, Inc. n/k/a JHP Architecture/Urban Design, P.C. was the architect of record. Plaintiff Gulf Stream Construction Company, Inc., a subsidiary of The Beach Company, was the general contractor for the Project.

On January 18, 2005, Plaintiff Long Grove at Seaside Farms, LLC, as the Seller, sold the Project, being operated as an apartment complex, to Vista Realty Partners, LLC, as the purchaser, to convert to condominiums. Vista Realty Partners, LLC assigned its rights under the Sales Contract to Long Grove Vista, LLC. Pursuant to a Special Warranty Indenture Deed, the Long Grove Project was deeded from Long Grove at Seaside Farms, LLC to Long Grove Vista, LLC on or about March 7, 2005. Long Grove Vista, LLC converted the apartment complex into a condominium complex. Third-Party Defendant Sam Mayo d/b/a SCM Construction, Inc. was the general contractor of record for the conversion. Third-Party Essex Engineering provided the report for the conversion pursuant to S.C. Code Ann.§27-31-430. The Long Grove Horizontal Property Regime was created pursuant to the Master Deed which was filed on or about April 18, 2005. Long Grove Vista, LLC sold the units to the public.

Because of the problems that became more severe, the condominium owners and the POA first hired Theodore Padgett, P.E. and also hired The Sherratt Company to investigate water intrusion problems at the Project. They discovered numerous construction and architectural defects. As a result, Defendant Long Grove Property Owners' Association and Long Grove Property Regime sent a letter to Long Grove at Seaside Farms and The Beach Company on August 7, 2009 and to Gulf Stream Construction Company on July 23, 2009, pursuant to the South Carolina Notice and Opportunity to Cure Construction Dwelling Defects (S.C. Code Ann. § 40-11-500 et. seq.). The letters outlined the construction and architectural defects which were found at the Long Grove Project which included, but were not limited to, the following: (1) Failure of balcony waterproofing; (2) Lack of proper waterproofing system at balconies; (3) Lack of proper window flashing; (4) Lack of proper chimney flashing; (5) Lack of proper roof flashing; (6) Improper repairs and failure of repairs to balconies; (7) Lack of proper fire protection at the HVAC system; (8) Leaks at windows; (9) Leaks at balconies; (10) Leaks at chimneys; (11) Decay of structural building components; (12) Mold infestation; (13) Improper brick installation; (14) Lack of code compliant fire protection; (15) Defects caused decay of building components; (16) Improper architectural details at balconies and doors; (17) Lack of proper details at balconies, roof, chimneys, attics, brick, and windows; (18) Lack of proper flashing details; (19) Defects in plans causing water intrusion and decay of building components.

The buildings suffer from design and construction deficiencies. The Plaintiffs and other parties who originally developed, designed, and constructed the buildings are responsible for the original deficiencies of development, design, construction, and for putting into the stream of commerce defective structures. The Vista entities and other parties involved in the conversion of the apartments to condominiums are also responsible for their failure to properly repair the

defects, for failing to discovery those defects and for consequential damages arising from those defects.

On October 26, 2009, Plaintiffs Long Grove at Seaside Farms, LLC, The Beach Company, and Gulfstream Construction Company, Inc. filed a Summons and Complaint for a non-jury declaratory judgment action against Defendant Long Grove Property Owners' Association, Inc.; Defendant Vista Realty Partners, LLC and Defendant Long Grove Vista, LLC pursuant to S.C. Code Ann. § 15-53-10, *et. seq.* and SCRCP Rule 57. In the declaratory judgment action, Plaintiffs allege that a legal dispute has arisen between the Plaintiffs and Long Grove POA concerning the legal validity and enforceability of the assumption of liability by Defendant Vista Realty Partners and Defendant Long Grove Vista and the alleged disclaimers and alleged releases of claims in the Master Deed. The legal dispute involves construction defects found in the Long Grove Project. In response, Defendant Long Grove POA filed an answer and counterclaim alleging causes of action against the Plaintiffs, [1] and it also filed cross-claims against Long Grove Vista and Vista Realty Partners. Defendant Long Grove POA filed a Third-Party Summons and Complaint against Defendant James, Harwick & Partners, Inc. n/k/a JHP Architecture/Urban Design, P.C., Sam Mayo d/b/a SCM Construction, Inc. and Essex Engineering Corporation.

The Plaintiffs have now filed this Motion to Dismiss and For Judgment on the Pleadings pursuant to Rule 12(b)(6) SCRCP, Rule 12(c) SCRCP, Rule 18 (c) SCRCP, and Rule 12(e) SCRCP.

II. LEGAL ANALYSIS

[1] The Counterclaim alleges causes of action for negligence and breach of express and implied warranties against Gulf Stream Construction Company, Inc. and alleges causes of action for negligence and breach of implied and express warranties against The Beach Company and Long Grove at Seaside Farms. The Cross-Claims against Long Grove Vista and Vista Realty Partners alleges causes of action for negligence, breach of implied and express warranties and breach of fiduciary duties.

a.The Counterclaim should not be dismissed pursuant to RULE 12(b)(6), SCRCP

The Plaintiffs allege that Defendant Long Grove POA's counterclaims should be dismissed pursuant to Rule 12(b)(6), SCRCP on the ground that the counterclaims fail to state a claim upon which relief can be granted because the Plaintiffs owe no legal duty to the POA, the Plaintiffs did not extend any warranties to the POA, the POA is bound by the release and other terms in the instruments of record, and the POA is estopped as a matter of law from disclaiming or collaterally attacking these instruments of record.

(1)Standard of Review

S.C.R.C.P. Rule 12(b)(6) states that

> Every defense, in law or fact, to a cause of action in any pleading, whether a claim, counterclaim, cross-claim, or third-party claim, shall be asserted in the responsive pleading thereto if one is required, except that the following defenses may at the option of the pleader be made by motion: . . . (6) failure to state facts sufficient to constitute a cause of action . . .If, on a motion asserting the defense numbered (6) to dismiss for failure of the pleading to state facts sufficient to constitute a cause of action, matters outside the pleading are presented to and not excluded by the Court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56, and all parties shall be given reasonable opportunity to present all materials made pertinent to such a motion by Rule 56.

S.C.R.C.P. Rule 12(b)(6). In considering a Rule 12(b)(6) Motion, the trial court must base its ruling solely on allegations set forth in the complaint. Cole Vision Corp. v. Hobbs, 384 S.C. 283, 680 S.E.2d 923 (Ct. App. 2009); Spence vs. Spence, 368 S.C. 106; 628 S.E.2d 869 (2006). If the facts and inferences drawn from the facts alleged in the complaint, viewed in the light most favorable to the plaintiff [or counterclaimant], would entitle the plaintiff to relief on any theory, then the grant of a motion to dismiss for failure to state a claim is improper. Brazell v. Windsor, 384 S.C. 512, 682 S.E.2d 824 (2009); Spence vs. Spence, 368 S.C. 106; 628 S.E.2d 869 (2006); Gentry v. Yonce, 337 S.C. 1, 522 S.E.2d 137 (1999) (In deciding whether the trial court properly granted the motion to dismiss, the appellate court must consider whether the complaint, viewed

in the light most favorable to the plaintiff, states any valid claim for relief). A motion to dismiss under Rule 12 (b)(6) should not be granted if facts alleged and inferences reasonably deducible therefrom entitle the plaintiff to relief under any theory. Id. "The question is whether, in the light most favorable to the plaintiff, and with every doubt resolved in his behalf, the complaint states any valid claim for relief." Cole Vision Corp. v. Hobbs, 384 S.C. 283, 680 S.E.2d 923 (Ct. App. 2009) (quoting Doe v. Marion, 373 S.C. 390, 645 S.E.2d 245 (2007)). The complaint should not be dismissed merely because the court doubts the plaintiff [or counterclaimant] will prevail in the action. Cole Vision Corp. v. Hobbs, 384 S.C. 283, 680 S.E.2d 923 (Ct. App. 2009); Spence vs. Spence, 368 S.C. 106; 628 S.E.2d 869 (2006); Toussaint v. Ham, 292 S.C. 415, 357 S.E.2d 8 (1987); Doe v. Marion, 373 S.C. 390, 645 S.E.2d 245 (2007).

In considering a motion to dismiss under S.C.R.Civ.P. 12(b)(6), the trial court must base its ruling solely upon the allegations set forth on the face of the complaint. Brazell v. Windsor, 384 S.C. 512, 682 S.E.2d 824 (2009). However, on a 12(b)(6) motion, if matters outside the pleading are presented to and not excluded by a court, the motion shall be treated as one for summary judgment and disposed of as provided in S.C.R.Civ.P. 56, and all parties shall be given reasonable opportunity to present all material made pertinent to such a motion by Rule 56. Id.

In this case, when the allegations set forth in the counterclaim are viewed in the light most favorable to Long Grove POA, it clearly states a valid claim for relief.[2] The counterclaim clearly outlines the causes of actions against each of the Plaintiffs and outlines the factual basis for those causes of actions as well as the resulting damages. The Plaintiffs ask the court to look at whether there is a legal duty to the POA, whether the Plaintiffs extended any warranties to the POA, whether the POA is bound by the release and other terms in the instruments of record, and whether the POA is estopped as a matter of law from disclaiming or collaterally attacking these

[2] These pleadings are similar to pleadings filed by this office in hundreds of other cases.

instruments of record. These are matters outside the pleadings. Given these circumstances, the parties should be able to engage in discovery prior to summary judgment motions. Currently, there is outstanding written discovery which was served on the Plaintiffs. Depositions are scheduled to take place on May 26, 2010. Defendant Long Grove POA also filed a Motion for Status Conference on April 26, 2010 to discuss the discovery of this case and a discovery plan for the case. Defendant Long Grove POA should be given an opportunity to engage in the discovery of this matter prior to any motion for summary judgment hearings.

b. The pleadings meet the requirements of Rule 12(c), SCRCP and Rule 12(e)

The Plaintiffs also move for a judgment on the pleadings pursuant to Rule 12(c), SCRCP and Rule 12(e), SCRCP. The Counterclaim meets the pleading requirements under the South Carolina Rules of Civil Procedure. As outlined above, Plaintiffs claim that the pleadings are defective and base their Motion on SCRCP Rule 12(c):

> 12(c) Motion for Judgment on the Pleadings. After the pleadings are closed but within such time as not to delay the trial, any party may move for judgment on the pleadings. If, on a motion for judgment on the pleadings, matters outside the pleadings are presented to and not excluded by the Court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56, and all parties shall be given reasonable opportunity to present all material made pertinent to such a motion by Rule 56.

SCRCP 12(c). Defendant Long Grove POA, however, has clearly met the pleadings requirement set forth in the South Carolina Rules of Civil Procedure. SCRCP Rule 8(a) outlines the pleading requirements:

> 8(a) Claims for Relief. A pleading which sets forth a cause of actions, whether an original claim, counter-claim, cross-claim, or third-party claim, shall contain (1) a short and plain statement of the grounds including facts and statutes upon which the court's jurisdiction depends, unless the court already has jurisdiction to support it, (2) a short and plain statement of the facts showing that the pleader is entitled to relief, and (3) a prayer or demand for judgment for the relief to which he deems himself entitled. Relief in the alternative or of several different types may be demanded. Relief for a sum certain in money may be demanded for actual damages, but claims for punitive or exemplary damages shall be in general terms only and not for a stated sum, provided however, a

> party may plead that the total amount in controversy shall not exceed a state sum which shall limit the claim for all purposes.

Furthermore, SCRCP 8(f) Construction of Pleadings states, "All pleadings shall be so construed as to do substantial justice to all parties." SCRCP 8(f).

The Plaintiffs also move in the alternative to require the POA to amend its counterclaim to set forth a more certain and definitive statement of the factual allegation asserted against the Plaintiffs. Rule 12(e), SCRCP states that

> If a pleading to which a responsive pleading is permitted is so vague or ambiguous that a party cannot reasonably be required to frame a responsive pleading, he may move for a more definite statement before interposing his responsible pleading. The motion shall point out the defects complained of and the details desired . . .

S.C.R.C.P. Rule 12(e). The Counterclaims against the Plaintiffs are clear and unambiguous, and the Plaintiffs do not point out the defects complained of and the details desired.

Defendant Long Grove POA filed an Answer and Counterclaim against all of the Plaintiffs. Long Grove POA also filed a Third-Party Complaint against other entities. (Exhibit – Answer and Counterclaim). Paragraph 49 of the Counterclaim alleges that The Beach Company and/or Long Grove at Seaside Farms, LLC held legal title to certain real estate in Charleston County, South Carolina, and developed and constructed the [Long Grove] Project on that real estate. Paragraph 50 of the Counterclaim alleges that Gulf Stream Construction Company acted as the general contractor for the original construction of the Long Grove Project. (See Counterclaim). It is clear that the claims against The Beach Company, Long Grove at Seaside Farms, and Gulf Stream Construction arise out of the development and construction of the Project.

Plaintiffs contend that the Counterclaim fails to state facts sufficient to constitute a cause of action, that it fails to meet pleading requirements, and that there should be a more definite statement because it is so vague it cannot reasonably be understood. This is simply untrue.

Paragraph 58 specifically states that the Project has problems with water intrusion into the interior of the building and that inspections have resulted in the discovery of numerous construction structural and safety defects. Paragraph 59 specifically states fifteen (15) different construction defects found at the project. (See Counterclaim). Paragraph 60 states that as a result of these numerous defects the Project was damaged from moisture intrusion and other problems and that Plaintiff will spend substantial sums of money for the repairs and reconstruction of the project. (See Counterclaim).

In the First Cause of Action as to Negligence as to The Beach Company and Long Grove at Seaside Farms (Paragraphs 61-65), Defendant Long Grove POA specifically stated in Paragraph 65 that the negligence of The Beach Company and Long Grove at Seaside Farms caused the defects at the project in one or more of the following particulars:

a. in failing to properly select an architect and contractor so that the Project would be designed and built by methods of construction and design conforming with accepted industry standards;

b. in allowing and/or accepting non-conforming or defective work;

c. in failing to properly oversee the Project in order to ensure that all work proceeded in accordance with the plans and specifications and also in conformity with the customary and ordinary standards of the construction industry;

d. in failing to inform the architect, engineer and contractor of any defects found in the Project; and

e. In failing to properly convert the Project from apartments to condominiums.

(See Counterclaim). Paragraph 65 then requests damages for the repair, maintenance, reconstruction costs, loss of use, depreciation in value and punitive damages as a result of the

negligence. (See Counterclaim).

The Second Cause of Action as to Breach of Express Warranties (Paragraphs 66-69) also includes The Beach Company and Long Grove at Seaside Farms and makes specific allegations pertaining to the breach of warranties. In Paragraph 68, the Counterclaim alleges that The Beach Company and Long Grove at Seaside Farms turned over an inferior and rapidly deteriorating project, plagued with extensive and severe construction defects and problems. (See Counterclaim)

The Third Cause of Action as to Breach of Implied Warranties (Paragraphs 70-73) also includes The Beach Company and Long Grove at Seaside Farms and makes specific allegations pertaining to the breach of implied warranties. In Paragraph 71, the Counterclaim alleges that The Beach Company and Long Grove at Seaside Farms as Developers, as sellers, grantors and developers, made implied warranties of habitability and fitness for intended use. Paragraph 73 then requests damages for the repair, maintenance, reconstruction costs, loss of use, depreciation in value and punitive damages as a result of the breach of warranties. (See Counterclaim).

The Fifth Cause of Action as to the Negligence of Gulf Stream Construction (Paragraphs 82-85) includes specific allegations pertaining the negligent work performed by Gulf Stream. It clearly states that Gulf Stream failed to exercise the degree of skill necessary to construct, supervise and review the design and otherwise deliver the Project free of construction defects and to ensure that the Project was designed and built in conformity with the customary and ordinary standards of building and construction industry. Paragraph 84 specifically states the deficiencies and defects:

a. in failing to properly construct the Project by deviating from the plans and specifications and by failing to employ practices and methods of construction conforming with accepted industry standards; and/or using defective materials; and/or

installing materials not in accordance with the plans and specifications, or in violation of the manufacturer's instructions;

b. in using and supplying defective material;

c. by installing materials not in accordance with the plans and specifications;

d. by installing materials in violation of manufacturer's instructions;

e. in failing to properly supervise the subcontractors and/or other trades in order to ensure that all work proceeded in accordance with the plans and specifications and in conformity with the customary and ordinary standards of the construction industry;

f. in accepting non-conforming or defective material or labor;

g. in accepting and performing deficient and/or defective workmanship and/or materials without proper inspection to ensure that the work was correct and in conformity with industry standards and in accordance with the plans and specifications and the manufacturer's instructions;

h. in constructing the Project in violation of the applicable building codes;

i. in failing to adequately construct a waterproofing system on the exterior of the building thereby allowing water to infiltrate the interior of the building;

j. in failing to inform the architect and/or developer of the defects in the plans and specifications; and

k. In failing to act as a reasonable and prudent contractor would act under the circumstances then and there existing.

Paragraph 85 then requests damages for the repair, maintenance, reconstruction costs, loss of use, depreciation in value and punitive damages as a result of the negligence. (Counterclaim).

The Complaint is clear and specific as to the role of The Beach Company and Long Grove at Seaside Farms and the work performed by Gulf Stream Construction including the negligence of those parties, the defective work performed, the causes of action and the bases for the causes of action against the Plaintiffs and the damages resulting from the Plaintiffs development and construction of the Project. The Complaint clearly and unmistakably meets the

pleading requirements under South Carolina Rules of Civil Procedure does not need "a more definite statement of fact.

c. Rule 18(c), SCRCP

In the alternative, the Plaintiffs move pursuant to Rule 18(c), SCRCP for separate trials on the Plaintiffs' claim for declaratory relief and the POA's counterclaims. The Plaintiffs allege that the counterclaims are cognizable only after Plaintiff's declaratory judgment action has been concluded. Rule 18(c), SCRCP states that

> The court may make such orders as will prevent a party from being embarrassed, delayed or put to unnecessary expense by the joinder of independent or disassociated claims, and may order separate trials or make other orders to prevent delay or prejudice.

S.C.R.C.P. Rule 18(c).

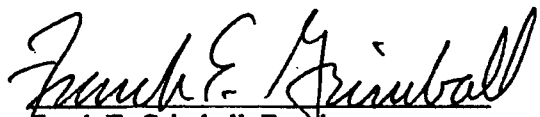
There is no need for separate trials, but there is a need to realign the parties.[3] The principal purpose and the primary and controlling matter in dispute in the present case involve the construction defects. The ancillary or secondary issue in dispute is whether Long Grove at Seaside Farms, The Beach Company and Gulf Stream Construction have contractual defenses to those construction defects claims. The Plaintiffs have asserted a defense to the construction defects claim. It is clear that the primary matter is the construction defects and liability for those defects. Whether there are applicable contractual defenses is secondary. The parties should be realigned so that Long Grove POA is the plaintiff. The Beach Company, Long Grove at Seaside Farms and Gulf Stream Construction will all still be allowed to assert their contractual defenses as well as other defenses. With the realignment, all parties will obtain a complete resolution of all claims. Realignment will also result in judicial economy and practicality. The Plaintiffs have asserted a defense to the construction litigation lawsuit, and this suit should not be litigated piecemeal.

[3] Defendant Long Grove POA has filed a Motion for Realignment with the Court.

CONCLUSION

Based on the foregoing Rules of Civil Procedure and caselaw, the Plaintiffs Motion to Dismiss or For Judgment on the Pleadings should be denied in full.

Respectfully submitted,



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May 19, 2010
Charleston, South Carolina

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

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

Plaintiffs,

vs.

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

Defendants.

LONG GROVE PROPERTY OWNERS' ASSOCIATION, INC.

Third-Party Plaintiffs,

vs.

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

Third-Party Defendants

IN THE COURT OF COMMON PLEAS

NINTH JUDICIAL CIRCUIT
2009-CP-10-6776

DEFENDANT LONG GROVE PROPERTY OWNERS' ASSOCIATION'S ANSWER, COUNTERCLAIM, CROSSCLAIM AND THIRD-PARTY COMPLAINT

JURY TRIAL DEMANDED

FILED
2009 DEC 22 PM 2:19
JULIE J. ARMSTRONG
CLERK OF COURT
BY

The Defendant, Long Grove Property Owners' Association, Inc., answering the Complaint of the Plaintiffs, would respectfully allege and show unto this Honorable Court as follows.

FIRST DEFENSE

1. It admits only so much of Paragraph 1 as alleges that there are design, development, and construction defects and denies that this action does not address these issues. The remaining allegations of said paragraph allege matters of law not requiring an answer.
2. On information and belief it admits the allegations of paragraphs 2, 3, and 4.
3. It admits paragraph 5.
4. On information and belief it admits the allegations of paragraph 6 concerning the legal status of Vista Realty Partners, LLC and Long Grove Vista, LLC and it denies the remaining allegations of said paragraph.
5. Paragraph 7 alleges matters of the law not requiring an answer.
6. It admits paragraph 8 as stated except that the lawsuit concerns other matters as stated herein.
7. Answering paragraph 9 it craves reference to the Master Deed and to the Statutes of the State of South Carolina and it denies so much of said paragraph as in any way attempts to change the Master Deed and the Statutes.
8. On information and belief it admits paragraph 10.
9. Paragraph 11 alleges matters of the law not requiring an answer.
10. It admits only so much of paragraph 12 as alleges that Long Grove Apartments were operated as a rental apartment complex with the units being leased to tenants; it has no knowledge or information sufficient to form a belief as to the remaining allegations of said paragraph.
11. It has no knowledge or information sufficient to form a belief as to the allegations of paragraph 13.

12. It denies paragraph 14 except that it has no knowledge or information sufficient to form a belief as to the allegations concerning any negotiations between Vista Realty Partners, LLC and the Plaintiffs.

13. Answering paragraphs 15, 16 and 17 it craves reference to the documents referred to in those paragraphs and it denies that the documents release these Plaintiffs from any claims by the Long Grove Property Owners Association, Inc., Long Grove Horizontal Property Regime, or the owners of the units.

14. Answering paragraphs 18,19, and 20 it craves reference to the documents cited therein and denies that the documents release the Plaintiffs from any claims by the Long Grove Property Owner's Association, Inc., Long Grove Horizontal Property Regime or the Owners.

15. It admits only so much of Paragraph 21 as alleges that Long Grove Vista, LLC converted the apartments into condominiums and conveyed the condominium units to third-party buyers and it denies that in so doing the Plaintiffs were released from any claims by the Long Grove Property Association, Inc., Long Grove Horizontal Property Regime, or the Owners. Any remaining allegations of Paragraph 21 are denied.

16. It admits only so much of Paragraph 22 as alleges that Long Grove Vista, LLC converted the apartments into condominiums; it has no knowledge or information sufficient to form a belief as to the process by which that was done; it denies that Long Grove Vista, LLC was the only developer and it denies that the documents and transactions release plaintiffs from any claims by the Long Grove Property Association, Inc. Long Grove Horizontal Property Regime, or the Owners. Any remaining allegations of Paragraph 22 are denied.

17. It has no knowledge or information sufficient to form a belief as to the allegations of paragraph 23.

18. Answering Paragraph 24, it craves reference to the documents cited therein but denies that the documents release Plaintiffs from any claims by the Long Grove Property Owners Association, Inc., Long Grove Horizontal Property Regime, or by the Owners.

19. Answering Paragraph 25 it craves reference to the documents cited therein but denies that the documents release Plaintiffs from any claims by the Long Grove Property Owners Association or by the Owners. Any remaining allegations are denied.

20. On information and belief, it admits only so much of paragraph 26 as alleges that Long Grove Vista, LLC converted the apartments into condominiums and hired an architect or engineer to inspect the condition of the buildings and prepare a report, but it denies that said report complies with the requirements of S.C. Code Annotated § 27-31-430 and denies that in so doing Long Grove Vista, LLC released Plaintiffs from any claims by the Long Grove Property Owners Association, Inc., Long Grove Horizontal Property Regime, or the Owners.

21. On information and belief it admits only so much of Paragraph 27 as alleges that Long Grove Vista, LLC sold the condominiums to individual condominium unit buyers but denies that in so doing Long Grove Vista, LLC through the documents released the Plaintiffs from any claims by the Long Grove Property Owners Association, Inc., Long Grove Horizontal Property Regime, or the Owners and denies that Long Grove Vista, LLC complied with the statutory requirements for the conversion of the units to condominiums. Any remaining allegations are denied.

22. On information and belief it admits only so much of Paragraph 28 as alleges that there were conveyances of condominium units by means of deeds but denies that the deeds or Master Deed release Plaintiffs from any claims by the Long Grove Property Owners Association,

Inc., Long Grove Horizontal Property Regime, or by the Owners. Any remaining allegations are denied.

23. Except so much of said paragraphs as alleges matters of law not requiring an answer it denies the allegations of paragraphs 29, 30, 31, 32, 33, 34 and 35 and denies that the documents cited therein release the Plaintiffs from any claims by the Long Grove Property Owners Association, Long Grove Horizontal Property Regime, or by the Owners.

24. Answering paragraphs 36 and 37, it craves reference to the Notice letters cited therein which were sent to comply with certain statutory requirements and it denies so much of said paragraphs as in any way attempts to change the content of those letters.

25. It admits only so much of Paragraph 38 as alleges that the Plaintiffs responded to the notice letters from the Long Grove Property Owners Association and it denies the accuracy of the content of those response letters. Any remaining allegations are denied.

26. Answering Paragraph 39 it craves reference to the letter of September 14, 2009, and denies so much of said paragraph as in any way attempts to change the content of that letter. In that letter Plaintiffs were asked to provide the legal basis for their position. Plaintiffs never responded to that letter.

27. Answering Paragraph 40 it repeats and realleges as if stated herein its responses to paragraphs 1-39 of the Summons and Complaint.

28. It admits Paragraph 41.

29. Paragraph 42 alleges matters of the law not requiring an answer.

30. It admits only so much of Paragraph 43 that alleges that there are defects in the development, design, and construction of the Long Grove Condominiums f/k/a Long Grove Apartments. The remaining allegations concern matters of the law not requiring an answer.

31. It denies paragraph 44.

32. It denies paragraph 45, except so much of said paragraph as alleges matters of the law not requiring an answer.

33. It denies paragraph 46.

34. It denies each and every allegation of the Complaint not hereinabove specifically admitted.

FOR A SECOND DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO

35. The alleged disclaimers and releases are not conspicuous, not known to the buyers and not specifically bargained for and therefore are not valid.

FOR A THIRD DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO
(Waiver, Estoppel, Laches)

36. Plaintiffs' claims may be barred by the doctrines of waiver, estoppel and/or laches.

FOR A FOURTH DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO

37. Plaintiffs' lack legal privity with Defendants to permit enforcement of the alleged disclaimers and releases.

FOR A FIFTH DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO

38. Plaintiffs were aware of the defects at the time they attempted to create the alleged disclaimers and releases.

FOR A SIXTH DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO

39. All conditions precedent necessary to the enforcement of the alleged disclaimers and releases were not met.

FOR A SEVENTH DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO

(Failure to State a Claim)

40. Plaintiffs' have failed to state facts sufficient to constitute a cause of action against these Defendants pursuant to Rule 12(b)(6), SCRCP, and Plaintiffs' claim should be dismissed.

FOR AN EIGHTH DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO
(Failure to Join a Necessary Party)

41. Plaintiffs have failed to join a party necessary to this litigation as required by Rule 19, SCRCP, and Plaintiffs' Complaint should be dismissed pursuant to Rule 12(b)(7), SCRCP.

FOR A NINTH DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO

42. The alleged disclaimers and releases did not involve the exchange of any consideration.

FOR A TENTH DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO

43. Plaintiffs, knowing of the purpose of the purchase of the Long Grove Apartments, failed to make proper disclosures concerning the physical condition of the property at conversion of the property from apartments to condominiums.

FOR AN ELEVENTH DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO

44. That all claims asserted by Plaintiffs are barred by the doctrine of unclean hands.

FOR A TWELTH DEFENSE
AND BY WAY OF AN AFFIRMATIVE DEFENSE THERETO

45. That the Plaintiffs claims are barred by the doctrine of unjust enrichment.

FOR A THIRTEENTH DEFENSE AND FOR A COUNTER-CLAIM, CROSS-CLAIM AND THIRD-PARTY CLAIM

The Long Grove Property Owners Assocation, Inc. (Long Grove POA), complaining of the Defendants and Third-Party Defendants above named, would respectfully allege and show unto this Honorable Court as follows:

46. Long Grove Property Owners' Association, Inc. is a non-profit corporation organized and existing pursuant to the laws of the State of South Carolina which has its principle place of business in Charleston County. Long Grove Property Owners' Association, Inc. was formed pursuant to the "Declaration of Covenants, Conditions and Restrictions for Long Grove" to carry out the responsibilities of the Property Owners' Association including, but not limited to, the maintenance and repair of common elements of the Long Grove Condominium project f/k/a Long Grove Apartments ("the project").

47. The Beach Company is, upon information and belief, a corporation organized and existing pursuant to the laws of the State of South Carolina which was, at all times relevant hereto, conducting business within Charleston County, South Carolina.

48. Long Grove at Seaside Farms, LLC is, upon information and belief, a limited liability company organized and existing pursuant to the laws of the State of Delaware per their complaint which was, at all times relevant hereto, conducting business within Charleston County, South Carolina.

49. The Beach Company and/or Long Grove at Seaside Farms, LLC held legal title to certain real estate in Charleston County, South Carolina, and developed and constructed the Project on that real estate.

50. Gulf Stream Construction Company, Inc. (hereinafter "General Contractor"), is, upon information and belief, a corporation organized and existing pursuant to the laws of the State of South Carolina which was, at all times relevant hereto, conducting business within Charleston County, South Carolina. Gulf Stream acted as the general contractor for the original construction of the Long Grove Project.

51. Long Grove Vista, LLC is, upon information and belief, a limited liability company organized and existing pursuant to the laws of a state other than the State of South Carolina which conducted business in Charleston County, South Carolina. Upon information and belief, Long Grove Vista, LLC developed, constructed, and converted the Project to condominiums on that real estate and then marketed and sold the units to the general public.

52. Vista Realty Partners, LLC is, upon information and belief, a limited liability company organized and existing pursuant to the laws of a state other than the State of South Carolina which conducted business in Charleston County, South Carolina. Upon information and belief, Vista Realty Partners, LLC developed, constructed and converted the Project on that real estate and then sold the units to the general public.

53. Third-Party Defendant James, Harwick & Partners, Inc. n/k/a JHP Architecture / Urban Design, P.C. (hereinafter "Architect") is, upon information and belief, a corporation organized and existing pursuant to the laws of a state other than the State of South Carolina which was, at all times relevant hereto, conducting business in Charleston County, South Carolina. Upon information and belief, said Architect was responsible for the schematic design, design development, construction documents, bidding and negotiations, construction supervision and acceptance of work at the Project.

54. Third-Party Defendant Sam Mayo d/b/a SCM Construction, Inc. (hereinafter referred to as SCM Construction) is, upon information and belief, a corporation organized and existing pursuant to the laws of a state other than the State of South Carolina which was, at all times relevant hereto, conducting business within Charleston County, South Carolina. Defendant SCM Construction acted as the general contractor for the conversion to condominiums of the Project.

55. Third-Party Defendant Essex Engineering Corporation (hereinafter referred to as Essex) is, upon information and belief, a corporation organized and existing pursuant to the laws of a state other than the State of South Carolina which was, at all times relevant hereto, conducting business within Charleston County, South Carolina. Upon information and belief, Essex inspected the Long Grove Project as part of the conversion process and issued a report as to the condition of the property for prospective purchasers.

56. The actions, conduct and agreements of the above named Parties (The Beach Company, Long Grove at Seaside Farms, LLC, Gulf Stream Construction Company, Long Grove Vista, LLC, Vista Realty Partners, LLC, JHP Architecture, SCM Construction and Essex) at all times contemplated the sale of the condominium units at the Project to individual purchasers and the formation of a Regime to be charged with the responsibility for maintenance and repairs of the general and limited common elements.

57. The Parties did design, develop, construct and sell the Project which became known as Long Grove. Developers, as grantors of the Project, caused to be prepared and filed at the RMC Office for Charleston County, South Carolina, the Master Deed and By-Laws for the Long Grove Horizontal Property Regime, thereby committing the real estate with improvements thereon into a horizontal property regime.

58. Since completion of the Project, problems with water infiltration into the interior of the buildings at the Project have occurred. An inspection of the Project site and the buildings located at the Project has resulted in the discovery of numerous construction defects impacting upon the structural integrity and safety of the Project. Upon information and belief, the problems or defects in the Project are a result of defective design and/or construction and/or defective products.

59. The defects in construction and/or design complained of include, but are not limited to, the following:

a. Failure of balcony waterproofing;

b. Lack of proper waterproofing system at balconies;

c. Lack of proper window flashing;

d. Lack of proper chimney flashing;

e. Lack of proper roof flashing;

f. Improper repairs and failure of repairs to balconies;

g. Lack of proper fire protection at the HVAC system;

h. Leaks at windows;

i. Leaks at balconies;

j. Leaks at chimneys;

k. Decay of structural building components;

l. Mold infestation;

m. Improper brick installation;

n. Lack of code compliant fire protection;

o. Defects causeing decay of building components.

60. As a direct and proximate result and consequence of the numerous construction and/or design defects and problems at the Project, the Project has suffered substantial water intrusion, rot and deterioration and Long Grove POA has spent and will continue to spend substantial sums of money for the extraordinary repairs and reconstruction of major portions of the Project.

FOR A FIRST CAUSE OF ACTION
(Developer Negligence as to The Beach Co., Long Grove at Seaside Farms, LLC, Long Grove Vista, LLC and Vista Realty Construction, LLC)

61. The Long Grove POA incorporates into this cause of action the allegations in Paragraphs 46-60 above as fully as if repeated verbatim herein.

62. The Beach Co., Long Grove at Seaside Farms, LLC, Long Grove Vista, LLC, and Vista Realty Construction, LLC (hereinafter referred to collectively as "Developers), were developers of the original project and the conversion from apartments to condominiums.

63. Developers, owed a duty to the Long Grove POA to exercise that degree of skill necessary to select an architect, engineer and contractor and to oversee the Project and otherwise deliver the Project free of construction defects and designed and built in conformity with the customary and ordinary standards of the building and construction industry.

64. The deficiencies and defects which exist at the Project are the proximate and direct result of the negligence and/or gross negligence of Developers in one or more of the following particulars:

a. in failing to properly select an architect and contractor so that the Project would be designed and built by methods of construction and design conforming with accepted industry standards;

b. in allowing and/or accepting non-conforming or defective work;

c. in failing to properly oversee the Project in order to ensure that all work proceeded in accordance with the plans and specifications and also in conformity with the customary and ordinary standards of the construction industry;

d. in failing to inform the architect, engineer and contractor of any defects found in the Project; and

e. In failing to properly convert the Project from apartments to condominiums.

65. As a direct and proximate result and consequence of the negligence and/or gross

negligence of Developers, the Long Grove POA has suffered injuries and damages in the amount equal to the extraordinary repair, maintenance and reconstruction cost required and to be required over the expected life of the structure, loss of use, depreciation in value and such punitive damages as may be appropriate.

FOR A SECOND CAUSE OF ACTION
(Developer Breach of Express Warranty as to Defendants The Beach Co., Long Grove at Seaside Farms, LLC, Long Grove Vista, LLC and Vista Realty Construction, LLC))

66. The Long Grove POA incorporates into this cause of action the allegations in Paragraphs 46-65 above as fully as if repeated verbatim herein.

67. Developers represented and warranted that the Project, including the project units and the general common elements, were of the highest quality. Those representations and warranties were made in connection with the sale of the units and formation of the Long Grove Property Owners' Association.

68. Developers breached their express warranty by producing, selling and turning over to the Long Grove POA, an inferior and rapidly deteriorating project, plagued with extensive and severe construction defects and problems.

69. As a direct and proximate result and consequence of Developers' breach of their express warranties, the Long Grove POA has suffered injuries and damages in the amount equal to the extraordinary repair, maintenance and reconstruction cost required and to be required over the expected life of the structure, loss of use and depreciation in value and such punitive damages as may be appropriate.

FOR A THIRD CAUSE OF ACTION
(Developer Breach of Implied Warranty as to The Beach Co., Long Grove at Seaside Farms, LLC, Long Grove Vista, LLC and Vista Realty Construction, LLC))

70. The Long Grove POA incorporates into this cause of action the allegations in Paragraphs 46-69 above as fully as if repeated verbatim herein.

71. Developers, as sellers, grantors and developers, made implied warranties of habitability and fitness for intended use.

72. Developers have breached their implied warranties by producing, selling and turning over to the Long Grove POA an inferior and rapidly deteriorating project plagued with extensive and severe construction defects and problems.

73. As a direct and proximate result and consequence of Developers' breach of their implied warranties, the Long Grove POA has suffered injuries and damages in an amount equal to the extraordinary repairs, maintenance and reconstruction costs required and to be required over the expected life of the structure, loss of use and depreciation in value.

FOR A FOURTH CAUSE OF ACTION
(Developer Breach of Fiduciary Duty as to Long Grove Vista, LLC and Vista Realty Construction, LLC))

74. The Long Grove POA incorporates into this cause of action the allegations in Paragraphs 46-73 above as fully as if repeated verbatim herein.

75. Upon information and belief, from its inception, and for a period of time afterwards, Developer Long Grove Vista, LLC and/or Vista Realty Construction, LLC controlled the Long Grove Property Owners' Association.

76. Developer Long Grove Vista, LLC and/or Vista Realty Construction, LLC, as a controlling entity, owed a fiduciary duty to the Long Grove Property Owners Association to inform it of any deficiencies in the construction of the Long Grove project.

77. Developer Long Grove Vista, LLC and/or Vista Realty Construction, LLC, as a controlling entity, also owed a fiduciary duty to the Long Grove Property Owners Associaton to disclose any defects in design of the Long Grove project.

78. Developer Long Grove Vista, LLC and/or Vista Realty Construction, LLC breached its fiduciary duty to the Long Grove Property Owners Association by failing to disclose design and/or construction defects to the Plaintiff prior to relinquishing control of the Board of Directors to the owners.

79. Developer Long Grove Vista, LLC and/or Vista Realty Construction, LLC owed a fiduciary duty to Long Grove POA to turn over the common elements of the Regime to Long Grove Property Owners Association in good condition, or to provide funds to Plaintiff to remedy any defects in the common areas.

80. Developer Long Grove Vista, LLC and/or Vista Realty Construction, LLC breached its fiduciary duty to Plaintiff by turning over to Long Grove Property Owners Association a deteriorating and defective townhome project without providing Long Grove Property Owners Association with any funds to effectuate necessary repairs.

81. As a direct and proximate result and consequence of Developers' Long Grove Vista, LLC and/or Vista Realty Construction, LLC breach of fiduciary duty, the Long Grove Property Owners Association has suffered injuries and damages in an amount equal to the extraordinary repairs, maintenance and reconstruction cost required and to be required over the expected life of the structure, loss of use, and depreciation in value, and such punitive damages as may be appropriate.

FOR A FIFTH CAUSE OF ACTION
(Negligence as to Gulf Stream Construction)

82. The Long Grove Property Owners Association incorporates into this cause of action the allegations in Paragraphs 46-81 above as fully as if repeated verbatim herein.

83. Gulf Stream as the original general contractor owed a duty to the Long Grove Property Owners Association to exercise that degree of skill necessary to construct, supervise and review the design and otherwise deliver the Project free of construction defects and to ensure that the Project was designed and built in conformity with the customary and ordinary standards of the building and construction industry.

84. The deficiencies and defects which exist at the Project are the proximate and direct result of the negligence and/or gross negligence of Gulf Stream in more of the following particulars:

a. in failing to properly construct the Project by deviating from the plans and specifications and by failing to employ practices and methods of construction conforming with accepted industry standards; and/or using defective materials; and/or installing materials not in accordance with the plans and specifications, or in violation of the manufacturer's instructions;

b. in using and supplying defective material;

c. by installing materials not in accordance with the plans and specifications;

d. by installing materials in violation of manufacturer's instructions;

e. in failing to properly supervise the subcontractors and/or other trades in order to ensure that all work proceeded in accordance with the plans and specifications and in conformity with the customary and ordinary standards of the construction industry;

f. in accepting non-conforming or defective material or labor;

g. in accepting and performing deficient and/or defective workmanship and/or materials without proper inspection to ensure that the work was correct and in conformity with

industry standards and in accordance with the plans and specifications and the manufacturer's instructions;

h. in constructing the Project in violation of the applicable building codes;

i. in failing to adequately construct a waterproofing system on the exterior of the building thereby allowing water to infiltrate the interior of the building;

j. in failing to inform the architect and/or developer of the defects in the plans and specifications; and

k. In failing to act as a reasonable and prudent contractor would act under the circumstances then and there existing.

85. As a direct and proximate result and consequence of the negligence and/or gross negligence of Gulf Stream, The Long Grove Property Owners Association has suffered injuries and damages in an amount equal to the extraordinary repair, maintenance and reconstruction costs required and to be required over the expected life of the structure, loss of use, depreciation in value and such punitive damages as may be appropriate.

FOR A SIXTH CAUSE OF ACTION
(Breach of Express and Implied Warranty as to Gulf Stream Construction)

86. The Long Grove Property Owners Association incorporates into this cause of action the allegations in Paragraphs 46-85 above as fully as if repeated verbatim herein.

87. Upon information and belief, Gulf Stream made express warranties in connection with contracting to build the Project to the effect that the building would be free from construction defects.

88. Gulf Stream also impliedly warranted that the Project would be constructed in a careful, diligent and workmanlike manner, free of construction deficiencies.

89. Gulf Stream breached its express and implied warranties in the following particulars:

a. in failing to properly construct the Project by deviating from the plans and specifications and/or failing to employ practices and methods of construction conforming to the customary and ordinary standards of the construction industry;

b. in using and supplying defective material;

c. by installing materials not in accordance with the plans and specifications;

d. by installing materials in violation of manufacturer's instructions;

e. in performing work which violated applicable building codes;

f. in failing to properly supervise employees, agents and subcontractors to ensure that all work proceeded in accordance with the plans and specifications and in conformity with industry standards;

g. in accepting defective and/or non-conforming materials and labor;

h. in providing deficient and/or defective workmanship and/or materials, without proper inspections to ensure that the work was correct and in conformity with customary industry standards and in accordance with the plans and specifications and the manufacturer's instructions;

i. in failing to adequately construct a waterproofing system on the exterior of the building thereby allowing water to infiltrate the interior of the building; and

j. in failing to inform the architect and/or developer of the defects in the plans and specifications.

90. As a direct and proximate result and consequence of Gulf Stream's breach of its expressed and implied warranties, the Long Grove Property Owners Association has suffered injuries and damages in an amount equal to the extraordinary repair, maintenance and reconstruction

costs required and to be required over the expected life of the structure, loss of use and depreciation in value.

FOR A SEVENTH CAUSE OF ACTION
(Negligence as to Third-Party Defendant SCM Construction)

91. The Long Grove Property Owners Association incorporates into this cause of action the allegations in Paragraphs 46-90 above as fully as if repeated verbatim herein.

92. Third-Party Defendant SCM Construction as the general contractor for the conversion and construction of the Project owed a duty to the Long Grove Property Owners Association to exercise that degree of skill necessary to construct, supervise and review the design and otherwise deliver the Project free of construction defects and to ensure that the Project was designed and built in conformity with the customary and ordinary standards of the building and construction industry.

93. The deficiencies and defects which exist at the Project are the proximate and direct result of the negligence and/or gross negligence of Third-Party Defendant SCM Construction in more of the following particulars:

a. in failing to properly construct the Project by deviating from the plans and specifications and by failing to employ practices and methods of construction conforming with accepted industry standards; and/or using defective materials; and/or installing materials not in accordance with the plans and specifications, or in violation of the manufacturer's instructions;

b. by installing materials not in accordance with the plans and specifications;

c. by installing materials in violation of manufacturer's instructions;

d. in failing to properly supervise the subcontractors and/or other trades in order to ensure that all work proceeded in accordance with the plans and specifications and in conformity with the customary and ordinary standards of the construction industry;

e. in accepting non-conforming or defective material or labor;

f. in accepting and performing deficient and/or defective workmanship and/or materials without proper inspection to ensure that the work was correct and in conformity with industry standards and in accordance with the plans and specifications and the manufacturer's instructions;

g. in constructing and converting the Project in violation of the applicable building codes;

h. in failing to adequately construct a waterproofing system on the exterior of the building thereby allowing water to infiltrate the interior of the building;

i. in failing to inform the architect and/or developer of the defects in the plans and specifications; and

j. In failing to act as a reasonable and prudent contractor would act under the circumstances then and there existing.

94. As a direct and proximate result and consequence of the negligence and/or gross negligence of Third-Party Defendant SCM Construction, The Long Grove Property Owners Association has suffered injuries and damages in an amount equal to the extraordinary repair, maintenance and reconstruction costs required and to be required over the expected life of the structure, loss of use, depreciation in value and such punitive damages as may be appropriate.

FOR AN EIGHTH CAUSE OF ACTION
(Breach of Express and Implied Warranty as to Third-Party Defendant SCM Construction)

95. The Long Grove Property Owners Association incorporates into this cause of action the allegations in Paragraphs 46-94 above as fully as if repeated verbatim herein.

96. Upon information and belief, Third-Party Defendant SCM Construction made express warranties in connection with contracting to build and convert the Project to the effect that the building would be free from construction defects.

97. Third-Party Defendant SCM Construction also impliedly warranted that the Project would be converted in a careful, diligent and workmanlike manner, free of construction deficiencies.

98. Third Party Defendant SCM Construction breached its express and implied warranties in the following particulars:

a. in failing to properly construct and convert the Project by deviating from the plans and specifications and/or failing to employ practices and methods of construction conforming to the customary and ordinary standards of the construction industry;

b. in using and supplying defective material;

c. by installing materials not in accordance with the plans and specifications;

d. by installing materials in violation of manufacturer's instructions;

e. in performing work which violated applicable building codes;

f. in failing to properly supervise employees, agents and subcontractors to ensure that all work proceeded in accordance with the plans and specifications and in conformity with industry standards;

g. in accepting defective and/or non-conforming materials and labor;

h. in providing deficient and/or defective workmanship and/or materials, without proper inspections to ensure that the work was correct and in conformity with customary

industry standards and in accordance with the plans and specifications and the manufacturer's instructions;

i. in failing to adequately construct a waterproofing system on the exterior of the building thereby allowing water to infiltrate the interior of the building; and

j. in failing to inform the architect and/or developer of the defects in the plans and specifications.

99. As a direct and proximate result and consequence of Third-Party Defendant SCM Construction's breach of its expressed and implied warranties, the Long Grove POA has suffered injuries and damages in an amount equal to the extraordinary repair, maintenance and reconstruction costs required and to be required over the expected life of the structure, loss of use and depreciation in value.

FOR A NINTH CAUSE OF ACTION
(Negligence as to Third-Party Defendant Architect James, Harwick & Partners)

100. The Long Grove Property Owners Association incorporates into this cause of action the allegations in Paragraphs 46 thru 99 above as fully as if repeated verbatim herein.

101. Third-Party Defendant Architect owed a duty to the Long Grove Property Owners Association to exercise that degree of skill necessary in design and inspection of the Project so that the Project would be delivered free of construction defects and would be designed and built in conformity with the customary and ordinary standards of the building and construction industry and the applicable building codes..

102. Third-Party Defendant Architect was negligent, and/or grossly negligent in its design and inspection of the Project in one or more of the following particulars:

a. Improper design of details at balconies and doors;

b. Lack of proper details at balconies;

c. Lack of proper details at roof;

d. Lack of proper details at chimneys;

e. Lack of proper details at attics;

f. Lack of proper details for brick system;

g. Lack of proper details for windows;

h. Lack of proper flashing details;

i. Failure to adequately design and the defects in the plans have caused water intrusion and decay of building components;

j. Inadequate inspection and acceptance of defective or non-conforming construction work;

k. Failure to design and insure construction in compliance with applicable building codes and acceptable building practices; and

l. In failing to act as a reasonable and prudent architect would act under the circumstances then and there existing.

See the affidavit of Peter E. Sherratt attached hereto as Exhibit 1.

103. As a direct and proximate result and consequence of the negligence and gross negligence of Defendant Architect, The Long Grove Property Owners Assocation has suffered injuries and damages in an amount equal to the extraordinary repairs, maintenance and reconstruction costs required and to be required over the expected life of the structures, loss of use, depreciation in value and such punitive damages as may be appropriate.

FOR A TENTH CAUSE OF ACTION
(Breach of Express and Implied Warranty as to Third –Party Defendant Architect James, Harwick & Partners)

104. The Long Grove Property Owners Association incorporates into this cause of action the allegations in Paragraphs 46-103 above as fully as if repeated verbatim herein.

105. Architect expressly and impliedly warranted that its design of the Project would be of the highest quality and in conformance with the generally accepted standards of the architectural and construction industry, and further, that the specifications of materials and procedures would comply with the generally accepted principals in the industry.

106. Architect further expressly and impliedly warranted that the plans and specifications prepared for the Project were suitable and fit for use in constructing the Project, and that the building, when complete, would be free of design defects.

107. The plans and specifications as provided by the Architect were not suitable or appropriate for their intended purpose (Exhibit 1), and as a result of the Architect's breach of warranties by designing the Project with severe structural and water intrusion problems, the Long Grove Property Owners Association is entitled to such actual and consequential damages as this Court may deem appropriate, including but not limited to the amount equal to the extraordinary repair, maintenance and reconstruction costs required and to be required over the expected life of the structure, loss of use and depreciation in value.

FOR AN ELEVENTH CAUSE OF ACTION
(Negligence as to Third-Party Defendant Essex Engineering)

108. The Long Grove Property Owners Association incorporates into this cause of action the allegations in Paragraphs 46-107 above as fully as if repeated verbatim herein.

109. Essex owed a duty to the Long Grove Property Owners Assocation to exercise that degree of skill necessary in design and inspection of the Project so that the Project would be delivered free of construction defects and would be designed and built in conformity

with the customary and ordinary standards of the building and construction industry and the applicable building codes.

110. Essex was negligent, and/or grossly negligent in its inspection of the Project and failed to report or to observe the construction and architectural defects at the Project. Exhibit 1

111. As a direct and proximate result and consequence of the negligence and gross negligence of Essex, the Long Grove Property Owners Association has suffered injuries and damages in an amount equal to the extraordinary repairs, maintenance and reconstruction costs required and to be required over the expected life of the structures, loss of use, depreciation in value and such punitive damages as may be appropriate.

FOR A TWELFTH CAUSE OF ACTION
(Breach of Warranty as to Essex Engineering

112. The Long Grove Property Owners Association incorporates into this cause of action the allegations in Paragraphs 45-108 above as fully as if repeated verbatim herein.

113. Essex expressly and impliedly warranted that its inspection of the Project would be of the highest quality and in conformance with the generally accepted standards of the engineering and construction industry, and further, that the construction of the project complied with the generally accepted principals in the industry.

114. Essex further expressly and impliedly warranted that the inspection report prepared for the Project was suitable and fit for use in the conversion of the Project, and that the building, when as completed and converted, would be free of design and construction defects.

115. The inspection report provided by Essex was not suitable or appropriate for its intended purpose, and as a result of Essex's breach of warranties by failing to find the severe structural and water intrusion problems at the Project, the Long Grove Property Owners

Association is entitled to such actual and consequential damages as this Court may deem appropriate, including but not limited to and amount equal to the extraordinary repair, maintenance and reconstruction costs required and to be required over the expected life of the structure, loss of use and depreciation in value.

WHEREFORE, the Long Grove Property Owners Association, Inc. prays for judgment against the Plaintiffs, Co-Defendants, and Third-Party Defendants for such actual, consequential and punitive damages as this Court deems appropriate and for such other and further relief as is just and proper, including costs, pre-judgment interest and attorney's fees.

MULLEN WYLIE, LLC

By: Frank E. Grimball

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Counsel for Defendant & Third-Party Plaintiff Long Grove Property Owners' Association

December 22, 2009
Charleston, South Carolina

STATE OF SOUTH CAROLINA COUNTY OF CHARLESTON THE BEACH COMPANY; LONG GROVE AT SEASIDE FARMS, LLC; GULF STREAM CONSTRUCTION COMPANY, INC.; Plaintiffs, vs. LONG GROVE PROPERTY OWNERS' ASSOCIATION, INC.: VISTA REALTY PARTNERS, LLC; LONG GROVE VISTA, LLC; Defendants. LONG GROVE PROPERTY OWNERS' ASSOCIATION, INC. Third-Party Plaintiffs, vs. James, Harwick & Partners, Inc. n/k/a JHP Architecture/Urban Design, P.C.; Sam Mayo d/b/a SCM Construction, Inc.; Essex Engineering Corporation Third-Party Defendants	IN THE COURT OF COMMON PLEAS NINTH JUDICIAL CIRCUIT 2009-CP-10-~~6776~~ 6716 **DEFENDANT LONG GROVE PROPERTY OWNERS' ASSOCIATION INC.'S MEMORANDUM IN OPPOSITION TO PLAINTIFFS' MOTION TO DISMISS AND/OR MOTION FOR SUMMARY JUDGMENT**

FILED
2011 SEP 23 PM 3:10
JULIE J. ARMSTRONG
CLERK OF COURT
BY _____

TO: PLAINTIFFS AND THEIR COUNSEL OF RECORD, DAVID J. PARRISH, ESQ.:

COMES NOW the above-named Defendant Long Grove Property Owners' Association, Inc., ("Long Grove POA") through its undersigned counsel, responding to the Plaintiffs' Motion to Dismiss and For Judgment on the Pleadings and/or Motion for Summary Judgment against Defendant Long Grove Property Owners' Association, Inc. (hereinafter "Long Grove POA"). Pursuant to the South Carolina Rules of Procedure, Defendant Long Grove POA hereby files its

Memorandum in Opposition based upon applicable case law, and any affidavits, deposition testimony and other exhibits attached hereto.

INTRODUCTION

This matter arises from the development, design, and construction of the Long Grove Apartment Project located in the Seaside Farms subdivision in Mt. Pleasant, South Carolina and its subsequent conversion to the Long Grove Condominiums. In this declaratory judgment action Plaintiffs, the original developers and general contractor, seek to have this Court rule that a release embedded in the Master Deed exonerates them from liability for the design and construction defects which have caused extensive damages to the buildings at Long Grove. The Plaintiffs originally filed a Motion to Dismiss and now move to convert it to a Motion for Summary Judgment pursuant to SCRCP 12(b) (6). Plaintiffs' motions should be denied in full based on the following:

1) Discovery has revealed numerous factual issues precluding the granting of a Motion for Summary Judgment at this stage of the proceedings;
2) The purported "release," a type of contract, does not meet the requirements of a contract because:
    a. There was never a meeting of the minds of the parties to the contract;
    b. There was no consideration paid or received for the contract;
    c. The "release" resulted from a mutual mistake; and/or
    d. The "release" resulted from a unilateral mistake.
3) The release is against public policy because:
    a. It violates S.C. Code Ann.§32-2-10; and

b. It directly interferes with the ability of the Long Grove POA to fulfill its fiduciary duties and is the result of a conspiracy by two corporations to force the POA to breach its fiduciary obligations;

4) The purported "release" is unenforceable because it is embedded in the Master Deed and is inconspicuous and does not meet the disclaimer requirements required by South Carolina law; and

5) The "release" is unconscionable and cannot be enforced because it results from a conspiracy by two companies to require a third company to create a fourth company, the Property Owners Association, that cannot fulfill one of its basic duties, the protection of the common elements;

For these reasons and based on the analysis herein, Plaintiffs' Motions should be denied in full.

FACTUAL BACKGROUND

Long Grove at Seaside Farms, LLC, through its manager, the Beach Company[1] developed and built the Long Grove Apartments in 1999-2000. The Beach Company was the property manager for the Long Grove Project which was operated as an apartment complex after original construction was complete. Third-Party Defendant James, Harwick & Partners, Inc. n/k/a JHP Architecture/Urban Design, P.C. was the architect of record. Plaintiff Gulf Stream Construction Company, Inc., a wholly-owned subsidiary of The Beach Company, was the general contractor for the Project.

[1] Long Grove at Seaside Farms, LLC acted only through The Beach Company. Some, if not all, of the principles in The Beach Company are owners of Long Grove at Seaside Farms, LLC. Long Grove at Seaside Farms, LLC had no offices, no employees, no address, no telephone number, and no record of ever having met. Under the amalgamation theory, they are one company. Pope, et al. v. Heritage Communities, Inc., Opinion No. 4888, September 14, 2011 (citing Kincaid v. Landing Dev. Corp., 289 S.C. 89, 344 S.E.2d 869 (Ct. App. 1986). They will be referred to as The Beach Company.

In 2005, the Long Grove Apartments were converted to condominiums. The Project consists of seventeen (17) buildings with two hundred seventy-two units and a clubhouse. The buildings are two stories with wood-frame construction and a combination of hardy-plank and brick exterior cladding. These buildings suffer from severe defects including but not limited to the following: (1) Failure of balcony waterproofing; (2) Lack of proper waterproofing system at balconies; (3) Lack of proper window flashing; (4) Lack of proper chimney flashing; (5) Lack of proper roof flashing; (6) Improper repairs and failure of repairs to balconies; (7) Lack of proper fire protection at the HVAC system; (8) Leaks at windows; (9) Leaks at balconies; (10) Leaks at chimneys; (11) Decay of structural building components; (12) Mold infestation; (13) Improper brick installation; (14) Lack of code compliant fire protection; (15) Defects that have caused decay of building components; (16) Improper architectural details at balconies and doors; (17) Lack of proper details at balconies, roof, chimneys, attics, brick, and windows; (18) Lack of proper flashing details; (19) Defects in plans causing water intrusion and decay of building components. Exhibit 1 – Affidavit of Peter Sherratt, AIA. Due to the negligence and breach of warranties of the Plaintiffs and other entities, the Long Grove POA and the individual unit owners now face millions of dollars in repairs.

In 2004, The Beach Company hired L.J. Melody, Inc. to market the Long Grove Apartment project to prospective purchasers as a "272-Unit Condominium Conversion Opportunity." Exhibit 2- "Marketing Brochure-Condominium Conversion Opportunity;" Exhibit 3-Depo. Kent Johnson, 30(b)(6) Designee of The Beach Company, P. 23, L. 24 – p.24, L.5. The Beach Company specifically marketed the property to be converted from apartments to condominiums and marketed the property as "an exceptional condominium conversion opportunity." Exhibit 2- Marketing Brochure – Condominium Conversion Opportunity; Exhibit

4 -Depo. Hudson Hooks, P. 29, L. 25- p. 30, L.24. In the brochure, "Long Grove present[ed] converters the ability to 'beat the clock' by being able to sell quality apartments immediately with no construction risk involved." Exhibit 2- Marketing Brochure – Condominium Conversion Opportunity.

L. J. Melody contacted Edward de Guardiola, the owner of Vista Realty Partners, LLC, about the property. Exhibit 5- Depo. Edward de Guardiola, p.36, LL.14-22. Mr. de Guardiola then assigned Hudson Hooks and Richard Blatt the task of preparing a financial analysis to determine the feasibility of purchasing Long Grove to convert to condominiums and the task of initially negotiating the terms and costs of the purchase. Exhibit 4 - Depo. Hooks, p.21, L.19-p.23, L.8 and p. 30, L.25-p.32, L.8. Mr. Hooks and Mr. Blatt reported to Mr. de Guardiola concerning their analysis and the material terms of the negotiations, and Mr. de Guardiola made all final decisions. Exhibit 5-Depo. de Guardiola, p.42, L.19 – p.43, L.4; Exhibit 4- Depo. Hooks, p.21, L.19-p.23, L.8. The purchase price was established by what Vista felt was the fair price to acquire the property. Exhibit 5-Depo. de Guardiola, p.53, L.19 – p.54, L.2.

In preparing the financial analysis to determine the purchase price, Mr. Hooks never included in his analysis any consideration for a release of The Beach Company or any other party. Exhibit 4-Depo. Hooks, p.33, L.5-9. During the marketing, L. J. Melody provided prospective purchasers with information about the terms for a contract and with a sample form contract. Exhibit 6 – Sample Contract; Exhibit 7– Emails between L.J. Melody and Mr. Hooks. The inclusion of a "release" was never mentioned in writing or orally. It was not a material term of those negotiations.

In early December 2004, Vista made an initial offer of Thirty-One Million Nine Hundred Sixty Thousand ($31,960,000.00) by means of a term sheet. Exhibit 8 – term sheet; Exhibit 5-

Depo. Hooks p. 36, LL.7-17. The term sheet did not include a release. In late December 2004, none of the offers and counter-offers which led to the purchase included this "release" as a term of the agreement. None of the terms of the negotiations included a release of The Beach Company or any of the Plaintiffs by the future Property Owners' Association or by future individual unit owners. See Exhibit 9 –Email from L.J. Melody to Hooks dated 12/14/04 with attachments; Exhibit 10 – Letter from L.J. Melody to Hooks dated 12/14/04; Exhibit 11- Letter from Darby to de Guardiola; Exhibit 12 – Email dated 12/14/04 with completed term sheet and buyer questionnaire; Exhibit 13 – Email to R. Given dated 12/17/04 re: Best and Final Invitation with attachments. The final price of Thirty-Seven Million Two Hundred Fifty Thousand ($37,250,000.00) Dollars was agreed to before the issue of the release was ever mentioned by The Beach Company.

The negotiations occurred between The Beach Company and Vista. No other parties were involved. There was no consideration paid by any party for the alleged release. Exhibit 14 - Depo. John Darby, 30(b)(6) Designee of The Beach Company, p.28, L.20-p.29, L.17; Exhibit 4- Hooks p.41, L.5-p.42, L.2 and Hooks, p. 42, L.14-p.43, L.1; Exhibit 5-Depo. de Guardiola p.57, L.15-21; p.58, L.1-7. No money was ever paid to the future Property Owners Association or to any individual unit owners by The Beach Company, by Gulfstream, by JHP, by Vista, or by any subcontractor for this alleged release. Exhibit 14-Depo. Darby, p.28, L.20-p.29, L.17; Exhibit 4-Depo. Hooks, p.41, Ll.5 – p.42, L.2, and Hooks, p.42, L.14-p.43, L.1. The POA and unit owners did not receive any benefit.

When the demand for a release was made by The Beach Company, Mr. de Guardiola took the question of the release under consideration. He acceded to the request for reasons that demonstrate that there was never a "meeting of the minds" between Vista and The Beach

Company. Mr. de Guardiola did not believe that the release was enforceable. Exhibit 5-Depo. de Guardiola, p. 75, l.11 – p.76, l.8.

Furthermore, The Beach Company misled Mr. de Guardiola as to the quality of the construction of the Project. The marketing materials made express and unequivocal representations as to the quality of the construction by Gulfstream Construction which is a wholly-owned subsidiary of The Beach Company. Exhibit 2- Marketing Brochure. The Beach Company marketing materials distributed by L.J. Melody included statements such as "an exceptional condominium conversion opportunity" and that purchasers would be able to "sell quality apartments immediately with no construction risk involved." Exhibit 2- Marketing Brochure – Condominium Conversion Opportunity. In both the Executive Summary portion and in the Condominium Market Overview portion of the Marketing Brochure, the materials state that "Long Grove was developed by The Beach Company, one of the Southeast's most prestigious developers. The quality of construction and attention to detail is unmatched." Exhibit 2- Marketing Brochure – Condominium Conversion Opportunity. In the Financial Analysis section of the Marketing Brochure, the Replacement Reserves section states: "The quality of the construction and continued detailed management of the grounds and buildings will limit further capital expenditures at the property. Therefore, our team has conservatively forecast capital reserve requirements of $150 per unit." Exhibit 2- Marketing Brochure – Condominium Conversion Opportunity. John Darby misrepresented the quality of the workmanship and construction performed by Gulfstream, its own subsidiary. Exhibit 5-Depo. de Guardiola, p.63, L.22 – p.64, L.19; p.67, LL.7-10. Not only were the marketing materials misleading and false, but Mr. Darby, the President of The Beach Company also misled Mr. de Guardiola as to the quality of the Long Grove construction which induced Mr. de Guardiola into agreeing to the

"release." Mr. Darby led Mr. de Guardiola to believe that the release would never need to be invoked because The Beach Company developed the project and Gulfstream constructed it. Exhibit 5 – Deposition of de Guardiola p. 63 L22 - p. 64 L19; p. 67 L7-10.

Furthermore the intent of the release is not at all certain. Mr. Kent Johnson, the Development Officer of The Beach Company and 30(b) (6) Designee, testified:

> The intent was any change in risk or liability resulting from the conversion of an Apartment project designed as an apartment project, constructed as an apartment project, and operated as an apartment project, to the extent that a third party converted that project when we no longer owned it, they assumed all the increased risk profile associated with the conversion into a different use that what the project was constructed to be.

Exhibit 3 – Deposition of K. Johnson p. 71 L 21 – p. 72 L 3. The use did not change. The project was designed and constructed for residential use. The risk of defective construction was the same to all entities that developed, designed and constructed Long Grove. If the project had never been sold these parties would be responsible for design and construction defects in the buildings. The sale and conversion of the projects did not change that. The "release" does not preclude claims for construction defects.

The "release" itself is found on Page 43 of the Master Deed which is 45 pages in length. Exhibit 15-Master Deed. With the By-Laws, an exhibit to the Master Deed, the total number of pages is 82. Exhibit 15- Master Deed. The "release" language found on Page 43 is inconspicuous. It has the same heading and same font as every other paragraph and is not accentuated or emphasized in any way. Exhibit 15 – Master Deed.

These parties intentionally kept the owners from having notice of the "release". The release also does not appear in the sales contracts between Vista and the individual purchasers. Instead, it is buried in the Master Deed where no person will see or understand it. Under the terms of the Vista-Beach Company contract, the release was to have been placed in the Master

Deed, but was not to be included in the contracts and in the individual deeds. Exhibit 16 - Sales Contract between Vista and The Beach Company (Paragraph 16).

After the sale of the Long Grove Project to Vista, The Beach Company then marketed and sold the individual units for Vista under a separate contract. Exhibit 17 – Marketing Contract between Vista and The Beach Company; Exhibit 5-Depo. de Guardiola, p.58, L.8 – p.60, L.7. Pursuant to this arrangement, The Beach Company undertook the responsibility for the content of the sales contract and deeds. The Beach Company served as the broker and agent for the seller, and, frequently, as the agent for the purchaser. It directed purchasers to a closing attorney. The Beach Company clearly had the ability to make sure that each prospective purchaser was completely and fully aware of the release. It did not.

PROCEDURAL BACKGROUND

On October 26, 2009, Plaintiffs Long Grove at Seaside Farms, LLC, The Beach Company, and Gulfstream Construction Company, Inc. filed a Summons and Complaint for a declaratory judgment action against Defendant Long Grove Property Owners' Association, Inc.; Defendant Vista Realty Partners, LLC and Defendant Long Grove Vista, LLC pursuant to S.C. Code Ann. § 15-53-10, *et. seq.* and SCRCP Rule 57. In the declaratory judgment action, Plaintiffs allege that a legal dispute has arisen between the Plaintiffs and Long Grove POA concerning the legal validity and enforceability of the assumption of liability by Defendant Vista Realty Partners and Defendant Long Grove Vista and the alleged disclaimers and alleged releases of claims in the Master Deed. The legal dispute involves construction defects found in the Long Grove Project. In response, Defendant Long Grove POA filed an answer and counterclaim alleging causes of

action against the Plaintiffs, [2] and it also filed cross-claims against Long Grove Vista and Vista Realty Partners. Defendant Long Grove POA filed a Third-Party Summons and Complaint against Defendant James, Harwick & Partners, Inc. n/k/a JHP Architecture/Urban Design, P.C., Sam Mayo d/b/a SCM Construction, Inc. and Essex Engineering Corporation.

The Plaintiffs filed its Motion to Dismiss and For Judgment on the Pleadings pursuant to Rule 12(b) (6) SCRCP, Rule 12(c) SCRCP, Rule 18 (c) SCRCP, and Rule 12(e) SCRCP on December 30, 2009. On September 15, 2011, Plaintiffs filed a Memorandum in Support of its Motion and now asks the Court to convert the original Motion to Dismiss and for Judgment on the Pleadings to a Motion for Summary Judgment pursuant to SCRCP 56. These Motions should be denied in full.

LEGAL ANALYSIS AS TO ORIGINAL MOTION TO DISMISS AND FOR JUDGMENT ON THE PLEADINGS

I. ANALYSIS

a. The Counterclaim should not be dismissed pursuant to RULE 12(b)(6), SCRCP

The Plaintiffs allege in their original Motion that Defendant Long Grove POA's counterclaims should be dismissed pursuant to Rule 12(b)(6), SCRCP on the ground that the counterclaims fail to state a claim upon which relief can be granted because the Plaintiffs owe no legal duty to the POA, the Plaintiffs did not extend any warranties to the POA, the POA is bound by the release and other terms in the instruments of record, and the POA is estopped as a matter of law from disclaiming or collaterally attacking these instruments of record.

(1)Standard of Review

[2] The Counterclaim alleges causes of action for negligence and breach of express and implied warranties against Gulf Stream Construction Company, Inc. and alleges causes of action for negligence and breach of implied and express warranties against The Beach Company and Long Grove at Seaside Farms. The Cross-Claims against Long Grove Vista and Vista Realty Partners alleges causes of action for negligence, breach of implied and express warranties and breach of fiduciary duties.

S.C.R.C.P. Rule 12(b) (6) states that

> Every defense, in law or fact, to a cause of action in any pleading, whether a claim, counterclaim, cross-claim, or third-party claim, shall be asserted in the responsive pleading thereto if one is required, except that the following defenses may at the option of the pleader be made by motion: . . . (6) failure to state facts sufficient to constitute a cause of action . . .If, on a motion asserting the defense numbered (6) to dismiss for failure of the pleading to state facts sufficient to constitute a cause of action, matters outside the pleading are presented to and not excluded by the Court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56, and all parties shall be given reasonable opportunity to present all materials made pertinent to such a motion by Rule 56.

S.C.R.C.P. Rule 12(b) (6). In considering a Rule 12(b) (6) Motion, the trial court must base its ruling solely on allegations set forth in the complaint. Cole Vision Corp. v. Hobbs, 384 S.C. 283, 680 S.E.2d 923 (Ct. App. 2009); Spence vs. Spence, 368 S.C. 106; 628 S.E.2d 869 (2006). If the facts and inferences drawn from the facts alleged in the complaint, viewed in the light most favorable to the plaintiff [or counterclaimant], would entitle the plaintiff to relief on any theory, then the grant of a motion to dismiss for failure to state a claim is improper. Brazell v. Windsor, 384 S.C. 512, 682 S.E.2d 824 (2009); Spence vs. Spence, 368 S.C. 106; 628 S.E.2d 869 (2006); Gentry v. Yonce, 337 S.C. 1, 522 S.E.2d 137 (1999) (In deciding whether the trial court properly granted the motion to dismiss, the appellate court must consider whether the complaint, viewed in the light most favorable to the plaintiff, states any valid claim for relief). A motion to dismiss under Rule 12 (b) (6) should not be granted if facts alleged and inferences reasonably deducible therefrom entitle the plaintiff to relief under any theory. Id. "The question is whether, in the light most favorable to the plaintiff, and with every doubt resolved in his behalf, the complaint states any valid claim for relief." Cole Vision Corp. v. Hobbs, 384 S.C. 283, 680 S.E.2d 923 (Ct. App. 2009) (quoting Doe v. Marion, 373 S.C. 390, 645 S.E.2d 245 (2007)). The complaint should not be dismissed merely because the court doubts the plaintiff [or counterclaimant] will prevail in the action. Cole Vision Corp. v. Hobbs, 384 S.C. 283, 680 S.E.2d 923 (Ct. App. 2009); Spence vs.

Spence, 368 S.C. 106; 628 S.E.2d 869 (2006); Toussaint v. Ham, 292 S.C. 415, 357 S.E.2d 8 (1987); Doe v. Marion, 373 S.C. 390, 645 S.E.2d 245 (2007).

In considering a motion to dismiss under S.C.R.Civ.P. 12(b) (6), the trial court must base its ruling solely upon the allegations set forth on the face of the complaint. Brazell v. Windsor, 384 S.C. 512, 682 S.E.2d 824 (2009). However, on a 12(b) (6) motion, if matters outside the pleading are presented to and not excluded by a court, the motion shall be treated as one for summary judgment and disposed of as provided in S.C.R.Civ.P. 56, and all parties shall be given reasonable opportunity to present all material made pertinent to such a motion by Rule 56. Id.

In this case, when the allegations set forth in the counterclaim are viewed in the light most favorable to Long Grove POA, it clearly states a valid claim for relief.[3] The counterclaim clearly outlines the causes of actions against each of the Plaintiffs and outlines the factual basis for those causes of actions as well as the resulting damages. The Plaintiffs ask the court to look at whether there is a legal duty to the POA, whether the Plaintiffs extended any warranties to the POA, whether the POA is bound by the release and other terms in the instruments of record, and whether the POA is estopped as a matter of law from disclaiming or collaterally attacking these instruments of record. These are matters outside the pleadings.

b. The pleadings meet the requirements of Rule 12(c), SCRCP and Rule 12(e)

The Plaintiffs also move for a judgment on the pleadings pursuant to Rule 12(c), SCRCP and Rule 12(e), SCRCP. The Counterclaim meets the pleading requirements under the South Carolina Rules of Civil Procedure. As outlined above, Plaintiffs claim that the pleadings are defective and base their Motion on SCRCP Rule 12(c):

> 12(c) Motion for Judgment on the Pleadings. After the pleadings are closed but within such time as not to delay the trial, any party may move for judgment on the pleadings. If, on a motion for judgment on the pleadings, matters outside the pleadings are presented to and

[3] These pleadings are similar to pleadings filed by this Firm in hundreds of other construction defect cases.

not excluded by the Court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56, and all parties shall be given reasonable opportunity to present all material made pertinent to such a motion by Rule 56.

SCRCP 12(c). Defendant Long Grove POA, however, has clearly met the pleadings requirement set forth in the South Carolina Rules of Civil Procedure. SCRCP Rule 8(a) outlines the pleading requirements:

> 8(a) Claims for Relief. A pleading which sets forth a cause of actions, whether an original claim, counter-claim, cross-claim, or third-party claim, shall contain (1) a short and plain statement of the grounds including facts and statutes upon which the court's jurisdiction depends, unless the court already has jurisdiction to support it, (2) a short and plain statement of the facts showing that the pleader is entitled to relief, and (3) a prayer or demand for judgment for the relief to which he deems himself entitled. Relief in the alternative or of several different types may be demanded. Relief for a sum certain in money may be demanded for actual damages, but claims for punitive or exemplary damages shall be in general terms only and not for a stated sum, provided however, a party may plead that the total amount in controversy shall not exceed a state sum which shall limit the claim for all purposes.

Furthermore, SCRCP 8(f) Construction of Pleadings states, "All pleadings shall be so construed as to do substantial justice to all parties." SCRCP 8(f).

The Plaintiffs also move in the alternative to require the POA to amend its counterclaim to set forth a more certain and definitive statement of the factual allegation asserted against the Plaintiffs. Rule 12(e), SCRCP states that

> If a pleading to which a responsive pleading is permitted is so vague or ambiguous that a party cannot reasonably be required to frame a responsive pleading, he may move for a more definite statement before interposing his responsible pleading. The motion shall point out the defects complained of and the details desired . . .

S.C.R.C.P. Rule 12(e). The Counterclaims against the Plaintiffs are clear and unambiguous, and the Plaintiffs do not point out the defects complained of and the details desired.

Defendant Long Grove POA filed an Answer and Counterclaim against all of the Plaintiffs. Long Grove POA also filed a Third-Party Complaint against other entities. *See Answer and Counterclaim.* Paragraph 49 of the Counterclaim alleges that The Beach Company and/or Long

Grove at Seaside Farms, LLC held legal title to certain real estate in Charleston County, South Carolina, and developed and constructed the [Long Grove] Project on that real estate. Paragraph 50 of the Counterclaim alleges that Gulf Stream Construction Company acted as the general contractor for the original construction of the Long Grove Project. (*See Counterclaim*). It is clear that the claims against The Beach Company, Long Grove at Seaside Farms, and Gulf Stream Construction arise out of the development and construction of the Project.

Plaintiffs contend that the Counterclaim fails to state facts sufficient to constitute a cause of action, that it fails to meet pleading requirements, and that there should be a more definite statement because it is so vague it cannot reasonably be understood. This is simply untrue. Paragraph 58 specifically states that the Project has problems with water intrusion into the interior of the building and that inspections have resulted in the discovery of numerous construction structural and safety defects. Paragraph 59 specifically states fifteen (15) different construction defects found at the project. (*See Counterclaim*). Paragraph 60 states that as a result of these numerous defects the Project was damaged from moisture intrusion and other problems and that Plaintiff will spend substantial sums of money for the repairs and reconstruction of the project. (*See Counterclaim*).

In the First Cause of Action as to Negligence as to The Beach Company and Long Grove at Seaside Farms (Paragraphs 61-65), Defendant Long Grove POA specifically stated in Paragraph 65 that the negligence of The Beach Company and Long Grove at Seaside Farms caused the defects at the project in one or more of the following particulars:

a. in failing to properly select an architect and contractor so that the Project would be designed and built by methods of construction and design conforming with accepted industry standards;

b. in allowing and/or accepting non-conforming or defective work;

c. in failing to properly oversee the Project in order to ensure that all work proceeded in accordance with the plans and specifications and also in conformity with the customary and ordinary standards of the construction industry;

d. in failing to inform the architect, engineer and contractor of any defects found in the Project; and

e. In failing to properly convert the Project from apartments to condominiums.

(See Counterclaim). Paragraph 65 then requests damages for the repair, maintenance, reconstruction costs, loss of use, depreciation in value and punitive damages as a result of the negligence. *(See Counterclaim).*

The Second Cause of Action as to Breach of Express Warranties (Paragraphs 66-69) also includes The Beach Company and Long Grove at Seaside Farms and makes specific allegations pertaining to the breach of warranties. In Paragraph 68, the Counterclaim alleges that The Beach Company and Long Grove at Seaside Farms turned over an inferior and rapidly deteriorating project, plagued with extensive and severe construction defects and problems. *(See Counterclaim)*

The Third Cause of Action as to Breach of Implied Warranties (Paragraphs 70-73) also includes The Beach Company and Long Grove at Seaside Farms and makes specific allegations pertaining to the breach of implied warranties. In Paragraph 71, the Counterclaim alleges that The Beach Company and Long Grove at Seaside Farms as Developers, as sellers, grantors and developers, made implied warranties of habitability and fitness for intended use. Paragraph 73 then requests damages for the repair, maintenance, reconstruction costs, loss of use, depreciation in value and punitive damages as a result of the breach of warranties. (*See Counterclaim*).

The Fifth Cause of Action as to the Negligence of Gulf Stream Construction (Paragraphs 82-85) includes specific allegations pertaining to the negligent work performed by Gulf Stream. It clearly states that Gulf Stream failed to exercise the degree of skill necessary to construct, supervise and review the design and otherwise deliver the Project free of construction defects and to ensure that the Project was designed and built in conformity with the customary and ordinary standards of building and construction industry. Paragraph 84 specifically states the deficiencies and defects:

a. in failing to properly construct the Project by deviating from the plans and specifications and by failing to employ practices and methods of construction conforming with accepted industry standards; and/or using defective materials; and/or installing materials not in accordance with the plans and specifications, or in violation of the manufacturer's instructions;

b. in using and supplying defective material;

c. by installing materials not in accordance with the plans and specifications;

d. by installing materials in violation of manufacturer's instructions;

e. in failing to properly supervise the subcontractors and/or other trades in order to ensure that all work proceeded in accordance with the plans and specifications and in conformity with the customary and ordinary standards of the construction industry;

f. in accepting non-conforming or defective material or labor;

g. in accepting and performing deficient and/or defective workmanship and/or materials without proper inspection to ensure that the work was correct and in conformity with industry standards and in accordance with the plans and specifications and the manufacturer's instructions;

h. in constructing the Project in violation of the applicable building codes;

i. in failing to adequately construct a waterproofing system on the exterior of the building thereby allowing water to infiltrate the interior of the building;

j. in failing to inform the architect and/or developer of the defects in the plans and specifications; and

k. In failing to act as a reasonable and prudent contractor would act under the circumstances then and there existing.

Paragraph 85 then requests damages for the repair, maintenance, reconstruction costs, loss of use, depreciation in value and punitive damages as a result of the negligence. (*See Counterclaim*).

The Complaint is clear and specific as to the role of The Beach Company and Long Grove at Seaside Farms and the work performed by Gulf Stream Construction including the negligence of those parties, the defective work performed, the causes of action and the bases for the causes of action against the Plaintiffs and the damages resulting from the Plaintiffs development and construction of the Project. The Complaint clearly and unmistakably meets the pleading requirements under South Carolina Rules of Civil Procedure does not need "a more definite statement of fact."

c. Rule 18(c), SCRCP

In the alternative, the Plaintiffs move pursuant to Rule 18(c), SCRCP for separate trials on the Plaintiffs' claim for declaratory relief and the POA's counterclaims. The Plaintiffs allege that the counterclaims are cognizable only after Plaintiff's declaratory judgment action has been concluded. Rule 18(c), SCRCP states that

> The court may make such orders as will prevent a party from being embarrassed, delayed or put to unnecessary expense by the joinder of independent or disassociated claims, and may order separate trials or make other orders to prevent delay or prejudice.

S.C.R.C.P. Rule 18(c).

There is no need for separate trials, but there is a need to realign the parties.[4] The principal purpose and the primary and controlling matter in dispute in the present case involve the construction defects. The ancillary or secondary issue in dispute is whether Long Grove at Seaside Farms, The Beach Company and Gulf Stream Construction have contractual defenses to

[4] Defendant Long Grove POA has filed a Motion for Realignment with the Court.

those construction defects claims. The Plaintiffs filed their complaint to preempt the construction defect case of the POA and merely have asserted a defense to the construction defects claim. It is clear that the primary matter is the construction defects and liability for those defects. Whether there are applicable contractual defenses is secondary. The parties should be realigned so that Long Grove POA is the plaintiff. The Beach Company, Long Grove at Seaside Farms and Gulf Stream Construction will all still be allowed to assert their contractual defenses as well as other defenses. With the realignment, all parties will obtain a complete resolution of all claims. Realignment will also result in judicial economy and practicality. The Plaintiffs have asserted a defense to the construction litigation lawsuit, and this suit should not be litigated piecemeal.

LEGAL ANALYSIS AS TO THE MOTION TO DISMISS AND FOR JUDGMENT ON THE PLEADINGS AND FOR SUMMARY JUDGMENT

II. ANALYSIS

In its converted Motion for Summary Judgment, Plaintiffs' arguments focus on implied and express warranties and the validity of the purported release. Plaintiffs lump all three entities together in its Memorandum, and in their argument, Plaintiffs fail to differentiate the duties and warranties of The Beach Company and Long Grove at Seaside Farms, as the developers (See Footnote 1), owners, and sellers from the duties and warranties of Gulfstream, Inc. as the general contractor. All of these entities owe duties and have made both implied and express warranties to this Defendant. There are numerous factual issues which preclude the Motion for Summary Judgment.

A. Summary Judgment Standard

Since summary judgment is an extreme remedy, and deprives a party of his right to trial, the remedy should be cautiously invoked. Summary judgment is appropriate only when it is

clear that there is no genuine issue of material fact at issue and the moving party is entitled to judgment as a matter of law. Rule 56(c) SCRCP; Baughman v. American Tel. & Tel. Co., 306 S.C. 101, 410 S.E.2d 537 (1991); Baird v. City of Charleston, 333 S.C. 519, 511 S.E.2d 69 (1999). A moving party must meet the initial burden of showing an absence of evidentiary support. Roland, et al. v. Right Way Construction, Inc. et al., 372 S.C. 161, 641 S.E.2d 465 (Ct. App 2007). The non-moving party then must come forward with facts showing there is a genuine issue for trial. Id. In determining whether any triable issue of fact exists, as will preclude summary judgment, the evidence and all inferences which can be reasonably drawn therefrom must be viewed in the light most favorable to the nonmoving party. Strother v. Lexington County Recreation Comm'n, 332 S.C. 54, 504 S.E.2d 117 (1998). In fact, it is only necessary for the nonmoving party to submit a scintilla of evidence warranting the determination of a question of fact by the jury. Tanner v. Florence County, 333 S.C. 549, 511 S.E.2d 369 (Ct.App, 1999).

B. There is clear factual evidence that The Beach Company, Long Grove at Seaside Farms and Gulfstream Construction extended warranties to the Property Owners Association and owed a duty of care to the Property Owners' Association.

In South Carolina, although a person may have no obligation or duty to another, once he undertakes to perform a certain task, such as the construction of a building or structure, he is charged with the duty of planning, coordinating and supervising the work. If he fails in the performance of this duty, he may be held liable for any damages or injuries to persons which proximately result. Hardy vs. Unites States, 187 F. Supp. 756 (D.S.C. 1960); Epps vs. United States, 187 F. Supp. 584 (1960). One who undertakes and agrees to construct buildings or structures is liable for any damage proximately resulting from the negligence or unskillful

manner in which the structure is constructed. The Contractor owes the duty to exercise and use due care in the construction of that structure in the work undertaken by him.

The tortfeasor's liability exists independently of the contract and rests upon the torfeasors's duty to exercise due care. Id. (citing Edward's of Byrnes Downs v. Charleston Sheet Metal Co., 253 S.C. 537, 542, 172 SW. E. 2d 120, 122 (1970)). This common law duty of due care includes the duty to avoid damage or injury to foreseeable plaintiffs. *See* Terlinde, 275 S.C. at 399, 271 S.E. 2d at 770 (stating that the "key inquiry" in determining whether to impose liability is "foreseeability, not privity"). Dorrell v. Dep't of Transportation, 361 S.C. 312, 318, 605 S.E.2d 12, 14-15 (2004).

1. The original developers, The Beach Company and Long Grove at Seaside Farms, LLC are liable in negligence and for breach of the implied warranty of habitability.

Plaintiffs allege that Long Grove POA's causes of action for breach of implied warranties and negligence only apply in the context of NEW residential construction and do not apply to the sale of a "used" rental apartment complex. Plaintiffs further allege that the implied warranty of habitability arises from the sale of a NEW home and does not apply because Plaintiffs did not sell a home directly to the Property Owners Association. Both of these assertions are false.

The Beach Company and Long Grove at Seaside Farms developed the Long Grove buildings as new construction for use as residential apartments. They were highly involved in the construction of the buildings. Gulfstream Construction, the general contractor, is a wholly-owned subsidiary of The Beach Company.

From the issuance of the certificate of occupancy in 2000 until the sale of the property in 2005 to Vista, The Beach Company and Long Grove at Seaside Farms operated the buildings as apartments. In 2004, they marketed the buildings to be converted from residential apartments to residential condominiums. They sold the buildings specifically for conversion in 2005.

The first sale was by The Beach Company. By selling the buildings, they placed the buildings and the individual units into the stream of commerce. The Beach Company and Long Grove at Seaside Farms are liable for the breach of the implied warranty of habitability for placing the property in the stream of commerce. Kirkman v. Parex, 369 S.C. 477, 483, 632 S.E.2d 854, 857 (2006) (quoting Arvai v. Shaw, 289 S.C. 161, 345 S.E.2d 715 (1986) ("[T]he warranty springs from the sale. The determining factor is not whether this defendant actually builds the defective house, but that he placed it, by the initial sale, into the stream of commerce.")) *See also* Lane v. Trenholm Bldg. Co., 267 S.C. 497, 229 S.E.2d 728 (1976)(holding that the implied warranty of habitability can be used to impose liability on a seller who is not also a builder."). Placing these buildings and units into the stream of commerce is exactly what The Beach Company and Long Grove at Seaside Farms did.

Furthermore, under the principles established in the Kirkman case, these developers, like a lender, can also be held liable for breach of the implied warranty of habitability because of their intimate involvement in the original development, design, and construction of Long Grove. Id. In Kirkman, the lender, First Union, foreclosed and took title to the property. It hired a new contractor to finish the project and then deeded the property to the Kirkmans. The Supreme Court reversed the grant of summary judgment in favor of First Union. It held that, if First Union was substantially involved in completing the house, then it impliedly warranted the habitability of the house. Kirkman, 369 S.C. at 485; 632 S.E.2d at 858. The Beach Company and Long Grove at Seaside Farms were substantially involved in the development, design and construction of these buildings. They impliedly warranted the habitability of these buildings. Id.

2. Gulfstream Construction was the general contractor and owed a duty to the Long Grove POA and gave an implied warranty of workmanlike service.

When a builder or contractor violates building codes and deviates from industry standards, the contractor may be held liable in tort. Kennedy vs. Columbia Lumber & Mfg. Co., 299 S.C. 335, 384 S.E.2d 730 (S.C. 1989)(stating "[a] builder may be liable to a home buyer in tort...where: (1) the builder has violated an applicable building code; (2) the builder has deviated from industry standards; or (3) the builder has constructed housing that he knows or should know will pose serious risks of physical harm"). A builder is under a legal duty to undertake construction commensurate with industry standards. Kennedy vs. Columbia Lumber & Mfg. Co., 299 S.C. 335, 384 S.E.2d 730 (S.C. 1989); *See also* Terlinde v. J.F. Neely, 275 S.C. 395, 399, 271 S.E.2d 768, 770 (1980); Barker v. Sauls, 289 S.C. 121, 122, 345, S.E. 2d 244, 244 (1986).

Not only did Gulfstream owe the duty to exercise and use due care in the construction of this Project, but it gave an implied warranty of workmanlike service as the general contractor. Gulfstream Construction warranted that the work it undertook to construct the buildings would be performed in a careful, diligent, workmanlike manner. This implied warranty arose from the undertaking of the construction.

For over sixty years, the South Carolina Supreme Court has recognized that "where a person holds himself out as specially qualified to perform work of a particular character, there is an implied warranty that the work which he undertakes shall be of proper workmanship and reasonable fitness for its intended use . . ." Hill v. Polar Pantries, 219 S.C. 263, 64 S.E.2d 885 (1951). Hill v. Polar Pantries involved construction defects and damages in a frozen food locker plant which caused cracks in the flooring, bulging in the floor system and cracking in the walls of the plant building. The Court clearly recognized the applicability of the implied warranty of workmanlike service in a commercial/non-residential building. *See also* Tommy L. Griffin Plumbing & Heating Co. vs. Jordan, Jones and Goulding, Inc., 320 S.C. 49, 463 S.E.2d 85

(1995) (Where a contractor brought a cause of action against an engineer for plans for the construction of a water trunk for the County of Charleston, the Court found that the engineer as a professional owed the client and sometimes third-parties a duty and implied warranty to design and supervise construction with due care). Several years later, the Court also made it clear that "it would be intolerable to allow builders to place defective and inferior construction into the stream of commerce." Kennedy v. Columbia Lumber, & Manufacturing Co., Inc., 299 S.C. 335, 384 S.E.2d 730 (1989); Rutledge v. Dodenhoff, 254 S.C. 407, 175 S.E.2d 792 (1970) (holding that a builder-vendor of a new house gives his purchaser an implied warranty of fitness).

The implied warranty of workmanlike service is distinct from the warranty of habitability. The warranty of habitability arises or springs from the sale of the home or building. Lane v. Trenholm Building Co., 267 S.C. 497, 500, 229 S.E.2d 728, 729 ("When a new building is sold there is an implied warranty of fitness for its intended use which springs from the sale itself"); Terlinde v. Neely, 275 S.C. 395, 398 271 S.E.2d 768, 769 (1980); Southern Iron & Equipment Co. v. Bamberg E & W Railway Co., 151 S.C. 506, 149 S.E. 271 (1929) ("Selling for a sound price raises an implied warranty that the thing sold is free from defects, known and unknown (to the seller))."

Unlike the implied warranty of habitability which springs from the sale, the implied warranty of workmanlike service arises when the general contractor undertakes the construction of a home, multi-family project, commercial building or any other structure. A builder who contracts to construct a building or dwelling impliedly warrants that the work undertaken will be performed in a careful, diligent workmanlike manner. This is the implied warranty of workmanlike service. Kennedy, 299 S.C. 335, 345384 S.E.2d 730, 736) (citing Hill v. Polar Pantries, 219 S.C. 263, 64 S.E.2d 885 (1951)).

A purchaser may sue a builder on the implied warranty of service, despite the purchaser's lack of contractual privity. Kennedy, 299 S.C. at 345. Privity of contract as a defense to an implied warranty action has been abolished in this state. Kennedy, 299 S.C. at 344; Terlinde, 275 S.C. at 398. In Fields vs. J. Haynes Waters Building, the Court acknowledged that it had "embraced the notion that in constructing a home, a builder warrants that the home is fit for its intended use as a dwelling, that the home was constructed in a workmanlike manner, and that the home is free of latent defects. This warranty extends not only to the original purchasers of the home, with whom the builder is in privity, but to subsequent purchasers who may pursue a cause of action in contract or tort against a builder." Fields v. J. Haynes Waters Builders, Inc., 376 S.C. 545, 561, 658 S.E.2d 80, 89 (2008). The warranty of workmanlike service arises out of the construction contract to which the builder is a party. Smith v. Breedlove, 377 S.C. 415, 661 S.E.2d 67 (2008).

Gulfstream Construction's implied warranty of workmanlike service also extends to the Long Grove Property Owners' Association. A general contractor extends an implied warranty for latent defects to the original purchaser and to subsequent purchasers. Terlinde v. Neely, 275 S.C. 395, 271 S.E.2d 768 (1980). A general contractor holds out its expertise to prospective buyers. "Common experience teaches that latent defects in a [building] will not manifest themselves for a considerable period of time . . . after the original purchaser has sold the property to a subsequent unsuspecting buyer." Terlinde, 275 S.C. 395, 398, 271 S.E.2d 768, 769. The fact that the subsequent purchaser did not know the home builder, as did the original purchaser, does not negate the reality of the 'holding out' of the builder's expertise and reliance which occurs in the market place. Terlinde, 275 S.C. 395, 398, 271 S.E.2d 768, 769 (recognizing in Lane that there is an implied warranty even though the buyer did not know the

actual builder and consequently did not rely on his skill). If anything is clear in the law of implied warranties, it is that they extend to subsequent purchasers. Justice Toal's opinion in Kennedy v. Columbia Lumber states it best:

> We have been steadfast in holding that privity of contract as a defense to an implied warranty action is abolished in this state.
>
> Lack of privity as a defense to a cause of action has been of questionable vitality in South Carolina. Today, we seek to still all whispers of its continued existence.
>
> Hence, a purchaser may sue a builder on his implied warranty of service, despite the purchaser's lack of contractual privity.

Id. at 345. This has been and continues to be the law of the state of South Carolina.

The implied warranty of workmanship arises when the professional builder undertakes the duty to build a structure in a careful, diligent workmanlike manner. The fact that the builder constructed an apartment complex, an office building or a custom home does not alleviate its duty to use good careful workmanship in the construction of that building. Not only are rental apartments residential real property, but the implied warranty of workmanlike service applies to all types of structures that a general contractor undertakes to build in a careful diligent workmanlike manner. *See* Hill vs. Polar Pantries, 219 S.C. 263, 64 S.E.2d 885 (1951).; Tommy L. Griffin Plumbing & Heating Co. vs. Jordan, Jones and Goulding, Inc., 320 S.C. 49, 463 S.E.2d 85 (1995); Pollard v. Saxe & Yolles Development Co., 12 Cal.3d 374, 525 P.2d 88 (1974).

3. The Beach Company and Long Grove at Seaside Farms are also liable for breach of the implied warranty of workmanlike service.

Gulfstream is a wholly owned subsidiary of The Beach Company. The Beach Company and Long Grove at Seaside Farms are amalgamated under Pope, et al. v. Heritage Communities,

Inc., Opinion No. 4888, Court of Appeals, September 14, 2011 (citing Kincaid v. Landing Development, 389 S.C. 89, 344 S.E.2d 868 (Ct. App. 1986). As such, The Beach Company is engaged in the business of building and selling new dwellings. *See* Breedlove, 377 S.C. at 421, 661 S.E.2d at 71. It is a builder-vendor and liable for breach of the implied warranty of workmanship. Id.

The conversion of apartments to condominiums is common and is simply a change in ownership not a change in use. "The general rule is that the conversion of apartments to condominiums is a change of ownership rather than a change in use. After conversion, the property is still used for residential purposes as it was before." Baker v. Town of Sullivan's Island, 279 S.C. 581, 310 S.E.2d 433 (Ct. App. 1983) In Penny Creek Associates, LLC v. Fenwick Tarragon Apartments, LLC, 375 S.C. 267, 651 S.E.2d 617 (Ct. App. 2007), the Court discusses the fact that a conversion of an apartment to a condominium divides an ownership interest in the property but does not subdivide the property itself. The property and common areas remain intact and the owner merely grants a share of his ownership interest in the these areas to purchasers. The property itself is not subdivided, replanned and the footprint of the property does not change. Penny Creek Associates, LLC v. Fenwick Tarragon Apartments, LLC, 375 S.C. 267, 274, 651 S.E.2d 617, 621 (Ct. App. 2007).

The South Carolina Horizontal Property Act, S.C. Code Ann. §§ 27-31-10, *et. seq.* uses the terms "apartment" and "condominium" interchangeably. The Act defines apartment:

> (a) "Apartment" means a part of the property intended for any type of independent use (whether it be for residential, recreational, storage, or business) including one or more rooms or enclosed spaces located on one or more floors (or parts thereof) in a building or if not in a building in a separately delineated place whether open or enclosed and whether for the storage of an automobile, moorage of a boat, or other lawful use, and with a direct exit to a public street or highway, or to a common area leading to such street or highway.

(b) "Building" means an existing or proposed structure or structures, containing in the aggregate two or more apartments, comprising a part of the property;"

S.C. Code Ann. §27-31-20. Condominium is included in the term "apartment" and is not separately defined. Condominium ownership, however, is defined as "the individual ownership of a particular apartment in a building and the common right to a share, with other co-owners, in the general and limited common elements of the property." S.C. Code Ann. §27-31-20 (c). "Property may be submitted to a horizontal property regime prior to construction or the completion of any building or apartment, improvements, or structures on the property . . ." S.C. Code Ann. §27-31-30. The Horizontal Property Act does not differentiate an apartment from a condominium except in terms of ownership. Furthermore, S.C. Code Ann. §27-31-410, *et. seq.* focuses solely on the conversion of rental units to condominium ownership and does not distinguish one from the other except in terms of ownership.

There can be no doubt a residential apartment is, by definition, a residential structure where people live. As such, all of the policy considerations supporting workmanlike structures being free from peril exist. The Beach Company had an implied warranty of workmanship by virtue of undertaking the construction of this multi-unit, multi-family building project regardless of whether the units were leased as apartments or owned as condominiums.This implied warranty clearly extends to the Plaintiffs and privity of contract is not required.

4. The Economic Loss Rule is Not Applicable.

As has been demonstrated, the economic loss rule as set froth in Carolina Winds Owners' Assoc., Inc. v. Joe Harden Builders, Inc., 297 S.E. 4, 374 S.E.2d 897 (1988) *rev'd by* Kennedy v. Columbia Lumber & Mfg. Co., Inc., 299 S.C. 335, 384 S.E.2d 730 (1989) *as modified by* Sapp v. Ford Motor Co., 386 S.C. 143, 687 S.E.2d 47 (2009)[5] does not apply to the facts of this case

[5] The modification of Kennedy by the Court in Sapp is mere dicta.

because:

1. Long Grove is a residential community;
2. There is property damage to the buildings and units;
3. The parties to the original development, design, and construction made implied warranties; and
4. The duties owed and violated by the parties to the original development and design and construction arise outside of any contracts.

First, these condominium units are residential in nature. (See pages 25-26 Supra) The economic loss rule was first applied to condominiums in Carolina Winds. Carolina Winds is a twelve-story condominium tower in Myrtle Beach. Id. The very first sentence of the opinion states, "This is an action for damages for alleged defects in the construction of a residential building." Id. (emphasis added) The modification of Kennedy by Sapp does not apply to residential buildings. Sapp v. Ford Motor Co., 386 S.C. 143, 687 S.E.2d 47 (2009). The economic loss rule does not bar the claims of the Property Owners' Association.

Second, the economic loss rule summarized in Carolina Winds does not bar this lawsuit because the rule does not apply if the loss is beyond a "diminution in the expected value of the property", i.e., if the property is damaged. Carolina Winds, 297 S.C. at 82, 374 S.E. 2d at 902. In this case, for example, flashing was not installed to protect windows from water intrusion. Water has intruded the building causing damage to the property of the Property Owners' Association and individual unit owners. This property damage takes this case outside of the economic loss rule. Id.

Third, in Carolina Winds, the Court stated, "Unless the plaintiff has contracted with a party who warrants, expressly or impliedly, that the produce meets a standard of quality, value,

or fitness for an intended use, he has no claim for inferior or negligent manufacture of goods in the stream of commerce." Carolina Winds, 297 S.C. at 82, 374 S.E.2d at 902. In this case, the developers, contractors, and design professionals warranted that their work met standards arising outside of the contract which included:

1. The applicable building codes;
2. Industry standards;
3. Manufacturer's installation instructions;
4. The design documents; and
5. Good and workmanlike services.

As a result, each developer, contractor, and design professional may be sued in negligence. Id.

Finally, because these duties arise outside of the contract these duties are legal duties. The question of whether a Plaintiff may maintain an action in tort for purely economic loss turns on the determination of the source of the duty plaintiff claims the defendant owed. Tommy L. Griffin Plumbing & Heating Co. v. Jordan, Jones, & Goulding, Inc., 320 S.C. 49, 463 S.E.2d 85, 88 (S.C. 1995). A breach of a duty that arises under the provisions of a contract between the parties must be redressed under contract, and a tort action will not lie. Id. A breach of a duty arising independently of any contract duties between the parties, however, may support a tort action. Id. (citing State Ports Auth. V. Booz-Allen, 289 S.C. 373, 346, S.E.2d 324 (S.C. 1986)). For example, the violation of a building code is negligence per se and evidence of gross negligence. Wise vs. Broadway, 315 S.C. 273, 433 S.E.2d 857 (1993). Because The Beach Company and Gulfstream Construction violated these duties, they can be sued in negligence.

C. None of the Warranties have been Disclaimed.

The warranty of good workmanlike service arises out of the undertaking of the construction and has not been disclaimed. The warranty of habitability can be disclaimed but only if strict conditions are satisfied. In Kirkman vs. Parex, 369 S.C. 477, 632 S.E.2d 854 (2006), the South Carolina Supreme Court considered for the first time whether the warranty of habitability could be disclaimed. Although the Court found that a party could disclaim the implied warranty of habitability, it placed strict restrictions on the disclaimer, in an effort to maintain the protection of purchasers. The Court adopted three requirements: the disclaimer "must be (1) conspicuous, (2) known to the buyer, and (3) specifically bargained for." Kirkman, 369 S.C. at 485, 632 S.E.2d at 858 (quoting Burbo v. Harley C. Douglass, Inc., 125 Wash. App. 684, 106 P.3d 258, 263 (Wash. Ct. App. 2005)). "This standard is to be applied strictly and will be met only in rare circumstances. It will protect buyers but also give them freedom to purposefully bargain for a price discount or other desired benefit."[6]

The alleged disclaimer fails to comply with every element of this test. The first requirement to disclaim the warranty is whether the disclaimer is "conspicuous." The disclaimer in the Master Deed is not conspicuous. The disclaimer language is not highlighted, underlined, bordered, in a larger print or in a different font than the other contractual language. It is buried on page 43 of the 82-page Master Deed. The Beach Company negotiated with Vista as to where the "disclaimer" should appear in the documents. The Beach Company could have included this specific language in the individual sales contracts, but they chose not to do so. The Beach Company could have put this alleged disclaimer language in the individual Deeds, but they chose

[6] In Kirkman, the disclaiming language within the four corners of the deed did not, standing alone, lead to the conclusion that the standard the South Carolina Supreme Court adopted was satisfied. The Court remanded the issue to the Circuit Court to consider all relevant evidence.

not to do so. Rather than clearly drawing attention to the disclaimer language, The Beach Company buried the "disclaimer" in a paragraph labeled "Release."

The second requirement to disclaim the warranty is that the disclaimer is "known to the buyer." The Plaintiffs would have to show that each individual homeowner knew that the warranty had been disclaimed and the property was conveyed "as is." The Plaintiffs have presented no evidence that any of the homeowners knew about and/or understood this release buried in the middle of the Master Deed. The third element requires that the disclaimer was "specifically bargained for." The Plaintiffs have not provided any evidence that the release was specifically bargained for by Vista, by the Long Grove POA or by individual unit owners. The Long Grove POA did not even exist and the units were not sold when the release was allegedly "bargained for." The Master Deed containing the "release" was filed before there were any negotiations or sales. The Plaintiffs have presented no evidence showing that there was a price reduction, upgrades, extras or any other type of consideration for the Long Grove POA or individuals taking the property "as is" and with the warranty disclaimer.

Instead of stating clearly the test for how a warranty may be disclaimed, The Beach Company cites a number of cases stating that the owners have constructive notice because the Master Deed is referred to in the individual deeds. Kirkman requires actual notice.

Furthermore, The Beach Company had the opportunity to have the disclaimer and release language placed in conspicuous places in these documents. It did not do this for obvious reasons: to do so would have killed sales and reduced the fees paid to The Beach Company as the broker, seller's agent and buyer's agent.

Finally, the "merger" doctrine was modified by the adoption of the implied warranty of habitability. *See* Rutledge v. Dodenhoff, 254 S.C. 407, 175 S.E.2d 792 (1970). The implied

warranty of habitability is an independent covenant which survives delivery of the deed. The merger doctrine is inapplicable in this case.

There are clear factual issues regarding the enforceability of this disclaimer and /or release, precluding the granting of this motion.

D. The Beach Company made express warranties to Vista and the Property Owner's Association.

Plaintiffs clearly made express warranties to potential buyers during the marketing phase for the sale of the Project and to Vista as the Purchaser. Plaintiffs made express warranties to the public and to the individual unit purchasers with its sales and marketing materials. The marketing materials for the sale of the Project made express and unequivocal representations as to the quality of the construction by Gulfstream, Inc. which is a wholly-owned subsidiary of The Beach Company. The Long Grove marketing materials distributed by L.J. Melody included statements such as "an exceptional condominium conversion opportunity" and that purchasers would be able to "sell quality apartments immediately with no construction risk involved." Exhibit 2- Marketing Brochure – Condominium Conversion Opportunity. In both the Executive Summary portion and in the Condominium Market Overview portion of the Marketing Brochure, the materials state that "Long Grove was developed by The Beach Company, one of the Southeast's most prestigious developers. The quality of construction and attention to detail is unmatched." Exhibit 2- Marketing Brochure – Condominium Conversion Opportunity. In the Financial Analysis section of the Marketing Brochure, the Replacement Reserves section states: "The quality of the construction and continued detailed management of the grounds and buildings will limit further capital expenditures at the property. Therefore, our team has conservatively forecast capital reserve requirements of $150 per unit." Exhibit 2- Marketing Brochure – Condominium Conversion Opportunity. Not only were the marketing materials

misleading and false, but Mr. Darby, the President of The Beach Company also misled Mr. de Guardiola as to the quality of the Long Grove construction which induced Mr. de Guardiola into agreeing to the "release". The Sellers made false representations as to the quality of the workmanship and construction performed by Gulfstream, its own subsidiary. Exhibit 5-Depo. de Guardiola, p.63, l.22 – p.64, l.19; p.67, l.7-10. Mr. Darby led Mr. de Guardiola to believe that the release would never need to be invoked because The Beach Company developed the project and Gulfstream constructed it. Exhibit 5-Depo. de Guardiola, p.63, l.22 – p.64, l.19; p.67, l.7-10.

E. The provisions of the Master Deed violate public policy and, therefore, are unenforceable.

1. The provisions of the Master Deed violate S.C. Code Ann. §32-2-10.

The essence of Paragraph 24, which is called a "Release" in the Master Deed, is for The Beach Company and all other entities involved in the original development, design, and construction of Long Grove to be held harmless from the defects at Long Grove. This violates S.C. Code Ann. §32-2-10 which is titled "Hold Harmless in Certain Construction Contracts":

> Notwithstanding any other provision of law, a promise or agreement in connection with the design, planning, construction, alteration, repair or maintenance of a building, structure, highway, road appurtenance or appliance, including moving, demolition, and excavating, purporting to indemnify the promise, its independent contractors, agents, employees, or indemnities against liability for damages arising out of bodily injury or property damage proximately caused by or resulting from the sole negligence of the promise, its independent contractors, agents, employees or indemnities is against public policy and unenforceable.

S.C. Code Ann. §32-2-10. The provisions of the Master Deed violate public policy and are unenforceable.

2. The provisions of the Master Deed, if enforced, prevent the Property Owners Association, a corporation, from fulfilling a fiduciary obligation and, therefore, violate public policy and are unenforceable.

The Property Owners Association has a fiduciary obligation to seek a recovery for damage to the common elements of the Long Grove Condominiums. Queen's Grant Villas Horizontal Property Regimes I-V v. Daniel Int'l Corp., 335 S.E.2d 365. Failing to seek this recovery subjects the Property Owners Association to liability. Id.

The Master Deed directly interferes with these obligations and is unenforceable. In requiring this paragraph, The Beach Company did not just aid and abet the breach of these fiduciary duties; its conduct demanded it. The provisions are unenforceable.

F. The provisions in the Master Deed are unconscionable and, therefore, unenforceable.

In South Carolina, unconscionability is defined as the absence of meaningful choice on the part of one party due to one-sided contract provisions, together with terms that are so oppressive that no reasonable person would make them and no fair and honest person would accept them. Carolina Care Plan, Inc. v. United HealthCare Servs., Inc., 361 S.C. 544, 554, 606 S.E.2d 752, 757 (2004). If a court as a matter of law finds any clause of a contract to have been unconscionable at the time it was made, the court may refuse to enforce the unconscionable clause, or so limit its application so as to avoid any unconscionable result. S.C. Code Ann. § 36-2-302(1) (2003). Simpson v. MSA of Myrtle Beach, Inc., 373 S.C. 14, *644 S.E.2d 663 (2007)*; *See also* Munoz, 343 S.C. at 539, 542 S.E.2d at 364 (holding that general contract principles of state law apply in a court's evaluation of the enforceability of an arbitration clause).

Absence of meaningful choice on the part of one party generally speaks to the fundamental fairness of the bargaining process in the contract at issue. *See* Carlson v. General Motors Corp., 883 F.2d 287, 295 (4th Cir. 1989). In determining whether a contract was "tainted by an absence of meaningful choice," *id.* at 295, courts should take into account the nature of the injuries suffered by the plaintiff; whether the plaintiff is a substantial business concern; the

relative disparity in the parties' bargaining power; the parties' relative sophistication; whether there is an element of surprise in the inclusion of the challenged clause; and the conspicuousness of the clause. Id. at 293. *See also* Holler v. Holler, 364 S.C. 256, 269, 612 S.E.2d 469, 476 (Ct. App. 2005) ("A determination whether a contract is unconscionable depends upon all the facts and circumstances of a particular case."(quoting 17A Am.Jur.2d *Contracts* § 279 (2004))). The general rule is that courts will not enforce a contract which is violative of public policy, statutory law, or provisions of the Constitution. Carolina Care Plan, 361 S.C. at 555, 606 S.E.2d at 758. In Simpson v. MSA of Myrtle Beach, Inc., 373 S.C. 14, 644 S.E.2d 663 (2007), the Court found that the rule had two applications in that particular case. First, the arbitration clause violated statutory law because it prevents Simpson from receiving the mandatory statutory remedies to which she may be entitled in her underlying SCUTPA and Dealers Act claims. Second, unconditionally permitting the weaker party to waive these statutory remedies pursuant to an adhesion contract runs contrary to the underlying statutes' very purposes of punishing acts that adversely affect the public interest. Therefore, under the general rule, this provision in that arbitration clause was unenforceable.

S.C. Code Ann. § 36-2-302(2) (2003) provides:

> When it is claimed or appears to the court that the contract or any clause thereof may be unconscionable the parties shall be afforded a reasonable opportunity to present evidence as to its commercial setting, purpose and effect to aid the court in making the determination.

S.C. Code Ann. § 36-2-302(2); Simpson v. MSA of Myrtle Beach, Inc., 373 S.C. 14, 644 S.E.2d 663 (2007).

The POA never had any choice, much less a meaningful one, to this one-sided release. The POA received no benefit, only a detriment. The Beach Company has all the benefits but no detriment, the exact opposite of a true release. No reasonable person would ever agree to a

release in which that person gives up all rights but receives nothing in return. Such a contract is oppressive in and of itself and also because it prevents the POA from fulfilling its fiduciary obligations. It should not be enforced.

G. The "release" is unenforceable because it does not meet the requirements of a contract.

A release, like a settlement agreement, is a form of a contract. Pee Dee Stores, Inc. v. Doyle, 381, S.C. 234, 672, S.E.2d 799 (Ct. of Appeals 2008). General contract principles apply to the construction of a release. Id. Those requirements include both consideration and that there be a meeting of the minds of the parties to the release.

In this case The Beach Company, after the Term Sheet was executed and the price agreed to, demanded that Vista include in the Master Deed a release by the POA and individual unit owners of all entities involved in the original development of Long Grove. Edward de Guardiola of Vista agreed to this because of the representations by John Darby concerning the quality of the construction, but he did not believe that the release was enforceable. Exhibit 5 Deposition of E. de Guardiola p.61 L 21-p.64 L19; p.67 L 7-10.

In his deposition John Darby, The Beach Company 30(b) (6) representative, who negotiated the terms of the sales contract, candidly admitted that there was no consideration for the release. Exhibit 14 Deposition of J. Darby p. 28 L 20 – p. 29 L 17 Mr. de Guardicola testified to this as well. Exhibit 5 Deposition of E. de Guardiola p. 27 L 7 – p.58 L 7.

The Property Owners Association had not been incorporated when either the Term Sheet or the Sales Contract were signed. It did not participate in the negotiations and did not agree to the terms of the Sales Contract or the "release" language found in the Master Deed. There were no individual unit owners who participated in the negotiations,

Neither the POA nor individual unit owners received any benefit from the release, only a detriment. In every release the releasors, parties, such as the POA and individual unit owners who release their claims, receive a benefit, not a detriment. In this case onlythe releasees benefit from the release without and any detriment.

Neither The Beach Company nor Long Grove at Seaside Farms nor Gulfstream nor any other purported release paid any money or gave anything of value to the POA or any individual unit owner.

At the time the "release" had been inserted into the Master Deed, the full nature and extent of the defects at Long Grove were unknown to all parties.

The release is invalid and unenforceable for the following reasons:

1. There was no consideration between The Beach Company and Vista;
2. There was no consideration between The Beach Company and either the POA or individual purchasers;
3. There was no meeting of the minds between The Beach Company and Vista;
4. The "release" is the product of a mutual mistake;
5. The "release" is the product of a unilateral mistake induced by the misrepresentation of John Darby; and
6. Neither the POA nor the unit owners are a party to the release.

That a contract requires consideration is a fundamental principal. That no consideration was given to either the POA or individual unit owners is obvious or, in the very least, a question of fact necessitating the denial of the Motion made by The Beach Company.

In South Carolina "to have a valid and enforceable contract, there must be a meeting of the minds between the parties with regard to all essential and material terms of the agreement."

Patricia Grand Hotel, LLC. v. Mac Guere Enterprises, 372 S.C. 634, 638, 643 S.E.2d 692, 694 (2007) (quoting Player v. Chandler, 299 S.C. 101,105,382 S.E.2d 891, 893 (1989) (Emphasis in Patricia Grand).

The release, from The Beach Company's point of view, is a material and essential term. Because Mr. de Guardiola did not believe it to be enforceable the two parties could never have a meeting of the minds.

During the discussions about the "release" Mr. Darby assured Mr. de Guardiola that, because The Beach Company built it, the quality of the construction was superior. He repeated the representations found in the marketing materials. The release would, therefore, not be involved. At that time, and not until 2009-2011, was the extent and significance of the defects at Long Point known to the POA and the unit owners. The nature and extent of the defects were not known to either The Beach Company and Vista or The Beach Company and the POA or The Beach Company and individual unit owners.

In South Carolina a release may be avoided on the ground of mutual mistake:

> If there is to be avoidance of a release on the ground of mistake, it must be based upon a finding of unknown injuries that were in existence and were not within the contemplation if the parties when the settlement was agreed upon. But if the parties did in fact intentionally agree upon a settlement for unknown injuries, the release will be binding.

Smothers v. Richland Memorial Hospital, 328 S.C. 566, 571, 493 S.E.2d 107, 109 (Ct. of App. 1997) (quoting Gecy v. Prudential Ins. Co. of Am., 273 S.C. 437, 441, 257 S.E.2d 709, 711 (1979) (quoting Schmidt v. Smith, 899 Minn, 103, 216 N.W.2d 669, 672 (1974)). Mr. de Guardiola could not have agreed to release the unknown defects because of the assurances of Mr. Darby that they did not exist. The POA could never have intentionally agreed to release unknown defects because it did not exist at the time of the contract and did not participate in any negotiations leading to the agreement about the release.

The Beach Company did not intentionally agree to release unknown defects because its intent was only to release a change in the risk created by the conversion of the project to condominiums. Kent Johnson, a 30(b) (6) designee of The Beach Company testified:

> The intent was any change in risk or liability resulting from the conversion of an apartment project designed as an apartment project, constructed as an apartment project, and operated as an apartment project, to the extent that a third party converted that project when we no longer owned it, they assumed all the increased risk profile associated with a conversion into a different use than what the project was constructed to be.

If the project had not been sold then The Beach Company would have been responsible for repairing all defects and the damages caused by the defects. The risk to The Beach Company, and every other entity involved in the original development, design and construction is the same now as it was prior to the conversion. The release is based upon a mutual mistake.

The release should also be rescinded because of a unilateral mistake induced by the misrepresentations of John Darby concerning the quality of the construction. The general rule is that a contract may be rescinded based on a unilateral mistake induced by the misrepresentation of the party opposing rescission without negligence on the party seeking rescission. Smothers, 328 S.C. at 573, 493 S.E.2d at 110.

The party seeking rescission is the POA. The POA, because it was never involved in any negotiations concerning the release, could not be negligent. Mr. Darby made representations that induced Mr. de Guardiola into agreeing to its release. Exhibit 5 Deposition of E. de Guardiola p.61 L 21 – p. 64 L 19; P.67 L 7-10. That these representations are false is clear from the condition of the buildings and the investigations and finding of the experts.

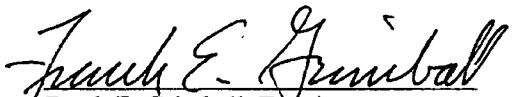
CONCLUSION

The Summary Judgment Motion should be denied as a matter of law and because there are numerous genuine issues of material fact concerning the "release". To give effect to the efforts of The Beach Company to avoid liability for the defective buildings and units that it placed into the stream of commerce would be a manifest injustice to the Long Grove owners and Property Owners Association and would upend over forty years of South Carolina jurisprudence.

South Carolina has been in the vanguard of protecting homeowners from defective construction and from abuses at the hands of developers. This poorly conceived and poorly executed effort, if successful, will lead to tremendous abuses of the real estate market and return this state to the doctrine of caveat emptor, something our Courts rejected decades ago.

For all of the reasons stated within this Memorandum, the Long Grove Property Owners Association respectfully requests that this Court deny the Motions of the Plaintiff.

Respectfully submitted,



Frank E. Grimball, Esquire
Mullen Wylie, LLC
171 Church Street Suite 370
Charleston, South Carolina, 29401
Tel: 843-853-6200
Fax: 843-853-8994

September 22, 2011
Charleston, South Carolina

STATE OF SOUTH CAROLINA)
) **AFFIDAVIT OF PETER E. SHERRATT**
COUNTY OF CHARLESTON)

PERSONALLY appeared before me, Peter E. Sherratt, who, having being duly sworn, deposes and states as follows:

1. That I am a design professional and licensed architect in the State of South Carolina with my principle place of business in Hilton Head Island, South Carolina;

2. That I have a specialty in forensic architecture and have been qualified as an expert in both state and federal courts;

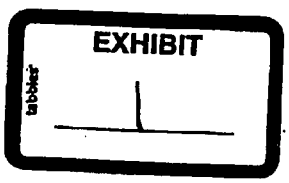
3. That I have inspected and observed the conditions at the Long Grove Condominium Project located in Charleston County, South Carolina;

4. That I have been informed and believe that James, Harwick & Partners, Inc. n/k/a JHP Architecture / Urban Design, P.C. acted as the architect for the Project;

5. That I have reviewed architectural plans for the Long Grove Project prepared by James, Harwick & Partners, Inc. n/k/a JHP Architecture / Urban Design, P.C.;

6. That in observing the conditions at the Long Grove Project and in reviewing the unsealed set of architectural plans, I noted numerous violations of industry standards and good architectural practices, specifically in regard to (1) Improper design of details at balconies and doors; (2) Lack of proper details at balconies; (3) Lack of proper details at roof; (4) Lack of proper details at chimneys; (5) Lack of proper details at attics; (6) Lack of proper details for brick system; (7) Lack of proper details for windows; and (8) Lack of proper flashing details;

7. That as a result of my review of the un-sealed plans, I have determined that James, Harwick & Partners, Inc. n/k/a JHP Architecture / Urban Design, P.C. failed to conform to the standard of care required by a design professional for this Project. If sealed plans differ my



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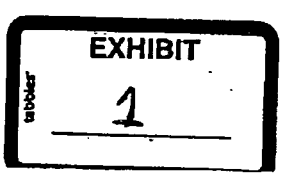


opinions may change;

8. That I have been informed and believe that Essex Engineering Corporation is an engineering firm that inspected Long Grove for the purpose of the conversion of these units and buildings from apartments to condominiums;

9. That Essex Engineering Corporation prepared a report of its inspection;

10. That Essex Engineering Corporation failed to identify deficiencies in the construction of Long Grove;

FURTHER, AFFIANT SAITH NOT.

Peter E. Sherratt, AIA

SWORN TO before me this
2nd day of December 2009.

Peggy A Medaglia
Notary Public for South Carolina
My commission expires: 11-21-17

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

THE BEACH COMPANY | L.J. MELODY

EXCLUSIVE MARKETING ADVISORS:

777 Brickell Avenue, Suite 900
Miami, Florida 33131

L.J. Melody

Robert E. Given, Jr.
Vice President
305.381.6445
robert.given@ljmelody.com

John J. Farrell
Director
770.730.3668
john.farrell@ljmelody.com

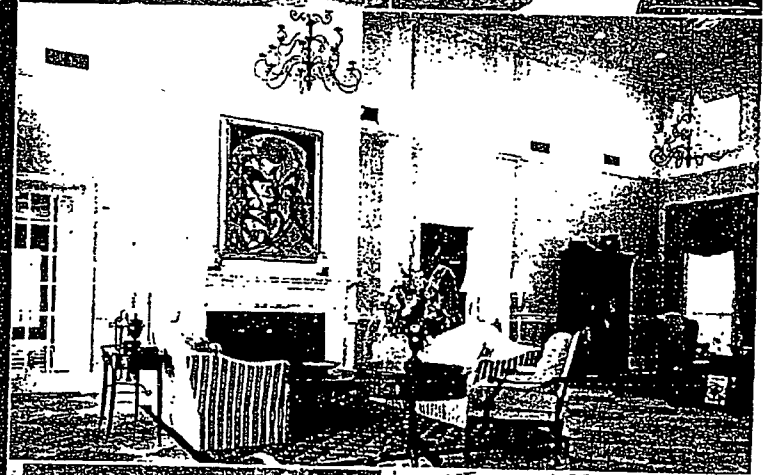
Robert J. LaChapelle
Managing Director
770.730.3670
robert.lachapelle@ljmelody.com

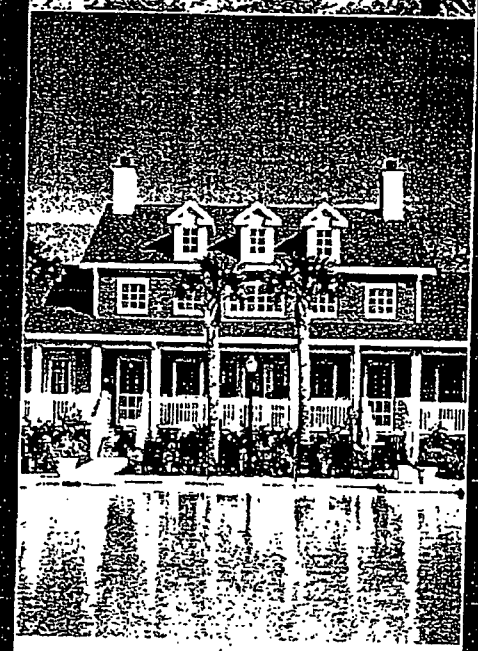
Richard T. Jordan
Director
770.730.3659
richard.jordan@ljmelody.com

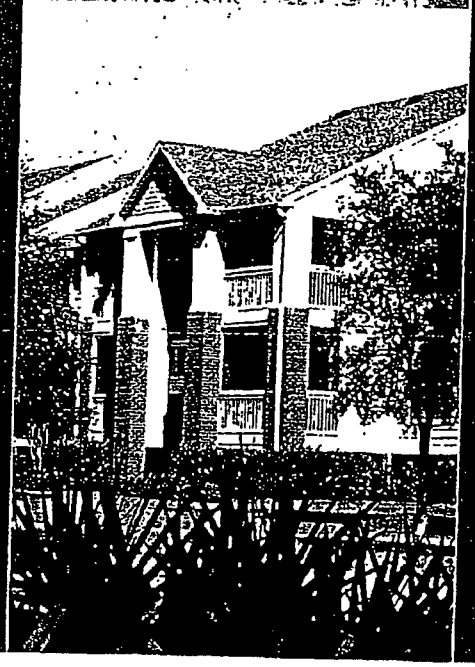
The Beach Company

William Shanaman
Vice President
843.722.2615
bshanaman@thebeachcompany.com

Long Grove
AT SEASIDE FARMS
1600 Long Grove Drive, Mt. Pleasant, S.C.





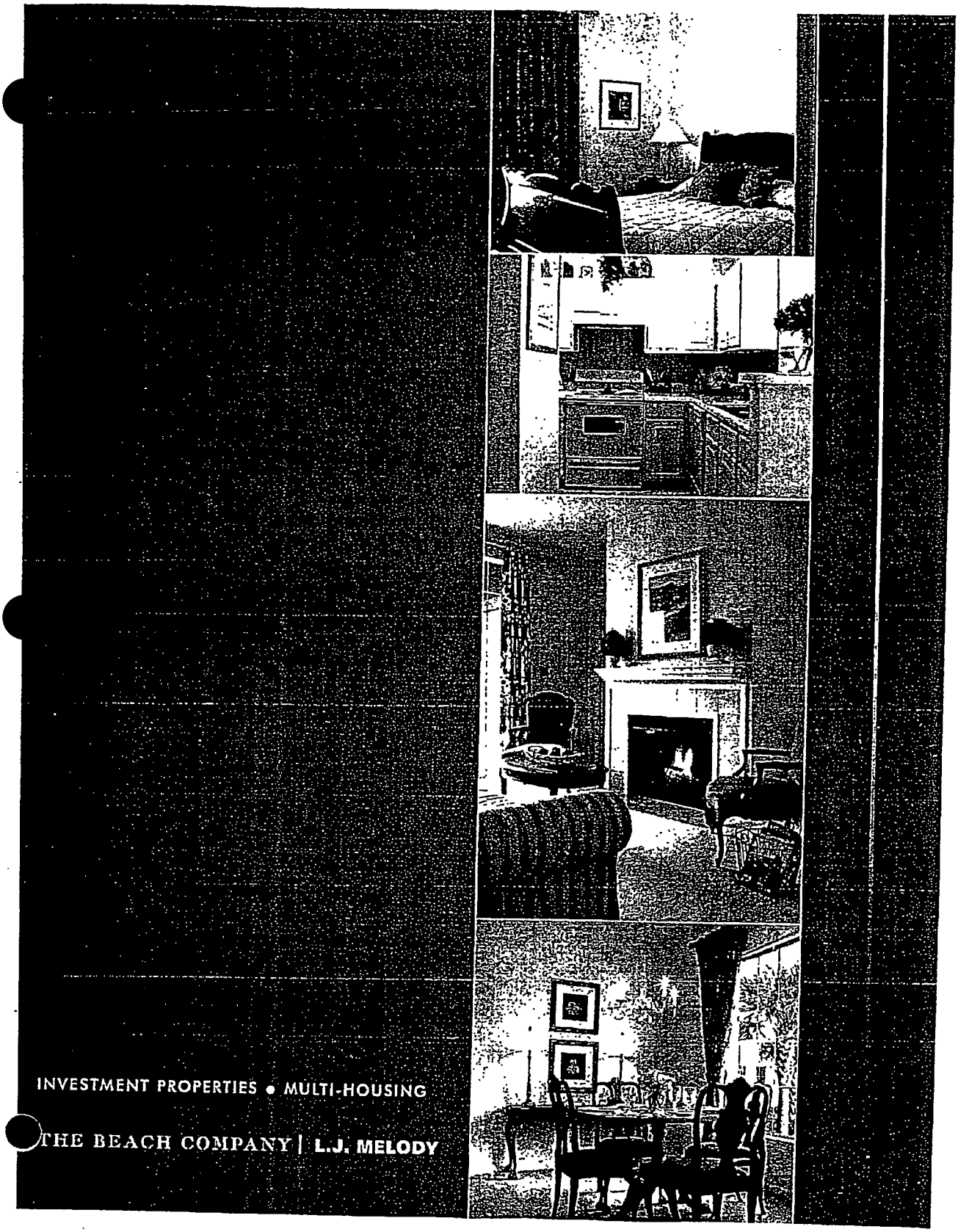


Long Grove

AT SEASIDE FARMS

AN EXCEPTIONAL CONDOMINIUM CONVERSION OPPORTUNITY

THE BEACH COMPANY | L.J. MELODY


INVESTMENT PROPERTIES • MULTI-HOUSING
THE BEACH COMPANY | L.J. MELODY

Long Grove

AT SEASIDE FARMS

Notices and Disclosure: Prospective purchasers should carefully review the complete Notices and Disclosures contained herein. These notices include, at a minimum, 1) Environmental Aspects and Condition of Property, 2) Applicable Laws, 3) National Flood Insurance Program ("Program"), and 4) Agency Relationship policy.

Offering Information: "Offering Information" is defined as all information presented in this brochure as well as financial, underwriting, maps, market information, property information, management reports, and any other information being provided by The Beach Company and L.J. Melody.

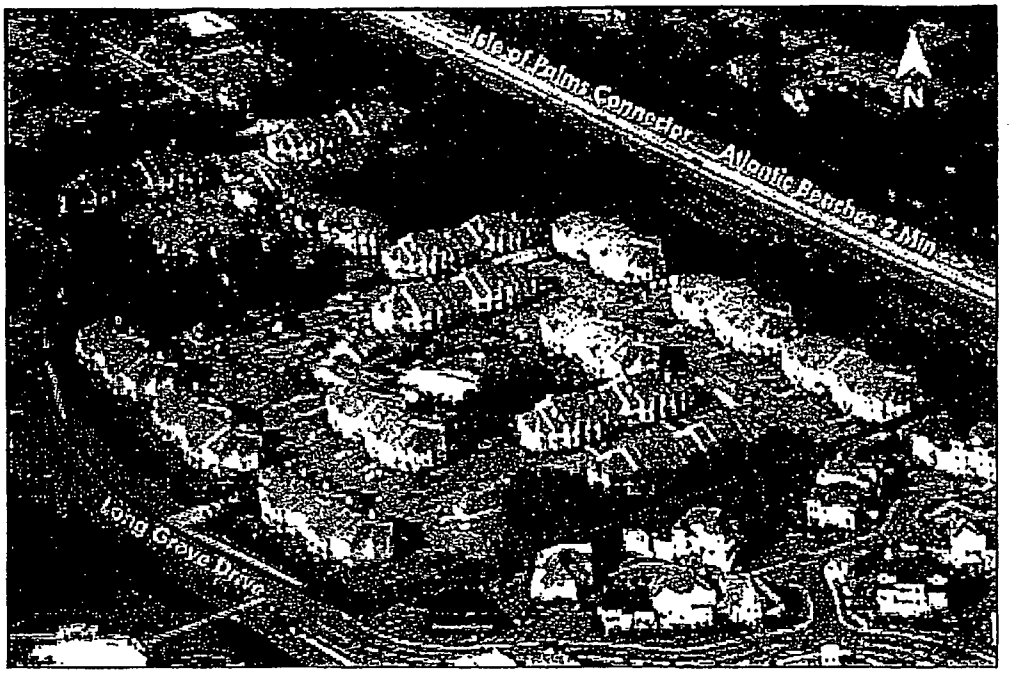
Confidentiality: By accepting the Offering Information, you agree that you will hold and treat it in the strictest confidence, that you will not disclose the Offering Information or any of its contents to any other entity (except to outside advisors retained by you if necessary for your determination of whether or not to make a proposal and from whom you have obtained an agreement of confidentiality) without the prior written authorization for Owner or The Beach Company and L.J. Melody, and that you will not use the Offering Information or any of its contents in any fashion or manner detrimental to the interests of Owner or The Beach Company and L.J. Melody.

Reliance Upon Information: No representation is made by The Beach Company and L.J. Melody or Owner as to the accuracy or completeness of the Offering Information. Nor shall any information presented be relied on as a promise or representation of the future performance of the property. We obtained the information above from sources we believe to be reliable. However, we have not verified its accuracy and make no guarantee, warranty or representation about it. It is submitted subject to the possibility of errors, omissions, change of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice. We include projections, opinions, assumptions or estimates for example only, and they may not represent current or future performance of the property. You and your tax and legal advisors should conduct your own investigation of the property and transaction. The Offering Information does not constitute a representation that there has been no change in the business or affairs of the property since the date of preparation of the Offering Information. Analysis and verification of the information contained in the Offering Information is solely the responsibility of the prospective purchaser.

Agreement to Sell: Owner expressly reserves the right, at its sole discretion, to reject any and all expressions of interest or offers regarding the property and/or terminate discussions with any entity at any time with or without notice.

Agency and Brokerage Commissions: In this transaction, The Beach Company and L.J. Melody represents the Seller only and The Beach Company and L.J. Melody shall receive all of its compensation from the Seller only. No brokerage commission or finder's fee shall be payable to any party by Owner or L.J. Melody or any affiliate or agent thereof in connection with the sale of the Property unless agreed to in writing by The Beach Company and L.J. Melody.

If after reviewing this information you have no further interest in purchasing the Property, kindly return this information to: South Florida Multi-Housing Group, The Beach Company and L.J. Melody, 777 Brickell Avenue, Suite 900, Miami, Florida 33131.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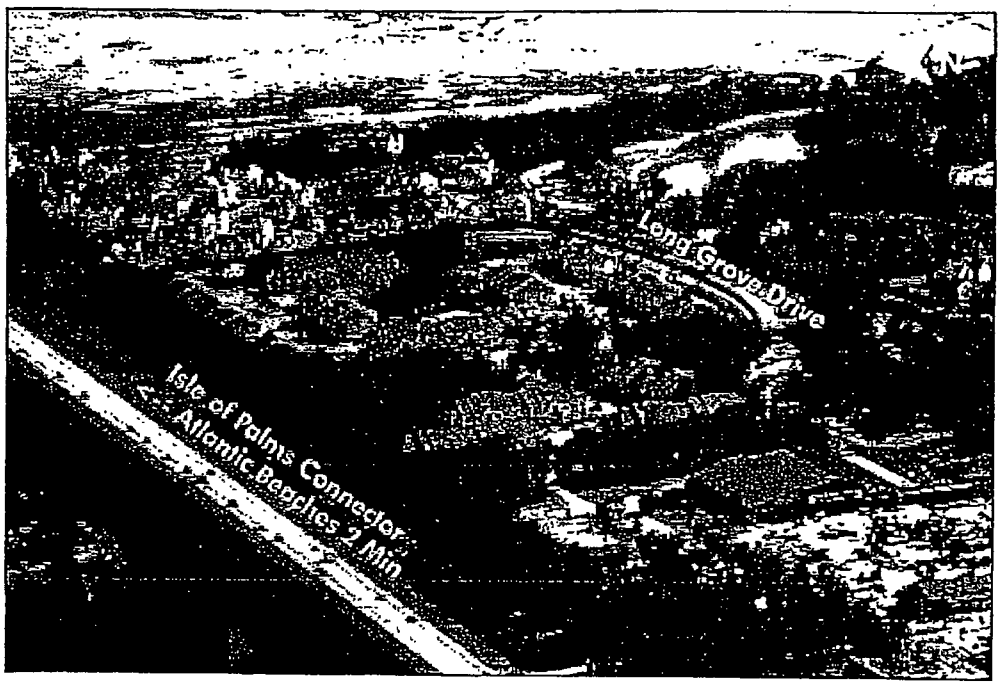

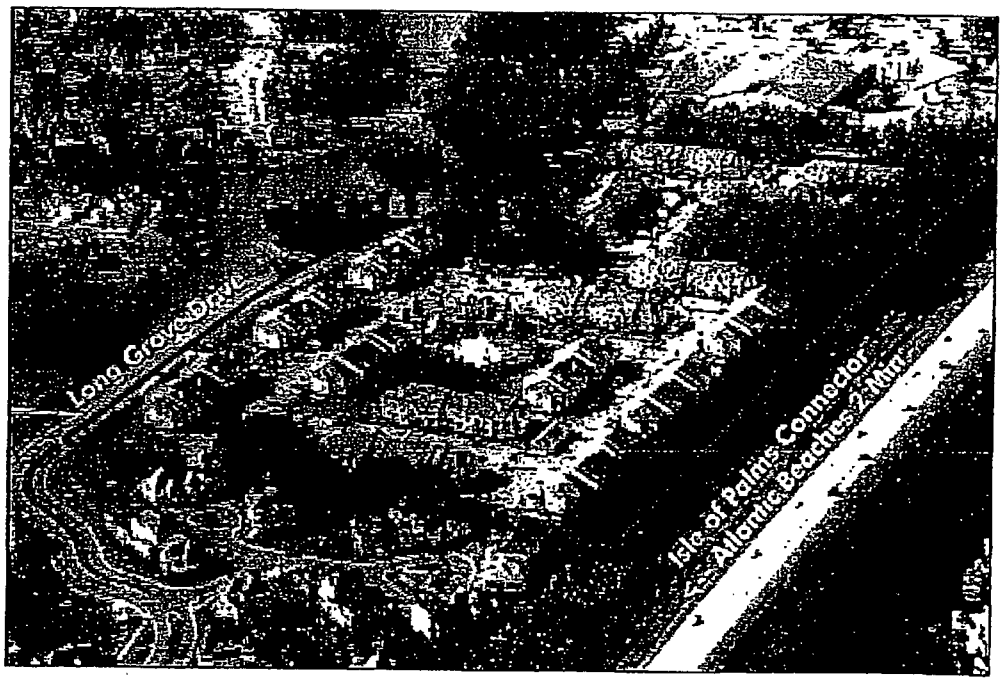

THE BEACH COMPANY | L.J. MELODY

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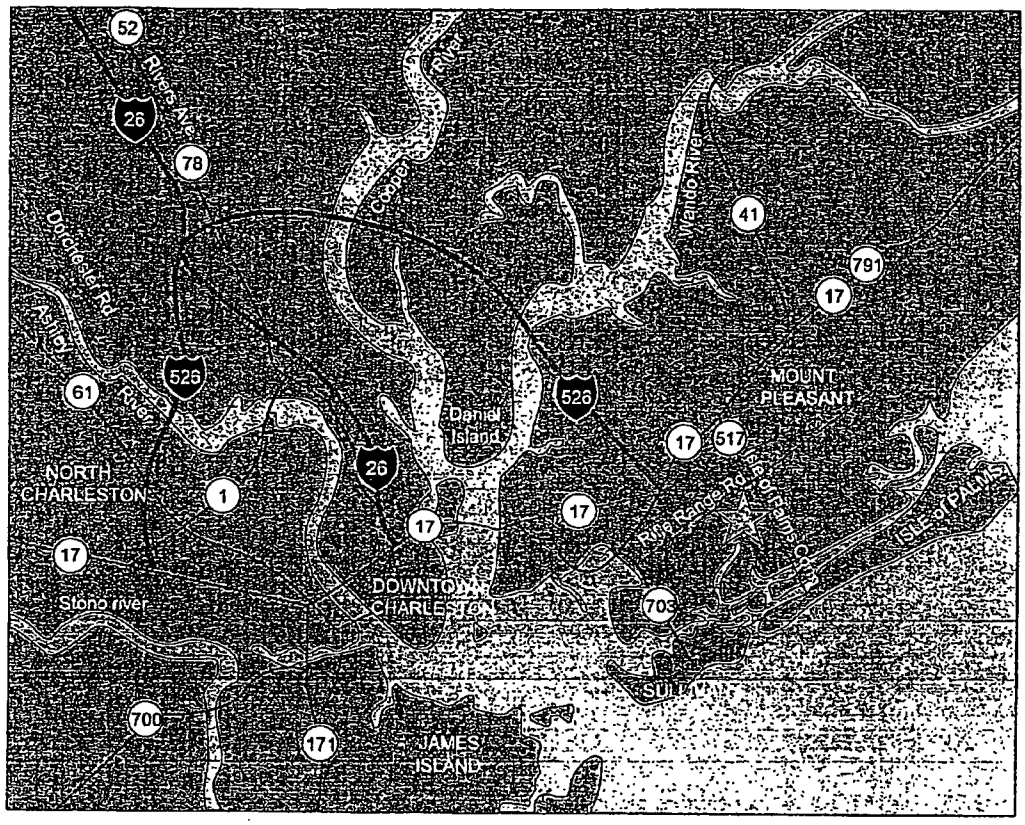


Location: 1600 Long Grove Drive, Mt. Pleasant, SC 29464

Directions: Long Grove is conveniently located within Seaside Farms of Mt. Pleasant. Take 17 North into Mt. Pleasant. Turn right on the Isle of Palms Connector (517) towards the beach. After passing Rifle Range Road, the entrance to the Property is on the right.

Preface ..... Introduction and Offering Process

- Aerials
- Location Map
- Directions
- Offering Process and Confidentiality

Section I ..... Executive Summary

- Executive Summary
- Property Differentiation
- Converters
- Income Investors
- Offers
- Investment and Property Summary

Section II ..... Property Profile

- Photo Gallery
- Property Information
- Common Amenities
- Unit Interior Features
- Building Description
- Mechanical/Electrical/Plumbing
- Paving/Parking
- General Description
- Site Map
- Floor Plans

Section III ..... Financial Analysis

- Financial Summary
- Fiscal Year One Pro Forma Operating Statement
- 5-Year Cash Flow Analysis and Historical Comparison To Forecast
- Income Footnotes
- General Expenses

Section IV ..... Rental Market Overview

- The Charleston Submarket
- Sales Comparables Analysis, Map & Chart
- Rent Comparables Map, Chart, & Analysis

Section V ..... Condominium Market Overview

- Long Grove: An Outstanding Condo-Conversion Opportunity
- Growing Demand For Condominiums
- Summary of Comparable Condominium Properties
- Gross Potential Sell Out
- Overview of Home Ownership Markets
- Charleston Condominium Market Comparables
- Condo Comparables Map & Chart

Section VI ..... Area & Economic Overview

- The Town of Mount Pleasant, South Carolina
- Rapid Economic Growth
- Income Growth
- Cost of Living
- Quality of Life

Section VII ..... Appendix

- Confidentiality and Conditions
- Disclosures and Disclaimers

We obtained the information above from sources we believe to be reliable However, we have not verified its accuracy and make no guarantee, warranty or representation about it. It is submitted subject to the possibility of errors, omissions, change of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice. We include projections, opinions, assumptions or estimates for example only, and they may not represent current or future performance of the property. You and your tax and legal advisors should conduct your own investigation of the property and transaction.

INTRODUCTION

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

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

MARKETING PRESENTATIONS & PROPERTY TOURS

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

Robert Given	John Farrell	William Shanaman
Vice President	Director	Vice President
Tel: (305) 374-1000	Tel: (770) 730-3668	Tel: (843) 277-3022
robert.given@ljmelody.com	john.farrell@ljmelody.com	bshanaman@thebeachcompany.com

CONSIDERATION OF OFFERS

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

No brokerage commission or finder's fee shall be payable to any party by the Owner or The Beach Company and L.J. Melody or any affiliate thereof in connection with the sale of the Property unless otherwise agreed to by The Beach Company and L.J. Melody.

LETTERS OF INTENT

Offers should be submitted no later than December 10, 2004 at 5:00PM Eastern Standard Time, in the form of a nonbinding letter of intent, and should specify at least the following:

- Pricing
- Feasibility Period
- Closing Period
- Earnest Money
- Contingencies (if any)
- Outstanding issues not addressed in another section of the Letter of Intent
- References
- Documentation of previously completed transactions
- Sources of Funds
- Consents and/or approvals needed for closing
- Any other information having a direct bearing on the investor's ability to close the proposed transaction.

The nonbinding Letter of Intent must be submitted via mail, overnight courier, or facsimile to:

Robert Given
Vice President, L.J. Melody
777 Brickell Avenue, Suite 900
Miami, FL 33131
Tel: (305) 374-1000
Fax: (305) 381-6455

NOTIFICATION OF SELECTION

After expiration of the offer deadline, Owner will determine whether to choose a single potential investor or respond to the top tier of potential investors and provide them an opportunity to enhance their offers.

COSTS AND EXPENSES

Any potential investor will bear all costs of its own investigation and evaluation of the Property, including the fees and disbursements to its own counsel and advisors.

CONFIDENTIALITY

This Offering Memorandum and its contents, except such information, which is a matter of public record or is provided in sources available to the public, are of a confidential nature. By accepting the Offering Memorandum, you agree that you will hold and treat it in the strictest confidence, that you will not photocopy or duplicate it, that you will not disclose the Offering Memorandum or any of its contents to any other entity (except to outside advisors retained by you if necessary, for your determination of whether or not to make a proposal and from whom you have obtained an agreement of confidentiality) without the prior written authorization of the Owner or The Beach Company and L.J. Melody, and that you will not use the Offering Memorandum or any of its contents in any fashion or manner detrimental to the interest of the Owner or The Beach Company and L.J. Melody.

The Beach Company and L.J. Melody discloses that it represents only the Owner in this transaction, and The Beach Company and L.J. Melody's compensation shall be paid by the Owner only. Prospective purchasers should carefully review the notices and disclosures contained within this Offering Memorandum.

Clubhouse/Leasing Office and Olympic-sized Swimming Pool

EXECUTIVE SUMMARY

Long Grove is a 272-unit apartment community located just northeast of Charleston in Mount Pleasant, South Carolina, within the quaint community of Seaside Farms, consisting of 17, two-story garden-style apartment buildings and one distinctive clubhouse and amenity building. The property's favorable unit mix of two and three-bedrooms (75%), quality finishes on par with brand new condominiums, and ideal location proximate to the Atlantic Beaches, Charleston Historic and Central Business Districts combine for a unique opportunity for condominium conversion. With a proven track record of strong operating performance, investors of Long Grove should continue to enjoy significant investment returns.

Average Market Rent	$967
Average Market Rent/SF	$0.91
Average Unit Size	1,057
Year Completed	2000

Built in 2000, Long Grove consists of 17 two-story residential buildings and one centrally located clubhouse and amenity building. Community amenities include an Olympic-sized swimming pool in a tropical setting, clubhouse with 24-hour fully equipped fitness center and business center with conference room, community grill area, and 30 detached remote entry garages.

Clubhouse

Long Grove's location less than one mile from Interstate 526, a major Charleston beltway, affords residents easy access to the major central business districts of Charleston and surrounding suburbs. The Mt. Pleasant location allows residents at Long Grove to live close to work with short commute times while enjoying the quiet, family-oriented seaside lifestyle.

Long Grove is bordered by single-family homes and townhomes, affording its residents a comfortable and secure neighborhood lifestyle. The surrounding area within a five-mile radius has owner occupancy of over 70%, with a 2003 estimated average family household income reported over $108,500 (Claritas).

Long Grove is proximate to several retail centers, including the neighborhood shopping center, *Shoppes at Seaside Farms* and *Mount Pleasant Towne Centre*. *The Shoppes at Seaside Farms* features a grocery store, Target, restaurants, pub and more, while *Mount Pleasant Towne Centre* features approximately 60 stores, encompassing 425,000 square feet, including national retailers such as Barnes & Noble, Bed, Bath & Beyond, Banana Republic, Gap, and Pier 1 Imports. Located just five miles west of Long Grove is the *Daniel Island Town Center*, the 190-acre mixed-use commercial and pedestrian districts featuring specialty shops, businesses, restaurants and higher-end residential housing, reminiscent of a South Carolina coastal village.

The neighborhood, location, amenities and quality interior finishes draw residents to the market, a positive trend that is expected to continue long into the foreseeable future.

Property Differentiation

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

Converters

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

Income Investors

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

Offers

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

INVESTMENT SUMMARY	
Offering Price	UNPRICED
Offering Price / Unit	N/A
Offering Price / Sq.Ft.	N/A

PROPERTY SUMMARY	
Number of Units	272
Property Address	1600 Long Grove Drive, Mount Pleasant, SC 29464
Acreage of Site	19.44 Acres or 14.0 Units Per Acre
Total Air-conditioned Sq. Ft.	287,532 square feet
Average Unit Size	1,057 Square Feet
Year Completed	2000
No. and Type of Buildings	17, two-story residential buildings and one clubhouse and amenity building
Construction	Buildings consist of wood frame construction featuring brick and lap siding exteriors, with gabled shingle roofs.
Parking	486 parking spaces and 30 detached garages, or 1.9 spaces per unit
Common Area Amenities	Olympic-sized swimming pool with spacious sundeck 24-Hour fitness center Resident business center with conference room Car-care area Concierge services 24-Hour laundry facility Detached remote-entry garages Community grill area Clubhouse
Unit Amenities	9- Foot Ceilings European designer cabinets Fully-equipped kitchens Fireplaces Spacious walk-in closets Washer/dryer connections Screened terraces Disability access Cable ready

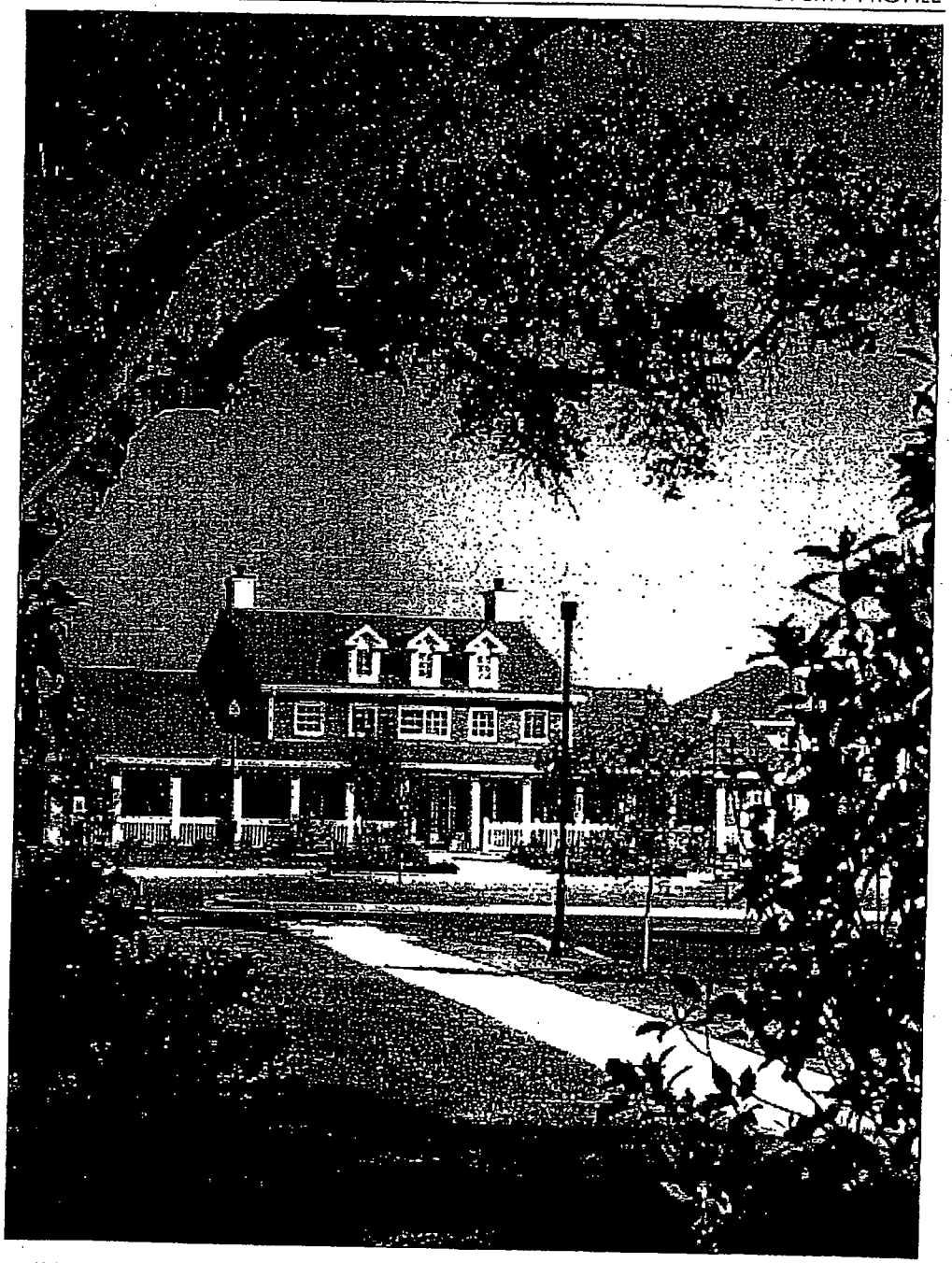
FINANCIAL SUMMARY			
Units	272	FY1 Total Income	$3,166,927
Occupancy (As of 10/29/04)	96.6%	FY1 NOI	$1,900,256
Current Base Market Rent	$941	FY1 NOI Per Unit	$6,986
Plus Premiums	$26	FY1 NOI Per SF	$6.61
Total Market Rent	$967		
Current Market Rent/SF	$0.91		

Note: Please refer to the Financial Analysis (Section III) for additional financial information.

Unit Type	# of Units	% of Mix	Net A/C SqFt	Base Mkt Rent	Rent Per/SqFt	Total SqFt
1 BR / 1 BA	68	25.0%	850	$810	$0.95	57,800
2 BR / 1 BA	40	14.7%	924	$895	$0.97	36,960
2 BR / 2 BA	96	35.3%	1,112	$945	$0.85	106,752
3 BR / 2 BA	68	25.0%	1,265	$1,095	$0.87	86,020
Total/Wtd. Avg.	272	100%	1,057	$941	$0.89	287,532

Note: The Beach Company and L.J. Melody have not independently verified the unit square footages.

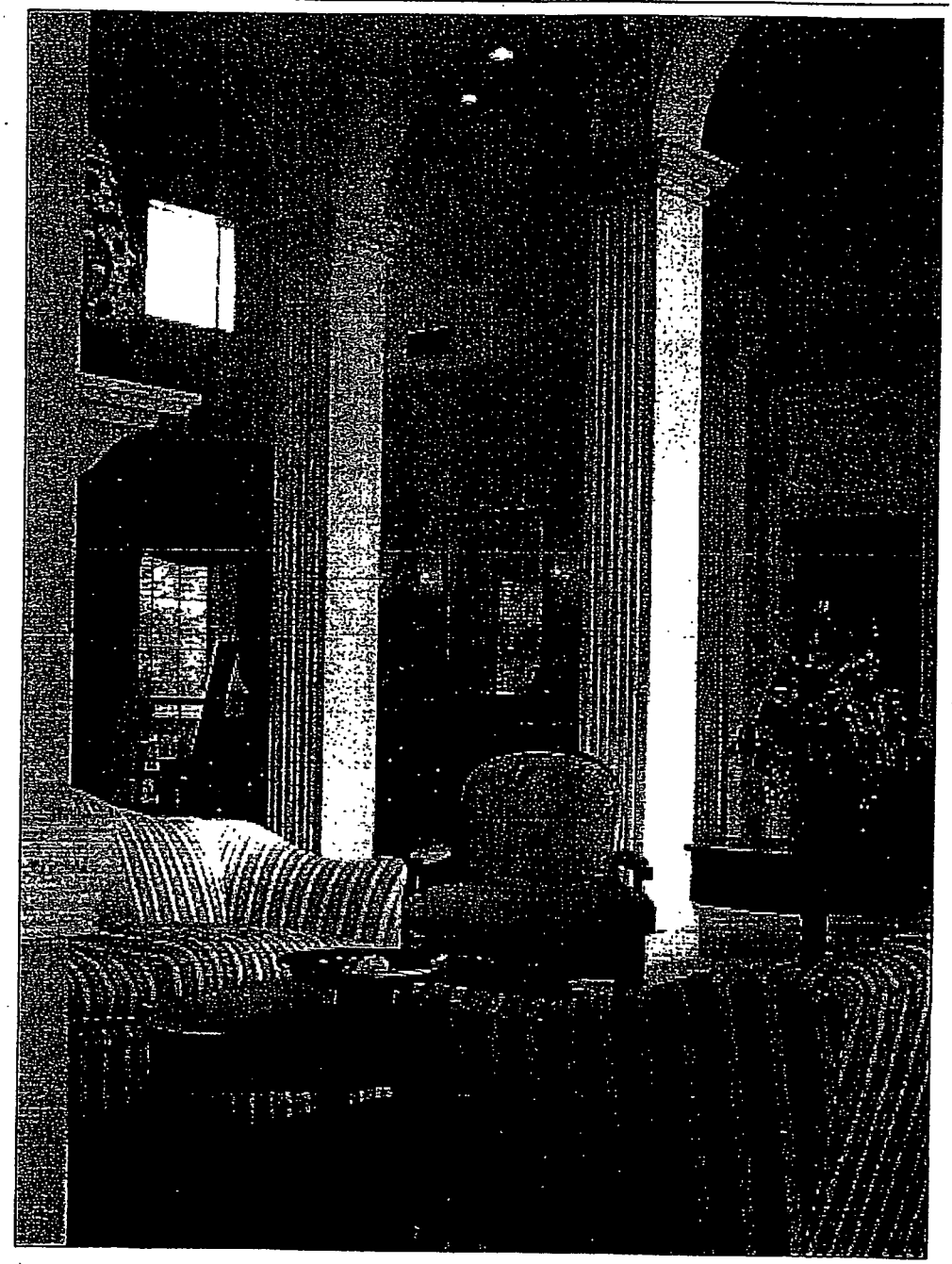
Description	Occupied	Vacant	Total
Unit Count	263	9	272
% of Total	96.6%	3.4%	100%
Market Rent	$254,087	$8,943	$263,030
Actual Rent	$228,678	$8,049	$236,727



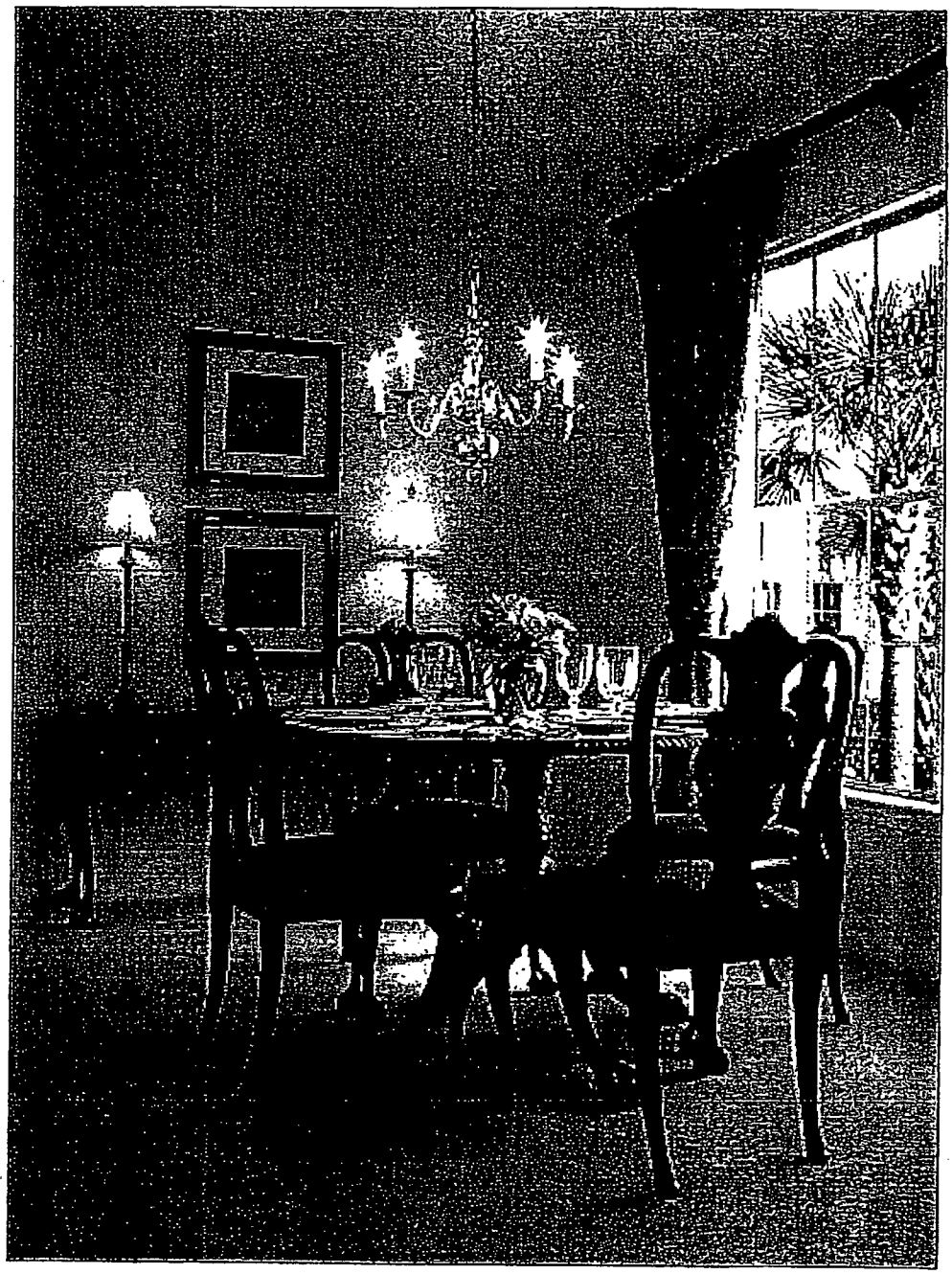
Clubhouse/Leasing Office

Clubhouse, Barbecue Grill

Residential Buildings



Clubhouse



Dining Room, Residential Unit

Address
1600 Long Grove Drive, Mount Pleasant, SC 29464

Location
The property is located in the southeast quadrant of Rifle Range Road and Isle of Palms Connector, on the eastern side of Long Grove Drive. The Property is 2 minutes from the Atlantic Beaches and proximate to South Carolina's Charleston's Historic and Central Business Districts, Daniel Island Town Center, and Interstate 526.

Site Layout
Long Grove consists of 272 units contained in 17 two-story residential buildings, plus 1, one-story clubhouse featuring fitness and business centers and laundry facilities. The site itself is irregular in shape. The Property's boundaries are: The Marais townhomes to the southeast; The Shoppes at Seaside Farms to the northwest; an upscale single-family home development to the west; and Isle of Palms Connector to the northeast.

Construction
The Property consists of wood frame construction. Roofs are gabled featuring shingles. Exterior walls are finished with wood, brick and hardi-plank siding. The interior walls are flat textured sheetrock walls and ceiling heights are 9 feet. Windows are sliding, double paned and consist of wood frame.

Land Area
19.44 Acres or a Density of 14.0 Units Per Acre

Zoning
RU-4L (Limited Apartment House).

Utilities
Below is a summary of public utilities connected to the property as well as additional service providers.

Utility/Service	Provider
Electricity	SCE & G
Water/Sewer	Mount Pleasant Water Works
Telephone	BellSouth
Cable TV	Comcast

Jurisdiction and Taxes

Jurisdiction:	Charleston County
Folio Number:	561-00-00-147
Tax Year:	2003

Access/Signage/Visibility
A single point of ingress and egress is located along Long Grove Drive, where Property signage can be seen. Also, the property has high visability along the Isle of Palms Connector.

Common Amenities

- Olympic-sized swimming pool with spacious sundeck and tropical setting
- One-story clubhouse
- 24-Hour fully-equipped fitness center
- Resident business center with conference room
- Car-care area
- Concierge services
- 24-Hour laundry facility
- Detached remote entry garages
- Community grill area

Clubhouse

Unit Interior Features

- 9-Foot ceilings
- European designer cabinets
- Fully-equipped kitchens
- Fireplaces*
- Spacious walk-in closets
- Washer/dryer connections
- Screened terraces*
- Disability access*
- Cable ready

*In Select Units

Clubhouse

Living Room, Residential Unit

Residential Porch

Clubhouse

Building Description

Year Completed:	2000
Number of Units:	272
Total SqFt:	287,532
Average SqFt:	1,057
Building Style:	Garden
No. Floors:	Two-story; 6 feet elevation of ground floor
Stairs/Breezeways:	All units offer direct access
Exterior Materials:	Wood, brick, and hardi-plank siding
Roof Construction:	Gable
Roof Covering:	Architectural asphalt shingles
Foundation/Footings:	Load bearing masonry
Elevated Flooring System:	Concrete over plywood decking

Mechanical/Electrical/Plumbing

HVAC System:	Individually split systems, located outside on built deck areas
Heating:	Electric powered heating units (located in mechanical closets)
Air Conditioning:	Electric A/C
Ventilation:	Electric air handler w/evaporator coils (in mechanical closets)
Water Heater:	Individual, sub-metered 50-gallon electric hot water heaters
Electrical:	Sub-metered, circuit breaker panel in each unit
Plumbing:	PVC
Water Meters:	Sub-metered

Wood, Brick and Hardi-Plank Siding Exteriors

Gabled, Shingle Roofs

Paving/Parking
Parking lots and drives are paved with asphalt and are lined with concrete sidewalks, curbing and gutters. There are 516 total parking spaces or 1.9 spaces per unit. Parking details per a property count are as follows:

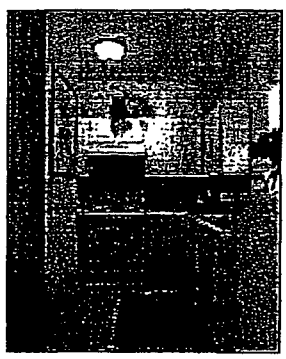
Standard Spaces	486
Detached Remote Entry Garages	30
Total Spaces	516
Overall ratio per unit	1.9

General Description
Unit Interiors
Apartment finishes are typical for this property type, with painted sheetrock interiors and 9-foot ceilings, ceramic tile in foyers, vinyl tile in kitchen and bath areas, and carpet throughout main living areas. Doors are metal with a hollow core. Units have individual HVAC systems and 50-gallon water heaters. All windows are double-pane and sliding, consisting of wood frame with screens. Custom lighting fixtures can be found in kitchens and bathrooms, brass chandeliers in dining rooms and recessed "eyeball" fixtures in living rooms.

Kitchens
Kitchens have a white color scheme with European cabinetry and the following GE appliances: refrigerators, electric ovens/ranges, re-circulating oven vent hoods. All units have vinyl tile flooring, custom lighting fixtures.

Bathrooms
Bathrooms have vinyl tile flooring and ceramic shower walls, enameled steel tubs with ceramic tile surrounds, chrome finished faucets and toilets. (One residential unit has a shower stall.)

Miscellaneous
All units have private terraces or screened porches. First floor homes are elevated six feet above ground, enhancing privacy and views.

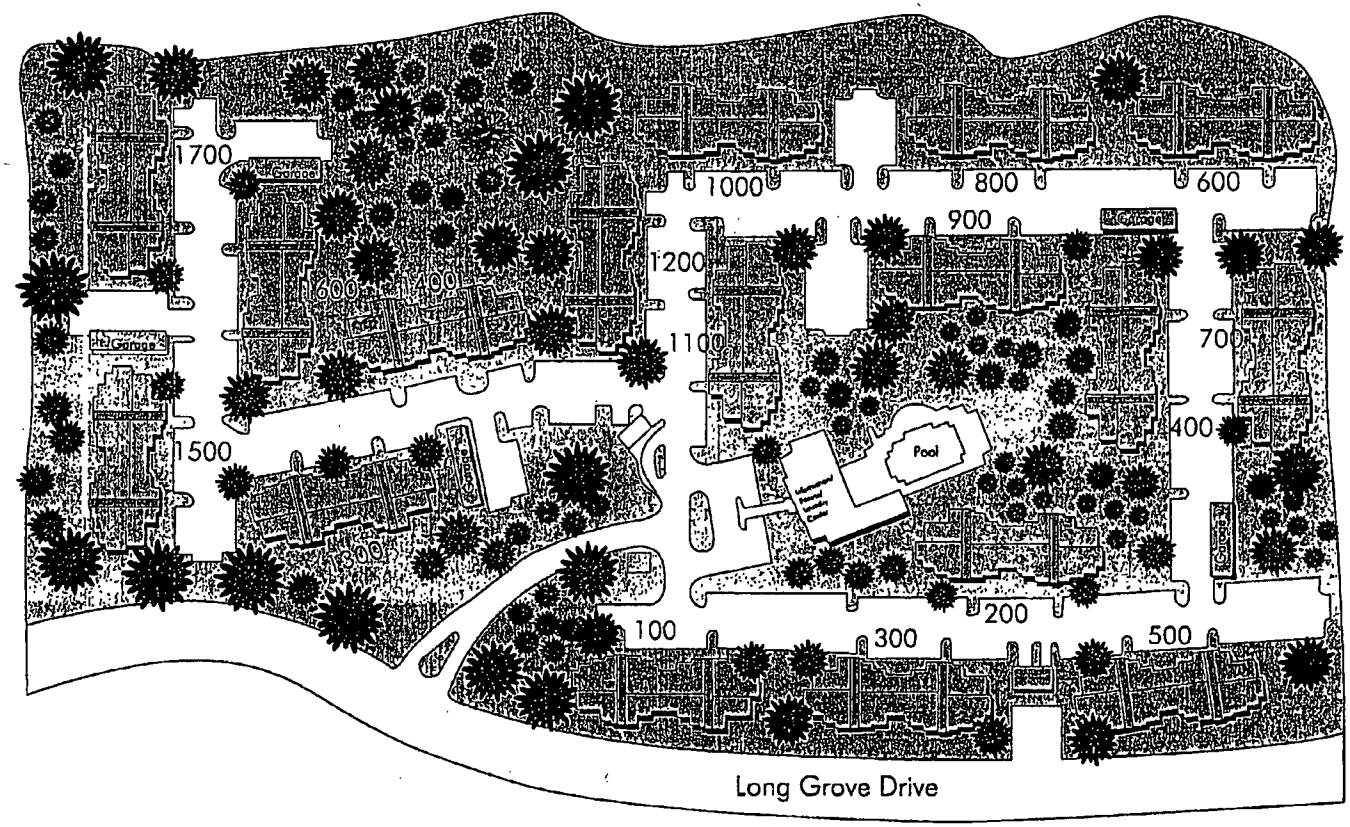


Kitchen, Residential Unit

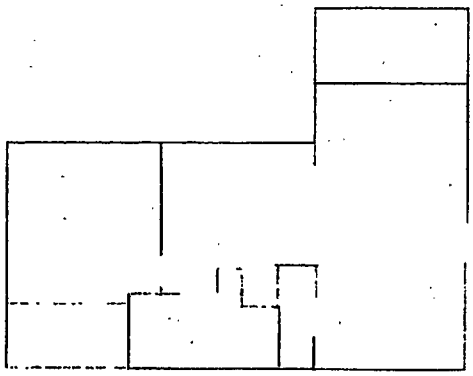
Living Room, Residential Unit

Bedroom, Residential Unit

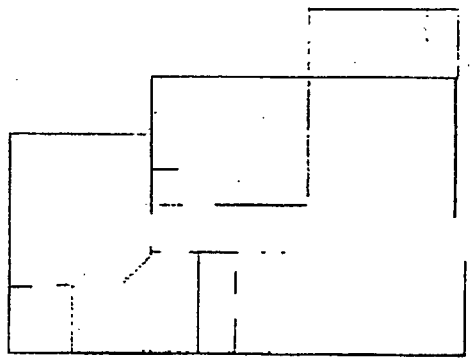
SITE MAP


1700
1000
800
600
900
1200
1600
400
1100
700
1500
400
Pool
200
100
300
500
Long Grove Drive

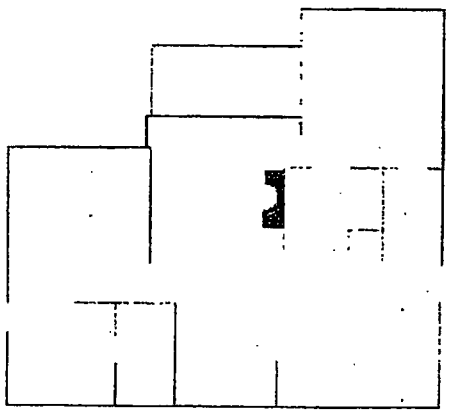
FLOOR PLANS



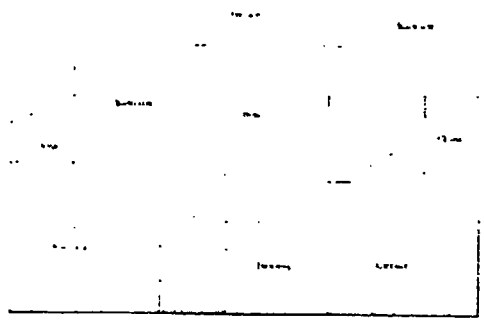
The Gloria
One Bedroom/One Bathroom
850 Square Feet



The Majestic
Two Bedrooms/One Bathroom
924 Square Feet



The Riviera
Two Bedrooms/Two Bathrooms
1,112 Square Feet



The Victoria
Three Bedrooms/Two Bathrooms
1,265 Square Feet

LONG GROVE FINANCIAL SUMMARY

The Beach Company and L.J. Melody has not provided a detailed condominium conversion cash-flow analysis, as this would vary considerably based on the individual's planned capital improvements and their ability to execute during the conversion process.

For the purposes of understanding the future income potential of Long Grove as a stabilized apartment community, a pro forma income statement has been summarized within this section.

FINANCIAL SUMMARY			
Units	272	FY1 Total Income	$3,166,927
Occupancy (As of 10/29/04)	96.6%	FY1 NOI	$1,900,256
Current Base Market Rent	$941	FY1 NOI Per Unit	$6,986
Plus Premiums	$26	FY1 NOI Per SF	$6.61
Total Market Rent	$967		
Current Market Rent/SF	$0.91		

Note: Please refer to the Financial Analysis (Section III) for additional financial information.

Unit Type	# of Units	% of Mix	Net A/C SqFt	Base Mkt Rent	Rent Per/SqFt	Total SqFt
1 BR / 1 BA	68	25.0%	850	$810	$0.95	57,800
2 BR / 1 BA	40	14.7%	924	$895	$0.97	36,960
2 BR / 2 BA	96	35.3%	1,112	$945	$0.85	106,752
3 BR / 2 BA	68	25.0%	1,265	$1,095	$0.87	86,020
Total/Wtd. Avg.	272	100%	1,057	$941	$0.89	287,532

Note: The Beach Company and L.J. Melody have not independently verified the unit square footages.

RENT ROLL SUMMARY			
Description	Occupied	Vacant	Total
Unit Count	263	9	272
% of Total	96.6%	3.4%	100%
Market Rent	$254,087	$8,943	$263,030
Actual Rent	$254,678	$8,049	$236,727

FISCAL YEAR ONE PRO FORMA OPERATING STATEMENT

INCOME			Monthly	Annually
Current Market Rents (CMR)			**$267,000**	**$3,204,000**
Projected Rent Increases	3.0% of CMR		8,010	96,120
Scheduled Market Rent (SMR)			**$275,010**	**$3,300,120**
Less: Leases Below Market	1.5% of SMR		(4,125)	(49,502)
Gross Potential Rent (GPR)			**$270,885**	**$3,250,618**
Less: Concessions	-1.0% of GPR		(2,709)	(32,506)
Less: Vacancy	-5.0% of GPR		(13,544)	(162,531)
Less: Non-revenue Units	-0.4% of GPR		(1,084)	(13,002)
Less: Bad Debt	-0.3% of GPR		(813)	(9,752)
Effective Rental Income (EFI)	**-6.7% of GPR**		**$252,736**	**$3,032,827**
Other Income				
Other Income			11,175	134,100
TOTAL INCOME (TI)			**$263,911**	**$3,166,927**

EXPENSES	Per SF	Per Unit	Monthly	Annually
Salaries & Payroll	$0.84	$892	$20,225	$242,703
Contracts & Landscape	0.19	200	4,533	54,400
Repairs & Maintenance - Recurring	0.12	125	2,833	34,000
Make Ready	0.14	150	3,400	40,800
Utilities	0.19	200	4,533	54,400
Administrative	0.14	147	3,333	40,000
Marketing & Promotions	0.17	184	4,167	50,000
Management Fees	0.33	349	7,917	95,008
Real Estate Taxes	1.39	1,471	33,333	400,000
POA Fees	0.06	59	1,333	16,000
Insurance	0.57	600	13,600	163,200
OPERATING EXPENSES	**$4.14**	**$4,377**	**$99,209**	**$1,190,511**
Reserves (Non-recurring R&M)	0.14	150	3,400	40,800
TOTAL EXPENSES	**$4.28**	**$4,527**	**$102,609**	**$1,231,311**
NET OPERATING INCOME	**$6.74**	**$7,116**	**$161,301**	**$1,935,616**

5-YEAR CASH FLOW ANALYSIS AND HISTORICAL COMPARISON TO FORECAST

	2004 Annualized (thru September)	FY1	per unit	FY 2	FY 3	FY 4	FY 5	FY 6
Current Market Rents (CMR)	$3,147,685	$3,204,000	$11,779	$3,300,120	$3,399,124	$3,501,097	$3,606,130	$3,714,314
Projected Rent Increases	$0	$96,120	$353	$99,004	$101,974	$105,033	$108,184	$111,429
Scheduled Market Rent	$3,147,685	$3,300,120	$12,133	$3,399,124	$3,501,097	$3,606,130	$3,714,314	$3,825,744
Market Rent Deviations (Loss-to-Lease)	($66,433)	($49,502)	($182)	($50,987)	($52,517)	($54,092)	($55,715)	($57,386)
Gross Potential Rent	$3,081,252	$3,250,618	$11,951	$3,348,137	$3,448,581	$3,552,038	$3,658,599	$3,768,357
Concessions	($47,432)	($32,506)	($120)	($33,481)	($34,486)	($35,520)	($36,586)	($37,683)
Vacancy	($183,545)	($162,531)	($598)	($167,407)	($172,429)	($177,602)	($182,930)	($188,418)
Non-revenue Units	($61,680)	($13,002)	($48)	($13,392)	($13,794)	($14,208)	($14,634)	($15,073)
Bad Debt	($4,964)	($9,752)	($36)	($10,045)	($10,346)	($10,656)	($10,976)	($11,305)
Effective Rental Income	$2,783,631	$3,032,827	$11,150	$3,123,812	$3,217,526	$3,314,052	$3,413,474	$3,515,878
Other Income								
Other Income	$241,455	$134,100	$493	$138,123	$142,267	$146,535	$150,931	$155,459
TOTAL INCOME	$3,025,086	$3,166,927	$11,643	$3,261,935	$3,359,793	$3,460,587	$3,564,404	$3,671,336
EXPENSES								
Salaries & Payroll	$291,060	$242,703	$892	$249,984	$257,484	$265,208	$273,164	$281,359
Contracts & Landscape	$46,123	$54,400	$200	$56,032	$57,713	$59,444	$61,228	$63,065
Repairs & Maintenance	$64,643	$34,000	$125	$35,020	$36,071	$37,153	$38,267	$39,415
Make Ready	$67,711	$40,800	$150	$42,024	$43,285	$44,583	$45,921	$47,298
Utilities	$55,961	$54,400	$200	$56,032	$57,713	$59,444	$61,228	$63,065
Administrative	$72,592	$40,000	$147	$41,200	$42,436	$43,709	$45,020	$46,371
Marketing & Promotions	$48,331	$50,000	$184	$51,500	$53,045	$54,636	$56,275	$57,964
Management Fees	$130,821	$95,008	$349	$97,858	$100,794	$103,818	$106,932	$110,140
POA Fees	$16,395	$16,000	$59	$16,480	$16,974	$17,484	$18,008	$18,548
Real Estate Taxes	$256,693	$400,000	$1,471	$412,000	$424,360	$437,091	$450,204	$463,710
Insurance	$190,309	$163,200	$600	$168,096	$173,139	$178,333	$183,683	$189,194
OPERATING EXPENSES	$1,240,639	$1,190,511	$4,377	$1,226,226	$1,263,013	$1,300,904	$1,339,931	$1,380,129
Reserves (Non-recurring R&M)	$64,345	$40,800	$150	$42,024	$43,285	$44,583	$45,921	$47,298
TOTAL EXPENSES	$1,304,984	$1,231,311	$4,527	$1,268,250	$1,306,298	$1,345,487	$1,385,851	$1,427,427
NET OPERATING INCOME	$1,720,102	$1,935,616	$7,116	$1,993,684	$2,053,495	$2,115,100	$2,178,553	$2,243,909

Note: Annualized 2004 reflects the removal of a $58,943 prior year tax bill, plus no forecast of concessions due to burn off schedule.

INCOME FOOTNOTES

Current Market Rent

As of the October 29, 2004 rent roll, Long Grove's total monthly Market Rent was $263,030 or an average of $967 per unit per month ($0.91 per SF). The Unit Mix Summary on page 1 summarizes the property's current market rental rates by unit type.

Projected Rent Increases

The Charleston submarket has shown solid performance over the past few years as evidenced by occupancy rates, which have averaged above 95.0% over the same time frame. For this analysis and based on the strength of the market, a 3.0% market rent increase is projected for FY 1 and 3.0% going forward.

Scheduled Market Rent

Assuming a 3.0% market rent increase in FY 1, Scheduled Market Rent (SMR) equates to $275,010 per month.

Loss-to-Lease

The difference between current market rent and actual contract rent per the leases is defined as Loss-to Lease. With a 3.0% rent increase, FY 1 Loss-to-Lease is projected at 1.50% of SMR, which equals $49,502 in FY 1. Loss-to-Lease is assumed to remain at 1.50% going forward.

Gross Potential Rent

Gross Potential Rent (GPR) reflects an increase from Current Market Rent due to projected rent increases. Based on the assumptions itemized previously for Fiscal Year 1, GPR equals $3,251,050 per annum or $270,921 per month.

Vacancy Loss

As of the October 29, 2004 rent roll, the physical occupancy at the property was 96.6%. Physical occupancy has been conservatively estimated to be 95% for FY1 and 95% going forward.

Concessions

The property has not been utilizing Move-In Concessions since June 2003 or Renewal Concessions since June 2004. All concessions burned off as of August 2004.

Bad Debt Loss

FY1 projections assume a bad debt loss equivalent to 0.30% of GPR or $9,752, which are in line with the property's historical levels and other Class A properties. Going forward, this expense represents 0.30% of GPR.

Non-Revenue Units

The property currently utilizes two units as furnished models (unit 212 – one bedroom and unit 223 – two bedroom). We believe that one model should be utilized going forward, if operated as an income property. Total revenue loss due to one model discount is projected at $13,002, which equates to 0.40% of GPR.

Effective Rental Income

Effective Rental Income (ERI) equals GPR less Vacancy, Concessions, Bad Debt, and Non-Revenue Units. Projected Fiscal Year One ERI totals $3,032,827 or $252,736 per month.

Other Income

Other Income includes month-to-month premiums, laundry income, application fees, termination fees, late fees, pet fees, non-refundable/administrative fees, and other miscellaneous income. Other Income is projected at $134,100 or $41 per unit per year.

Total Income

Total Income equals ERI plus Parking and Other Income and is projected at $3,166,927 or $263,911 per month.

GENERAL EXPENSES

Payroll

Payroll expenses include salaries, bonuses, payroll taxes, health insurance, and other benefits. The property currently employs a total staff of 7 full-time employees (4 Administrative/Leasing, 3 Maintenance).

The analysis assumes the same number of administrative/leasing and maintenance personnel although salaries and benefits are more in line with comparable properties of the same size and scope.

Based on the staffing and salary/bonus levels mentioned above, FY1 payroll expenses are projected at $242,703 or $892 per unit, bringing payroll expense more in line with other comparable properties in the market.

Contracts and Landscape

The forecasted contracts and landscaping expense is $54,400 per annum or $200 per unit for Fiscal Year One. This category consists mainly of landscaping, security, and exterminating.

Repairs and Maintenance

Current ownership has taken great pride in maintaining this asset. The expense line item consists of several miscellaneous categories including Amenity Maintenance, Plumbing, and HVAC repairs. All repairs and Maintenance expenses are projected to be $34,000 or $125 per unit.

Turnover/Make Ready

Make ready expenses reflect the costs to "turnover" the apartment to a new tenant and consist mainly of carpet cleaning/replacement and painting. This expense approximated $121 per unit at Long Grove for 2003/2004, including carpet replacement. TBC/LJM has estimated make ready for Fiscal Year one to be $40,800 or $150 per unit.

Utilities

The forecasted utility expense is $54,400 per annum, or $200 per unit for Fiscal Year One. This category consists of common area utility charges, waste removal, and water/sewer charges for the community. Independently submetered and individually billed by Mt. Pleasant Waterworks.

Administrative Expenses

This expense category includes telephone and internet expenses, office supplies and professional services. TBC/LJM has projected these costs to total $147 per unit, which is in line with expenses of comparable properties.

Marketing & Promotions

The property currently has a comprehensive marketing and promotions program in place using numerous prints, internet, and other miscellaneous media resources. Other miscellaneous marketing and advertising expenses include locators/referrals, signs, and brochures. Total Marketing and Advertising Expenses are projected at $50,000 or $184 per unit.

Management Fees

We project a management fee of 3.0% of Total Income, which equals $95,008 or $349 per unit in FY1. This percentage rate is in line with market rates charged by many leading third party companies for properties of this size and rent structure.

Real Estate Taxes

The Charleston County Assessor assesses taxes at the county level. A property's appraised market value is typically determined using three methods: sales comparable, income and cost approach. Taxes are paid in arrears with a one-percent per month discount for taxes paid in November through February, for a total possible discount of 4.0%.

Forward Tax Projections

For the analysis of Long Grove, we have reset the taxes to be reassessed in Fiscal Year One at the same expense as similar properties in Charleston County, including the full 4% prepayment discount. Our analysis concluded that Fiscal Year One tax expense should be $400,000 or $1,471 per unit.

Insurance

South Carolina in recent years has become very sensitive to rising insurance costs. TBC/LJM has aggressively projected insurance to be $163,000 per annum or $600 per unit in FY1. This assumption is based on the likelihood that the deal will trade to an institutional or large private organization that would possess the ability to wrap this property under an umbrella policy with other out-of-state assets.

Total Operating Expenses

The property's total operating expenses are projected to be $1,231,311 per annum or $4,527 per unit. These operating expenses are 38.7% of Total income and are in line with other properties of this nature in the South Carolina market.

Replacement Reserves

The quality of the construction and continued detailed management of the grounds and buildings will limit further capital expenditures at the property. Therefore, our team has conservatively forecast capital reserve requirements of $150 per unit.

Net Operating Income

Projected Fiscal Year One NOI, after Replacement Reserves, is $1,935,616 annually or $161,301 per month.

Debt

The property is being offered free and clear.

THE CHARLESTON SUBMARKET

Apartment fundamentals in Charleston as a whole continue to be very healthy. This section analyzes the various aspects of the rental market in the Mt. Pleasant submarket and surrounding areas of Long Grove. Overall, the Mt. Pleasant submarket proves to be one of the strongest rental markets in the Charleston County region, as evidenced by its high demand level, building activity and full occupancy level. Statistics presented within this section have been derived from Real Data Reports.

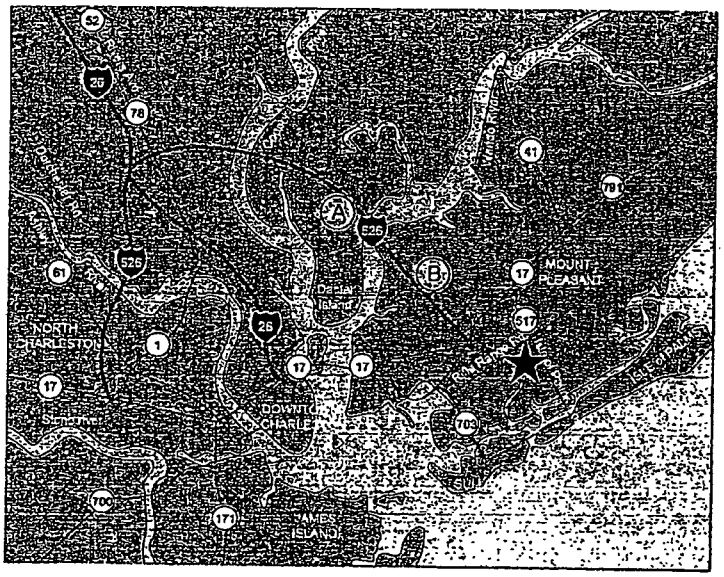
Mt. Pleasant is located east of the Cooper River and Downtown Charleston. Along with Sullivan's Island, Daniel Island and Isle of Palms, Mt. Pleasant is primarily middle to upper-income residential area within Charleston County. Access to downtown is achieved via the twin bridges of the US-17 corridor as well as I-526.

- The Mt Pleasant submarket contains 4,007 apartment units, accounting for almost 15% of the overall market.
- Overall market occupancy is 93.3%.
- The average rent for the Mt. Pleasant submarket stands at $854. Pre-existing inventory rents have increased $17.66 since February.
- There were (-333) units removed from the market due to condominium conversion; of the remaining (-53) rental units at Montclair, and of (-80) units at Bay Club. The remaining units at Bay Club will also be converted as the renters vacate.
- Mt Pleasant had (-144) units absorbed over the past six months, the least absorption of any submarket. However, almost all of the negative absorption was due to the condo conversion.
- There are 244 units proposed at Battery at Park West, located in the Park West development north of Interstate 17. The developer is Wrenn Development.

SALES COMPARABLES

The comparable sales listed below illustrate the current pricing of recent similar properties. Long Grove compares favorably with these assets that were recently sold. Each of the assets highlighted below occupy comparable positions within the Charleston submarket. It should be noted that the following sales are intended to provide a framework for understanding the pricing of similar assets rather than as a direct comparison to Long Grove. Long Grove, with its unique location less than two minutes from the beach, within Seaside Farms, and less than one mile from Interstate 526, its proximity to the major central business districts of historic Charleston, and Daniel Island Town Center, represents a truly unique investment opportunity and will stand on its own in the marketplace.

SALES COMPARABLES MAP



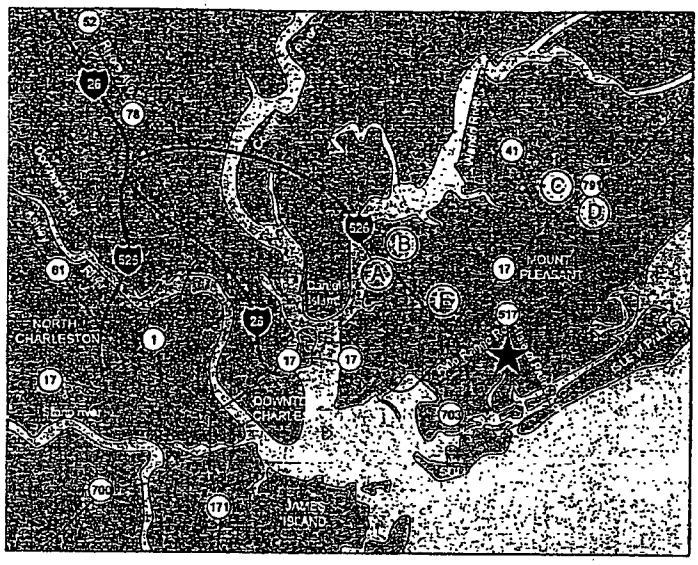
★ Long Grove
1600 Long Grove Dr
Mount Pleasant SC 29464

A Daniel's Landing
130 River Landing Dr
Charleston SC 29492

B Alexan Belle Hall
1600 Belle Point Dr
Mt. Pleasant, SC 29464

Property Name	Sale Date	Sale Price	Price Per Unit	Price Per Sq. Ft.	Year Built	No. of Units
Long Grove 1600 Long Grove Dr Mt. Pleasant, SC 29464	N/A	N/A	N/A	N/A	2000	272
Daniel's Landing 130 River Landing Dr Charleston, SC 29492	03/03	$28,500,000	$96,610	$95	2000	295
Alexan Belle Hall 1600 Belle Point Dr Mt. Pleasant, SC 29464	07/04	$23,050,000	$96,042	$85	2004	240

RENT COMPARABLES



★ Long Grove
1600 Long Grove Dr
Mount Pleasant SC 29464

A River Oaks
100 Eighty Oak Ave
Mount Pleasant SC 29464

B Alexan Belle Hall
1600 Belle Point Dr
Mount Pleasant SC 29464

C Carrington Place at Park West
1300 Park West Blvd
Mount Pleasant SC 29466

D The Legends
1100 Legends Club Dr
Mount Pleasant SC 29466

E Southampton Apartments
2500 Beaucastle Rd
Mount Pleasant SC 29464

Rent Comparables	Yr. Completed / No. of Units	Market Rent	Market Rent/SF
Long Grove 1600 Long Grove Dr Mt. Pleasant, SC 29464	2000 272	$810 - $1,095	$0.85 -$0.95
River Oaks 100 Eighty Oak Ave Mt. Pleasant, SC	2001 360	$725 - $1,230	$0.82 - $0.99
Alexan Belle Hall 1600 Belle Point Dr Mt. Pleasant, SC	2002 240	$815 - $1,340	$0.95 - $1.07
Carrington Place at Park West 1300 Park West Blvd Mt. Pleasant, SC	2000 244	$725 - $1,130	$0.75 - $ 0.89
The Legends 1100 Legends Club Dr Mt. Pleasant	2000 200	$710 - $1,375	$0.72 - $0.95
Southampton Apartments 2500 Beaucastle Rd Mt. Pleasant, SC	1999 240	$754 - $1,205	$0.77 - $0.86

Analysis By Unit Type (Ranked DESCENDING by MARKET RENT)

One Bedrooms:

Property Name	Unit Type	No. Units	Size (SqFt)	Market Rent	Mkt. Rent/SF
The Legends	1/1	8	997	$950	$0.95
Alexan Belle Hall	1/1	18	864	$830	$0.96
Alexan Belle Hall	1/1	90	764	$815	$1.07
Long Grove	1/1	68	850	$810	$0.95
The Legends	1/1	40	875	$785	$0.90
River Oaks	1/1	80	875	$775	$0.89
Carrington Place	1/1	40	872	$770	$0.88
Southampton Apartments	1/1	108	928	$754	$0.81
River Oaks	1/1	64	736	$725	$0.99
Carrington Place	1/1	56	812	$725	$0.89
The Legends	1/1	32	787	$710	$0.90
Totals/Averages		604	841	$772	$0.92

Two Bedrooms:

Property Name	Unit Type	No. Units	Size (SqFt)	Market Rent	Mkt. Rent/SF
The Legends	2/2	8	1,369	$1,185	$0.87
Alexan Belle Hall	2/2	24	1,120	$1,085	$0.97
The Legends	2/2	8	1,222	$1,085	$0.89
Carrington Place	2/2	48	1,289	$970	$0.75
Southampton Apartments	2/2	32	1,204	$970	$0.75
Long Grove	2/2	96	1,112	$945	$0.85
River Oaks	2/2	120	1,149	$945	$0.82
Southampton Apartments	2/2	40	1,139	$925	$0.81
The Legends	2/2	16	1,198	$910	$0.76
Southampton Apartments	2/2	36	1,182	$910	$0.77
Long Grove	2/1	40	924	$895	$0.97
Carrington Place	2/1	48	1,138	$880	$0.77
River Oaks	2/1	48	1,040	$870	$0.84
Totals/Averages		668	1,159	$947	$0.82

Three Bedrooms:

Property Name	Unit Type	No. Units	Size (SqFt)	Market Rent	Mkt. Rent/SF
The Legends	3/2	8	1,596	$1,375	$0.86
Alexan Belle Hall	3/2	12	1,340	$1,340	$1.00
River Oaks	3/2	48	1,387	$1,230	$0.89
The Legends	3/2	16	1,596	$1,225	$0.77
Southampton Apartments	3/2	24	1,412	$1,205	$0.85
Carrington Place	3/2	20	1,387	$1,130	$0.81
Long Grove	3/2	68	1,265	$1,095	$0.87
Totals/Averages		296	1,203	$1,231	$1.02

LONG GROVE: An Outstanding Condo-Conversion Opportunity

Long Grove is very well suited for an immediate condominium conversion. The Property offers investors a strategic, mid-price condominium conversion opportunity in a strong multifamily market. Some of the community's key attributes are:

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

Growing Demand For Condominiums

Condominiums in the Charleston area offer a diverse range of styles and prices. Generally, condominiums located within planned communities or near beach/resort areas have a much higher value than those in typical suburban locations. The majority of current condominium projects are within the eastern suburbs, including Mount Pleasant and Daniel Island.

Several factors are contributing to the renewed popularity of condominiums:

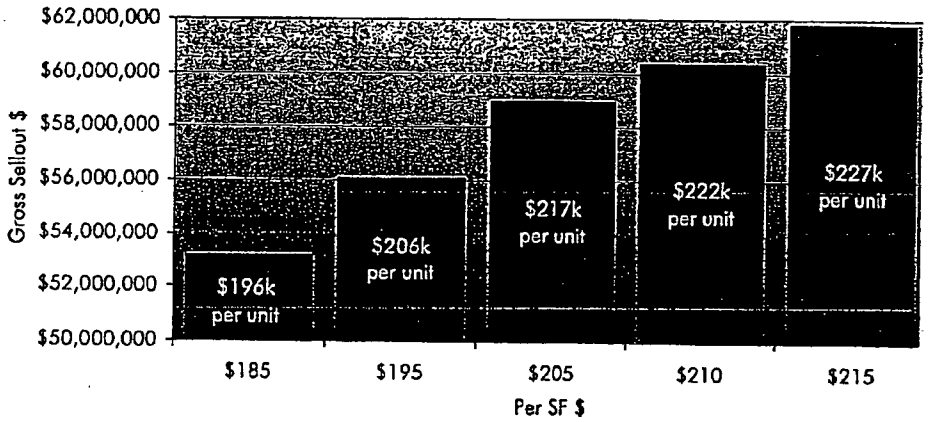
- Pent-up demand due to lack of new product for several years.
- Desire to live closer to downtown Charleston versus commuting from further out.
- Mounting traffic congestion has enhanced the appeal of living closer in.
- Demographic changes have led to more childless households.
- Rising apartment rents and low interest rates favor condominium ownership.
- The negative stigma of condominiums is virtually gone now that prices are up and a resale market exists.
- Sharply increased house prices make condominiums an affordable alternative.

SUMMARY OF COMPARABLE CONDOMINIUM PROPERTIES

Comp. No.	Name	Year Built	Status	No. Units	Avg. $/Sq. Ft.
1	Daniel's Landing 130 River Landing Drive	2000	95% Sold	295	$180
2	Windward Point Long Grove Drive	Proposed	75% Reserved	24	$210
3	Marais at Seaside Farms 1909 Grandview Court	2000-2001	Sold Out	106	$218
4	Hunter Lake Commons 838 Natchez Circle	2002	Sold Out	57	$180

Gross Potential Sell Out

The following table forecasts the total sell out value of Long Grove based on a range of potential sell out prices per air-conditioned square footage and unit count. These prices were determined based on an understanding of present market conditions and comparable sales of condo projects in the surrounding areas:



OVERVIEW OF HOME OWNERSHIP MARKETS

Single Family Home Market

Pricing drives the average homebuyer to consider condominiums as an alternative to single-family home ownership. Overall in Charleston County, the price of single-family homes continues to rise to record numbers. According to Claritas, the 2003 estimated median price of homes were reported as follows:

	Three-Mile Radius	Five-Mile Radius	Mount Pleasant
Median Price of Homes	$216,189	$231,941	$222,617

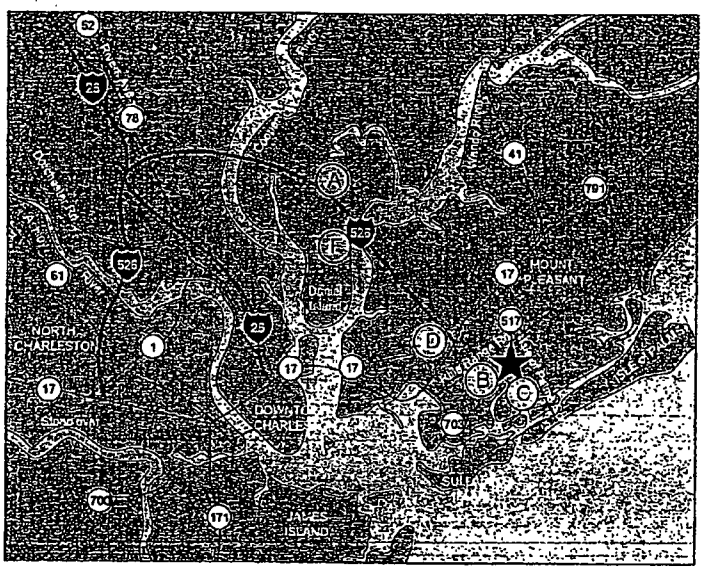
Charleston Condominium Market Comparables

The comparable condominium market in the Charleston submarket consists of 4 condominium properties. While all of the properties share a desirable location within the Charleston submarket, Long Grove would occupy a unique competitive position, given its location in Seaside Farm, access to the Atlantic beaches, amenity package, easy access to Interstate 526, large, spacious floor plans and quality interior finishes.

All of the comparable properties were built between 2000 and 2004. Average comparable condominium prices in this submarket have steadily climbed throughout the past decade. With single-family home prices continuing to escalate and new supply being limited to the last few remaining developable parcels, conversion opportunities such as Long Grove should continue to be well received in the market.

The Beach Company and L.J. Melody have conducted market research of select comparable properties in the Charleston submarket. It is important to note that these comparable properties provide a framework for pricing within the Charleston market and serve primarily as a gauge rather than direct comparable information. Many of the comps are re-sales within communities that have long sold out. The potential sell out of Long Grove will stand on its own in the market and will benefit from a coordinated marketing program lacking with the typical condo resale.

CONDO COMPARABLES MAP



★ Long Grove
1600 Long Grove Dr
Mount Pleasant SC

A Daniel's Landing
Charleston SC

B Windward Point
Mount Pleasant SC

C Marais at Seaside Farms
Mount Pleasant SC

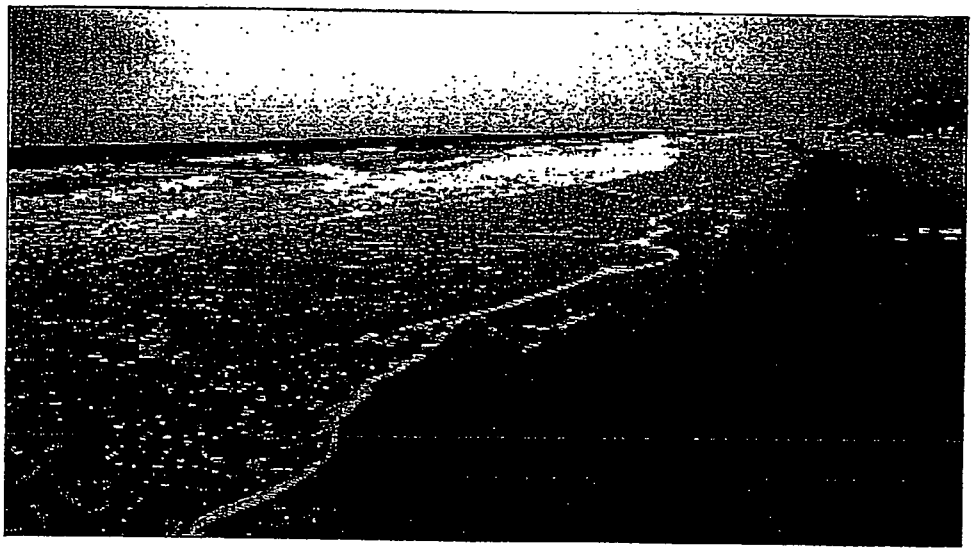
D Hunter Lake Commons
Mount Pleasant SC

E 200 River Landing Drive
Daniel Island SC

Condominium Market Comparables (Continued)

	Property	Year Built	Average Unit Size	Price Range	Price / SqFt
	Long Grove at Seaside Farms 1600 Long Grove Drive Mount Pleasant, SC 29464	2000	1,057	N/A	N/A
A	Daniel's Landing Charleston, SC	2000	1,012	$148,500 - $265,831	$180
B	Windward Point Mount Pleasant, SC	Proposed	1,620	$292,500 - $319,900	$210
C	Marais at Seaside Farms Mount Pleasant, SC	2000-2001	1,745	$265,000 - $495,000	$218
D	Hunter Lake Commons Mount Pleasant, SC	2002	1,450	$250,200 - $275,150	$180
E	200 River Landing Drive Daniel Island, SC	2005	1,560	$239,000 - $385,000	$210

Note: Any $/SF based on average sale per unit type/number of unit types. (Not weighted average of individual units)



Isle of Palms Beach

THE TOWN OF MOUNT PLEASANT, SOUTH CAROLINA

A compelling reason for a real estate investment in Long Grove at Seaside Farms is the rapidly growing pace of the Mount Pleasant area economy. Two demographic characteristics particularly relevant to the investment quality of Long Grove at Seaside Farms are population growth and employment growth. A critical analysis of both is an important part of the overall investment picture. After summarizing these demographic trends, it is interesting to note the condition of the commercial markets. This should allow one to see how the supply side of the economy is reacting to the increase in demand created by the population and employment growth.

RAPID ECONOMIC GROWTH

The employment base of the Town of Mount Pleasant, which is located in Charleston County in metropolitan Charleston, is one of the fastest growing in the region. Substantial numbers of competitively priced employees with a variety of educational backgrounds are available to new, expanding or relocating businesses. Cooperative regional economic development efforts have provided a spectrum of employment opportunities for residents contributing to the diversity of the area's economic base which includes government, retail, services and manufacturing jobs (see table below). Aggressive marketing programs are attracting significant interest from office-based/information service sector operations, technology & research and development firms, and advanced manufacturing companies.

Overall, the Charleston metro area has maintained a relatively stable labor force, job base and unemployment rate during the 1990's and early 2000's. Unlike many areas in the country, the Charleston area has seen a relatively small increase in unemployment over the past few years. Therefore, the Charleston economy is expected to remain stable for the foreseeable future. Improvement in road systems, a strong medical presence, the continued growth of the Port of Charleston - currently the largest containerized port on the South Atlantic and Gulf Coasts and the fourth busiest port in the nation – and the strengthened resolve of the area's economic development organizations has allowed Charleston to effectively compete for and attract new businesses to the region. As a result, the demand for existing and proposed developments is expected to be good.

TOP-10 MAJOR EMPLOYERS

Rank	Employer	Type of Business	Employees
1	United States Navy	Various Naval Commands	9,514
2	Medical University South Carolina	Healthcare, Research, Education	8,000
3	Charleston Air Force Base	United States Air Force	5,292
4	Charleston County School District	Primary & Secondary Education	4,865
5	CoreAlliance Health Services	Healthcare	4,500
6	Berkeley County School District	Primary & Secondary Education	3,538
7	Charleston County	County Government	2,243
8	Westvaco Corporation	Development	2,205
9	Robert Bosch Corporation	Fuel Injection & Braking Systems	2,072
10	Columbia/HCA Healthcare Corp.	Healthcare Facility Management	1,882

Source: Center for Business Research, Charleston Metro Chamber of Commerce

The Charleston Metropolitan Area represents approximately 13.6% of South Carolina's population, with the population of Berkeley County accounting for approximately 26.3% of the metropolitan population. Moreover, all of the areas are projected to increase in population, with more growth expected in Berkeley County than the other identified areas. This suggests that the growth will continue to occur outward into suburban areas.

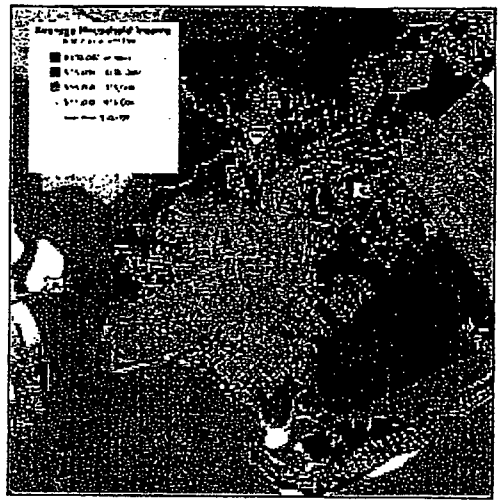
The following table illustrates the annual population growth trends for the Charleston Metropolitan Area.

Population	POPULATION TRENDS			
	Town of Mt. Pleasant	Berkeley County	Charleston MSA	South Carolina
2008 Projection	55,185	156,702	587,443	4,350,900
2003 Estimate	50,533	148,349	564,037	4,138,445
2000 Census	47,609	142,651	549,033	4,012,012
1990 Census	33,294	128,776	506,875	3,486,703
Growth 2003-2008	9.2%	5.6%	4.2%	5.1%
Growth 2000-2003	6.1%	4.0%	2.7%	3.2%
Growth 1990-2000	43.0%	10.8%	8.3%	15.1%
2003 Est. Population by Sex				
Male	47.8%	50.6%	49.0%	48.6%
Female	52.2%	49.4%	51.0%	51.4%
2003 Est. Average Age	36.7	34.3	35.9	37.1
Source: Claritas				

INCOME GROWTH

The median effective buying income for the Charleston Metropolitan Area per household totaled $33,607 during 2003. Since Effective Buying Income (EBI) measures the actual amount of money available for consumption in a given area, it is an excellent gauge of an area's economic health and buying power.

2003 Average Household Income	
Mt. Pleasant	$91,546
Charleston County	$60,678
Charleston MSA	$58,219
South Carolina	$54,219
United States	$63,207



COST OF LIVING

The Town of Mount Pleasant, as part of the Charleston region, consistently ranks near the national average in the American Chamber of Commerce Researchers Association (ACCRA) quarterly cost of living index. The following chart illustrates Charleston's cost-of-living versus that of other U.S. cities (www.townofmountpleasant.com).

City	Index
Atlanta	97.6
Boston	136.9
Charlotte, N.C.	95.9
*Charleston	98.3
Chicago	128.1
Hartford	123.6
Huntsville, Ala.	91.8

QUALITY OF LIFE

A mild climate, excellent public schools, low crime rates, abundant housing in a wide price range, ample opportunities for spousal employment, and access to artistic and cultural amenities are fueling the region's rapid growth. These strong regional factors and the amenities found in the Town of Mount Pleasant make it one of the premier communities to be found in the United States.

From an employer prospective, the Town and the Charleston Region make it easy for companies to attract and retain key employees, while drawing on a substantial regional workforce that places a high value on area's quality of life and lower cost of living. Residents elect not to pursue employment opportunities outside the region and are constantly searching for more challenging positions locally. In short, the region workforce offers prospective employers a lifestyle that is hard to leave and a high quality of life that makes it easy for expanding and relocating companies to attract and retain key employees.

CONFIDENTIALITY AND CONDITIONS

The Beach Company and L.J. Melody, Inc. have been retained as exclusive advisor and broker for Long Grove at Seaside Farms, LLC, ("Owner") regarding the sale of Long Grove, located at 1600 Long Grove Drive, South Carolina 29464.

This Offering Memorandum has been prepared by The Beach Company and L.J. Melody for use by a limited number of parties and does not purport to provide an accurate summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information, which prospective investors may need, or desire. All projections have been developed by The Beach Company and L.J. Melody and designated sources and are based upon assumptions relating to the general economy, competition, and other factors beyond the control of The Beach Company and L.J. Melody and therefore are subject to variation. No representation is made by The Beach Company and L.J. Melody as to accuracy or completeness of the information contained herein, and nothing contained herein shall be relied on as a promise or representation as to the future performance of the Property. Although the information contained herein is believed to be correct, The Beach Company and L.J. Melody and its employees disclaim any responsibility for inaccuracies and expect prospective purchasers to exercise independent due diligence in verifying all such information. Further, The Beach Company and L.J. Melody, and its employees disclaim any and all liability for representations and warranties, expressed and implied, contained in or omitted from the Offering Memorandum. This does not constitute a representation that there has been no change in the business or affairs of the Property since the date of preparation of the Offering Memorandum. Analysis and verification of the information contained in the Offering Memorandum are solely the responsibility of the prospective purchaser. Additional information and an opportunity to inspect the Property will be made available upon written request to interested and qualified prospective investors.

The Owner, The Beach Company and L.J. Melody each expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers regarding the Property and/or to terminate discussions with an entity at any time with or without notice. The Owner shall have no legal commitment or obligations to any entity reviewing the Offering Memorandum or making an offer to purchase the Property unless and until such offer is approved by the Owner, a written agreement for the purchase of the Property has been fully executed, delivered, and approved by the Owner and its legal counsel, and any conditions to the Owner's obligations thereunder have been satisfied or waived.

This Offering Memorandum and the contents, except such information, which is a matter of public record or is provided in sources available to the public, are of a confidential nature. By accepting the Offering Memorandum, you agree that you will hold and treat it in the strictest confidence, that you will not photocopy or duplicate it, that you will not disclose the Offering Memorandum or any of the contents to any other entity (except to outside advisors retained by you, if necessary, for your determination of whether or not to make a proposal and from whom you have obtained an agreement of confidentiality) without the prior written authorization of the Owner or The Beach Company and L.J. Melody, and that you will not use the Offering Memorandum or any of the contents in any fashion or manner detrimental to the interests of the Owner or The Beach Company and L.J. Melody.

Sources of information contained within this Offering Memorandum include, but are not limited to, *The Meyers Group, M/PF Research, Claritas, Reinhold Wolff Economic Research, Inc., National Real Estate Index' Metro Market Facts, and Appraisal and Real Estate Economics Associates, Inc. (Appraisal).*

If you have no interest in the Property at this time, please return the Offering Memorandum forthwith to:

The Beach Company and L.J. Melody, Inc.
Attn: Trey Caudell
777 Brickell Avenue, Suite 900
Miami, FL 33131

DISCLOSURE FLORIDA ASSOCIATION OF REALTORS

Florida real estate licensees are required by law to disclose which party they represent in a transaction and to allow a party the right to choose or refuse among the various agency relationships.

The purpose of the AGENCY DISCLOSURE is to acknowledge that the disclosure occurred and that the consumer has been informed of the various agency relationships which are available in a real estate transaction. The following disclosures of terms, agency relationships and the respective duties and obligations are based upon South Carolina, Georgia and Florida.

Seller's Agent

A licensee who is engaged by and acts as the agent of the Seller only is known as a Seller's agent. A Seller's agent has the following duties and obligations:

To the Seller:

(a) The fiduciary duties of loyalty, confidentiality, obedience, full disclosures, accounting and the duty to use skill, care and diligence.

To the Buyer and Seller:

(a) A duty of honesty and fair dealing.

(b) A duty to disclose all facts known to the Seller's agent materially affecting the value of the Property, which are not known to, or readily observable by, the parties in a residential transaction.

Buyer's Agent

A licensee who is engaged by and acts as the agent of the Buyer only is known as the Buyer's agent. A Buyer's agent has the following duties and obligations:

To the Buyer:

(a) The fiduciary duties of loyalty, confidentiality, obedience, full disclosures, accounting and the duty to use skill, care and diligence.

To the Seller and Buyer:

(a) A duty of honesty and fair dealing.

Disclosed Dual Agent

A disclosed dual agent is a licensee who, with the informed written consent of Seller and Buyer, is engaged as an agent for both Seller and Buyer.

As a disclosed dual agent, the licensee shall not represent the interests of one party to the exclusion or detriment of the interests of the other party. A disclosed dual agent has all the fiduciary duties to Seller and Buyer that a Seller's or Buyer's agent has except the duties of full disclosure and undivided loyalty.

A disclosed dual agent may not disclose:

(a) To the Buyer that the Seller will accept less than the asking or listing price, unless otherwise instructed in writing by the Seller;

(b) To the Seller that the Buyer will pay a price greater than the price submitted in a written offer to the Seller, unless otherwise instructed in writing by the Buyer;

(c) The motivation of any party for selling, buying, or leasing a property, unless otherwise instructed in writing by the respective party; or

(d) That a Seller or Buyer will agree to financing terms other than those offered, unless otherwise instructed in writing by the respective party.

Agency Disclosure

_____ is a ☒ Buyer ☐ Seller and is hereby informed that
(Name)

L.J. Melody & Co. -and Robert Given, John Farrell, and William Shanaman
Name of Brokerage Firm

are acting as ☒ Seller's Agent ☐ Buyer's Agent.

Name (s) of Licensee(s)

You have the explicit right to choose or refuse among these relationships. Other brokerage firms may offer you other brokerage relationships. You are free to seek any brokerage firm offering the type of relationship you desire. In the transaction considered herein, The Beach Company and L.J. Melody will not act as a dual agent and The Beach Company and L.J. Melody will only represent the Seller.

_____ _____
Date Buyer

_____ _____
Date Buyer

TO: _____ ☐ SELLER/LANDLORD ☒ BUYER/TENANT

DATE: _____

RE: Long Grove

ACKNOWLEDGED: _____

INFORMATION FOR AND NOTICES TO PARTIES

NOTICE TO BUYER(S) RE: ADDITIONAL FEES

Additional expenses (e.g., attorney's fees, taxes, title insurance escrow fees, recording fees, discount points, survey changes, mortgage transfer or service fee, engineering, inspection fees, or insurance) may be incurred by Buyer prior to or at the time of closing. Please consult your counsel for more information regarding your specific transaction. This Notice is given pursuant to Rule 2-13.003(1), Florida Administrative Code.

NOTICE TO BUYER(S) AND TENANTS(S) RE: RADON GAS

RADON GAS: Radon is naturally occurring radioactive gas that, when it accumulates in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings. Additional information regarding radon and radon testing may be obtained from your county public health unit.

ENVIRONMENTAL ASPECTS AND CONDITION OF PROPERTY

All parties to real estate transactions should be aware of the health, liability and economic impact of environmental factors on any real estate property, including the above-referenced Property. The Beach Company and L.J. Melody do not conduct investigations or analyses of environmental matters and, accordingly, urges its clients to retain qualified environmental professionals, such as an attorney(s), civil engineer(s), industrial Hygienist(s) and/or other person(s) with experience to determine whether hazardous or toxic wastes or substances (such as asbestos, PCBs and other contaminants or petro-chemical products stored in underground tank(s) or other undesirable materials or conditions are present at the Property and, if so, whether any health danger or other liability exists. Such substances may have been used in the construction or operation of buildings or may be present as a result of previous activities at the Property. Various federal, state and local authorities have enacted laws and regulations dealing with the use, storage, handling, removal, transport and disposal of toxic or hazardous wastes and substances and the operation and use of underground storage tanks. Consequently, it may be prudent for you to retain qualified environmental professionals, as noted above, to review these issues, including whether to conduct a site investigation(s) and/or building inspection(s). Any studies completed may result in a duty to report these results to appropriate authorities.

The Beach Company and L.J. Melody have not made and do not make determinations and no representation and assumes no obligation regarding the following environmental matters affecting the Property, including without limitation the presence or absence of underground storage tanks or toxic, hazardous wastes or substances or other undesirable materials on or about the Property; the condition of the Property, including, without limitation, structural, mechanical or soil conditions; and violations of the Occupational Safety and Health Act or any other federal, state, county or municipal laws, ordinances or statutes and measurements of land and/or improvements. It is the responsibility of potential tenants or purchasers to conduct their own investigation with respect to such matters.

APPLICABLE LAWS

There are various applicable federal, state and local laws, regulations, ordinances and administrative orders having jurisdiction over the parties and applicable Property or properties, including, but not limited to the 1964 Civil Rights Act and all amendments thereto, the Foreign Investment in Real Property Tax Act ("FIRPTA"), the Comprehensive Environmental Response Compensation and Liability Act and the Americans with Disabilities Act. Consequently, you may wish to consult with legal, tax or other professionals over the potential effect of these laws on you and the transaction.

NOTIFICATION RE: NATIONAL FLOOD INSURANCE PROGRAM (NFIP)

If the Property is or may be located in a Special Flood Hazard Area on HUD "Special Flood Zone Area Maps," the NFIP and related federal, state and local legislation, laws, regulations and ordinances ("Laws") may require flood insurance and/or impose certain building and zoning restrictions on the Property, especially where the Property is security for federally related financing, determine the applicability of the NFIP or related Laws with respect to the Property and the cost and extent of such insurance coverage available in your area, you are advised to consult with your attorney, lender or insurance carrier regarding these matters.

The Property is ☒ or is not ☐ in a flood zone. If the Property is within a flood zone, see attached Notice Seller/Lessor-Buyer/Lessee regarding National Flood Insurance Program.

THE BEACH COMPANY | L.J. MELODY

NOTICE TO SELLER/LESSOR-BUYER/LESSEE
RE: NATIONAL FLOOD INSURANCE PROGRAM
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE BEACH COMPANY AND L.J. MELODY, INC.
BROKERAGE AND MANAGEMENT
LICENSED REAL ESTATE BROKER

Date _____

To: _____
Name Seller/Lessor-Buyer/Lessee

Re: _____
Property City State

The above property has been identified as being located in a Special Flood Hazard Area. Federal law requires that as a condition of obtaining federally related financing on most properties located in "flood zones", banks, savings and loan associations, and some insurance lenders require flood insurance to be carried where the property, real or personal, is security for the loan.

This requirement is mandated by the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973. The purpose of the program is to provide flood insurance to property owners at a reasonable cost. Cities or counties participating in the National Flood Insurance Program may have adopted building or zoning restrictions, or other measures, as part of their participation in the program. You should contact the city or county in which the property is located to determine any such restrictions.

The extent of coverage available to your area and the cost of this coverage may vary, and for further information, you should consult your lender or your insurance carrier.

NO REPRESENTATION OR RECOMMEDATION IS MADE BY THE BEACH COMPANY AND L.J. MELODY, INC. A DELAWARE CORPORATION OR ITS AGENTS OR EMPLOYEES, AS TO THE LEGAL EFFECT, INTERPRETATION, OR ECONOMIC CONSEQUENCES OF THE NATIONAL FLOOD INSURANCE PROGRAM AND RELATED LEGISLATION. THESE ARE QUESTIONS THAT YOU SHOULD ADDRESS TO YOUR LENDER OR YOUR INSURANCE CARRIER.

Receipt of copy of this notice is hereby acknowledged.

Dated _____ 2004

_____
Seller/Lessor-Buyer/Lessee

_____
Seller/Lessor-Buyer/Lessee

Form No. 5230

COPY

STATE OF SOUTH CAROLINA)
:
COUNTY OF CHARLESTON)

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

Plaintiffs,

-vs-

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

Defendants.

LONG GROVE PROPERTY OWNERS' ASSOCIATION, INC.,

Third-Party Plaintiff,

-vs-

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

Third-Party Defendants.

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

THE 30(b)6 DEPOSITION OF:

Mr. Kent A. Johnson

Date: Thursday, June 17, 2010

Time: 9:50 a.m.

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

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

EXHIBIT
tabber 3

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

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for the sale of Long Grove Apartments to Vista Realty?

A. At that point in time, we were evaluating numerous options, including putting permanent debt on the property and continuing to operate it as an apartment complex. We also were looking at the opportunity to sell the apartment complex to third parties based on a very positive financial market at that point in time. As we analyzed our various options, it became clear to us that there probably was a very good opportunity to sell the Long Grove Apartment Community as occupancy rates were very high, rental levels were stable, rents were increasing and cap rates were low. So, they were at a very positive point to market the sale of the apartment community to a third-party operator.

Q. What are cap rates, what do you mean by that? You're talking MBA financial lingo to lil' ol' me and I'm not sure I understand.

A. Cap rates are strictly a formula to transpose net operating income into value.

Q. The eventual price for this sale was $37,250,000.00; is that correct?

A. I would need to refer specifically to the sales contract, but I would agree it's in that neighborhood.

Q. Did you use this formula, this cap rate method, to determine the sales price that y'all were gonna seek for

Long Grove?

A. We listed the property with a third-party brokerage entity named L.J. Melody who put together packages and took it to the market and aggressively solicited bids from numerous unrelated third-party purchasers.

Q. Where is L.J. Melody located?

A. I believe they're out of Atlanta.

Q. It is not an affiliated entity with The Beach Company, is it?

A. Completely unrelated.

Q. All right. Y'all had to give L.J. Melody a price to seek from these independent third parties; correct?

A. I do not know if we specifically gave them a target price or if we provided them copies of the rent rolls and operating history of the property. That is typically the way a transaction like that would work.

Q. You're The Beach Company and you're doing this on behalf of Long Grove at Seaside Farms?

A. Uh-huh.

Q. You provide information to L.J. Melody to be able to market the property?

A. Yes.

Q. Did you rely on L.J. Melody to then determine the price that you would be seeking for the property?

A. I do not know specifically who determined the

means.

MR. PARRISH: That's not what you asked him, though. You asked him a legal theory.

MR. GRIMBALL: No, I'm really not. I don't want to get cross with you, David, but you get to object --

MR. PARRISH: You asked him two different questions. Which one are you asking him to answer? That's what I think he expressed a concern about. So, if you read back the last question, you asked him whether they had a legal obligation, and before that you asked him about intent. If you could please clarify which question you're asking him so he can answer it. I'm not helping the witness answer here.

BY MR. GRIMBALL:

Q. The question is, what was the intent of that language that was placed into the sales contract between Vista and Long Grove at Seaside Farms that was negotiated by The Beach Company?

A. The intent was any change in risk or liability resulting from the conversion of an apartment project designed as an apartment project, constructed as an apartment project, and operated as an apartment project, to the extent that a third party converted that project when we

no longer owned it, they assumed all the increased risk profile associated with a conversion into a different use than what the project was constructed to be.

Q. Could that intent be negotiated differently by the HOA once it was established, board of directors, the master deed, could they do something different?

MR. PARRISH: Object to the form. Please answer it.

A. There is nothing in our intent that would preclude the HOA from doing whatever they chose to do in terms of the entity that created the condominium conversion and converted the units.

Q. Could an individual remove that type of restriction on the ability to file a lawsuit against The Beach Company or Long Grove at Seaside Farms or Gulf Stream or any affiliated entities, could they negotiate to do that?

MR. PARRISH: Object to the form. Please answer the question.

A. I have no idea. We are no longer the declarant. We aren't involved in the property owners' association. We didn't write the regime documents.

Q. But y'all had a right to -- and maybe you don't know this. Do you know what rights Long Grove at Seaside Farms through The Beach Company had through the content of the regime documents?

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

IN THE COURT
OF COMMON PLEAS

NINTH JUDICIAL CIRCUIT
2009-CP-10-6746

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

Plaintiffs,

vs.

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

Defendants.

Long Grove Property Owners' Association, Inc.

Third-Party Plaintiffs,

vs.

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

Third-Party Defendants

CERTIFIED COPY

DEPOSITION OF VENDIE HUDSON HOOKS, IV
May 11, 2011

EXHIBIT 4

TIFFANYALLEY
REPORTING & VIDEO

3348 Peachtree Rd, NE·Tower Place 200, Suite 700·Atlanta, GA 30326
770.343.9696 800.808.4958 tiffanyalley.com

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understand that you and Richard Blatt were actually officers for the POA in 2005.

A. That's correct, yes. I remember being -- I guess that was a, you know, loose term of the -- but that would be the first one that I was a part of, I guess.

Q. Have you ever -- since then have you been an officer for a POA?

A. I might well be in one of the other condo associations that Ed set up. I can't recall if -- you know, if I was in some of the other projects. So Admirals Walk may be one that I would be a -- but I can't remember whether or not I was named an officer or not.

Q. Where is Admirals Walk?

A. Sarasota.

Q. Florida?

A. Uh-huh.

Q. Have you ever been deposed before?

A. No.

Q. Have you ever been part of a piece of litigation before as a party?

A. Yes.

Q. And tell me about that.

A. It's ongoing. I don't think I can speak

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about it.

Q. Okay. Is it something that's pending here?

A. Yes.

Q. In Atlanta?

A. Uh-huh.

Q. Are you a plaintiff or a defendant?

A. Defendant.

Q. Defendant. What's the -- generically, if it's a personal injury case, you know, I don't --

A. No, it's not. It's actually a -- it's a complicated case in regards to a property that we obtained, and because there were -- we bought the note on the property and foreclosed to wipe out any liens, and it's a case in regards to improper foreclosure.

Q. Who's the -- was this a property that was -- that Vista purchased?

A. No, JLB Partners.

Q. Okay, it's JLB, fair enough, all right. Now, if I understand the timing of your work history, you graduated in 1999, went to Regions Bank, four years later you went to Vista Realty, that would be about 2003, and you left Vista Realty in '07?

A. Correct.

Q. Okay. Do you have any ties with Ed

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de Guardiola at this point?

A. No.

Q. Or Vista?

A. No.

Q. Have you spoken with him about your being deposed here today?

A. A brief conversation.

Q. All right. What was the subject of that conversation?

A. I spoke with Dean -- or Dean had called me and I called Ed to see, you know, what is this, basically.

Q. He gave you just sort of a very general overview.

A. Correct.

Q. Okay. Have you spoken with anybody else, other than Mr. Best, and I don't want to go into that -- those conversations --

A. No.

Q. -- but have you spoken with any other witnesses about any of the aspects of this?

A. No.

Q. All right. Have you reviewed any documents in preparation for today's deposition?

A. I did look through -- I guess Ed sent me

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the -- his deposition, his whatever he -- you know, whatever, the lengthy whatever, he went through this same process. I saw the transcript from that, his deposition.

Q. That's a copy that have. Is this what you're talking about?

A. Correct.

Q. Okay. So it was a transcript of his testimony.

A. Correct.

Q. Did he also provide you with any of the exhibits to his deposition?

A. I didn't read them if he did.

Q. You did not.

A. No.

Q. Was there anything in his deposition that you recall that you disagreed with?

A. Offhand, no.

Q. Okay. Now, in my mind there are different stages of what happened in this case, as I think I previously described, and what want to do is find out who did what when, so let me just go through sort of briefly different stages.

My understanding is that you, Richard Blatt and Ed de Guardiola were involved in the

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negotiations; is that correct?
A. Yes.
Q. Okay. Was there anybody else?
A. No.
Q. During the – after the contract was signed for the sale, which occurred in early January or mid January 2005, there was a due diligence period of time. Who was involved in that on behalf of Vista?
A. Richard Blatt and myself.
Q. The two of y'all.
A. Correct.
Q. I understand that Mr. de Guardiola signed the contract and really turned it over to the two of y'all to take care of the details of the due diligence period and then the conversion and repairs and things like that. Is that a fair way to look at it?
A. As I recall, the way it used to work with Ed was that, you know, Ed would turn over the deals to us, we would run with the deals. Ed stayed involved in the negotiation process with the senior member of the other company.
Q. Uh-huh.
A. I had limited contact with anybody at The Beach Company. Richard had slightly more contact.

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But Ed was always brought in on key points.
Q. If there was a decision that had to be made y'all gave it to him to make.
A. Correct.
Q. And he would give y'all direction about --
A. Yes.
Q. -- what to do.
A. Yes.
Q. Okay, all right. Do you know who hired Essex? I think you signed the contract --
A. I did, yes.
Q. -- with Essex.
A. Yes.
Q. Were you the one who contacted them, hired them?
A. Yes, yes.
Q. Okay. And then the first contractor who did repair work was Hall's Custom Homes?
A. Yes.
Q. Did you hire them?
A. I did not.
Q. Do you know who did?
A. I believe it was Richard Blatt that hired them.
Q. Uh-huh.

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A. In fact, yes, it was Richard Blatt.
Q. Okay.
A. It did not work out, and – obviously, so that was the first – first go-round.
Q. Then y'all went to Sam Mayo, SCM Construction.
A. We did.
Q. Did you hire them?
A. Did not. That would have been Watson Brown.
Q. Watson Brown would have gotten involved then, okay. The property continued to be managed after the closing, which was in March of '05, by The Beach Company through a management agreement. Do you recollect that?
A. Yes.
Q. Who interfaced with The Beach Company on behalf of Vista concerning the management of Long Grove as apartments and then as they were turned over to condominiums?
A. Mainly Richard Blatt, to a lesser extent myself.
Q. All right. There was also an agreement by which The Beach Company marketed and sold the units as a real estate agent for it. Do you recollect

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that?
A. Yes, I remember that.
Q. Were you involved in any of the marketing aspects of Long Grove?
A. To some degree I was.
Q. Who else –
A. David – Richard was involved as well.
Q. Okay.
A. But to be honest, there wasn't a whole lot of marketing.
Q. Explain that to me.
A. Well, I think they did an e-mail blast, and that was done through The Beach Company, to all of their – through David – their head of sales, David – goodness, I can't recall his last name.
But anyway, they did it through their – through the real estate company, they sent out an e-mail blast to all their potential buyers and investors and such and, you know, after we had already – I guess they'd already offered the units for sale to the existing residents. So that was really the extent of the marketing. I mean, there was maybe some limited marketing past that, but it was not much in the way of marketing.
Q. Okay. Now, and the sales, were you

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involved in any of the actual sales themselves?
A. In what role?
Q. Well, my assumption would be that you did not meet the prospective buyers --
A. No.
Q. -- who then purchased at all.
A. I met some. I mean, when I was down there I would go by on occasion to check on progress and meet with various -- with Sam Mayo and check on progress with the renovation of the decks, meet with the sales team, talk with them about how sales were going, you know. I signed some of the sales contracts, I believe, on behalf of Vista.
Q. And Richard signed some?
A. He signed -- Richard signed some as well.
Q. Did anybody else?
A. I don't believe so. Ed may have signed a few, I'm not sure, but I think for the most part Richard and I signed the vast majority of them.
Q. Okay. So you were involved in some of the sales contracts. Did you attend any closings?
A. No, not in person.
Q. Did anybody on behalf of Vista?
A. I'm sure we had a closing attorney, but nobody -- I don't believe anybody from Vista was

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actually there.
Q. The -- you were an officer with the POA once the regime documents were filed, the master deed and bylaws, those were filed. The POA gets created and then you become one of the officers; is that correct?
A. Correct.
Q. Okay. Did -- other than you and Richard Blatt was there anybody else appointed as a member of the board of directors?
A. I believe there were three of us. I'm not sure who the third party would have been.
Q. Was it somebody with Vista or one of the tenants who was going to be a unit owner?
A. I believe it was somebody with Vista.
Q. Okay.
A. But I'm not sure. I can't remember.
Q. Did y'all ever meet?
A. There was one association meeting and I was the -- the lucky party that got to attend and represent Vista on behalf of I guess Vista. So I was the only one attending.
Q. Was that the point at which the units had been sold over sufficiently to turn it over?
A. The turnover, right.

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Q. So you met to give the keys to the unit owners.
A. Yes.
Q. All right. Okay. Now, other than that, though, y'all -- the three of y'all never met as a board of directors; did you?
A. No.
Q. Okay. All right.
Do you still have any documents concerning Long Grove, whether it's a diary, computer records, e-mails in your computer?
A. No.
Q. Anything like that?
A. (Shakes head negatively.)
Q. Okay. Let's talk about -- more specifically about Long Grove. Do you recall how Long Grove came to the attention of Vista?
A. Yes.
Q. All right. Tell me how that -- when did that --
A. The flyer went out I guess to the whole world about the potential sale of Long Grove.
Q. Uh-huh.
A. I found the flyer, I showed -- showed the flyer to Ed, went and investigated the property,

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thought that it was something we ought to do. The property was then -- I guess Robert LaChappelle and his group echoed what I had said, Ed decided to go see the property, when he went to see it fell in love with it, decided it was something we ought to buy.
Q. Okay. Do you recall when it was that you saw the flyer?
A. I guess it was the fall of '05, or maybe summer of '05. It's either -- I'm sorry, I'm trying to remember. No, I don't recall exactly when, sorry.
Q. I will represent to you that the -- and you can look at the exhibits and look at the dates, but the dates that I've seen are in the end of 2004 --
A. Okay.
Q. -- with the final term sheet --
A. That's correct.
Q. -- being signed the end of December 2004, the contract in January of '05. Does that help you?
A. Yes, that helps.
Q. All right. Was it -- do you recall how early in 2004 it was that you found Long Grove?
A. Not exactly.
Q. Okay.
A. Fall, I believe.
Q. Was it marketed as an opportunity to -- for

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a conversion to condominiums?
A. Yes. Can I qualify that?
Q. Yeah.
A. It was certainly – I don't recall if it was exactly marketed specifically in the package as to whether or not it was marketed for condominiums. However, there was no doubt about our intend to sell the property or buy it as a conversion property.
Q. Let me show you Exhibit Number 23 to these series of depositions.
A. There you go.
Q. Do you see what the title of that is?
A. Yes.
Q. What is it?
A. Condominium Conversion Opportunity.
Q. And that's what y'all went into it as?
A. Right.
Q. Y'all never went into it to actually manage it and run it as apartments; did you?
A. No, never.
Q. Were you aware of any other competing bidder who wanted to run it as apartments?
A. No, no one that was a direct competitor as far as price and terms and such.
Q. Did you do the financial analysis for this

Page 31

property?
A. Yes.
Q. Okay. And did you do that with Richard Blatt or --
A. Separate.
Q. Separate. Did he do any kind of financial analysis?
A. He looked at mine.
Q. Okay. Did he approve of what you'd done?
A. Yes.
Q. All right. In your financial analysis what were the factors that you considered to whether this was an economically -- you're looking at it to determine whether it's an economically viable deal; correct?
A. Correct.
Q. What are the factors that you looked at?
A. Price.
Q. Uh-huh.
A. Competing properties, other conversions in the market that had taken place, their velocity and how many sales, how quickly they sold, the prices at which they sold, and since you guys are from Charleston you may better remember, but there's an island off the main island of Charleston, I believe

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it's where they have the tennis center and –
Q. Daniel Island.
A. Daniel Island, correct. There was a conversion on Daniel Island that are sold fairly briskly at levels in excess of what we were buying Long Grove for, and that was the basis under which we bought Long Grove, thought we could outperform that property.
Q. And what kind of profit did you anticipate making?
A. I don't recall what the profit we anticipated at the time. I believe we anticipated a sales price of on average about 170,000 a unit. We bought the property for 136, I believe, or somewhere thereabouts, and, you know, had about $10,000 per unit in upgrades, retrofits, renovation, and sold it for I believe in the end more than that, so...
Q. If my math is correct, something around 8 to 9 million?
A. Yes.
Q. Somewhere in there. Is that the profit y'all realized?
A. No, I believe it was more.
Q. More than that. Do you recall how much -- what the total profit – what the profit was?

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A. I don't recall what Vista's take was. I believe it was slightly more than that, maybe $10 million.
Q. Okay. Fair enough.
Now, the -- one of the issues in this case concerns indemnification and release. Did your financial analysis take either one of those into consideration?
A. It did not.
Q. Okay. I know that Mr. de Guardiola is overall in charge of the negotiations, but you were involved in them; correct?
A. Uh-huh. Correct.
Q. Okay. And let me go through some exhibits to see...
All right. What I'm trying to do is see if I can refresh your memory about certain things.
MR. GRIMBALL: Dean, you don't have a copy of the exhibits, do you, with you?
MR. BEST: I have some.
MR. GRIMBALL: It would be very nice if I could look at my set while he's looking at the other set.
BY MR. GRIMBALL:
Q. I've asked you to look at Exhibit Number

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22, which is --
A. Right here?
Q. Yes, sir. Do you recall -- that's in November of '04. Do you recall what's going on during that period of time?
A. Yes.
Q. Tell me what's happening.
A. We are just -- you know, at this point the package had come out, I was evaluating the property. I had not seen it, I don't believe, at this point. Shortly after this I made a trip to Charleston to look at the property, to drive over to the competition, evaluate, you know, the other comps and identify any pitfalls that may be there.
Q. At that point there's been no mention of indemnification or release, has there?
A. Zero.
Q. I'm sorry?
A. None.
Q. Okay. Let's look at Exhibit 25. And I realize this is on a letterhead from a competing bidder, but there are some form contracts and things like that that are attached to it, and if you'll take a minute and look through it to see if -- and what I'm trying to do is see if you received and reviewed

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similar type forms and information.
A. Yeah, I believe this was part of the negotiation process. I think they actually had put this in the -- in as part of the -- prior to selecting a -- a look at the contract prior to selecting a -- prior to them selecting a buyer.
Q. That was a sample contract?
A. Correct, yes.
Q. That may have been used --
A. Yes.
Q. -- once an agreement had been reached; is that correct?
A. Uh-huh, yes.
Q. Do you recall there being any requirement for a release by the yet-to-be-formed property owners association that was required by those documents?
A. No.
Q. Okay. Was there any mention in there of the idea of a indemnification by the purchaser of the seller?
A. As I just read, there is an as-is/where-is listing.
Q. Okay.
A. But that was the extent of it.
Q. No requirement for an indemnification.

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A. No.
Q. And there was no requirement for release by the property owners association of the original architect or original contractor or anything like that; was there?
A. No.
Q. Okay. Now look at Exhibit 26, which I think is a document that you signed. Is that your signature?
A. That's my signature.
Q. Do you recall that term sheet?
A. Yes, uh-huh.
Q. All right. And what's the date on that?
A. December 10th, 2004.
Q. Is there any term -- is there a term concerning either release or indemnification?
A. No.
Q. Okay. Then look at Exhibit Number 27. And that's an e-mail to you from Mr. Givens?
A. Yes.
Q. Who is Mr. Givens?
A. He was the broker, the broker that represented I guess it was CB Richard Ellis.
Q. Okay. And do you recall the -- what that e-mail was about?

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A. I -- CB Richard Ellis and L.J. Melody are now one, so...
Q. Right.
A. Anyway, yes.
Q. And tell me what's going on. What's the date of it, first?
A. The date is December 14, 2004. There is a -- we've been selected in the best and final, meaning we are one of probably three suitors for the property.
Q. Okay. And this was a bid process; correct?
A. Yes.
Q. There was not a price asked for by The Beach Company. They said here's this property, analyze it and give us an offer, is that --
A. Yes.
Q. Okay. And now they've whittled it down from eight or nine or ten to three of you?
A. Yes. Basically sharpen your pencil, give us the best price you can and the best terms you can.
Q. Were there discussions going on, oral discussions between you and anybody with L.J. Melody or The Beach Company concerning these?
A. Concerning these --
Q. Concerning this process?

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A. Yes, with L.J. Melody. Not with The Beach Company at this point.
Q. You worked through L.J. Melody.
A. Yes.
Q. And tell me what is transpiring between Vista and L.J. Melody. First of all, were you the only one at this point who is having these negotiations?
A. No. At this point there was -- I would imagine that at best and final Richard Blatt was involved, I would imagine Ed de Guardiola was involved at this point, as he should be.
Q. Yeah, because you're in your late twenties when this is going on; correct?
A. Yes, so I was a novice.
Q. All right. But there are these discussions. Did L.J. Melody raise the issue at any time --
A. Not that I recall.
Q. -- and what I'm asking about is indemnification or release.
A. No indemnification.
Q. All right. What is -- the process is -- are there term sheets going back and forth?
A. Yes.

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Q. All right. So look at Exhibit Number 27, is a term sheet?
A. Yes.
Q. Okay. Any mention at this point about indemnification or release in the term sheet?
A. Other than the as-is section where it says seller will be released from all liabilities except those specifically arising under the purchase and sale agreement, that's it.
Q. All right. But nothing requiring that the POA, yet to be established, yet to be created, release anybody.
A. Correct, no, there is none.
Q. Okay. Then the next exhibit is Exhibit I think 28. That's a letter to you and it's from The Beach Company. I think that the date got picked up because it was reprinted. There's a CBRE 719. On 720 there's a date of December 13, 2004, which I think makes more sense; correct?
A. Yes.
Q. Okay. Do you recall that particular letter and what's going on?
A. Yes, just basically asking for our best -- asking for us to put our best foot forward or best terms forward.

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Q. Okay. Then look at Exhibit 31. Do you recall that -- that is a letter, I think, to --
A. To Ed de Guardiola.
Q. Yeah. Did you see that letter?
A. One -- can I --
Q. Sure, I'm sorry, take your time.
A. -- read it first, make sure.
Yes, I've seen this letter.
Q. And is that an attached term sheet?
A. It is.
Q. And is that the first time that the idea of an indemnification --
A. It is.
Q. -- is placed into this?
A. Yes.
Q. Okay. Now, the term sheet itself does not discuss a release at all; does it?
A. No.
Q. If you look at the letter from John Darby to Mr. de Guardiola, the letter itself --
A. Yes.
Q. -- that mentions a release; correct?
A. Correct.
Q. It does not discuss a release by the POA of any entities, parties, anybody at all; does it?

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A. It does not. It just mentions that there will be a release in claims related to development, design, construction, maintenance, alteration and repair of the property, so no, it does not.
Q. All right. Now, was there any money paid by Long Grove at Seaside Farms, LLC who was a seller for any indemnification agreement?
A. No.
Q. Was there any reduction in the price?
A. No.
Q. Was there anything of value received by Vista Realty in return for an indemnification?
A. No.
Q. Was there any money paid by The Beach Company, Gulf Stream Construction, James, Harwick & Partners, Inc., also known as JHP Architecture/Urban Design, or any subcontractors for an indemnification?
A. No.
Q. Was there any money paid by Long Grove at Seaside Farms, LLC or reduction in the price in return for a release by the property owners association?
A. No.
Q. Was there any money paid for a release by The Beach Company or Gulf Stream contractors

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construction?
A. No.
Q. Was there any money -- let me back up. Did you even know who the original architect, contractor, subcontractors were?
A. I believe I did at the time. I didn't know the subcontractors, no.
Q. You knew --
A. I knew -- I believe at the time when we go back to the property we generally look at the architectural plans and such, and I knew that Gulf Stream was the construction company of record. I knew that they were related to Beach Company.
Q. Did they pay, Gulf Stream Construction pay any money for a release?
A. No.
Q. Did James, Harwick & Partners, Inc. pay any money for a release?
A. No.
Q. Did any subcontractors pay any money for a release?
A. No.
Q. Did Vista receive anything of value from any of those other entities, The Beach Company, Gulf Stream, Harwick or any subcontractors?

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A. No.
Q. Okay. The negotiations for the indemnity agreement came after the price had been set; correct?
A. Yes.
Q. Okay. Now, let me ask you this: Was the -- how was this idea of an indemnification and some type of release, because it's not clear in his letter, but some type of release, was it -- how was it presented to Vista?
A. First through this letter, obviously. I think the second way was -- I don't recall exactly how the second way, I would imagine it was probably in the contract process.
Q. All right. And that's a process by which one party drafts a contract and sends to the other to review and comment on; correct?
A. Yes.
Q. Okay. And did you have any discussions with The Beach Company, Beach Company representatives, about the content of the contract?
A. No.
Q. Did you have any discussions with Mr. de Guardiola about conversations he had with them?
A. Briefly, yes.

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Q. And what was the substance of that?
A. You know, that the indemnity certainly came up prior to closing. It was a -- it was one of those, -given the times, property was being bid on aggressively by other parties, as evidenced by the term sheet that's in here, in this package, or in these documents. And, you know, Ed felt like there wasn't much risk to him as far as the construction defects went, so he proceeded along that path.
Q. What do you mean by that? Were there representations made to him about the quality of the construction?
A. Yes. Well, I mean, it was --
MR. PARRISH: Object to the form.
BY MR. GRIMBALL:
Q. Go ahead.
A. There were certainly some discussions in which, you know, after Ed first received this letter, as I recall there was a conversation between he and Mr. Darby as it relates to, you know, why are you putting this in here, is there something we don't know about, is there something that we need to know about, et cetera et cetera. And I believe that there was some -- I wasn't there so I don't know the exact word used, but from Ed there was some -- you know,

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this is a quality project, we built it, Gulf Stream builds quality, blah, blah, blah, that sort of nature.
Q. I got you. They requested -- The Beach Company requested the indemnification, then Mr. de Guardiola questioned why they were doing that; correct?
A. Correct.
Q. All right.
MR. PARRISH: Object to the form. This is David again.
MR. GRIMBALL: Yeah, we recognize your voice, David, I think Valerie does too now.
BY MR. GRIMBALL:
Q. At that point it's your understanding that Mr. Darby made representations to Mr. de Guardiola about the quality of the construction at Long Grove; correct?
MR. PARRISH: Object to the form.
BY MR. GRIMBALL:
Q. Do you know why there was this request for the indemnification?
A. As I recall, there was, in discussion with some of the folks at The Beach Company after the fact, there were some issues with their property next

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

IN THE COURT
OF COMMON PLEAS

NINTH JUDICIAL CIRCUIT
2009-CP-10-6746

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

Plaintiffs,

vs.

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

Defendants.

LONG GROVE PROPERTY OWNERS' ASSOCIATION, INC.

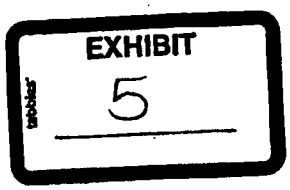
Third-Party
Plaintiffs,

vs.

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

Third-Party
Defendants

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



RULE 30(b)(6) DEPOSITION OF LONG GROVE VISTA
BY WITNESS EDUARD DE GUARDIOLA
9:46 a.m.
Carlock Copeland & Stair
285 Peachtree Center Avenue
Marquis II, Suite 2600
Atlanta, Georgia
Valerie N. Almand, RPR, CRR, CCR-B-531

DESCRIPTION OF EXHIBITS

EXHIBIT	DESCRIPTION
#21	Second Amended Notice of 30(b)(6) Deposition of Long Grove Vista, LLC
#22	e-mail (CBRE 2154-55)
#23	offering memorandum for Long Grove at Seaside Farms (CRBE 923-976)
#24	Long Grove initial summary offer spreadsheet dated Friday, December 10, 2004 (CBRE 1744)
#25	letter dated December 3, 2004 from M. Shan Helton of European American Realty, Ltd. to John Farrell of L.J. Melody with attachments (CBRE 748-817)
#26	letter dated December 10, 2004 from Hudson Hooks of Vista Realty Partners, LLC to Robert Given of L.J. Melody (CBRE 866-869)
#27	e-mail chain with attachments (CBRE 1678-1686)
#28	letter dated Friday, January 28, 2011 from Robert Givens to Hudson Hooks with attachments (CBRE 719-734)

#29	e-mail with attachments (CBRE 1576-1587)
#30	e-mail with attachments (CBRE 1566-1575)
#31	letter dated December 28, 2004 from John C.L. Darby to Eduard de Guardiola with attachments
#32	e-mail dated January 17,2005 from Robert Given to Ed de Guardiola
#33	compilation exhibit (VISTA_00002-57)
#34	letter dated August 5, 2005 from Timothy P. Walter to Hudson Hooks with attachments (BeachCo 002079-061)
#35	e-mail with attachment (VISTA_7401-02)

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By Ms. McGee	Page 113

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(Pursuant to OCGA 15-14-37 (a) and (b) a written disclosure statement was submitted by the court reporter to all counsel present at the deposition and is attached hereto.)

or about 1991, as I recall.

Q. Okay. What happened at that point?

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

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

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

Q. All right.

A. And that lasted from '93 to 2000.

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

A. I formed Vista in August of 2000.

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

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

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

A. Yes.

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

A. Every transaction there's a new entity

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

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

A. No.

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

A. There is none.

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

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

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

A. My lawyer.

Q. Who owned it?

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

called 3M, I believe, LLC.

Q. Who controlled 3M, LLC?

A. That was controlled by a company called HAP, H-A-P, Investments with an office in Atlanta, Georgia.

Q. Who owns HAP Investments?

A. I don't know.

Q. Who owned -- 3M, LLC was owned by HAP Investments?

A. Yes.

Q. Who did you work with from 3M, LLC?

A. A woman by the name of Nancy Thomason.

Q. Do you know what her position was with 3M, LLC?

A. She -- I don't know her formal title.

Q. Give me just a rough description of what she --

A. She seemed to be the -- the person in charge of handling the affairs of a -- of her boss.

Q. Who was her boss?

A. A gentleman by the name of Hans Pielenz.

Q. Can you spell Pielenz?

A. P-I-E-L-E-N-Z.

Q. All right. Do you know if he was the owner of HAP Investments?

A. I don't know the ownership structure of HAP Investments.

Q. Do you know who else was involved with HAP Investments?

A. No, I do not.

Q. Were those two people the only two people you knew of who were associated with either 3M, LLC or HAP Investments?

A. Yes.

Q. What percentage ownership was there between the two, Long Grove Development, LLC and 3M, LLC?

A. I don't know offhand, but that would be set forth in the LLC operating agreement.

Q. For Long Grove Vista, okay. All right.

You mentioned Long Grove Development. Is that company -- what's the purpose of that company?

A. That was the member manager of Long Grove Vista, LLC.

Q. Was that its sole reason for being formed?

A. Yes.

Q. Does it exist anymore?

A. I don't know.

Q. How about Long Grove Vista, LLC? Does that exist?

A. Yes.

Q. Are Long Grove Development, LLC and 3M, LLC still the owners of Long Grove Vista LLC, or the members of that LLC?

A. Yes.

Q. Okay. Is the address for Vista Realty Partners, Long Grove Vista, LLC and Long Grove Development, LLC the same address?

A. As what?

Q. Well, I mean --

A. The same as what?

Q. Well, what is Vista Realty Partners, LLC's address?

A. 550 Pharr Road, Suite 410, Atlanta, Georgia 30305.

Q. Okay. Is that the same address for Long Grove Vista, LLC and Long Grove Development, LLC?

A. Yes.

Q. All right. Vista Realty Construction had supervisors who went to Long Grove. Did anybody else on behalf of Long Grove -- I mean, I'm sorry, Vista Realty Construction go to Long Grove besides Mr. Brown, Hawkins or Nazarro?

A. I don't know.

Q. Okay. Other than Vista Realty Partners, LLC, Long Grove Vista, LLC, Long Grove Development,

LLC and Long Grove Realty Construction, were there any other companies in which you were involved in any capacity involved at Long Grove, or with Long Grove?

A. Not to my current recollection.

Q. Okay. I want to make sure that I understand, you know, who was involved at Long Grove, what entities, make sure I've covered all that. Okay.

Do you have any relatives in South Carolina?

A. Not that I'm aware of.

Q. Okay. Are you married?

A. No.

Q. Do you have any children?

A. Yes.

Q. Okay. And are they over the age of 18?

A. Two of three are.

Q. Okay. And where do they live?

A. Two live in Boston.

Q. Okay.

A. And the minor lives in Atlanta, Georgia.

Q. Okay. Does your former wife, does she have any relatives in South Carolina?

A. Not to my knowledge.

Q. Do you own any property in South Carolina?

A. No.
Q. Do you have any -- this case is pending in Charleston County. Do you have any connection with Charleston County, whether it's you have a close personal friend there, a business there, anything like that?
A. No.
Q. All right. Who are the officers of Vista Realty Partners, LLC? Does it have any officers?
A. LLCs don't have officers like corporations do, so there are really no titled officers. LLCs simply have managers and members.
Q. Okay. Are you the manager?
A. Yes.
Q. Are you the sole member?
A. Yes.
Q. Okay. Do I understand correctly it has no assets? Is that correct?
A. I don't know how office furniture and equipment is titled, if indeed it is titled. But if it was titled, the furniture and the computers, it would be in the name of Vista Realty Partners. Other than that there are no assets.
Q. Does it have any employees?
A. Yes.

Q. Okay. And how many employees does it have?
A. I don't know.
Q. Approximately? More than 10? Less than 10?
A. It's more than 10.
Q. More than 10. Are the employees located at that address in Atlanta or are they in different places?
A. Let me clarify.
Q. Sure.
A. There are -- there are employees at the corporate office which is the address at 550 Pharr Road that I gave earlier.
Q. Yes, sir.
A. And then there are -- and I'm not sure if they're employees of Vista Realty or if they're employees of the properties that are still in the ownership, common ownership of Vista Realty. Only my accountant could testify to whose employee they are. But there are people in the field, and I just -- I don't have the detailed knowledge to be able to tell you whether they're on the Vista Realty payroll or whether they're paid by the properties themselves.
Q. And when you have a property that is set up, Vista Realty does not own that -- the LLC that

runs that property; does it?
A. That's correct.
Q. Okay. It is a separate entity with its own employees and operating whatever the property is that it owns.
A. That's correct.
Q. I got you, all right. Fair enough. With Vista Realty Construction, are you also the manager and sole member?
A. Yes.
Q. With Long Grove Vista were you the sole member and sole manager?
MR. BEST: Object to form.
BY MR. GRIMBALL:
Q. I'm sorry, we had 3M involved in that. Long Grove Vista had two members; is that correct?
A. Yes.
Q. Okay. Who was the manager for Long Grove Vista?
A. I believe it was Long Grove Development, LLC.
Q. And you were the only member and manager of Long Grove Development, LLC?
A. I believe that's correct.
Q. Did Long Grove Development, LLC have any

employees?
A. No.
Q. Any assets?
A. No.
Q. Long Grove Vista did not have any employees; did it?
A. I don't know.
Q. Okay. Its asset was the property that was -- that sold, the buildings and the units, the common areas that were then sold; correct?
A. Yes.
Q. It no longer has any assets; does it?
A. I don't know.
Q. Who would know?
A. My accountant.
Q. And who is your accountant?
A. Richard Atkins.
Q. And with whom is -- is he an independent CPA?
A. Yes.
Q. Where does -- what is the name of his company and where is he located?
A. Faucett-Taylor in Atlanta, Georgia.
Q. All right. My assumption is you have -- you've developed -- have you developed condominiums

from the ground up?

A. Yes.

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

A. No.

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

A. No.

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

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

Q. And where specifically? Do you know?

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

Q. That was used as apartments, though?

A. Yes.

Q. Was it ever converted to condominiums?

A. No.

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

A. Yes.
Q. Okay. And were you always the -- or not always, but typically the member and manager of the LLC that was engaged in that activity?
A. Yes.
Q. And you've been doing that for how long?
A. I think I only did it once.
Q. Once. Okay. Built from the ground up and did that.
A. Yes.
Q. Got you. Where was that?
A. Atlanta, Georgia.
Q. In Atlanta. What was the name of it?
A. Krog Street Condominiums.
Q. Had that been the subject of a construction defect suit?
A. No.
Q. Have you converted properties to condominiums?
A. Yes.
Q. Okay. How many times have you done that in the last -- well, in your career?
A. Three or four times.
Q. And when you've done that has it been like Long Grove where you purchased an existing set of

buildings used as apartments and then converted those to condominiums?

A. Yes.

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

A. Yes.

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

A. I don't know about that.

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

A. No.

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

A. In which?

Q. In Long Grove.

A. I think so.

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

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

Q. Okay. Don Bird was mentioned as a potential 30(b)(6) witness for today. Did he play any role at all in Long Grove?

A. I'm not sure.

Q. All right. Do you have any familiarity of the obligations of the homeowners' association or property owners' association and the board of directors with regard to the common elements of a condominium project?

A. No.

Q. You do not, okay. I know that with the economic times, for example, Vista Realty Construction is in bankruptcy. Setting aside any bankruptcy, have you been involved in litigation other than this case?

A. Yes.

Q. Okay. And what did those cases involve?

A. Suit on a promissory note for seller financing on an acquisition that we made. I believe there is a potential legal malpractice claim that is ancillary to that lawsuit. There's litigation or has been litigation concerning Vista's old office lease. There's various Chapter 11 reorganizations that are pending for single asset entities owning real estate, primarily involving mature debt that cannot be

refinanced.

Q. Let me short circuit it a little bit. Have you been involved in any construction defect litigation other than this one?

A. I'm an investor in a condominium conversion in Sarasota, Florida where I was not the developer, and my deceased partner was the developer, who passed away last May, and there's litigation there.

Q. Okay.

A. In Sarasota, Florida. I believe that's the only one. I believe that's the only one.

Q. With Vista Realty Construction was there a license holder, licensed to handle construction matters?

A. Mr. Brown I believe had the license.

Q. He was licensed in South Carolina?

A. I don't know.

Q. You do not know, okay. Do you know what -- whether he was a licensed general contractor with unlimited ability to be involved in construction, or was there some monetary limit, as they sometimes have for construction?

A. I don't know.

Q. You don't know, okay. Fair enough.

Other than talking with your attorneys,

which I'm not entitled to learn, what did you do to prepare for the deposition?

A. Nothing other than that.

Q. Have you reviewed any documents to prepare for the deposition?

A. No.

Q. The deposition notice was a 30(b)(6) notice and attached to it was a request for production requiring that you bring whatever documents you've got concerning Long Grove with you to the deposition. Did you bring any documents with you today?

A. No, we've previously supplied all of the documents that were requested in the notice.

Q. Okay. I tell you what, I don't -- I've looked at a lot of documents to prepare for this deposition and I did not see -- for example, there was an offering memorandum prepared by L.J. Melody and the Beach Company. I didn't see that in your -- the documents that got produced to me, I could have overlooked it but I don't think so.

Things like that and the early letters of intent that were signed by I think Mr. Hooks, perhaps, or you, those sorts of things, are you familiar with those documents that were created in November/December of 2004?

A. I don't believe an offering memorandum was prepared. I don't remember seeing one. But L.J. Melody would have been the one that prepared that. We don't have one in our office. We looked for it.

Q. You did look for them.

A. Yes.

Q. Okay.

A. And in terms of an early letter of intent, I saw a letter of intent yesterday that was produced.

Q. Right. There's one that was -- was the letter of intent that was in late December that was signed by you, but there were other ones early on in December. Do you recall having seen those?

A. No.

Q. Okay. I've marked a lot of that as exhibits and we'll work our way through that.

Do you have a document -- let me back up. Since 2004/2005 have you moved your offices or are you in the same location?

A. We've moved.

Q. You've moved. How did you handle or what is your document retention policy?

A. All right.

Q. Who would know?

A. Don Bird, Gabrielle Howard.

Q. With your -- with documents from transactions such as Long Grove, do you know where those would be kept? I mean, are they stored somewhere off site? Did they move with you? Do you know anything about that?

A. No.

Q. You do not, okay. Now, how about with your computers? A lot of stuff was sent electronically. Do you have -- do you know what happens with computer files, where they're stored and what happens with them?

A. No.

Q. You do not, okay. All right. Let's talk about Long Grove, and what I'd like to do is work through sort of a chronology of your involvement with Long Grove. How did you first become aware or Vista first become aware that Long Grove was being marketed to be sold?

A. I believe L.J. Melody contacted either myself or someone in my office. I can't recall specifically.

Q. Have you worked with L.J. Melody in the past? In the past meaning prior to this transaction.

A. Yes.

Q. Okay. And what did you do -- what was the nature of that work with L.J. Melody?

A. I can't recall specifically.

Q. Have you worked with the Beach Company in the past?

A. I met them once, but not worked with them.

Q. Okay. Do you recall how it was you came to meet members of The Beach Company?

A. As I recall, John Darby came to Atlanta to look at a large piece of land and I was called into that meeting to provide advice as to the multi-family component of that piece of land.

Q. You were providing advice to whom?

A. Mr. Darby.

Q. Were you paid for that?

A. No.

Q. Has your background, the development you've done, been primarily commercial, apartments, condos? What's your sort of background?

A. It's been primarily apartments for rent, as opposed to for sale.

Q. And then with that large tract of land that The Beach Company came to look at, John Darby, did anything happen with that?

A. Not to my knowledge. I never heard back

again.

Q. Now, when somebody like L.J. Melody contacts you about a property that is on the market, what's the process that you go through to determine whether or not that's something you would be interested in?

A. If there was written materials or an offering memorandum I would review that, then I would perhaps have a telephone discussion with the broker to find out some information about the property or the location. Then I would assign the matter to people in the office to have them look at the materials, perhaps prepare market studies or pro formas, and then I would arrange a site visit.

Q. And then what -- am I correct in saying that what you're trying to do is to evaluate the property and the financial aspects of the property to determine if the deal and the transaction is something you would be interested in, that would be profitable?

A. Yes.

Q. Okay. And did y'all -- do you recall if the people in your office, you, the people in your office, put a price on Long Grove that you would be willing to pay for the property?

A. I don't recall.

Q. Did you make a -- this is, I've marked this as Exhibit Number 22. Here, I'm going to give you the exhibit.

MR. GRIMBALL: Dean, that's for you.

MR. BEST: Thank you.

MR. GRIMBALL: Yes, sir.

BY MR. GRIMBALL:

Q. If you'll take a moment. He's got a copy.

MR. BEST: I've got a copy. You're good.

Are the CB Richard Ellis, the Bate stamp at the bottom, is this combined or separate from the Melody documents?

MR. GRIMBALL: The same.

MR. BEST: The same.

MR. GRIMBALL: That is -- we can do this off the record.

(Off-the-record discussion)

BY MR. GRIMBALL:

Q. This Exhibit Number 22, it's an e-mail that is marked CBRE 2154 and 2155, an e-mail in early November first from Robert Given with L.J. Melody/CBRE to Hudson Hooks and then a response from Mr. Hooks. Does this refresh your memory at all about what was going on and when it was going on with

regard to Long Grove?
A. Not really.
Q. Okay. Do you recall seeing the information that's provided in the e-mail by Robert Given?
A. I don't recall.
Q. All right. Do you know Robert Given?
A. Yes.
Q. Okay. Did you work with Mr. Given concerning Long Grove?
A. I don't think so.
Q. Now, this e-mail to Mr. Hooks from Mr. Given does not include any reference to any type of indemnification or release; does it?
A. It does not.
Q. Okay. Exhibit 23 is CBRE documents 923 through 976. Can you take a look at that, please?
Do you recognize that document?
A. I don't recall seeing this before.
Q. Is this what would be an offering memorandum?
A. Yes.
Q. Okay. Does this contain any information concerning -- let me back up. This is the type of document that Vista would receive from brokers describing the property and giving some information

about its location and that sort of thing; correct?

A. Typically, yes.

Q. Okay. Do you see anything in here about indemnification or release to be done down the road once the sale has occurred and the HOA is created? And if you want to take a minute and -- why don't we take a short break and you can look through it. I don't see anything in there, but, you know, I'm just trying to find out what documents you may have had and whether they contained any of that kind of information.

MR. GRIMBALL: Why don't we take a five-minute break, we've been going at it for about an hour.

(Recess 10:44-10:52 a.m.)

BY MR. GRIMBALL:

Q. Have you had a chance to review Exhibit 23, which was the offering memorandum?

A. Yes.

Q. Did you observe or did you read in any of that any reference to a future indemnification or release requirement?

A. No.

Q. Actually, the next exhibit in line is a tabulation of initial offer summary, it's dated

December the 10th, and I'm sorry, what exhibit number is that?

A. 24.

Q. 24. I apologize, I've actually gotten these a little bit out of order, but that's all right.

Y'all are listed as number 8; correct?

A. Yes.

Q. Okay. And was the price that y'all had offered at that point was $31,960,000; correct?

A. Yes.

Q. And Hudson Hooks was the key contact listed there?

A. Yes.

Q. Is that -- was he the key contact throughout November and December, that period of time? From your standpoint?

A. Him and Richard Blatt.

Q. What was the process that y'all went through? Did they report to you about what they were doing and the information they were learning?

A. Generally, yes.

Q. All right. Then you would approve any offers that were to be made?

A. Yes.

Q. Okay. So -- and then would they advise you of the terms of the transaction, not just the price but also the other terms?

A. Yes.

Q. Okay. And then y'all set the price -- let me back up. The Beach Company, L.J. Melody, they did not ask for a price, they actually got people to bid on the project; correct?

A. That was my understanding.

Q. Okay. And that bid, did that bid of the $31,960,000, did that include any consideration in your mind concerning any future -- let me back up. What was the basis for that bid? How did you arrive at that number, 31,960,000; do you know?

A. I can't recall.

Q. All right. What are the factors that y'all typically used to get to that number?

A. We would have done a financial analysis showing that we thought the property could be sold for on resale.

Q. Uh-huh.

A. And we would have subtracted any upgrade costs that were going to be incurred. We would have subtracted the marketing costs and other related expenses. We would have calculated what a reasonable

indemnification agreement and then that was added in? Because that seems to be I think the material change in the last page of that exhibit. Do you remember anything about that? Do you remember talking about it or?

A. I don't remember, but now that I'm looking at it, this is my signature stamp, it's not my actual signature.

Q. Okay.

A. Which is in the possession of my assistant.

Q. Who was your assistant?

A. Gabrielle Howard.

Q. She's still with you?

A. Yes. But this is a stamp of my signature. Slightly different, slightly different than the -- this is my actual signature (indicating.)

Q. On the cover page.

A. Yes.

Q. All right. Do you remember reviewing the term sheet and giving any consideration at all to the indemnification provision?

A. I did not give any consideration or value to the indemnification provision.

Q. All right.

A. The purchase price was established by what

we felt was the fair price to acquire the property for.

Q. Okay. Now, did -- have you been involved in transactions where there have been indemnification agreements previously? And let me make sure you and I are clear, because there are two things that are going on in these documents. There's an indemnification by Vista and by you personally to all these other Beach Company entities and other folks. There's also a release. And this document only talks about an indemnification; correct?

A. Yes.

Q. Okay. And I want to make sure that you and I don't lump those two together in talking about these things. Right now the question is: Have you been involved in other transactions prior to this where there was an indemnification requirement?

A. I recall being involved in other transactions perhaps in Florida where there was an indemnification required and having discussions with my legal counsel as to the effect of that.

Q. And obviously your lawyer may object to my asking this question, but those -- let me set the background. Those were discussions you had in prior transactions before this one in the state of Florida;

Is your testimony the same about that indemnification language as it was about the language in the --

A. Yes.

Q. -- exhibit we just talked about?

A. Yes.

Q. All right. Now, for the release, what that requires is that a corporation yet to be formed, Long Grove Vista, LLC, include in documents for another corporation yet to be formed, the property owners' association, the release of claims that the property owners' association may have against a number of parties; correct?

A. Yes.

Q. Was there any money paid to the HOA, the property owners' association, the POA, for that release?

A. No.

Q. Was there any consideration whatsoever for that release?

A. No.

Q. Okay. The document, the contract also required that certain language be put in the deeds that went to the individual unit owners; correct?

A. Yes.

Q. Okay. And was there any consideration paid to the individual unit owners for their release of any claims that they might have against The Beach Company, Long Grove at Seaside Farms, LLC, Gulf Stream, the original architect, subcontractors, all those people?

A. No.

Q. Okay. Now, The Beach Company was thereafter involved in the sale of the individual units; correct?

A. That was part of their involvement.

Q. Right, right.

A. They were involved in much more than the sale.

Q. Right. I understand that. But I'm also -- but they were the real estate agents and broker for the sale of the units to the general public, to the individuals; correct?

A. That was part of their postclosing work that they did for us.

Q. Okay. Now, and what I did was I actually printed Vista documents, and these are documents 2 through 57, which it appeared to me from the documents that I received that y'all organized the purchase and sale of each unit sort of by -- by unit,

and this appeared to me to be the complete set of information for a unit bought by a Thomas Blau, B-L-A-U, and Patricia C. Blau.

And I'm not really interested in sort of the minutiae of the arrangement, other than what I'm interested in is the purchase and sale agreement that they entered into. And this begins, I think, at Vista 19. I don't have -- I apologize, I do not have another copy of this. And I'm going to mark that in just a moment.

But the -- The Beach Company, what I'm trying to find out is The Beach Company is involved in these transactions. Is it The Beach Company that fills out that contract?

A. Yes.

Q. And is that a contract that was created by Vista Long Grove, Vista Realty, a Vista entity, or was that a contract that y'all were given by The Beach Company to use?

A. I believe this was a contract that they prepared and submitted to us for use, since they were the marketing agent and they had the experience in selling condominiums in South Carolina. We did not.

Q. Is there any -- is the language that appeared in the contract that you signed concerning

the release in January of '05 or the language that's in the master deed concerning the release, is that language in the contract itself?

A. I don't see it.

Q. I did not see it either, but I wanted to confirm that that language is not in that contract.

A. I don't see it.

Q. Okay.

MR. GRIMBALL: Let's go ahead and mark that, then, as the next exhibit.

(Exhibit-33 marked)

BY MR. GRIMBALL:

Q. This is Exhibit Number 33 to this deposition. Okay.

Now, the --

MR. BEST: Did we miss 32 somewhere?

MR. GRIMBALL: Yeah, we did miss 32. I hadn't done 32.

MR. BEST: We can skip it. Just saying.

MR. GRIMBALL: No.

BY MR. GRIMBALL:

Q. All right. Now, I do want to ask you about -- oh, let me back up. Were you involved in any discussions with Mr. Hooks or Mr. Blatt about -- or directly with The Beach Company sales force about

what information they should give to prospective purchasers about the units, in particular the release language?

A. No.

Q. You were not, okay. Are you aware of any information given by The Beach Company sales agents to prospective purchasers about the release that they were required to give?

A. I don't believe any such releases were given to prospective purchasers.

Q. No such information was given.

A. Correct.

Q. Okay. Now, you signed the contract that we've marked, this Exhibit Number 16. It's dated January the 18th, 2005.

Immediately before that, this is a CBRE document 337, it's an e-mail from Robert Given apparently to you. Do you recall seeing that particular --

A. I don't specifically recall.

Q. Okay. What Mr. Given says is I heard you and -- there's no name given, but you and -- worked through the indemnification issues with John. Congratulations, and thanks for your patience in this matter. Do you recall what he was referring to

there?

A. I believe he was referring to the indemnification language in the contract.

Q. Okay. Do you recall what the issues were that you discussed with Mr. Darby concerning the language of the contract?

A. I recall having a general discussion -- I recall having a discussion, I don't recall the specifics, but I recall having a discussion with John Darby about the indemnification issue.

Q. You don't recall the nature of that discussion?

A. The overall nature was he was requesting an indemnification and indicating that it would be in the contract, and I had previously vetted this issue with my attorney and came to the conclusions that I've previously testified to.

Q. All right. During this process did you have any oral communication with anybody from L.J. Melody or The Beach Company up until this conversation with Mr. Darby that's referenced in that e-mail?

A. I can't recall.

Q. Okay. I'm not suggesting you did. It sounds like Mr. Hooks or Mr. Blatt really handled the

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM CHARLESTON COUNTY
Court of Common Pleas

J. Michael Baxley, Circuit Court Judge

Appellate Case No. 2012-213584

Circuit Court Case No. 2009-CP-10-6746

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

v.

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

Of Whom Long Grove Property Owners' Association is Appellant.

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

v.

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

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

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PROOF OF SERVICE

I certify that I have served the Record On Appeal on Long Grove at Seaside Farms, LLC; The Beach Company; Gulfstream Construction Company, Inc. by hand delivery on December 10,

2013, to their attorney of record, David J. Parrish, at his office, Nexsen Pruet, LLC, located at 205 King St, Suite #400, Charleston, SC 29401 and that I have served James Harwick & Partners, Inc., n/k/a JHP Architecture/Urban Design, P.C. by hand delivery on December 10, 2013, to its attorney of record, Laura F. Locklair, at her office, Parker Poe Adams & Bernstein, LLP, located at 200 Meeting Street, Suite 301, Charleston, SC 29401.

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