THE STATE OF SOUTH CAROLINA
In the Supreme Court

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S.C. SUPREME COURT

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APPEAL FROM CHARLESTON COUNTY
Court of Common Pleas

The Honorable Stephanie P. McDonald, Circuit Court Judge

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Case No. 2010-CP-10-10490

Appellate Case No.: 2015-001590

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I'On Assembly, Inc., Brad J. Walbeck, and Lea Ann Adkins, individually and derivatively on behalf of I'On Assembly, Inc.,

Petitioners,

v.

The I'On Company, LLC, The I'On Club, LLC, The I'On Group, LLC f/k/a Civitas, LLC, and I'On Realty, LLC

Respondents.

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# APPENDIX TO THE PETITION FOR WRIT OF CERTIORARI
# VOLUME VIII

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To: Chad/ Ion Realty
From: Mike Russo
Re: Creek Club Sale
Date; 3/2/09

Dear Chad,

Thanks for meeting with me today and discussing the outcome of the BOZA hearing and the after comments made by the group opposing the zoning use of the Creek Club.

As you know it appears that Catherine Templeton has decided to form a LLC with other Ion residents and file an appeal with circuit court. They have also stated that they are in possession of documents that prove the HOA has ownership of the docks and land adjacent to them and have asked the HOA to move towards action to secure that ownership.

We are steadfast in going forward with the sale but feel these issues and any other zoning or ownership issues must be resolved prior to any possible closing.

Under these circumstances we are asking for an extension of the date that our earnest money(deposit) becomes nonrefundable. We are still commited to the same time schedule with the only change being that our deposits need to be refundable pending the resolution of the above concerns,

However should these concerns not be resolved then we would not be able to move forward with any type of sale.

We understand that Catherine Templeton made statements at the last HOA meeting suggesting that if her actions could impede or prevent the sale that the Grahams would be forced to give the property to them or sell it a severely discounted price. It seems she has decided to move down that path. I say this because even after we have agreed to a new easement structure with the HOA it continues even after she told us if we reached agreement with the HOA she would not proceed.

If you cannot grant this extension then we have no choice but to rescind our offer effective today 3/2/09 and ask for our deposit to be refunded.

We all have worked very hard on this deal and I hope we can work out everything and continue moving forward.

Thanks Date 3-2-09

Mike Russo Received by

PLAINTIFF'S EXHIBIT 154

**Steve Speer www.Ioncommunity.com Message Board posting message posted Wednesday, March 04, 2009 5:25:54 PM**

My one and only message board post regarding this issue:

Mike Russo laid it all out from the very beginning at the Sept. 24, 2008 I'On HOA Board of Trustees open meeting on our plans for this property, basically 'hiding in plain sight' with regards to our intents for its operation. What now passes as the final HOA agreement as a condition for the property purchase was essentially offered as our original plan without any help, coercion nor input from the HOA or any other neighborhood party or entity. As evidence, check out the following excerpt from the minutes of the September 24, 2008 meeting of the I'On HOA Board of Trustees:

"Submitted by, AMCS.

Creek Club

Mike Russo presented the Board of Trustees with the proposed plan for the Creek Club. The three partners that are looking to purchase the Creek Club are Donovan Glassburn of [redacted], Stephen Speer of 7[redacted], and Mike Russo of [redacted]. Mr. Russo advised that since each partner owns property in I'On they have an invested interest in the community. The key points to Mr. Russo's presentation were:

- The usage of the Creek Club for special events, like weddings, will not increase. (Actually Mike said they would not appreciably increase in frequency)
- The boat dock easements will not be dissolved however, any I'On Assembly suggested modifications would be considered. (Note that from the very start we have consistently agreed to work with the neighborhood towards a perpetual easement for these docks)
- Donovan Glassburn, Stephen Speer, and Mike Russo own the bed and breakfast at the corner of Civitas Street and North Shelmore Boulevard and will run the Creek Club in conjunction with the bed and breakfast.
- The sale of the Creek Club includes the building, the docks and parking lot on lot CV-6 and the parking lot on lot CV-5.
- Valet parking will be required to reserve the Creek Club, which will help alleviate traffic and disturbance to the community, by event guests. Valet parking will also be used at the bed and breakfast.
- Outside security will be required at special events.
- The Creek Club would be kept in better shape to attract higher end special events.
- Lot 275 is currently under a separate contract for sale from the I'On Company. The plans for this lot would be to expand the Creek Club by adding a three-story building which would have six rooms for the bed and breakfast (three suites on the third and three suites on the second floor) and recreation areas for the community with gathering space and permanent office space on the first floor.

- They would not apply for a liquor license. (Current temporary event licenses will continue to be used)
- The I'On Assembly would still have the right to reserve the Creek Club as they do now.

Mr. Russo's group is still in an extended due diligence period. Once a more definitive plan is in place, details will be presented to the Board of Trustees."

What has transpired since Mike's original presentation has been nothing short of 'interesting neighborhood dynamics' with not a small amount of jaw-dropping comment, suggestions, interpretations and innuendo. Hopefully this phase is now past us and it is our hope that if indeed the sale is concluded for this property, that we will be given the chance to perform and let our actions speak for themselves. We hope we've given the neighborhood a good idea of our goals and intentions with the quality of our execution at the newly opened Jacob's Kitchen/Inn at I'On establishment. If you've not tried it, we're hoping you'll give it a shot to see if it passes muster with you. We're going to give the Creek Club our best effort by melding it into our current operation and running it to the best of our abilities, hopefully making it a more neighborly and beneficial amenity for the entire community while at the same time generating the necessary income needed to pay for, maintain and improve the entire facility through time. Thanks to all of you for any support you can give us to accomplish this goal and we hope that we don't disappoint you.

In closing, we would like everyone to realize that the current agreement is almost verbatim to what we initially proposed, that our intentions have never waivered from the start, and that we intend to make this project work for the benefit of the entire neighborhood.

Sincerely,

Steve Speer

December 7, 1999

[redacted]

RE: Lot 224, [redacted]

Dear Brad:

Enclosed herewith please find a copy of the ratified contract on the above referenced property.

Should you have any questions, please do not hesitate to contact our office.

Best wishes,

Nichole M. Turner
Sales Assistant

/nt
enclosures

CC: Bill Orange

ION REALTY · P.O. Box 986 · Mount Pleasant, SC 29465
(T) 843-884-3080 (F) 843-884-1499 (I) http://www.ionrealty.com

PLAINTIFF'S EXHIBIT 167

Creek Club - Plaintiff
Walbeck 000037

January 10, 2000

Brad Walbeck
[redacted]

Dear Brad:

Bill Orange recently presented me with your contract for Lot 224 for my signature. My wife and I made a similar commitment recently when we bought our house in I'On. Your decision to purchase a home site in I'On demonstrates your desire to create an endearing and enduring place.

As you get more involved in the design process moving toward a closing date, I encourage you to rely on the expertise and guidance of Bill, as well and Macky Hill and the rest of our team. They have assisted many people with the process and can be of valuable assistance to you.

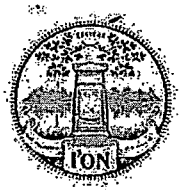
Thank you for joining us in this endeavor. I look forward to seeing you break ground on a wonderful new home. Please feel free to call me at the number below if you think I might be of assistance.

Sincerely,

Joseph E. Barnes
General Manager

cc: Bill Orange

The I'On Company • P.O. Box 986 Mt. Pleasant, SC 29465
(T) 843-971-7662 (F) 843-971-7664 (I) http://www.ionvillage.com




July 25, 2000

Brad Walbeck

[redacted]

Dear Brad:

In an effort to continually improve our development practices and maintain quality standards for the neighborhood, our Guild members, and the real estate sales office in I'On, we recently contracted with a local research and consulting firm, Tactical Data, to conduct a series of interviews and studies with our residents and builders.

You may have already participated in our initial surveys about your experiences with our builders and I'On Realty, and I am most grateful for your participation in these surveys. This first round of surveys and independent analysis provided some helpful information to improve our processes as well as our builders' business practices.

These independently-conducted surveys will be an on-going process. In fact, all residents will be contacted at least three times during their first 24 months after their lot or home purchase. These associates will be asking questions to find out how we can all do a better job meeting the needs of our neighbors and the community in general.

We look forward to reviewing and utilizing your comments to help make I'On a better neighborhood. I appreciate your cooperation and feedback. Please call me if you have any questions or comments about the survey.

Best regards,

CBA

Chris B. Anderson
I'On Sales and Marketing Director

cc: The I'On Guild

I'On Realty
159 Civitas Street Mt. Pleasant, South Carolina 29464
843.884.3080 / fax: 843.884.4499
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PLAINTIFF'S
EXHIBIT
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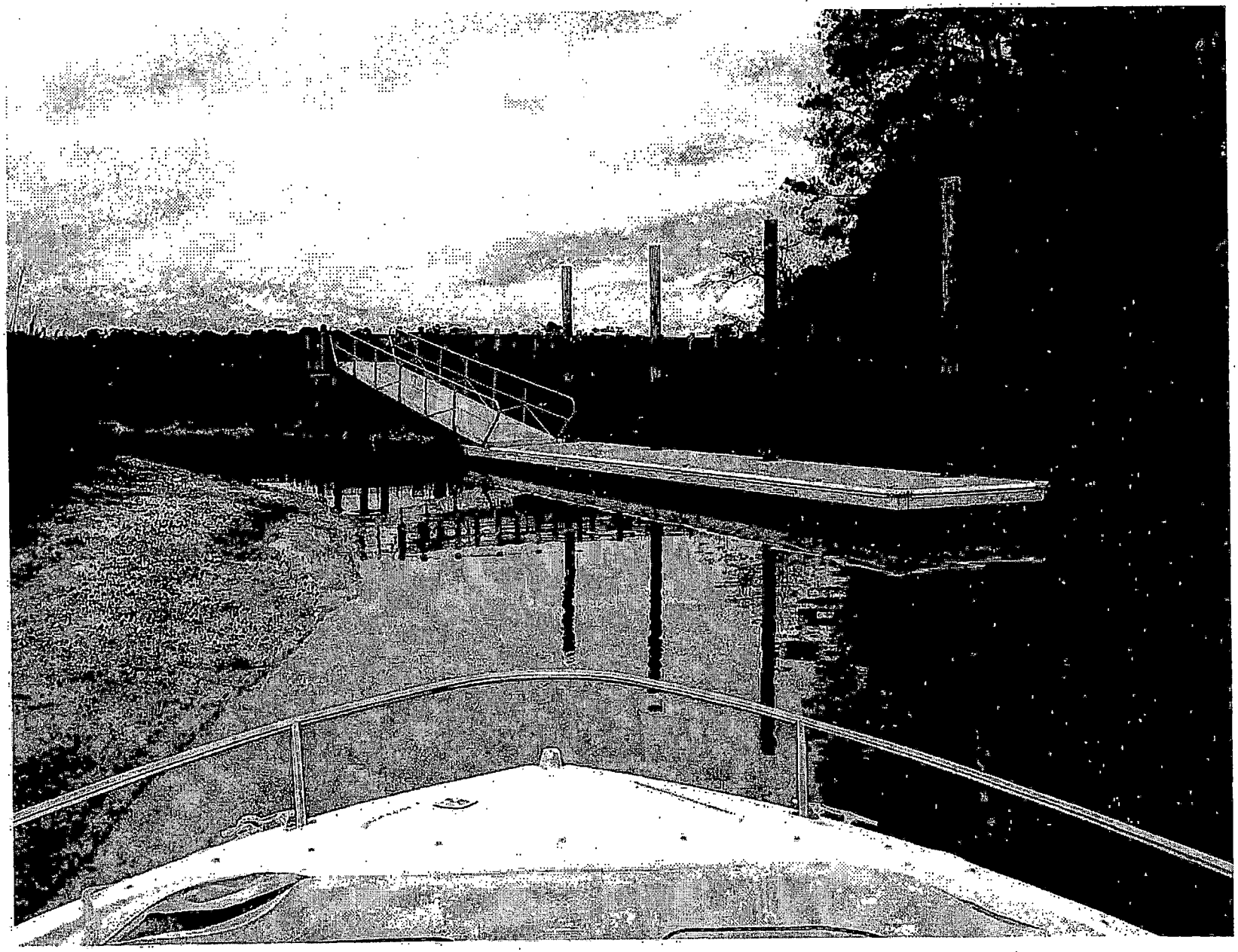

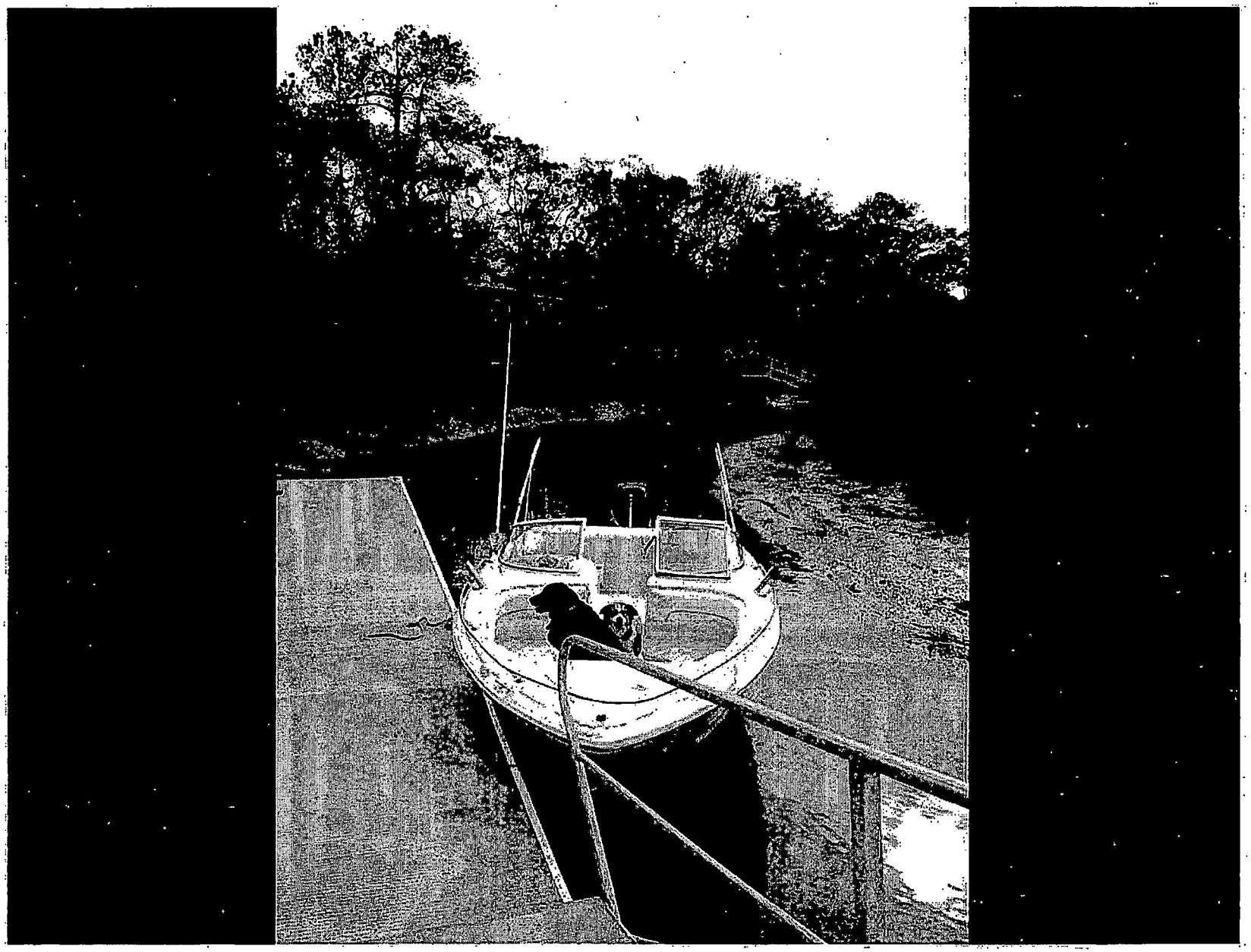

**Brook Trevino**

**From:** Chad Besenfelder
**Sent:** Wednesday, November 15, 2006 3:15 PM
**To:** Mac Martin
**Subject:** FW: I'On Common Areas
**Attachments:** I'On Common Areas November 15, 2006.xls

FYI

I hope to get a response.

---

**From:** Chad Besenfelder
**Sent:** Wednesday, November 15, 2006 12:43 PM
**To:** Vince Graham; T Graham
**Cc:** Andy Beck; 'lindsay@iongroup.com'
**Subject:** I'On Common Areas

Vince and Tom,

The following list common areas the I'On Company still owns. Would you please look over and send me your comments.

**Amphitheater:** This parcel appraised for $200k and we will need to pay taxes beginning next year unless we deed to HOA. Would you like me to begin the handover process including use easements?

**Lafayette Canal:** The area will need landscape enhancements early next year. Would you agree to handover after IDB homes sell and landscape improved?

**Jefferson Canal:** Obviously, we would like to keep control of this parcel until our building project is complete. There is a small access path deeded to the HOA along the east side of Lot 5-1. This may need turnover back to the I'On Company in order to design the Jefferson Canal Project.

**Creek Club Boat Ramp and Dock:** Both the club and the HOA do not want responsibility for this area. Currently the club pays taxes, insurance, and maintenance. The HOA pays the club about $4000 per year to help pay expenses. I think the area should stay in control of the club so not to interfere with events. I have a copy of the use easement created in 1999. The three crab docks already deeded to the HOA.

**I'On Club Marsh:** This is the marsh located behind the club near Prescient Street's access lane. We do plan to extend the tennis courts, which will butt up next to this area. Is there any reason to keep this property?

**Phase 7:** This includes the marsh walk, access path along Lot 7-7, Georgetown and Memorial Parks (all same TMS#). Pam Gabriel is working on the historic preservation project. I suggest we keep Phase 7 until we are finished with the parks.

**Phase 9:** Working on cul-de-sac park now and will be finished soon. We will schedule a walk through with the HOA early next year. They have mentioned that the nature path will need improvements due to the steep grades. Macky mentioned retaining walls add landscape improvement to buffer areas. I suggest waiting until all enhancements are completed.

**Phase 10:** I suggest we keep this area only until park is completed. Construction begins in January.

**Phase 11:** Obviously keep property. I have graded the area and ready to plant grass seed. HOA requests area mowed and we provide access for residents until future development plans implemented. What are your thoughts?

Thanks for helping me with these remaining areas. The HOA has continued to work well with us and our relationship is great. I would like to update them during our meeting next Tuesday.

Chad

Chad Besenfelder
The IPOn Company
159 Civitas Street
Mount Pleasant, SC 29464
843-284-2129

15-Nov-06

**I'On Company LLC property yet to be handed over to the HOA**

| TMS# | Phase | Parcel Information and Special Notes |
|---|---|---|
| 5350600699 | 5 | Amphitheater; entire north bank of West Lake |
| 5350600149 | 1 | Lafayette Canal; west of the Rialto Road |
| 5350600146 | 1 | Lafayette Canal; east of the Rialto Road |
| 5350600185 | 1 | Jefferson Canal |
| 5350600230 | 2 | I'On Creek Club dock and boat ramp; requires plat changes and easements |
| 5350600827 | 7 | Phase 7 common areas and Georgetown Park |
| 5350600652 | 9 | Entire Phase 9 common areas and parks |
| 5350600828 | 7 | Lot CV-9; Parcel surrounding the cemetery (actual cemetery deeded to Reed family) |
| 5350600829 | 1 | Marsh area behind I'On Club, deeded to Geoffery Graham/ETAL |

**Brook Trevino**

| | |
|---|---|
| **From:** | Chad Besenfelder |
| **Sent:** | Wednesday, April 18, 2007 7:05 PM |
| **To:** | Vince Graham; Mark Lipsmeyer; Kimber McFadden |
| **Cc:** | T Graham |
| **Subject:** | Creek Club Options |
| **Attachments:** | Community Facility Options.doc |

Okay, we have three options for the HOA community center, attached. 1) Sell them more Creek Club rentals, 2) sell them a parcel on the overflow parking lot and they build a small building, or 3) sell them the Creek Club which they may not afford.

An additional option is selling the HOA the Creek Club for a reduced rate but not including the overflow parking lot. We take the parking lot and divide into 5 lot or 6 lots. These are my thoughts:

Pros:

- The Creek Club will remain a civic building that community wants and can use forever. PD amendment approval?
- HOA could agree to limit the clubs use to I'On events/residents only, reducing the parking requirements.
- The HOA will have operating costs only and would not rely on outside sales (large weddings) to absorb costs.
- Maintenance costs would be lower for the HOA, no large events each weekend.
- The HOA gets the infamous boat ramp and docks
- Split the overflow parking into 5 larger lots consistent with Saturday Road, there is room for an access lane and the Oak Trees are awesome.
- Residents on Saturday Road would have a parade celebrating less drunks and traffic congestion. Could be a seller for those who think proposed Phase 11 will produce too much traffic.
- We get out of the rental business. Hooray!

Cons:

- Not sure about rezoning, although I think the town would prefer homes rather than a non-tax producing ugly parking lot.
- How much can we sell the lots for, I am guessing $245K each? $1.225 million? Is this enough to offset the reduced sale amount of the club at, let's say $560K. Ouch, I knew that hurt you Vince, but it may work in our advantage.
- We will incur some infrastructure costs, alley lane and utility services. Maybe $40 to $50K
- We may not have enough lot permits left. Possible solution: Keep CV-10 civic, possible park for school or more parking. Convert CM-9 to three residential lots as planned, convert CM-12 to residential as planned, convert CV-8 into two residential lots, convert CV-5 into 5 residential lots with a small passive park under the oaks, keep Jefferson canals as-is. This will bring us up to 762 total residential units.
- Concerned about taking parking away from Creek Club, but we are a pedestrian friendly community. So do as God intended, drive golf carts. We may have room to add spaces to the existing parking area next to the club.
- We would reduced exposure if we limit outside weddings. Perhaps the HOA could host weddings to I'On residents/friends at a limited capacity. Do we need this additional exposure when we make the deal?

Just a thought. What do you think?

Mark and Kimber, I would like to keep the idea of selling the club quiet for now. Thanks.

Chad Besenfelder

The I'On Company
159 Civitas Street
Mount Pleasant, SC 29464

843-284-2129

**Brook Trevino**

**From:** Chad Besenfelder
**Sent:** Friday, July 06, 2007 11:17 AM
**To:** T Graham; Vince Graham contact; Geoff Graham - away
**Subject:** RE: Alternate to Sale of Creek Club to Assembly

This was a suggestion based on the assumption that a private dock added a significant value to the Creek Club as a residential home site and the PD Amendment did not pass. I was simply brainstorming of other exit strategies.

I still believe our current proposal is best and the idea of preserving the Creek Club as a community center should be our main objective. However, how do we financially gain from this transaction? Is the overflow parking lot trade off logical and most likely to pass with TOMP? I say yes.

The idea of selling the Creek Club as a rental/catering facility may be another option but I have questions. Being a civic lot, what are the limitations? Could CM-9 or CM-12 zoning convert Creek Club to commercial? Would this venture generate enough revenue to ensure long-term success? How can we be sure the new owners would maintain the property? How would the resident on Saturday Road feel. Far too many 'what-ifs'.

Personally, I feel the PD Amendment will pass but will continue to explore more options.

---

**From:** Tom Graham [mailto:ThomasC.Graham@comcast.net]
**Sent:** Friday, July 06, 2007 10:13 AM
**To:** Chad Besenfelder; Vince Graham contact; Geoff Graham - away
**Subject:** Alternate to Sale of Creek Club to Assembly

What about Chad's alternate Assembly meeting house deal? (Sell Assembly a $650K meeting house on CV-10 instead of the Creek Club and convert/sell the Creek Club for personal residence.)

1. Would Assembly Board/residents be receptive to that alternate as part of PD Amendment proposal?
2. Is Creek Club "down zoning" to residential use a practical possibility?
3. What is the Creek Club worth for residence (in light of required adaptive reuse?)

---

**From:** Chad Besenfelder <chad@iongroup.com>
**Date:** Tue, 3 Jul 2007 09:01:12 -0400
**To:** Vince Graham contact <vince@grahamholdings.com>, T Graham <thomasc.graham@comcast.net>, Geoff Graham - away <geoff@guildquality.com>
**Conversation:** Dock ownership and encumbrances
**Subject:** RE: Dock ownership and encumbrances

I suggest no changes at this time. The docks are too controversial and taking away even part of this community amenity would cause trouble.

Tom, the article you sent regarding significant value of docks may work in our advantage when negotiating with the HOA. Would it be wise to have the club appraised as residential with a private deep-water dock keeping the ramp and parking area HOA?

I feel the plan to sell the (did you mean Creek Club?) club to the HOA and in return, convert the parking area to lots is our

best option. It is beneficial for the community and we all walk away feeling better. If the PD Amendment does not pass, then subdividing the lot into both a civic boat ramp and a private residence may work and we still own the overflow parking area. If you are looking for the most return, then this may be a good option.

Let's review this idea. Give the HOA the ramp and small parking area (free), convert the Creek Club into a home with deep-water dock and sell ($2.5 million), subdivide the overflow parking lot into five lots ($1.2 million). Now you have a total amount of $3.7 million. We could reconfigure the boat docks so that the community ramp has more dock space and reduce the future private dock ($50k). Build a meetinghouse on a less valuable Civic Lot i.e. CV-10 ($650k), $3 million left for the Grahams. Everyone walks away happy, maybe?

We may be able to do all of this without a PD Amendment, just downgrading a civic lot to residential.

A far-fetched and controversial idea, but it may work. The only ill feeling I have is our beautiful Creek Club is lost.

---

**From:** Vince Graham [mailto:vince@grahamholdings.com]
**Sent:** Tuesday, July 03, 2007 7:15 AM
**To:** T Graham; Chad Besenfelder
**Cc:** Geoff Graham - away
**Subject:** RE: Dock ownership and encumbrances

I don't know. What do you suggest?

---

**From:** Tom Graham [mailto:ThomasC.Graham@comcast.net]
**Sent:** Monday, July 02, 2007 9:00 PM
**To:** Vince Graham; Chad Besenfelder
**Cc:** Geoff at GuildQuality
**Subject:** Re: Dock ownership and encumbrances

Let's not even think about expansion of the dock size in light of permitting issues. Surely we'd lose that battle and inflame great numbers of neighbors. Other points in my memo stand. How can we best capitalize this asset?

---

**From:** Vince Graham <vince@grahamholdings.com>
**Date:** Mon, 2 Jul 2007 18:43:00 -0400
**To:** Tom Graham <ThomasC.Graham@comcast.net>, Chad Besenfelder <chad@iongroup.com>
**Cc:** Geoff at GuildQuality <geoff@guildquality.com>
**Conversation:** Dock ownership and encumbrances
**Subject:** RE: Dock ownership and encumbrances

Expanding float to the southeast? You mean northwest? I've always wanted to get I'On the same 200' of floating dock as we had at Newpoint. Unfortunately, OCRM now defines anything over 100' of floating dock as a marina, which would involve a change to our dock master plan, and lots of extra permitting. Every homeowner with a dock on Hobcaw Creek would be noticed.

You may recall that we contemplated going for this marina permit (and even a boat storage barn) in the early days, but ruled it out because we felt it would be too controversial in light of other permitting hurdles. Are we confronted with the same decision?

**From:** Tom Graham [mailto:ThomasC.Graham@comcast.net] <mailto:ThomasC.Graham@comcast.net%5d>
**Sent:** Monday, July 02, 2007 6:34 PM
**To:** Chad Besenfelder
**Cc:** Vince Graham; Geoff at GuildQuality
**Subject:** Re: Dock ownership and encumbrances

Our Creek Club dock is potentially a valuable asset. Open access erodes its marketable value. I can imagine expanding the float to the southeast, selling 3-4 slips (in condominium form) and reserving one-slip for Club or resident use. How can we capitalize this potential value?

---

**From:** Chad Besenfelder <chad@iongroup.com>
**Date:** Mon, 2 Jul 2007 12:48:47 -0400
**To:** T Graham <thomasc.graham@comcast.net>
**Cc:** Vince Graham contact <vince@grahamholdings.com>, Geoff Graham - away <geoff@guildquality.com>
**Conversation:** Dock ownership and encumbrances
**Subject:** RE: Dock ownership and encumbrances

I attached a use agreement between the I'On Club and the I'On Assembly. Below is a list of the most significant covenants.

1) Club grants I'On property owners and guests a perpetual, nonexclusive easement over and on: driveways and parking within Club Property for vehicular and pedestrian access to the Boating Facilities and temporary parking of vehicles and boat trailers for periods not to exceed 12 hours in any 24-hour period (homeowners later requested no trailer parking on Club Property).
2) The boat dock used for the temporary docking of boats for periods not to exceed 8 hours in any 24 hour period, and for the use and enjoyment of dock by pedestrians, for fishing, and for other purposes as Club Owner may permit.
3) Club Owner to suspend the right of any person to use the Boating Facility for any infraction of rules. Clubs right to charge the Assembly for any damage to Club Property resulting in misconduct.
4) Club may temporarily close boating facility for events or assembly non-payment
5) Club has the right to offer boat rentals, tackle, sell bait, or offer similar services.
6) Club has the right to add fences, gates, lock systems to limit access of unauthorized users.
7) Assembly to share costs in maintaining, replacing, operating, and insuring
8) Club owner is the owner of real property of the boat ramp and dock and driveway and parking area to serve them, for the use and enjoyment for those persons who apply, are approved, and pay the required fees for membership in a club establishment by the Club Owner known as the I'On Club and such persons as Club Owner may authorize.
9) Club has the right to adopt and amend reasonable rules and regulations pertaining to the Boat Facility use, including, fees, parking, operating hours and any such rules shall apply uniformly to Club Members and other authorized users.

The attached doc also lists rights the Club has regarding common areas.

Just some thoughts and facts:

1) The Club prohibits trailer parking to limit congestion and prevent trouble other public docks experience. The HOA agrees and the club enforces this rule well.
2) We need to enforce boat-docking rules. We explored towing (Sea-Tow) but is expensive and requires prepayment. Wheel locks may be affective. We do allow fishing.
3) We have yet to ban someone from the docks and the Assembly has not paid any additional funds (other than the $4000 per year) for maintenance or repairs. $4000 is about 20% of the total costs to operate the docks including insurance.
4) We have never closed the docks other than resurfacing the drive lane.
5) We have never sold any bait, rented kayaks or boats, etc.

6) We change the lock yearly and pay for maintenance.
7) See comment 3. Parking, congestion, vandalism and trash pickup are our largest headache, insurance is over $11k a year.
8) Does this imply that the docks used by I'On Club Members Only? We currently allow Olde Park and I'On residents access to docks. Non-resident club members are not allowed. There is a $25 per year fee to cover costs of keys, locks, and administration.
9) I do not recall any amendment other than not allowing trailer parking.

Chad

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**From:** Tom Graham [mailto:ThomasC.Graham@comcast.net] <mailto:ThomasC.Graham@comcast.net%5d>
<mailto:ThomasC.Graham@comcast.net%5d>
**Sent:** Monday, July 02, 2007 10:27 AM
**To:** Chad Besenfelder
**Cc:** Vince Graham; Geoff Graham - away
**Subject:** Re: Dock ownership and encumbrances

How so? What are current encumbrances and/or express or implied rights which TIC has granted to the public or others?

---

**From:** Chad Besenfelder <chad@iongroup.com>
**Date:** Mon, 2 Jul 2007 08:23:51 -0400
**To:** T Graham <thomasc.graham@comcast.net>
**Conversation:** Dock ownership and encumbrances
**Subject:** RE: Dock ownership and encumbrances

No, we have not. I was planning to hold on to both until we sold the Creek Club. I suggest we create a use easement that protect the docks public use.

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**From:** Tom Graham [mailto:ThomasC.Graham@comcast.net] <mailto:ThomasC.Graham@comcast.net%5d>
<mailto:ThomasC.Graham@comcast.net%5d> <mailto:ThomasC.Graham@comcast.net%5d>
**Sent:** Thursday, June 28, 2007 4:25 PM
**To:** Vince Graham; Chad Besenfelder
**Cc:** Geoff Graham - away
**Subject:** FW: Dock ownership and encumbrances

Conveyance of Creek Club to Assembly should include the boat ramp but EXCLUDE the dock which we should keep. We've not offered that dock and gazebo, have we?
----- Forwarded Message
**From:** Tom Graham <ThomasC.Graham@comcast.net>
**Date:** Wed, 27 Jun 2007 17:24:26 -0400

**To:** Chad Besenfelder <chad@iongroup.com>, Vince Graham <vince@iongroup.com>
**Conversation:** Dock ownership and encumbrances
**Subject:** Dock ownership and encumbrances

The question this evening about non-residents cutting bait and cleaning fish off the docks raises significant questions.

What rights does Assembly have over the docks & boat ramp?
What rights are granted to Olde Towne residents for use of those facilities (in the deal made with the I'On Club years ago)?

The deep water boat dock at the Creek Club has significant potential value, depending upon what those residual rights actually are. It will be good to know.

Boat ramp seems like an expensive pain. Any way we could close the boat ramp?

------ End of Forwarded Message

**Brook Trevino**

**From:** Tom Graham <ThomasC.Graham@comcast.net>
**Sent:** Sunday, December 07, 2008 9:44 AM
**To:** Vince Graham; Chad Besenfelder; Geoff Graham - away
**Subject:** FW: Creek Club
**Attachments:** Amended_Recreational_Easement1 (2).doc

Bruce Kinney met with me to discuss mutual concerns of Assembly Board and Club. Bruce's take on the pending Creek Club sale dominated the discussion. He pitched that the attached revised easement reflects what Mike Russo proposed verbally. Mike has told me, that the HOA is reaching and greatly expanding what Mike has proposed.

I've cursorily reviewed the attached and have many concerns with many terms. I suspect that the proposed amendment would be a deal killer from prospective lender/investors if not dramatically slimmed down. Mike told me that he didn't want to look at it for next 30-45 days until his restaurant/inn are opened and shaken down.

Best & most efficient way to deal with this. I'd like to enable this prospective sale to take place in a timely manner but am very wary of the attached amendment and would like an efficient way to reach an acceptable deal for all parties.

--

Tom Graham

[redacted]

------ Forwarded Message
**From:** Bruce Kinney <bkinney94@gmail.com>
**Date:** Fri, 5 Dec 2008 16:08:52 -0500
**To:** Tom Graham <ThomasC.Graham@comcast.net>
**Subject:** Creek Club

I think the first file I sent to you wasn't in Word. This one should be easier to read.

------ End of Forwarded Message

**FIRST AMENDMENT TO RECREATIONAL EASEMENT AND AGREEMENT TO SHARE COSTS**

THIS FIRST AMENDMENT TO RECREATIONAL EASEMENT AND AGREEMENT TO SHARE COSTS ("Agreement") is made this _____ day of _____, 200__, by and between _____ ("Club Owner") and I'ON ASSEMBLY, INC., a South Carolina nonprofit corporation ("Assembly").

**BACKGROUND STATEMENT**

WHEREAS, I'On is a planned community in Charleston County South Carolina (the "I'On Community"); and

WHEREAS, the Assembly is the entity charged with administering that Declaration of Covenants, Conditions, and Restrictions for I'On recorded in Deed Book 297, Page 282 of the Registry of Mense Conveyances for Charleston County, South Carolina, as such Declaration may be amended or supplemented from time to time ("Declaration"), and maintaining and operating certain property described therein as "Commons"; and

WHEREAS, Club Owner is the owner of real property described in Exhibit A to this Agreement (the "Club Property") on which certain recreational facilities,

**I. Definitions**

A. The "I'On Creek Club" shall consist of the following property ("Club Property" more fully described in Exhibit A):

i. "Creek Club Building" – the I'On Creek Club Building is a 5000 square foot structure located in the I'On community at 44 Saturday Road, Mount Pleasant, South Carolina 29464; CV-6, as recorded in the final plat of Phase II, Sub-phases B-F, Town of Mt. Pleasant, Charleston County, South Carolina, recorded September 12, 2000.

ii. "Grounds" – includes the land on which the Creek Club Building stands, and the parking lot adjacent to the Creek Club Building;

iii. "Creek Club" – means the Creek Club Building and Grounds together, as defined in A and B, above.

iv. "Docks" – includes: the driveway by which access to the Docks is gained; the walking trail that connects the parking lot and the fixed dock; a boat launch secured by a chain lock; a fixed dock; two (2) floating docks; the piers that hold the floating docks in place; two (2) catwalks; a gazebo; and all cleats and bumpers on the docks;

v. "Overflow Parking Lot" – means the parking lot located 1 block away from the Creek Club, CV-5, as recorded in the final plat of Phase II, Sub-phases B-F, Town of Mt. Pleasant, Charleston County, South Carolina, recorded September 12, 2000.

B. "Assembly" – means the I'On Assembly Inc., a South Carolina nonprofit corporation;

C. "Creek Club Owner" – means _____;

**II. Use and Limitations on Use of the Creek Club Property**

A. Conforming Use.

i. As to Creek Club Owner

Creek Club Owner shall only use the Creek Club Property for events, as defined in II.B, which conform to the prior and historic civic use of the I'On Creek Club.

ii. As to Assembly

Assembly shall have continued and perpetual community access to the Creek Club Property in the same manner and to the same extent as in the past. This access shall be restricted to current and future Assembly members only. Such community access shall be governed by and subject to the Agreement to Establish "Common Space" Using I'On Creek Club Facility (2008 Agreement attached hereto as Exhibit ___).

B. Events Permitted and Restricted.

Permitted Events. Events which conform to the prior and historical use of the Creek Club include:

i. Wedding ceremonies;
ii. Wedding receptions;
iii. Rehearsal dinners;
iv. Special occasions (birthday parties, retirement dinners, anniversary parties, and graduation parties);
v. Corporate events (meetings, retreats, banquets, lectures, training sessions and holiday parties); and
vi. Other similar events, for which the Creek Club Owner / Tenant charges a fee.

Limitations on Permitted Events. Permitted Events are subject to the following limitations:

i. No event shall start before 9 a.m., EST.
ii. No event shall end after 10:00 p.m., EST.
iii. Events for which audible entertainment is scheduled (including, but not limited to: music, bands, orchestras, DJs, PA systems, loud speakers, [...]) must comply with all applicable noise ordinances. The entertainment for such events shall not start prior to 10:00 am and shall cease no later than 9:30 p.m.

Restricted Events. Creek Club Owner agrees not to use, or permit the use of, the Creek Club Property for any purpose which is illegal, or which constitutes or creates a nuisance, or which tends to reduce the value or attractiveness of the Creek Club Building or Property to the Assembly.

C. Days of use.

"Days of use" shall mean the number of days the Creek Club Owner may schedule and reserve the Creek Club for permitted events during a given calendar year.

Calendar year 2008 shall be used as a baseline measure for the number of days of use permitted under this document.

If the Creek Club Owner desires to increase the number of days of use in a given calendar year by more than 7.5% of the 2008 baseline number of days of use, the Club Owner shall first obtain the l'On Assembly Board's approval prior to scheduling or booking additional events at the Creek Club, such approval shall not be unreasonably withheld.

D. Restriction on use of the Creek Club Building and Grounds

Creek Club Owner shall not restrict the Assembly's use of the Creek Club Building and Grounds more than ___ days per calendar year (see "days of use" defined in II.C above).

Creek Club Owner may restrict the Assembly's use of the Creek Club Building and Grounds for any and all for-profit events as set forth in II.B.i-vi above.

On any day the Creek Club Owner has scheduled and reserved the Creek Club for a permitted event, Creek Club Owner may restrict the Assembly's use of the Creek Club Building and Grounds that day only to the following extent:

i. For the entire duration of any scheduled event;
ii. For the entire duration of any set up or break down for any scheduled event;
iii. For up to one hour prior to the start of a scheduled event (during which time guests arrive); and

iv. For up to one hour after an event is scheduled to end (during which time guests leave).

Except as outlined in II.D.i-iv. above, Assembly shall have the right to park cars and golf carts in the parking lot adjacent to the Creek Club Building.

Creek Club Owner shall not restrict the Assembly's use of the Creek Club Building and Grounds, except to the extent set forth in II.D.i-iv above, without first obtaining the I'On Assembly Board's approval, such approval shall not unreasonably be withheld.

E. Restriction on use of the Docks

Assembly shall have, at all times, access to and use of the Docks.

Creek Club Owner shall not, at any time, restrict the Assembly's access to or use of the Docks.

Creek Club Owner shall not have access to or use of the Docks, at any time, or for any purpose, without first obtaining the Assembly's approval. Owner's guest may access the fixed dock and Gazebo during events. Owners Guests may not use the floating docks for the purpose of docking a boat at any time without the written approval of the assembly.

F. Restriction on use of overflow parking lot

For any event at which more than ____ attendees are present (or expected to attend), Creek Club Owner may restrict the Assembly's use of the overflow parking lot to the same extent as outlined in II.D.i-iv above.

Except as outlined in II.D.i-iv above, Assembly shall have the right to park trailers in the overflow parking lot.

**III. Security**

Creek Club Owner shall provide adequate security for the entire duration of any event, as defined in Section II.B above, at which more than ____ attendees are present (or expected to attend). Adequate security includes, but is not limited to, the presence of [a professional and licensed security guard / an off-duty police officer] to maintain peace among the guests and between the guests and homeowners, and to ensure conformity with all applicable ordinances, laws and regulations.

**IV. Traffic, Parking and Transportation Services**

Creek Club Guests are required to park in the Overflow Parking Lot, and not on the streets. Creek Club Owner shall bear full responsibility for enforcing guest parking.

**V. Signs**

Creek Club Owner shall have the right to place temporary signs on the premises to indicate to Creek Club Guests the location and direction of the Creek Club. Temporary signs shall not be erected prior to the day of a particular event, and shall be promptly removed. Under no circumstances shall any temporary sign remain on the premises longer than 24 hours for any one particular event.

**VI. Obligation to Maintain and Insure**

A. Maintenance Responsibility.

i. Creek Club Owner – exclusive responsibility

Creek Club Owner shall be exclusively responsible for the upkeep, repair and maintenance of:

a) the Creek Club Building;
b) the Grounds; and
c) the Overflow Parking Lot.

Creek Club Owner shall be exclusively responsible for maintaining the property in a-c above in a clean and attractive condition and in good order and repair in a manner consistent with the standard of maintenance and repair generally prevailing in the I'On Community.

In the event the property in a-c above sustains visible damage, wear and tear, or destruction, Creek Club Owner shall repair or reconstruct the property in accordance with its appearance prior to the damage, wear and tear, or destruction, unless the I'On Assembly agrees to the contrary. The repair or reconstruction shall be accomplished within 60 days of the damage, wear and tear, or destruction unless the Assembly grants a waiver based upon a finding of hardship [or some other reason_____]. Should Grantee (Creek Club Owner) not conform to these provisions, the Assembly may accomplish necessary repairs or reconstruction according to its best judgment, and levy an assessment upon the Creek Club Owner / Tenant for the costs involved.

Creek Club Owner shall always and at all times maintain the Creek Club as a civic use clubhouse.

ii. Assembly and Creek Club Owner – shared responsibility

Assembly and Creek Club Owner shall share the responsibility for costs for the upkeep, repair and routine maintenance of the Docks. All repair and maintenance costs shall be governed by a formula whereby the Assembly is responsible for 50% of said costs and the Creek Club Owner is responsible for 50% of said costs.

Assembly shall maintain the Docks in a clean and attractive condition and in good order and repair in a manner consistent with the standard of maintenance and repair generally prevailing in the I'On Community. In the event all or any portion(s) of the Docks sustain visible damage, wear and tear, or destruction, Assembly will execute all maintenance and repairs to the Docks and the Creek Club Owner will reimburse the Assembly for its 50% portion of the costs.

Assembly shall repair or reconstruct the Docks in accordance with their appearance prior to the damage, wear and tear, or destruction, unless the parties mutually agree to the contrary. Assembly shall provide to the Creek Club Owner a detailed invoice for its 50% portion of the costs within 10 days of completion. Creek Club Owner shall reimburse the Assembly for its 50% portion of the costs within 30 days of receipt of the invoice. If the Creek Club Owner fails to reimburse the Assembly for its 50% portion of the costs within 30 days, the Assembly may assess a 10% late fee per month on the Creek Club Owner's 50% portion of the costs.

B. Insurance Responsibility.

Required Coverages. Creek Club Owner shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available, on the property in Section VI.A.i-ii above.

i. Blanket Property Insurance covering "risks of direct physical loss" on a "special form basis" (or comparable coverage by whatever name denominated) for all insurable improvements on the property, to the extent that the party is responsible for repair or replacement in the event of a casualty. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. Such insurance shall have policy limits sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes, less a reasonable deductible; Creek Club Owner shall name the Assembly as an additional insured under this coverage;

ii. Commercial general liability insurance, insuring the Creek Club Owner and its employees (and in the event of shared maintenance responsibility, the Assembly and its members) for damage or injury caused by the negligence of the party(ies), or any of its employees

or members, agents or contractors while acting on its behalf, in such amount as the party(ies) deems prudent; provided, if generally available at reasonable cost, such coverage (including primary and umbrella coverage) shall have a limit of at least $1,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage. Creek Club Owner shall name the Assembly as an additional insured under this coverage;

iii. Such additional insurance as may be required by law, or as the I'On Assembly Board, in the exercise of its business judgment, determines advisible;

Policy Requirements. All Insurance coverage obtained by the Creek Club Owner shall:

i. Be written with a company authorized to do business in South Carolina;
ii. Include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any curable defect or violation without prior written demand to the insured to cure the defect or violation and allowance of a reasonable time to cure;
iii. Include an endorsement requiring at least 30 days' prior written notice to the insured of any cancellation, substantial modification, or non-renewal.

C. Insurance for the Docks.

Creek Club Owner shall name the Assembly as an additional insured under all insurance coverage for the Docks.

Creek Club Owner shall provide to the Assembly a detailed invoice for the Assembly's 50% portion of the costs of insuring the Docks. Assembly shall reimburse Creek Club Owner for its 50% portion of the costs within 30 days of receipt of the invoice. If the Assembly fails to reimburse the Creek Club Owner for its 50% portion of the costs within 30 days, the Creek Club Owner may assess a 10% late fee per month on the Assembly's 50% portion of the costs.

D. Right to Enforce.

If either the Creek Club Owner or the Assembly fails to adequately perform its maintenance responsibilities or fails to obtain and maintain insurance as required herein, the other party may notify it of such default and, unless the defaulting party takes affirmative steps to cure such default within a reasonable period of time set forth in the notice, the other party may pursue any and all remedies

available to it at law or in equity to enforce the defaulting party's obligations hereunder.

**VII. Amendment**

This Agreement may be amended only by an instrument signed on behalf of the Assembly, with the approval of a majority of the members of its Board of Trustees and by the Creek Club Owner. Amendments to this Agreement shall become effective upon recordation in the Registry of Mense Conveyances for Charleston County, South Carolina, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its recordation. In no event shall a change of conditions or circumstances operate to amend any provisions of this Agreement.

**VIII. Governing Law**

This Agreement shall be governed by the laws of the state of South Carolina.

Assembly and Creek Club Owner agree to comply with all applicable laws, ordinances, rules and regulations of any municipal or governmental entity or agency having jurisdiction over the Creek Club Property.

**IX. Indemnity**

Assembly and Creek Club Owner shall not be liable to the other party, or to the other party's agents, servants, employees, customers, or invitees for any injury to person or damage to property caused by any act, omission, or neglect of Grantor and/or Grantee, its agents, servants or employees, invitees, licensees or any other person entering the Creek Club Property under the invitation of Grantor and/or Grantee or arising out of the use of the Creek Club Property by Grantor and Grantee. Grantor and Grantee shall indemnify and hold harmless the other from all liability and claims for any such damage or injury including reasonable attorneys' fees and costs.

**X. Non-Smoking Areas**

All heated and cooled areas of the Creek Club Building are designated as non-smoking areas. Assembly and Creek Club Owner agree not to permit smoking in designated non-smoking areas.

**XI. Damages from Certain Causes**

Assembly shall not be liable to Creek Club Owner for any loss or damage to the Creek Club Property or loss to person occasioned by theft, fire, act of God, public enemy, injunction, riot, strike, insurrection, war, casualty, vandalism, court order, requisition, or order of governmental body or authority or by any other cause

beyond the control of Assembly, nor shall Assembly be liable for any inconvenience which may arise through repair or alteration of any part of the Creek Club Property.

**XII. Miscellaneous**

A. Invalidity.

The invalidity of any part of this Agreement, or Exhibits attached hereto, shall not impair or affect the validity or enforceability of the remainder of this Deed and in such event all other provisions of this Agreement shall continue in force and effect as if such invalid provision shall have never been included.

B. Waiver

No provisions contained in this Agreement shall be deemed to have been abrogated or waived by reason of any failure to enforce the same irrespective of the number of violations or breaches which may occur.

C. Severability.

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid, but if the application of any non-essential provision to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application and without defeating the intent hereof, and, to this end, the provisions of this Agreement are declared to be severable.

D. Captions.

Captions in this Agreement are inserted as a matter of convenience and for reference only, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

E. Notices.

Any notice provided for in this Agreement shall be in writing and shall be deemed to have been duly given, if personally delivered, at the time of personal delivery, or if mailed, on the second business day following the deposit of the envelope containing such notice in the United States Mail, registered or certified, first class postage prepaid, and properly addressed:

i. If to Creek Club Owner, at the address

ii. If to the Assembly, at the address

DRAFT

**Exhibit A**

Club Property

ALL that certain piece, parcel or tract of land, situate, lying and being in I'On in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, being shown as Lot CV-6 on a plat entitled "Conditional Subdivision Plat of Phase II, Subphases A-E, I'On, Town of Mt. Pleasant, Charleston County, South Carolina" prepared by F. Elliotte Quinn, III, R.L.S. of Thomas and Hutton Engineering Company, dated April 19, 1999, and recorded in the RMC Office for Charleston County, South Carolina in Plat Book ED, Page 108-109, said tract having such size, shape, buttings, and boundings as shown on said plat.

DRAFT

**Brook Trevino**

| | |
|---|---|
| **From:** | Tom Graham <ThomasC.Graham@comcast.net> |
| **Sent:** | Friday, March 13, 2009 9:27 AM |
| **To:** | Vince Graham |
| **Cc:** | Chad Besenfelder |
| **Subject:** | Creek Club Issues |
| **Attachments:** | Graham letter- Bruce Kinnny Creek Side Club docks.doc |

Issues related to the Creek Club sale, the "Creek Side" docks ownership and the I'On Amenities Cross-Use Easement between I'On Club, Creek Club, TIC and Assembly are intertwined.

1. Conformity of Creek Club current use with "Civic" zoning. My major previous concern now appears to be resolved with the satisfactory BOZA ruling which apparently will not be appealed by Catherine Templeton. I expect we'll get a signed settlement agreement shortly. Nevertheless, it now appears that she will not appeal BOZA ruling.
2. Dock Ownership complaint. Bruce Kinney's I'On Assembly letter dated March 11 is attached. We must determine appropriate response to that letter — which seems to me to require a modification to the Amenities Cross-Use Easement above AND prior agreement by Mike Russo, in the event that he chooses to proceed with Creek Club Purchase Agreement.
3. Creek Club purchase financing.

Let's discuss these issues face-to-face sometime today? I'm open after 10:30.

--

Tom Graham

[redacted]

Ne Oublie

On 3/11/09 11:47 AM, "Tom Graham" <ThomasC.Graham@comcast.net> wrote:

Creek Club issues:

I see three issues:

1. Conformity of Creek Club current use with "Civic" zoning classification. BOZA ruling confirmed that, subject to potential appeal to Circuit Court within 30 days of BOZA ruling publication (which I understand will be sometime this week.) I understand that Catherine Templeton will not appeal the BOZA ruling, nor assign it to anyone else for appeal. Morgan Templeton and Dan were engaged in lawyer language duel which I stopped Monday evening. This morning I asked Dan to ask Morgan if they would approve Dan's latest counter (which I last sent to both of you), before I reviewed with Mike Russo for his approval before I signed it back.
2. Dock ownership complaint. I understand that Ward Mundy wrote letter to the Assembly Board complaining of Board's failure to acquire ownership of docks from I'On Club. I've not seen the complaint. It seems to me to be a trivial complaint and Creek Club operations could be improved by the Club conveying a narrow strip of land (marsh walk extension) adjacent to Hobcaw Creek together with the Creek Club boating facilities and revising the Cross-use easement to have the Creek Club, I'On Club and TIC retain rights to use the boating facilities and the I'On Assembly own and maintain them. Bruce Kinney has prepared a proposal which he described to me which he proposed to submit to Mike Russo for his approval. All of that is on hold pending receipt from HOA of the original protest and the HOA's response.
3. Creek Club purchase financing. It appears to me that financing is still unresolved — partly due to uncertainty related to the above zoning and dock ownership issues.

Mike Russo's letter requesting contract extension pending resolution of zoning and docks issues put his Creek Club purchase contract in limbo. We can offer to refund deposit and give him the option to proceed or cancel the deal — either now, or after the zoning and docks issues are further clarified. I've gotten mixed signals from both Mike Russo and Steve Speer on this.

The I'On Assembly, Inc.

March 11. 2009

*Sent Via email thomasc.graham@comcast.net*

Mr. Thomas Graham
The I'On Company
159 Civitas Street
Mt. Pleasant, SC 29464

Re: Creek Side Club

Dear Tom:

As we discussed last week, the I'On Assembly Board was recently provided copies of the 1998 HUD Property Report and the 1997 I'On Impact Statement. These were the documents that I emailed to you and Chad last week. Page 21 of the HUD Report lists various Recreational Facilities that were to be constructed by The I'On Company and conveyed to the I'On Assembly upon completion. Included in that list is a "Community Dock." After looking at the description and photographs of the proposed community docks in the Impact Statement, and reading that there were to be no private docks in I'On, it seems clear that the HUD Report contemplated the multiple docks at the Creek Club.

I understand that Chad is preparing the legal documentation for turning over other facilities to the Assembly, including but not limited to the amphitheater, the canals, I'On Square Park, and various paths and trails. Please include the Creek Club docks and access to the docks in that documentation. In that regard, I anticipate the I'On Board working with you to create a cross easement and use agreement between the Assembly and the Creek Club owner. When you can, would either you or Chad please let me know when we might have something for the Assembly's counsel to review.

Assuming this process will move rather quickly, I will make arrangements for the docks to be inspected following the procedures that Dave Rosengren has used for other facilities turned over to the Assembly. While I have not seen the purchase contract with Mike Russo and his partners, I have been told that the proposed sale includes the docks. Following our earlier conversations, the Board expects that the docks will now be excluded from the sale, but access would be part of a new easement.

Additionally, the HUD Report lists a "Creekside Park" as part of the Recreational Facilities that was to be started and completed at the same time as the docks. Would you please let us know if this park was ever built, and if so, where it is located and whether it has been conveyed to the Assembly?

As stated earlier, the Assembly Board just became aware of the HUD Report and the Impact Statement. Otherwise this matter would have been dealt with much sooner. However, since discussions about turning the docks over to the Assembly have been going on for some time, I would expect this to be a smooth transition.

Sincerely,

Bruce E. Kinney
I'On Assembly Board President

Cc: Tim Bouch
Matt Walsh

**Brook Trevino**

**From:** Tom Graham <ThomasC.Graham@comcast.net>
**Sent:** Thursday, March 26, 2009 9:51 AM
**To:** Vince Graham; Chad Besenfelder
**Subject:** FW: Recreational easement

- I'd like to know if Mike has serious backers with intention to purchase the Creek Club, and if so, under what conditions.
- These community games that he's instigated over the past 9-months wear me out. Would it be more efficient were communications & negotiations with Mike handled consistently — through one point person among us, rather than sometimes me, sometimes Chad, sometime Vince?
- Mike said earlier that his "commission" on sale of Club would be waived because the prospect would be his Creek Club "banker". I'd like to know what he now proposes.

--

Tom Graham

[redacted]

Ne Oublie

------ Forwarded Message
**From:** Mike Russo <mrusso7465@aol.com>
**Date:** Thu, 26 Mar 2009 09:26:13 -0400
**To:** Tom Graham <ThomasC.Graham@comcast.net>
**Subject:** Re: Recreational easement

The issue is mostly a financing issue in regards to what the property will appraise for with the docks and the land acessing the docks and the property without ownership of that asset. If they are willing to assume 100% of the costs and still grant your use and adequate control it should not matter from an operations stand point. However it will be more difficult to finance. I think it is very important that if you grant ownership it be for the docks

only and keep all the land accessing them. granting them only an easement or access over the land. Also have told Chad that the potential Club buyer will be coming to town Friday and I want to give him a tour of the facility. We need to talk about a commission agreement or a finders fee if I am able to make this deal happen.

Also I understand you are looking for a club manager. personally I think Chad would be perfect for the job with his hospitality background and current knowledge of the community I think he is a perfect choice.

THanks
Mike Russo

-----Original Message-----
From: Tom Graham <ThomasC.Graham@comcast.net>
To: Mike Russo <mrusso7465@aol.com>
Cc: Chad Besenfelder <chad@iongroup.com>; Vincent Graham <vgraham@iongroup.com>
Sent: Wed, 25 Mar 2009 8:10 pm
Subject: Re: Recreational easement

Given Jo Anne Stubblefield's clarification and the April, 2000 HUD document amendment, I don't see any compelling reason to convey the "community dock" to the Assembly. However, I still don't think it matters who "owns" the facility near as much as the nature and extent of rights and obligations of the parties. I'd prefer that the Assembly own the "community dock" (and pay for maintenance, insurance, policing, management, etc) provided I retain adequate use rights and adequate control.

This continues to appear to me be a non-issue. I must be missing something, here.
--
Tom Graham
[redacted]

Ne Oublie

On 3/25/09 7:32 PM, "Mike Russo" <mrusso7465@aol.com> wrote:

Does this mean that you are not going to turn over the docks????

Let me Know ASAP
Mike Russo

-----Original Message-----
From: Tom Graham <ThomasC.Graham@comcast.net>
To: Bruce Kinney <bkinney94@gmail.com>; Dan Orvin <dorvin@buistmoore.com>; Mike Russo <mrusso7465@aol.com>
Cc: Vincent Graham <vgraham@iongroup.com>; Chad Besenfelder <chad@iongroup.com>
Sent: Wed, 25 Mar 2009 5:10 pm
Subject: FW: Recreational easement

I think this explains why the community dock was not conveyed to the Assembly.

---

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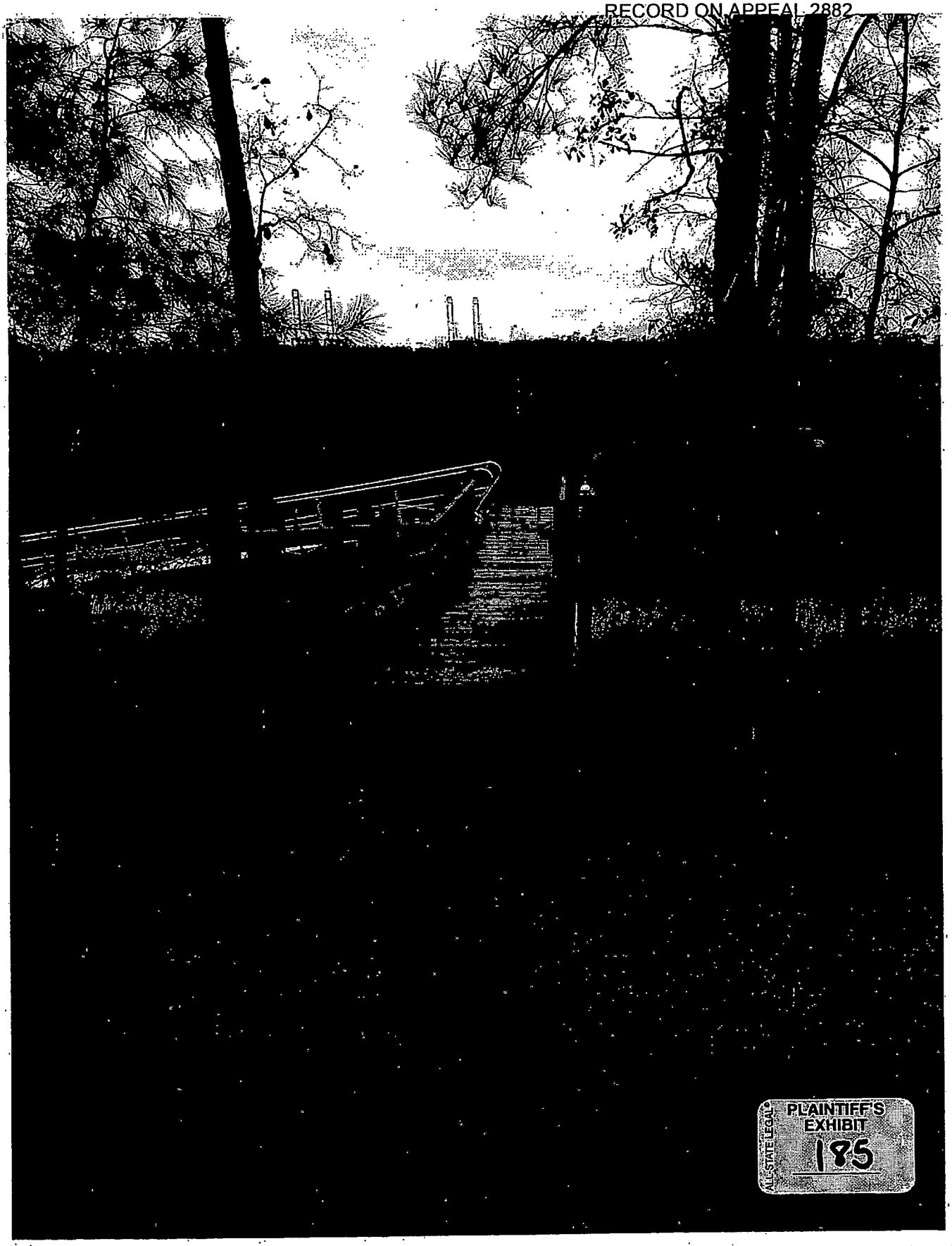
------ End of Forwarded Message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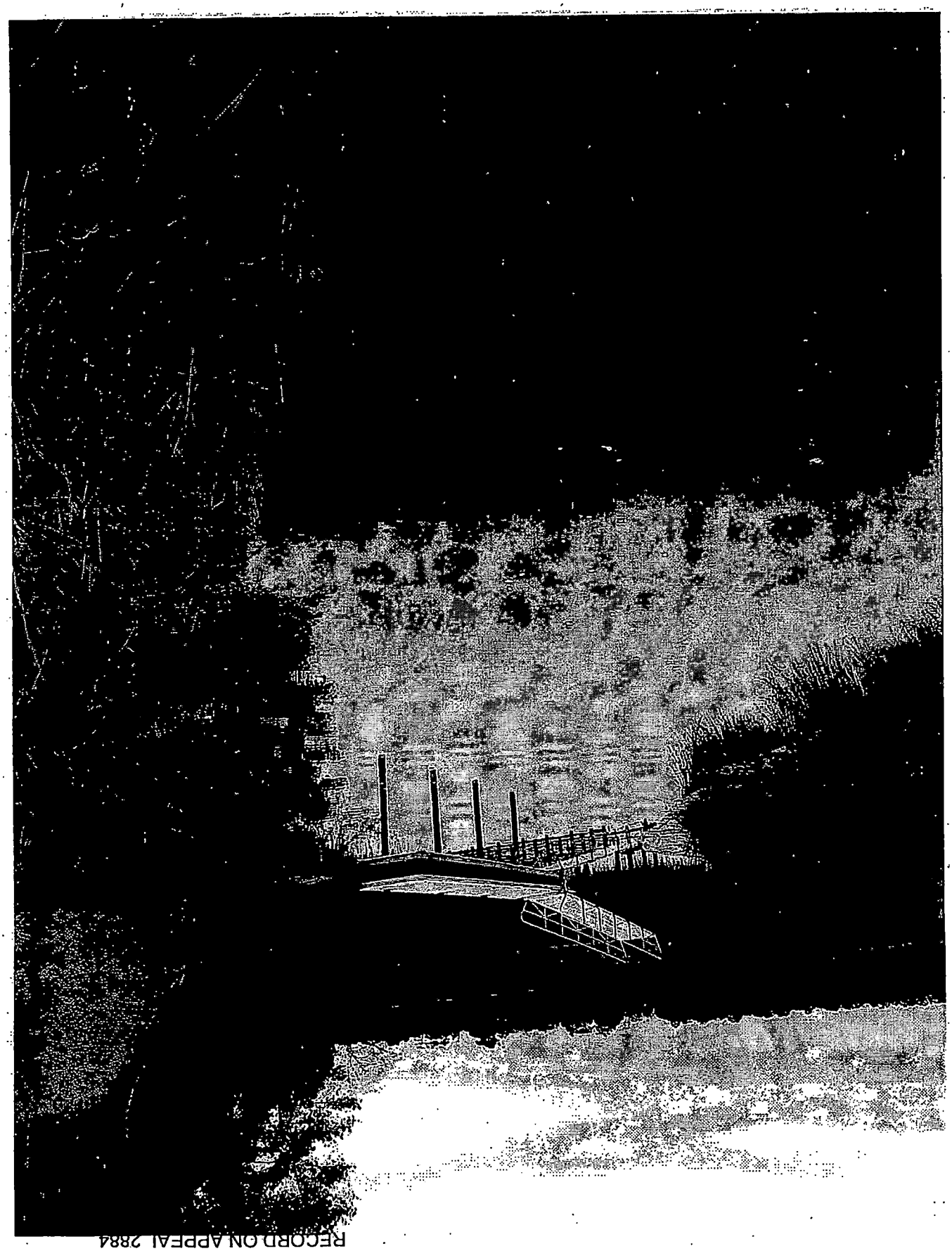

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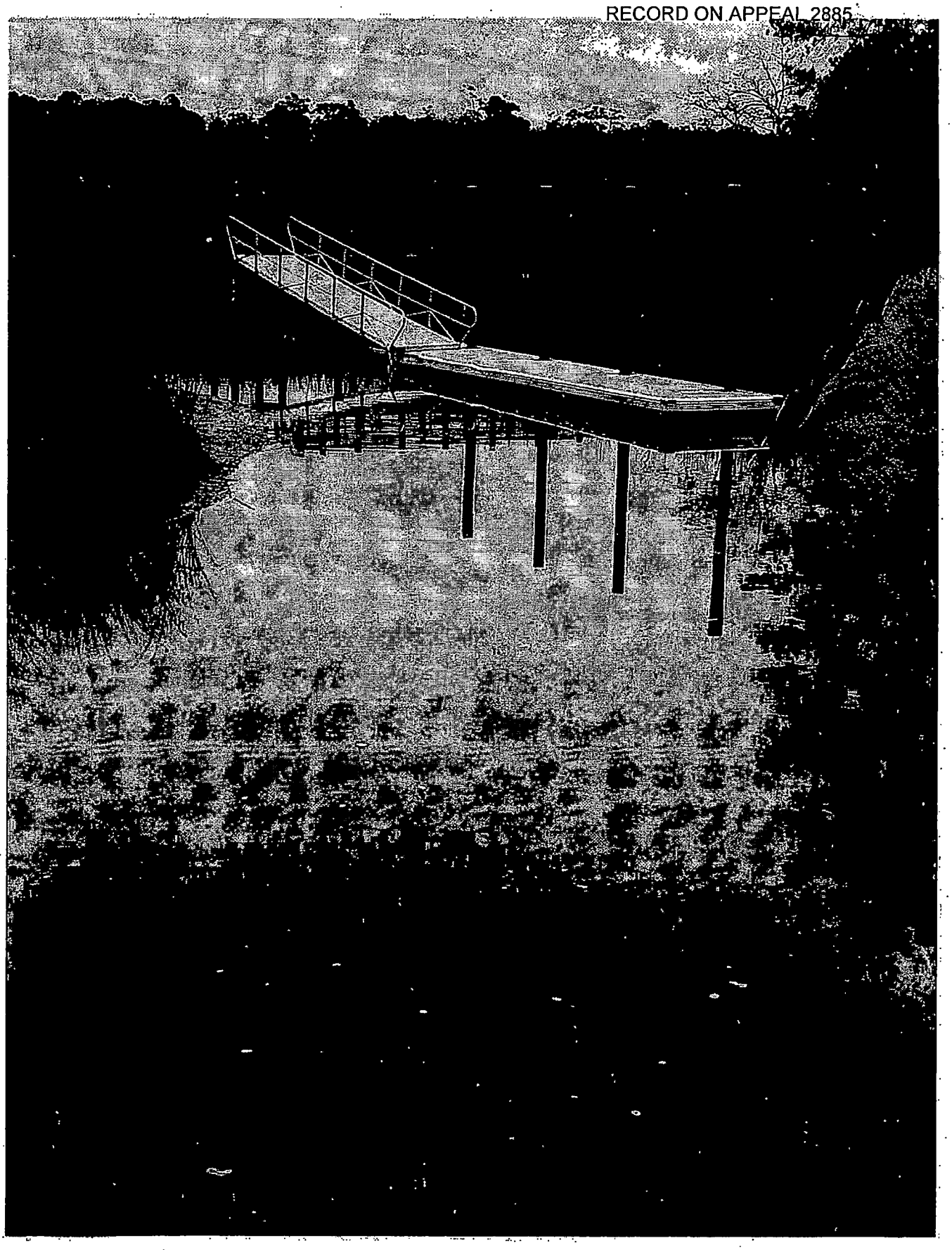
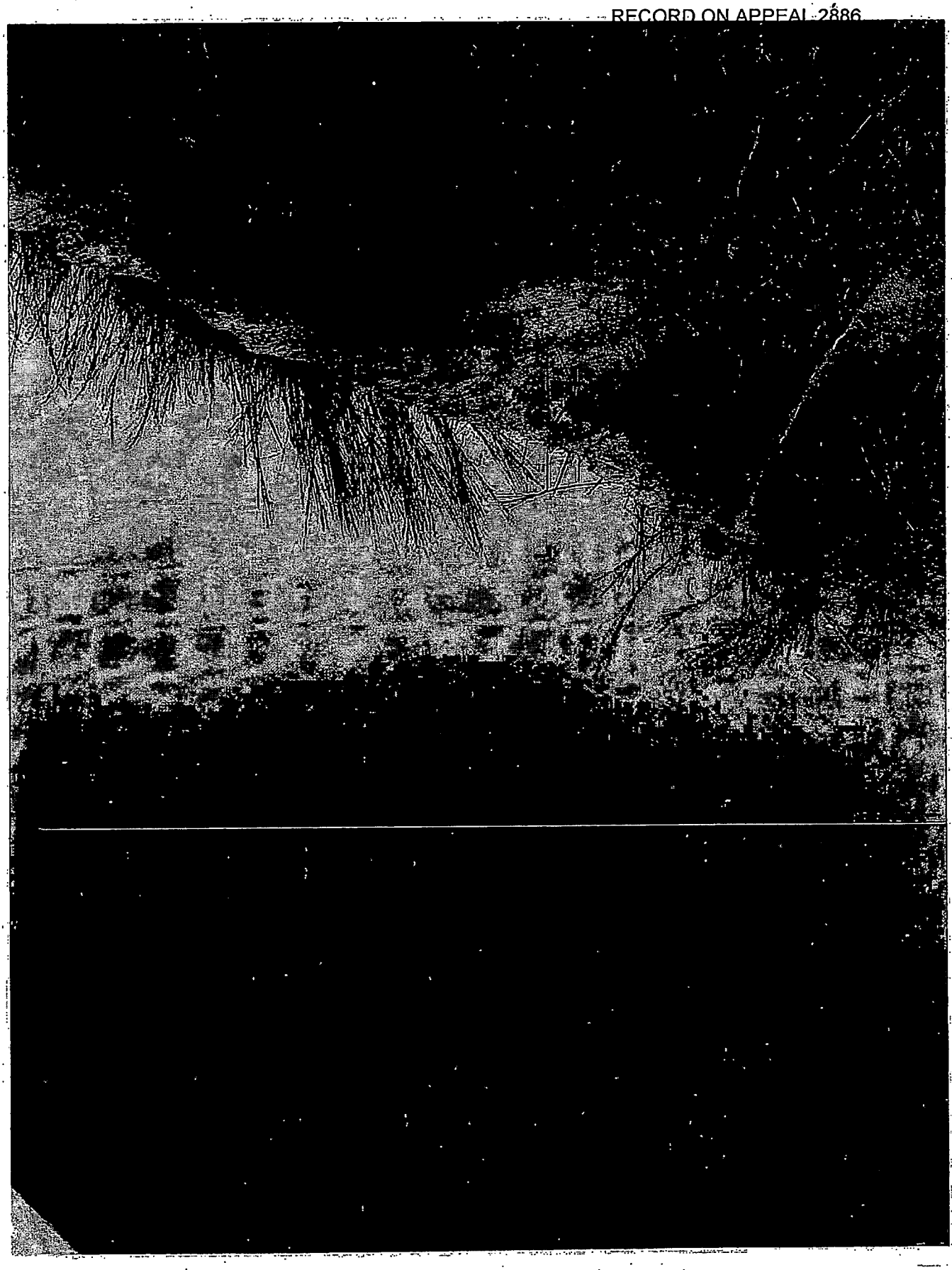
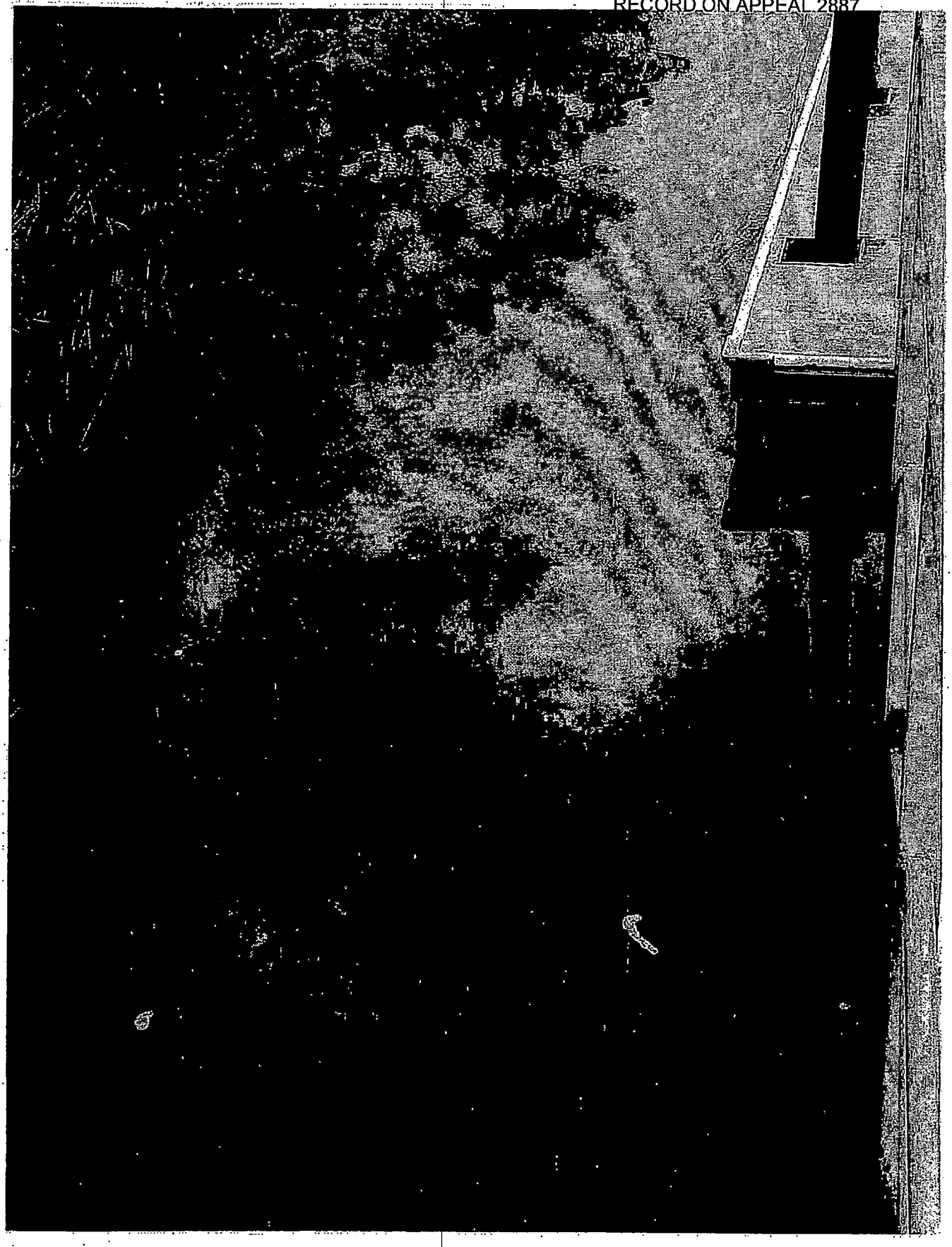
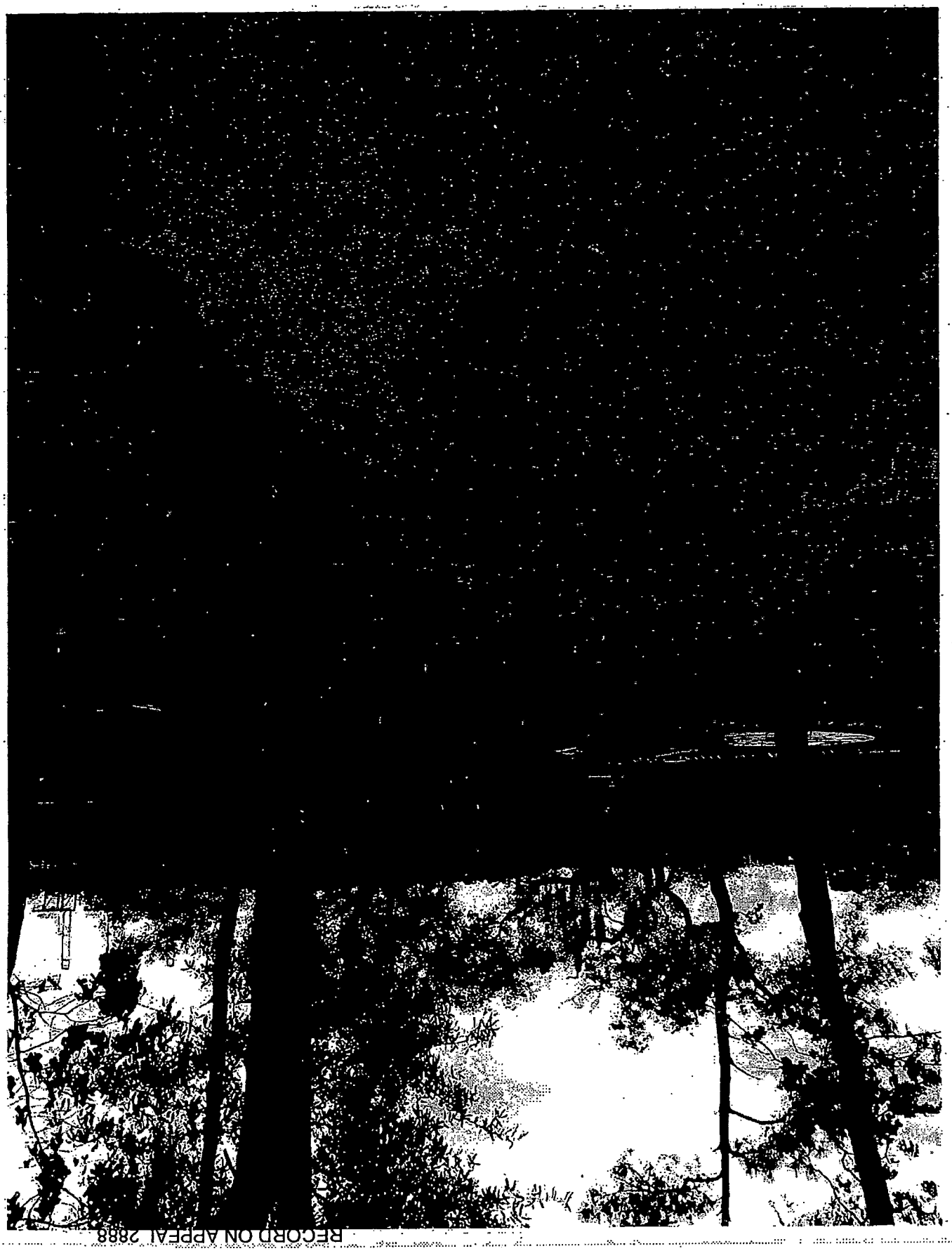
**APPENDIX 3370**









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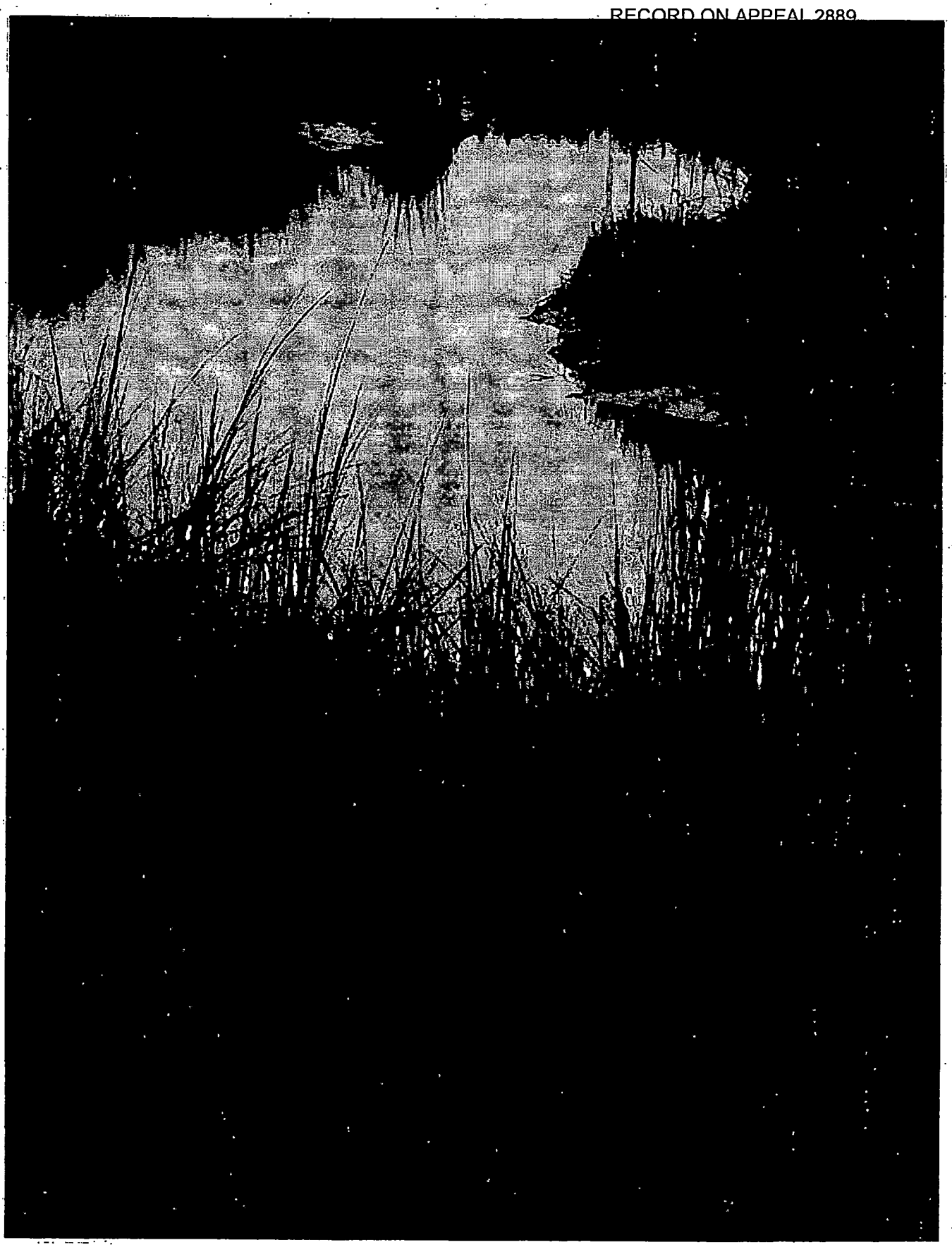

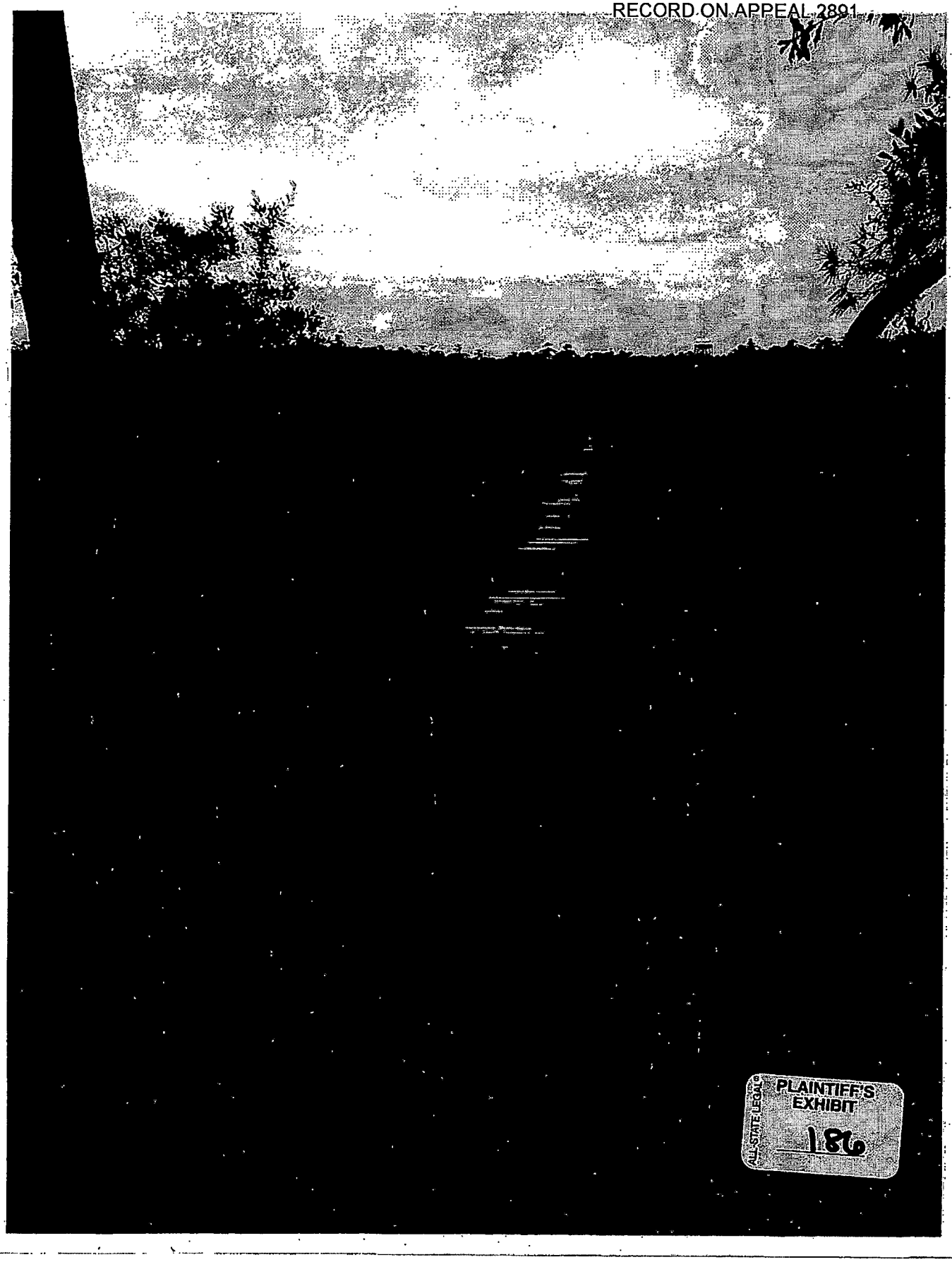
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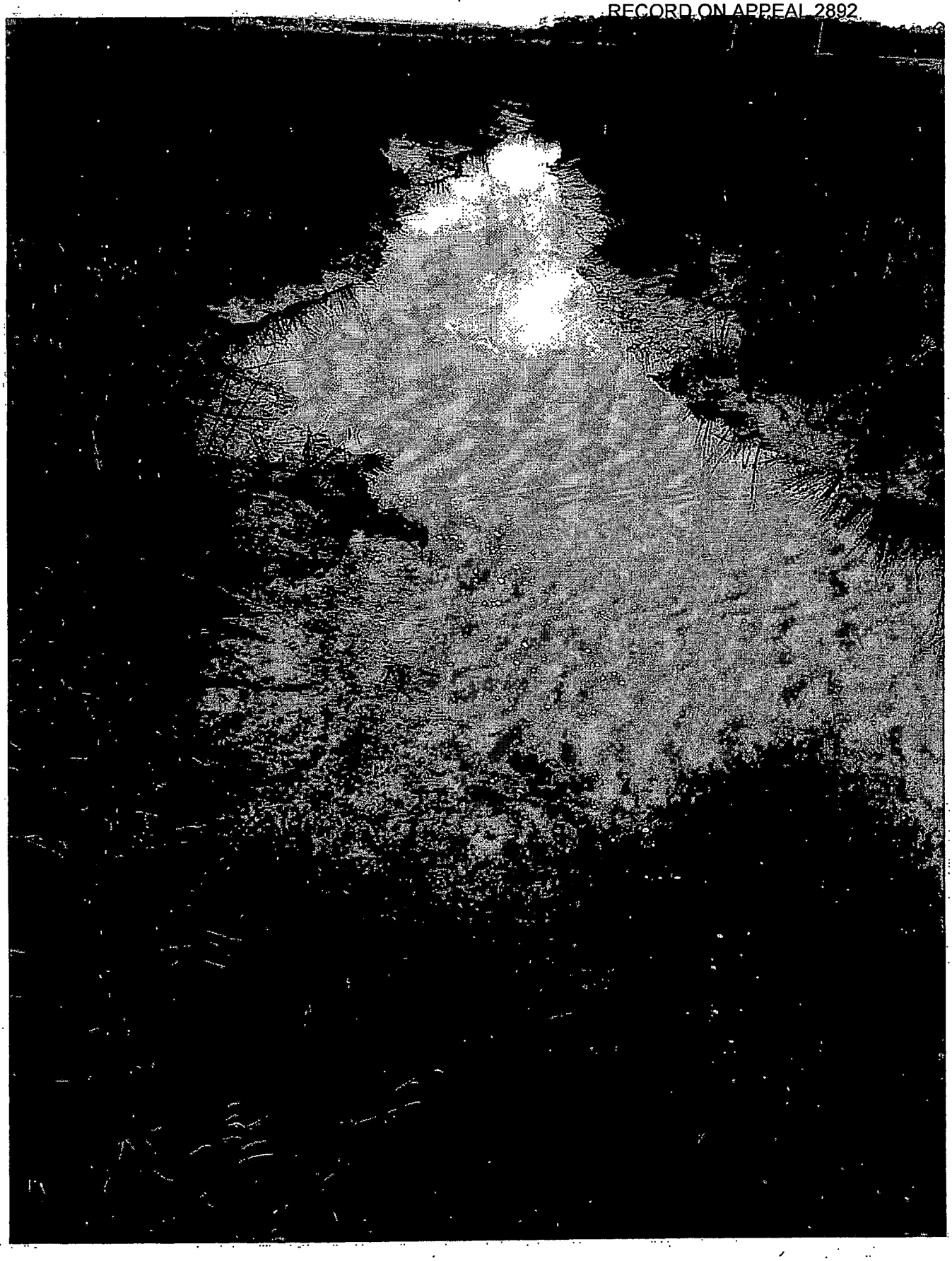

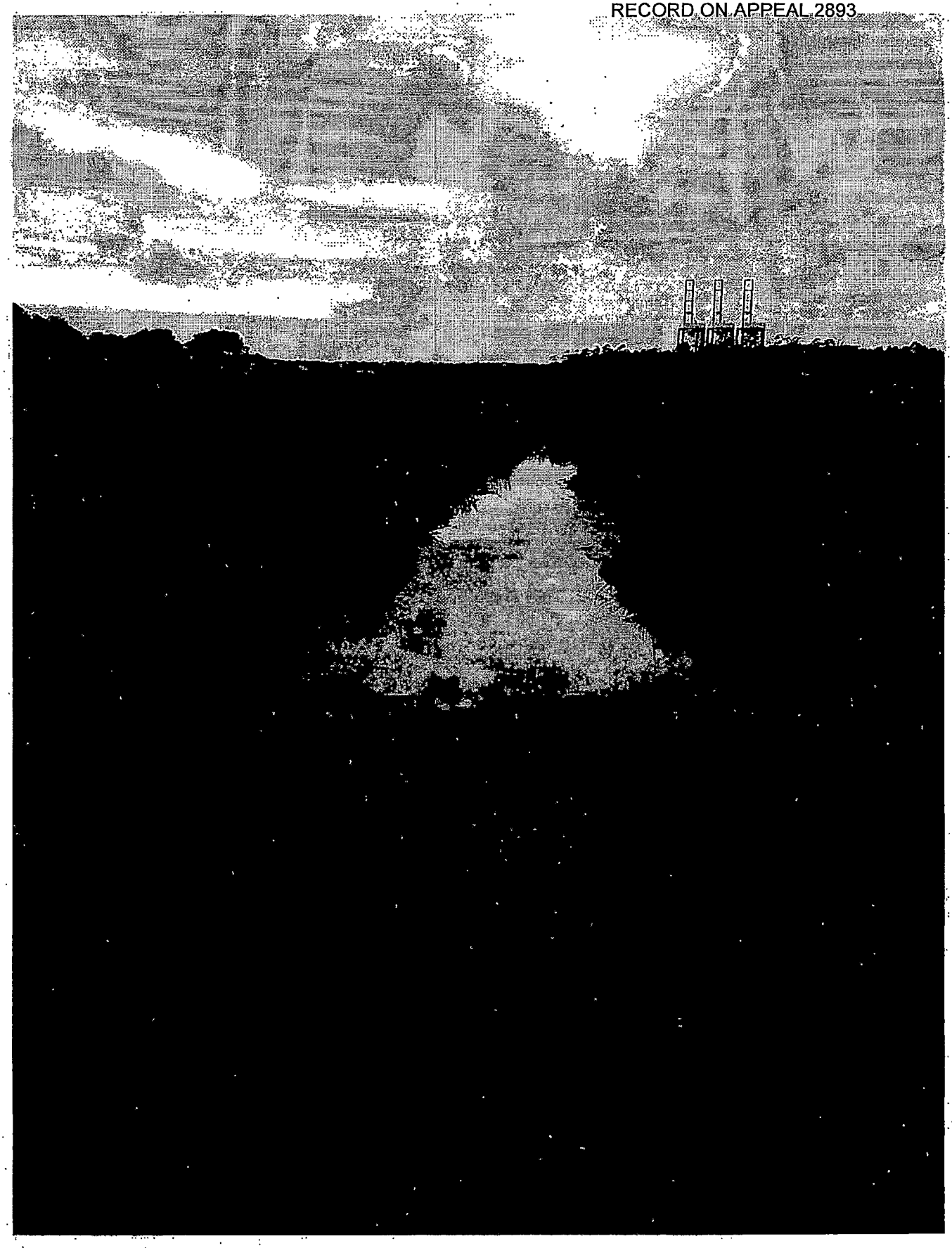

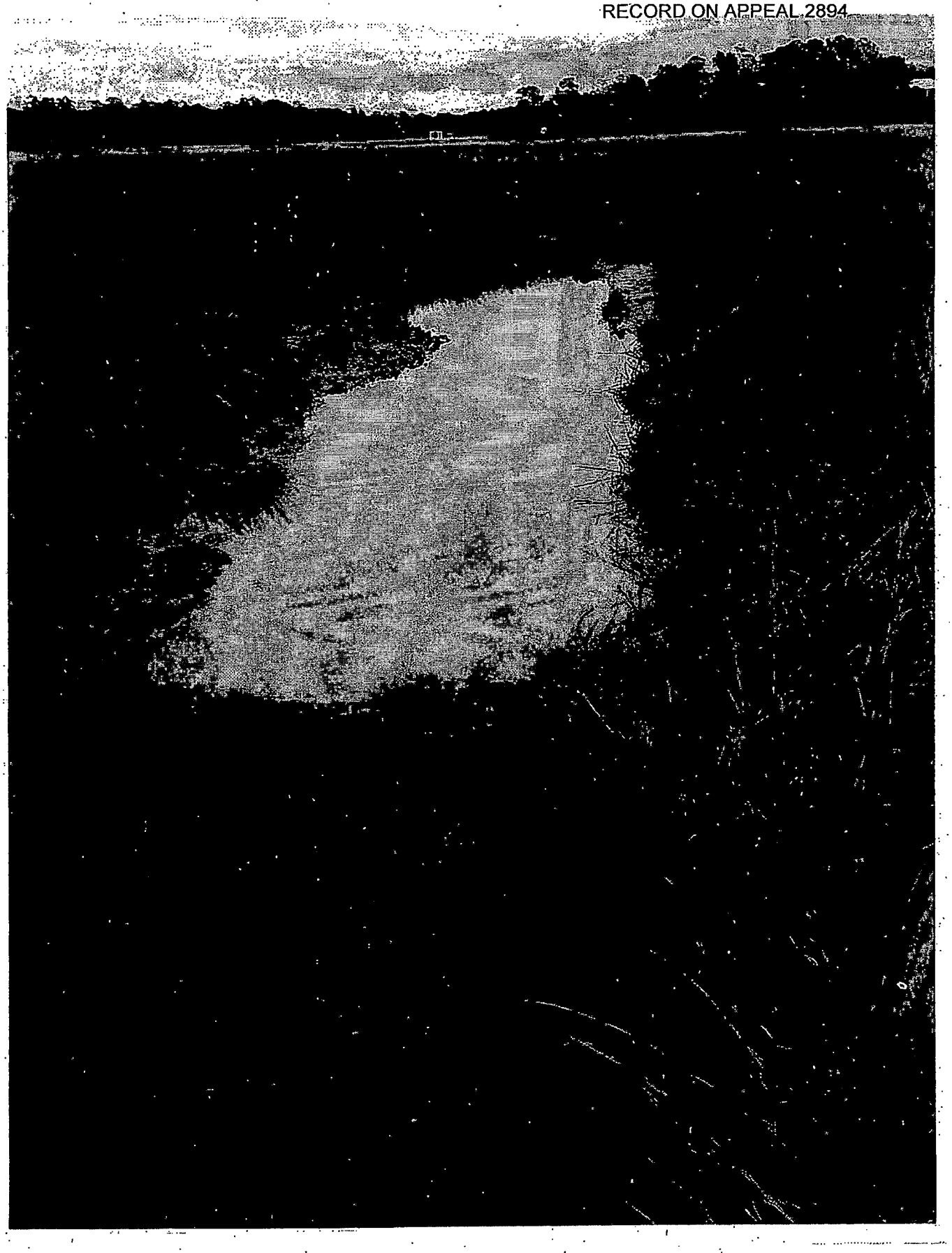

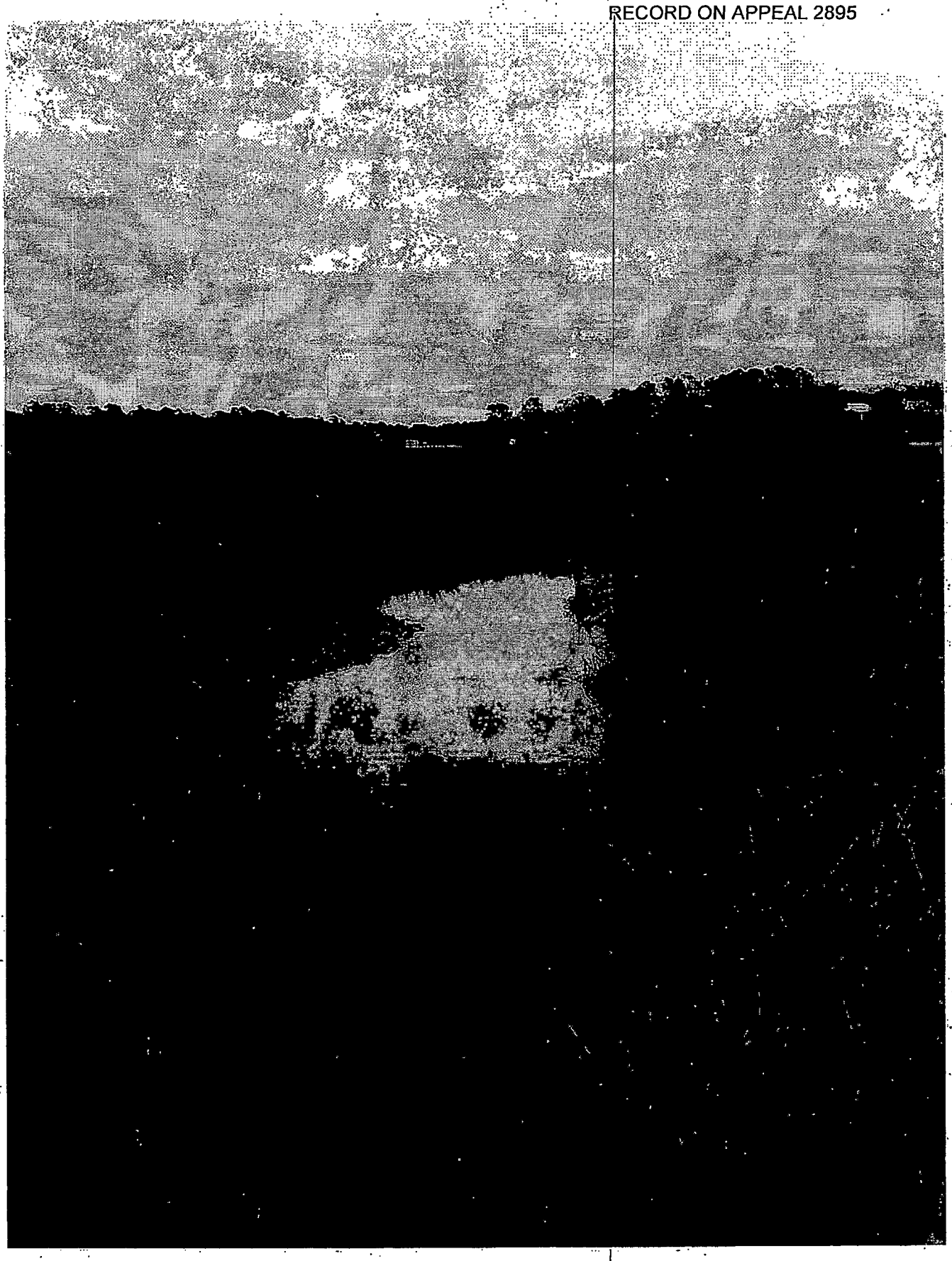

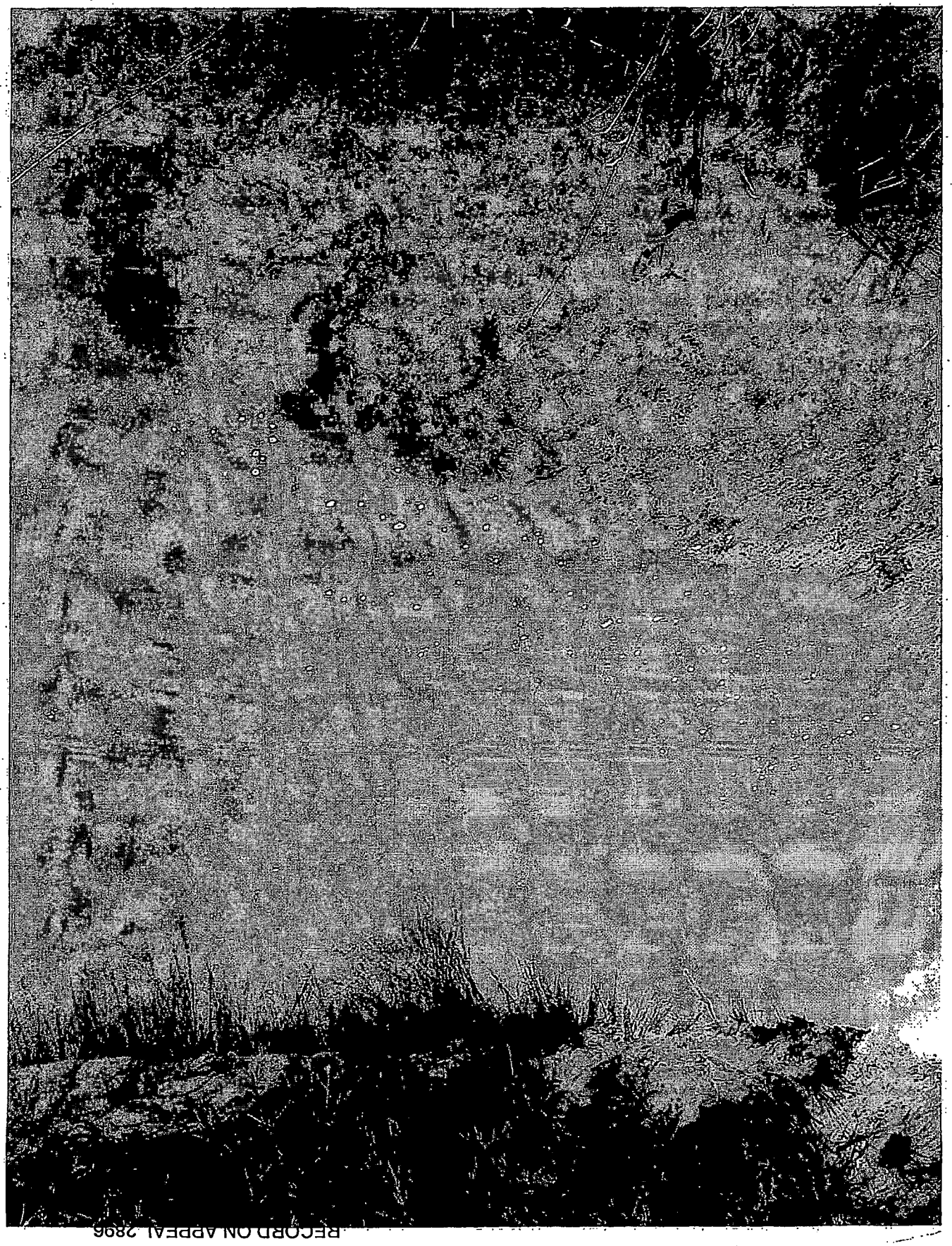

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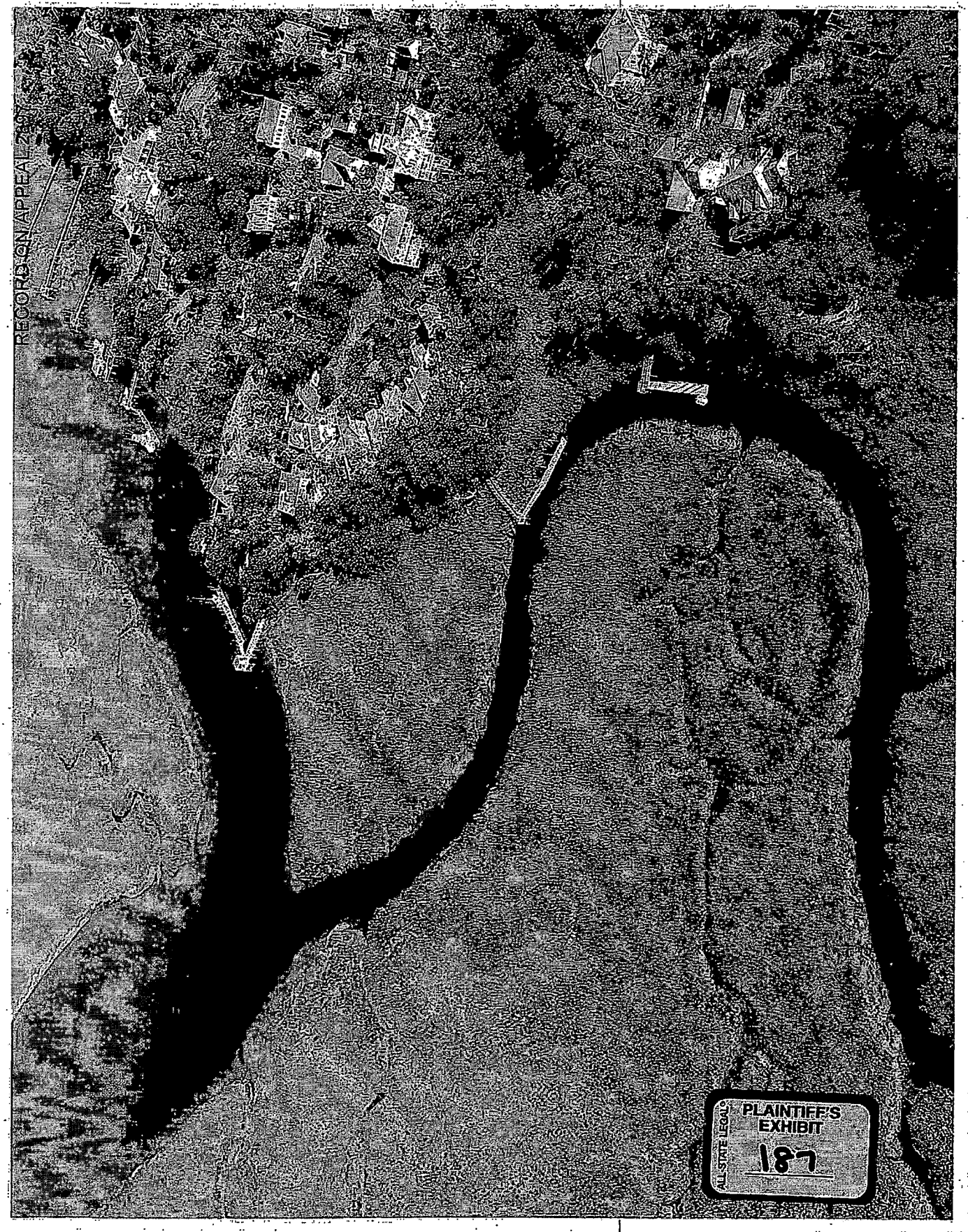
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December 8, 1998

Joe Griffith
Lewis Griffith
[redacted]

Dear Mr. Griffith & Lewis:

Thanks for meeting with us last week and clarifying your development plans as they relate to I'On.

We understand you plan to provide primary access to your subdivision direct to Mathis Ferry Road with only supplemental access through I'On. We appreciate your willingness to be "good neighbors" and we hope to reciprocate.

Access suggestion. As you know, because of the size and nature of your development, the Town will require an Impact Statement including traffic study. To mitigate the traffic generated from your site, we would like you to consider utilizing Heron Pointe Boulevard, and building a roundabout and a new connector road between Mathis Ferry Road and the frontage road along US17. This new connector road could utilize the left over 50' wide strip of land to extend Heron Pointe Boulevard direct to the US17 connector road. The roundabout would create a more memorable entry statement for your subdivision. It would greatly improve left turn access for your residents. In conjunction with the I'On roundabout, your roundabout would "calm" traffic along this section of Mathis Ferry Road and enhance the quality of that road as the front door for both of our developments. Multiple connections from your development through Heron Pointe Boulevard to Mathis Ferry Road – particularly if connected with a roundabout at Mathis Ferry – would provide your residents with a superior "through" route to Mathis Ferry. This superior access alternate would likely reduce the amount of traffic generated by your subdivision through our I'On development.

Proposal. In response to request for proposal for access to gravity sanitary sewer, the I'On Club and I'On's community dock and boat ramp, we are pleased to submit the following. This proposal is conditioned upon access connections as follows:

1. No connection will be built until the streets serving your residents likely to use such connection have been paved and 75% of the homes in your community are complete. Except that such connection may be available for a limited term to enable building permit for Mr. Joe Rice's home.
2. Each connection will be designed so as to "calm" traffic passing between the neighborhoods and minimize any negative impacts for neighbors in I'On, as well as those in your subdivision.
3. Each connection location and design will be approved by a sub-committee of the I'On Assembly (our Home Owners Association) and will include residents living in the immediate proximity of the connection.
4. No construction traffic will be allowed to utilize any connection – either from I'On through your subdivision or from your subdivision through I'On.

Sewer. We are planning a sewer lift station and off site improvements to handle the needs of future homes in I'On. These improvements can be engineered and extended to accommodate the needs of your homes as well.

Club Facilities. We are in the design stages for swim, tennis, and clubhouse facilities for the I'On Club. The first phase of these facilities will begin construction early next year and be available for use

The I'On Company · P.O. Box 986 · Mt. Pleasant, SC 29465
(T) 803-971-1662 (F) 803-971-1664 (I) http://www.ionvillage.com

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in the fall of 1999. Facilities will consist of at least six lighted clay courts, an 8 lane by 25 yard swimming pool with a removable bubble for year-round swimming, kiddy pool, locker and bath facilities and a 3,600 S.F. Creek Club located on our waterfront park fronting Hobcaw Creek. Subsequent phases may include additional tennis courts, pool, and other meeting halls. Anticipated cost of these facilities exceeds $1,700,000.

The I'On Club will be limited to 850 members. Members will pay an initiation fee and annual dues and have access to all facilities. The Creek Club will be available to residents for wedding receptions, corporate meetings, and other gatherings. Members shall have first priority and enjoy a discounted rental fee.

Boat ramp/community dock. We will shortly apply for permits for a community dock facility and renovation of the boat ramp along Hobcaw Creek. These facilities will belong to the I'On Assembly, and be available for use by those members paying an annual "key deposit" of between $25-50. Depositors may use the community dock on a short-term (less than 24 hours) basis.

We offer entitlement to all of the above-described facilities at a package price of $435,000. This cost is allocable $85,000, $325,000 and $25,000 between the sewer tie-in, Club amenities entitlement and boat ramp/community dock, respectively. Terms are as follows: a) $50,000 non-refundable deposit paid to The I'On Company, LLC upon agreement execution; b) the $385,000 balance due within 10 days of approval of your Preliminary Plat. This proposal shall be open for your acceptance until January 5, 1999. If these terms are suitable to you, please signify by signing below and returning a copy to me together with your deposit. I will then have more formal documentation drawn up for our signatures.

If you have any questions, please feel welcome to call me. I look forward to working with you to our mutual benefit and that of the future residents of our neighborhoods.

Sincerely,

Vincent G. Graham

Cc: Tom Graham
Joe Barnes

_____

Agreed as to intent

# Joe Griffith, Inc., REALTORS

~~180 East Bay Street~~ 310 Meeting Street • Charleston, South Carolina 29401
(803) 577-2230


February 19, 1999

Mr. Vincent G. Graham
[redacted]

Re: Proposal from GR, LLC for access to the I'On
Sewer, Club Facilities & Boat Ramp/Community Dock

Dear Vince,

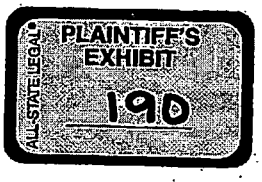
I am writing to you in response to your proposal dated December 8, 1999 relating to the access to the above-mentioned amenities currently located or planned at I'On.

As you know, we recently purchased the Mevers tract and the new ownership entity is GR, LLC. After our recent meeting, I discussed your proposal with the new owners for their comments and response. They have indicated an interest in pursuing this proposal but would request a modification to some of the terms and conditions of your proposal.

We discussed your suggestion regarding the access from Mathis Ferry Road to our project. While this suggestion may have merit, it is not economically feasible for our development as we have reduced the number of lots to approximately 110-115.

The proposal regarding the access connections from our property to I'On is acceptable as stated in the section Proposal, items 1.,2.,3.,& 4. The condition stated in item 3. will be contingent upon the design and location of the access connection point(s) being accepted and approved by the Town of Mount Pleasant. GR, LLC reserves the right to approve or reject any access connection location and design recommended by the I'On Assembly.

The sewer lift station and off site improvements will have the capacity to accommodate our project and will be co-ordinated with our engineers at Seamon-Whitesides and Associates. Sewer lift station and off site improvements shall meet the Town of Mount Pleasant requirements.




Mailing Address:
Post Office Box 1039 • Charleston, South Carolina 29402

The Club Facilities are to include the following amenities in Phase I : 1.) Minimum of six (6) lighted clay tennis courts; 2.) an 8 lane by 25 yard swimming pool with removable bubble for year round swimming; 3.) Kiddy pool; 4.) Locker and bath facilities; 5.) 3,600 square foot Creek Club located on the waterfront park on Hobcaw Creek. Additional phases of the Club Facilities are to include additional tennis courts, pool, and other meeting halls.

The boat ramp and community dock will be available to our property owners for an annual "key deposit" of $25-50.00.

It is our understanding that the I'On Club will be limited to 850 members which would include our 110-115 property owners. Our property owners will pay an initiation fee and annual dues in accordance with the lot owners in I'On. Each member will have access to all facilities and will have first priority and discounted rates for the Creek Club.

GR, LLC will pay a total of $435,000 for the above-mentioned facilities and sewer tie-in based on the following breakdown:

| | | |
|---|---|---|
| 1.) | Sewer Tie-In | $ 85,000 |
| 2.) | Club Amenities entitlement | $385,000 |
| 3.) | Boat Ramp/Community Dock | $ 25,000 |
| Total | | $435,000 |

The terms of the proposal are as follows:

| | |
|---|---|
| Initial Deposit<br>-Upon Site Plan Approval from Town of Mount Pleasant | $ 50,000 |
| Contribution of Residual Land<br>-Upon obtaining subdivision of residual land and recordable plat | $ 50,000 |
| Land Disturbance Permit<br>-Approval by Town of Mount Pleasant | $100,000 |
| Upon Fifty (50%) Percent completion of Club Amenities and Boat Ramp/Community Dock | $117,500 |
| Upon One hundred (100%) percent completion of Club Amenities and Boat Ramp/Community Dock | $117,500 |

As part of its compensation offer for the above-mentioned package, GR, LLC will transfer ownership of the residual land (approximately .94 acres) adjacent to I'On to The I'On Company at a value of $50,000. The property is shown on the attached proposed site plan. The transfer will occur when the property can be subdivided and can be formally transferred under the regulations of the Town of Mount Pleasant. We will submit this item to the Town as soon as possible and try to get approvals immediately.

In addition, The I'On Company will provide to GR, LLC final approved plans (Phase I) for the Club Amenities and Boat Ramp/Community Dock and a construction schedule for the completion of this project. The above-mentioned construction is to be completed within eighteen (18) months from the execution date of the formal agreement or GR, LLC shall have the right to terminate the agreement and have all monies refunded.

If these terms and conditions are acceptable to you, please indicate by your signature below. Upon mutual agreement by both parties, The I'On Company will have a more formal document prepared for execution.

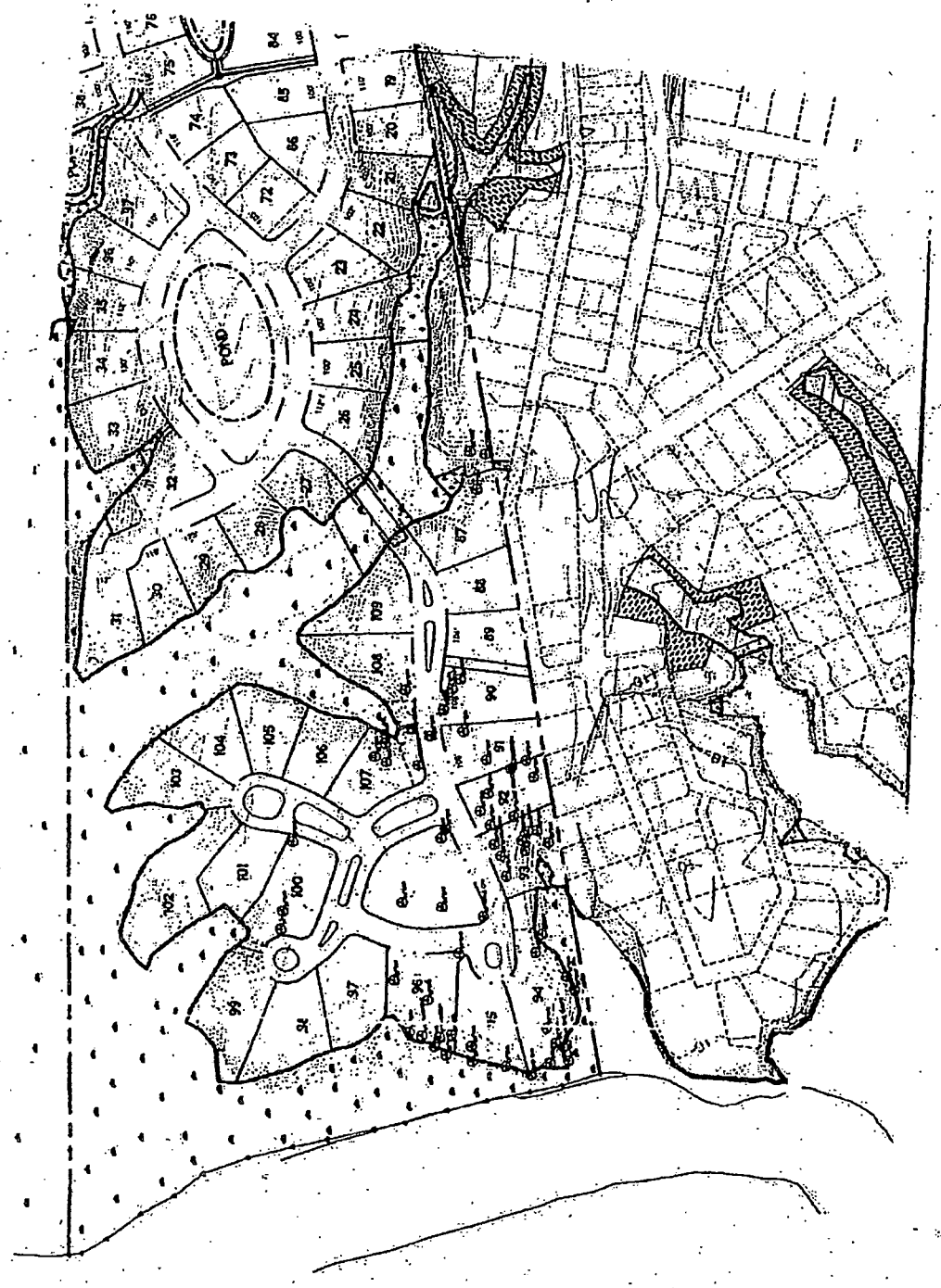
Sincerely,

Louis E. Griffith
Broker in Charge

Accepted and Agreed:

_____ _____
Date

cc: Joseph P. Griffith
Joe Rice



March 24, 1999

Louis Griffith
Joe Griffith, Inc., Realtors
310 Meeting Street
Charleston, SC 29401

Re: Proposal from GR, LLC for access to the I'On sewer lift station and club facilities

Dear Louis:

As discussed, the costs of the sewer lift station and subsequent design fees were higher than anticipated. Therefore, we suggest the following modifications to your February 19, 1999 letter proposal:
Beginning with your 2nd page, 4th paragraph - change to:
GR, LLC will pay a total of $450,000 for the above-mentioned facilities and sewer tie-in based on the following breakdown:

| | | | |
|---|---|---|---|
| 1.) | **Sewer Tie-in** | **$ 100,000** | |
| 2.) | **Club Amenities entitlement** | **325,000** | |
| 3.) | **Boat Ramp/Community Dock** | **25,000** | |
| | **Total** | | **$ 450,000** |

The terms of the proposal are as follows:

**Initial Deposit** $ 150,000
- upon final execution of this agreement. Composed of $100,000 cash and $50,000 "Residual Land".

**2nd Deposit** $ 100,000
- upon Land Disturbance Permit approval by Town of Mount Pleasant

**3rd Deposit** $ 100,000
- Upon Fifty 50% completion of Initial Phase Swimming Pool, Tennis Courts, Locker & Bath Facilities.

**Final Deposit** $ 100,000
- Upon Completion of Initial phase of Club Facilities - to include Creek Club, Boat Ramp/Community Dock.

The above mentioned Sewer Tie-in to be completed within 12 months from the final execution of this agreement. The Initial Phase Club Amenities to be completed within 18 months from the final execution of this agreement. In the event either of these components were not completed within said timeframe, then GR, LLC shall have the right to terminate that portion of the Agreement and have monies applicable to said component refunded.

If these revisions are acceptable to you, please indicate by your signature below. Upon mutual agreement, The I'On Company will have a more formal document prepared for execution.

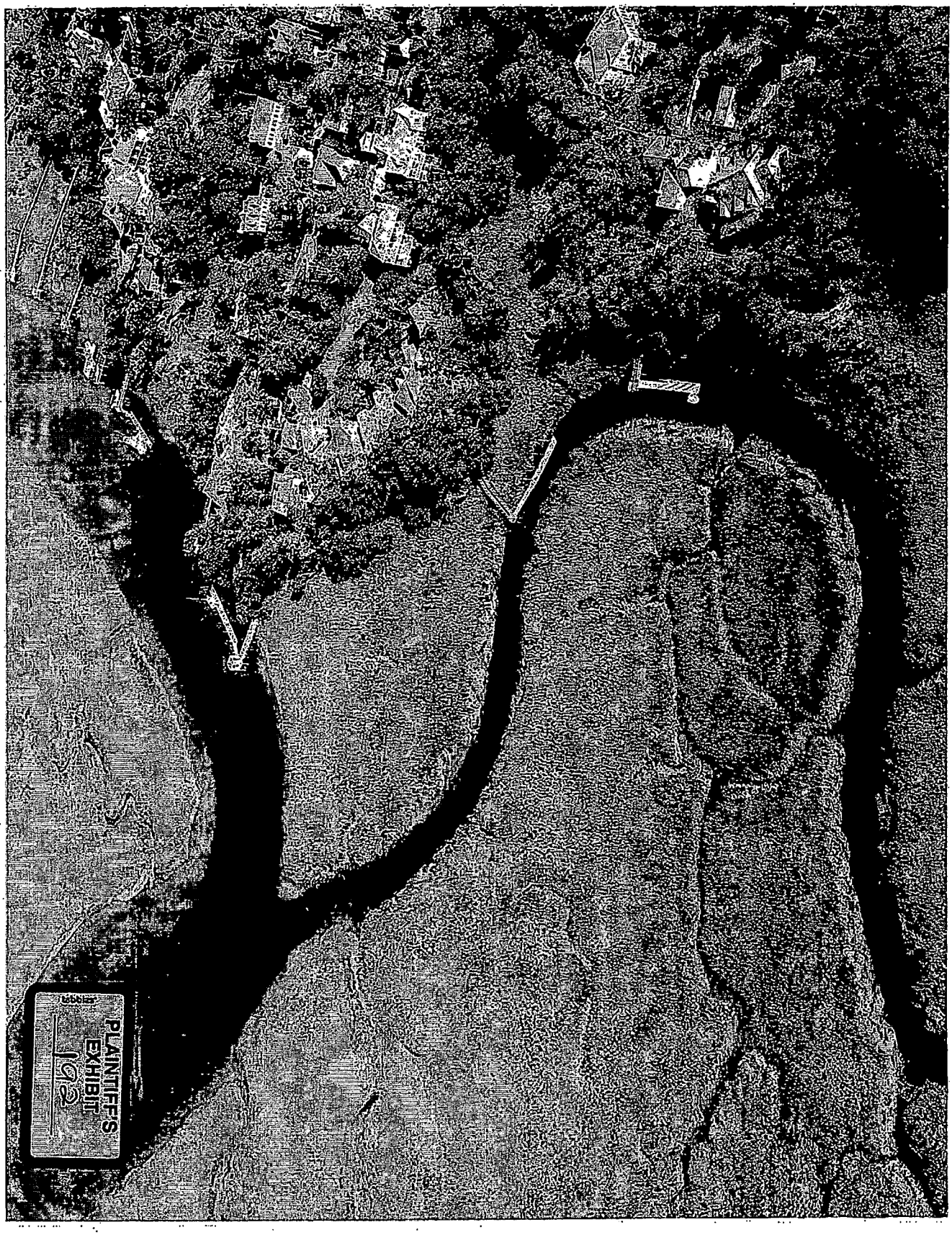
Sincerely,

Vincent G. Graham

Accepted and Agreed: Joseph P. Griffith by Louis P. Griffith

THE I'ON COMPANY · P.O. Box 986 · Mt. Pleasant, SC 29465
(T) 803-971-1662 (F) 803-971-1664 (I) http://www.ionvillage.com

ALL STATE LEGAL® PLAINTIFF'S EXHIBIT 191


PLAINTIFF'S
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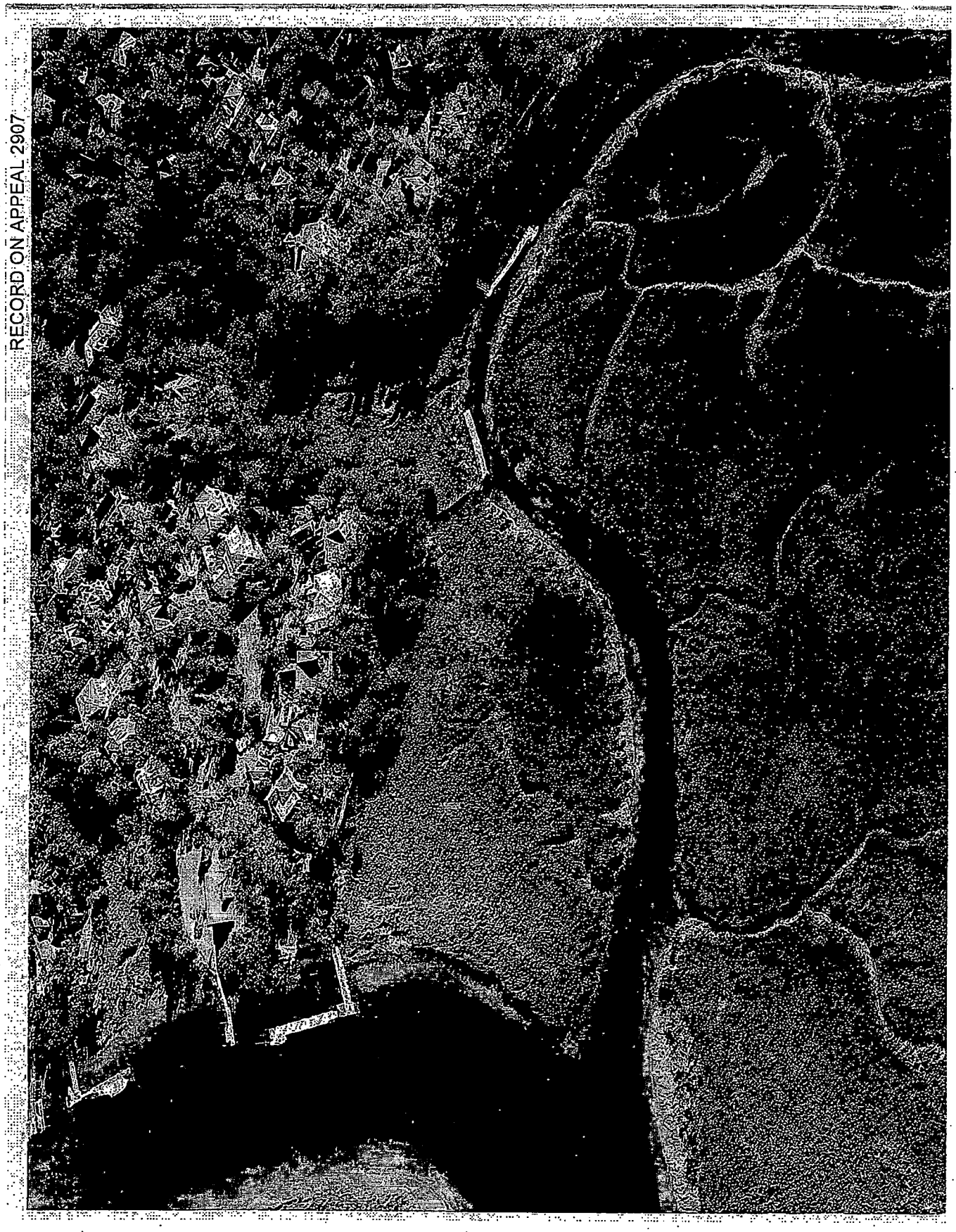
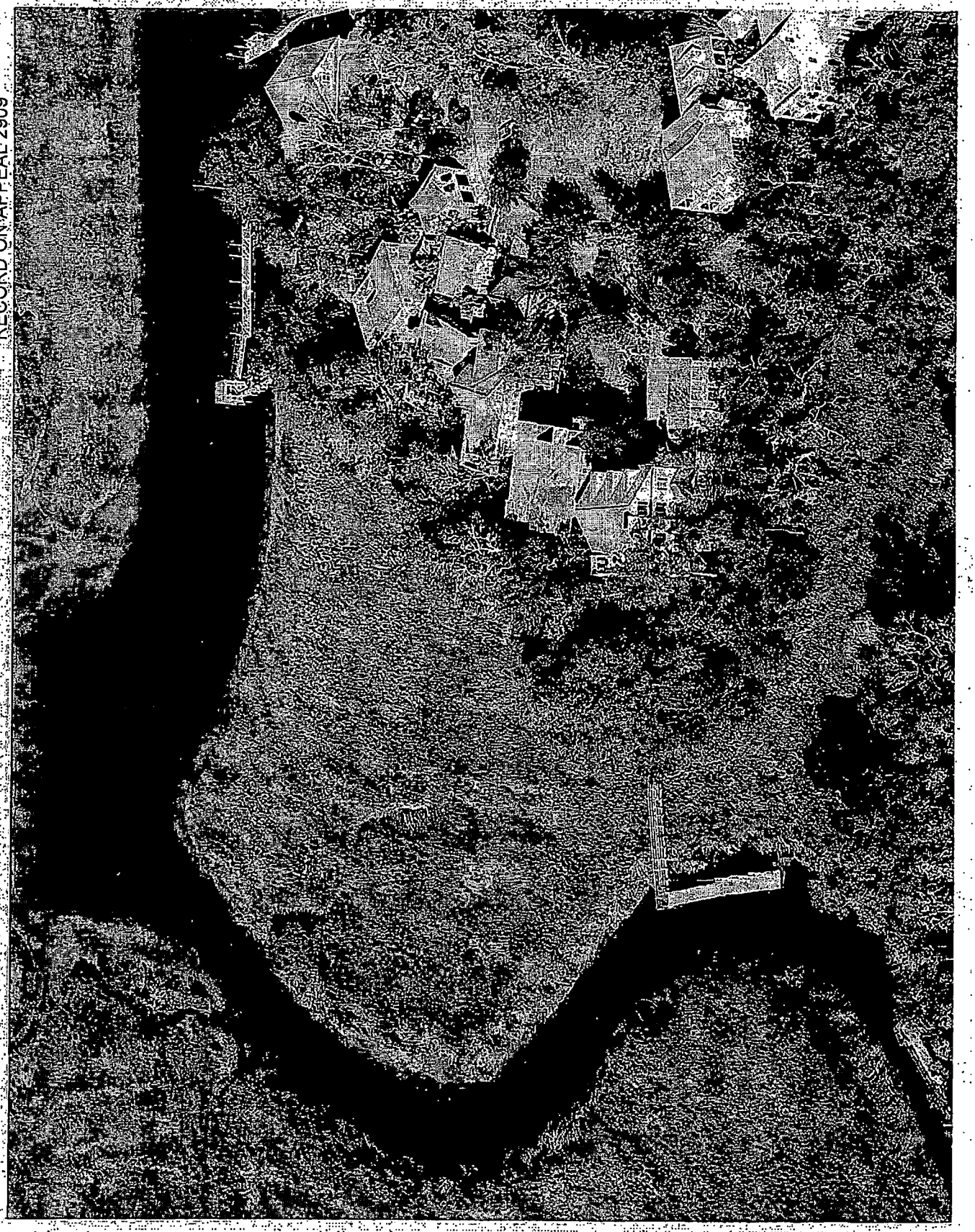
10



RECORD ON APPEAL 2908

RECORD ON APPEAL 2909



**Brook Trevino**

**From:** Chad Besenfelder
**Sent:** Thursday, April 19, 2007 5:14 PM
**To:** Vince Graham; T Graham
**Subject:** RE: Creek Club Options

It could not function as it does now. My thought was to eliminate the financial need to host larger outside events. HOA buys the club in full and thus provides a low operational cost and unrestricted community center.

Another theory is that with reduced parking, people would walk. However, you need some parking for the few larger events i.e. the HOA annual meeting. The January meeting had about 100 people and few used the overflow parking area. Many walked, others parked in the small lot, others parked on the street.

My theory is most community events are small including biz-net meetings, clubs, family parties, trust meetings, HOA board meetings, etc. From my experience, the small lot should have plenty of space for those events.

Rarely the HOA would host a large event such as a resident daughter's wedding or Uncle Jack's retirement party. In this case, we may have enough spaces on the street and smaller lot. There is room to add 5 or 6 spaces at the small lot, which will total 24 spaces. Lot 294 has 5 spaces designated for club parking and Saturday Road loop now has 39 official spaces. Average wedding has 3 people per car, all totaling 204 people. Of course, many residents use street parking so it may be necessary to reduce street space count by half.

Would it be feasible to cap events to 150 people? That really is the ideal size for the facility. Exceptions could be the host arranges for small bus services or other means of group transit. Our 10-year anniversary party had about 300 people, I counted 8 cars on Maybank Green and they were all I'On Employees. Most people walked.

Currently, a larger club event of 200 to 225 people would use most of the overflow parking lot, which accommodates 50 spaces.

---

**From:** Vince Graham
**Sent:** Thursday, April 19, 2007 3:27 PM
**To:** T Graham
**Cc:** Chad Besenfelder
**Subject:** RE: Creek Club Options

I like the ideas y'all have put forth, but wonder how the CC can be functional without the parking lot. Chad, in the event of a large 200-250 person event, how is parking currently handled?

---

**From:** Tom Graham [mailto:ThomasC.Graham@comcast.net]
**Sent:** Thursday, April 19, 2007 6:22 AM
**To:** Chad Besenfelder; Vince Graham; Mark Lipsmeyer; Kimber McFadden
**Subject:** Re: Creek Club Options

Initial thoughts: What if sale of Creek Club to HOA were tied to ***additional*** lot entitlement to enable 5 or 6 lots on the CV-5 parcel — with added $60K/lot "donation"?
Wouldn't HOA 50% share of 5-lot add be $150,000 which would enable HOW to pay $750,000+ for the Creek Club — which might be more palatable to us?

**From:** Chad Besenfelder <chad@iongroup.com>
**Date:** Wed, 18 Apr 2007 19:05:29 -0400
**To:** Vince Graham <vince@iongroup.com>, Mark Lipsmeyer <mark@iongroup.com>, Kimber McFadden <kimber@iongroup.com>
**Cc:** T Graham <thomasc.graham@comcast.net>
**Conversation:** Creek Club Options
**Subject:** Creek Club Options

Okay, we have three options for the HOA community center, attached. 1) Sell them more Creek Club rentals, 2) sell them a parcel on the overflow parking lot and they build a small building, or 3) sell them the Creek Club which they may not afford.

An additional option is selling the HOA the Creek Club for a reduced rate but not including the overflow parking lot. We take the parking lot and divide into 5 lot or 6 lots. These are my thoughts:

Pros:

- The Creek Club will remain a civic building that community wants and can use forever. PD amendment approval?
- HOA could agree to limit the clubs use to I'On events/residents only, reducing the parking requirements.
- The HOA will have operating costs only and would not rely on outside sales (large weddings) to absorb costs.
- Maintenance costs would be lower for the HOA, no large events each weekend.
- The HOA gets the infamous boat ramp and docks
- Split the overflow parking into 5 larger lots consistent with Saturday Road, there is room for an access lane and the Oak Trees are awesome.
- Residents on Saturday Road would have a parade celebrating less drunks and traffic congestion. Could be a seller for those who think proposed Phase 11 will produce too much traffic.
- We get out of the rental business. Hooray!

Cons:

- Not sure about rezoning, although I think the town would prefer homes rather than a non-tax producing ugly parking lot.
- How much can we sell the lots for, I am guessing $245K each? $1.225 million? Is this enough to offset the reduced sale amount of the club at, let's say $560K. Ouch, I knew that hurt you Vince, but it may work in our advantage.
- We will incur some infrastructure costs, alley lane and utility services. Maybe $40 to $50K
- We may not have enough lot permits left. Possible solution: Keep CV-10 civic, possible park for school or more parking. Convert CM-9 to three residential lots as planned, convert CM-12 to residential as planned, convert CV-8 into two residential lots, convert CV-5 into 5 residential lots with a small passive park under the oaks, keep Jefferson canals as-is. This will bring us up to 762 total residential units.
- Concerned about taking parking away from Creek Club, but we are a pedestrian friendly community. So do as God intended, drive golf carts. We may have room to add spaces to the existing parking area next to the club.
- We would reduced exposure if we limit outside weddings. Perhaps the HOA could host weddings to I'On residents/friends at a limited capacity. Do we need this additional exposure when we make the deal?

Just a thought. What do you think?

Mark and Kimber, I would like to keep the idea of selling the club quiet for now. Thanks.

Chad Besenfelder

The I'On Company

159 Civitas Street

Mount Pleasant, SC 29464

843-284-2129

**Brook Trevino**

| | |
|---|---|
| **From:** | Tom Graham <ThomasC.Graham@comcast.net> |
| **Sent:** | Tuesday, August 11, 2009 10:23 AM |
| **To:** | Bruce Kinney |
| **Cc:** | Mike Russo; Vince Graham; Geoff Graham - away; Chad Besenfelder |
| **Subject:** | Re: Creek Club |

Bruce,

Thanks for the "heads up". The Creek Club sale did close as planned last week. I'll forward this memo to Mike Russo, who is managing the Creek Club for the new owner.

When The I'On Company developed the community, formed the Assembly and designed and built the Creek Club as well as the other amenities within the community, we intended to create the highest quality human habitat that we could. Unanimity is seldom an option. We've certainly always intended to consistently and accurately represent all of rights and obligations of all parties to the development. I'm sorry that you're disappointed. Hopefully, we can work together to satisfactorily resolve any legitimate concerns.

Sincerely,

--

Tom Graham

[redacted]

Ne Oublie

On 8/9/09 11:19 PM, "Bruce Kinney" <bkinney94@gmail.com> wrote:

Tom,

Thanks for your update. I am disappointed that we were not able to agree to modify any of the terms of the Rec Easement that I proposed on July 30. I feel that the suggested changes are reasonable and important for the Assembly going forward... especially the Club Owner's right to restrict access to the boating facilities for private functions and the definition of "term."

It appears that the three parties to the easement, including the I'On Assembly, were all controlled by the same entity at the time the agreement was prepared and executed in 2000. In light of a perhaps less than arms length transaction and the imminent sale of

the Club, I am advising you that the Assembly Board intends to seek counsel on what the Assembly's rights and obligations are under the agreement; and if certain terms of the agreement are consistent with representations made to I'On property owners.

I certainly do not wish to be confrontational, and any operational improvement for the community's benefit will be welcome. But I felt I should inform you of the Board's decision so that you could advise the prospective Club buyer as you deem appropriate.

Bruce

On Sat, Aug 8, 2009 at 9:53 AM, Tom Graham <ThomasC.Graham@comcast.net> wrote:
Bruce,

Thanks for your past support and your concerns for the community welfare. We're now pleased to be able to announce that Mike Russo has assumed management of the Creek Club at I'On. The Creek Club is an excellent amenity for the Assembly and I'm confident that Mike will improve its operations to the benefit of both the I'On community as well as the new Creek Club owners.

The cost allocated to the Assembly represent an excellent bargain for the Assembly. Any change to the Recreational Easement requires approval of all parties to the Agreement. Neither Mike Russo nor I want to address any changes in that recorded document right now. I think you and Matt Walsh have a valid point that the Creek Club owner does derive some benefit from the boating facilities availability but pays for none of the Recreational Easement allocated boating facility maintenance costs. However, the Creek Club owns the facility, paid for the facility, and ownership has its privileges. Capital costs -- the overwhelming real costs associated with the boating facilities -- are not included in the maintenance costs allocated to the Assembly and the Club. Several years ago, the Club elected to stop offering boating facilities to new non-resident Club Members. The Club could argue that the Club pays a disproportionate share of $9K annual maintenance costs because so few non-resident Club Members use the boating facilities. One could also argue that the boat owners that use the boating facilities should pay a much higher share (possibly all) of the boating facilities maintenance and administration costs. Bottom line: I don't think that haggling over cost split is likely to get anywhere. There are a lot of opportunities to enhance the quality of life in the community. Let's focus energies on ways we can make life in I'On better!

Tom

On 8/4/09 6:32 PM, "Bruce Kinney" <bkinney94@gmail.com <http://bkinney94@gmail.com> > wrote:

Hi Tom,
I've thought about the Creek Club and suggest that the Club owner pay 20% of the annual costs, with the other 80% being split in accordance with the formula in 3.2 (b) of the easement. That calculation was based on my

guess about the number of days Creek Club events are held, with guests having access to and use of the boating facilities.

Also, any amendment to the easement has to be recorded. But I think the changes we're talking about are very simple, and the Assembly's attorney could prepare and record the amendment.

Any changes need to be approved by a majority of Assembly Board, so I'd like to get this done before you leave for Canada and, obviously, before any sale occurs. I look forward to hearing from you.

Thanks, Bruce

**Brook Trevino**

**From:** Geoff Graham <geoff@guildquality.com>
**Sent:** Tuesday, July 28, 2009 8:22 AM
**To:** T Graham
**Cc:** Vince Graham; Chad Besenfelder; Mike Russo
**Subject:** Re: Creek Club transaction

**Follow Up Flag:** Follow up
**Flag Status:** Flagged

Thx. That sounds like an appropriate response to me. Re Templeton, I think that's a resident/hoa/town of mt p issue, and if any of us r to b involved, it ought b as residents rather than TIC. I think it is more likely a town jurisdiction thing than assembly.

On Jul 28, 2009, at 8:06 AM, "Tom Graham" <ThomasC.Graham@comcast.net> wrote:

> I didn't mislead him. I did tell Bruce that because of past actions of several malicious residents, we did not want disclose more information than necessary; that we were convinced that this management change as well as the Swim Tennis management changes beginning August 1 would benefit the I'On community. I told him that the Recreational Easement remains in place; Yoga classes will continue on the Creek Club porch as usual; Assembly access to the Creek Club and boating facilities will not be reduced; Mike plans to make significant facilities and operational improvements which will benefit the community as well as enhance Creek Club profitability. After all the previous brouhaha, Mike does not want to wave flags and promise anything, but quietly make the improvements and let the proof be in the pudding.
>
> Bruce told me that he had enhancements in mind for the Recreational Easement and would email them to me for review and discussion. At last Thursday's Assembly Board meeting, Lee Anne Adkins complained that she'd received no response from her letter to The I'On Company. Bruce told her that he was confident the I'On Company would respond. I told Bruce that Vince had prepared a response to Ms. Adkins but was waiting to send the letter to her upon his return from England next week.
>
> On a related note, I understand that Katherine Templeton defied the Assembly Board rules and whacked down the vegetation in front of her house on the "creekside park" lying between the marsh walk and the marsh. After the HOA sent her a notice to cure and $50 fine, Katherine sent a defiant threatening letter back to the Board questioning the Assembly's ownership of the land and their right to restrict her depredations. Several other adjoining marsh front neighbors – including David Jordan – followed Katherine's lead and whacked down vegetation on on the creekside park

edge in front of their houses.

On 7/27/09 9:02 PM, "Geoff at GuildQuality" <geoff@guildquality.com> wrote:

I think it appropriate that we withhold info that we deem irrelevant/improper to disclose, but I don't like the idea of misleading him.

On Jul 27, 2009, at 7:54 PM, "Tom Graham" <ThomasC.Graham@comcast.net> wrote:

FYI

Bruce Kinney called me from Chicago to ask about the pending Creek Club sale. He'd received a call from AMCS, the I'On Assembly manager who'd fielded a call from an attorney who called AMCS asking for HOA dues balances for Creek Club and adjoining lots in reference to a pending sale. Bruce called me to find out what's going on.

I told Bruce that Mike Russo's management company was taking over management of the Creek Club and was in process of making significant physical improvements to the facility in order to enhance its position as a prime wedding event facility within Charleston.

**Brook Trevino**

**From:** Quinn, Elliotte <quinn.e@thomas-hutton.com>
**Sent:** Wednesday, March 25, 2009 8:45 AM
**To:** Chad Besenfelder
**Subject:** RE: I'On Creek Club
**Attachments:** B349-ION.PDF; I-ON Ph 2 PB EE-573.pdf

Chad,

I cannot find where we ever did a survey of the dock and ramp locations, I'm not saying we didn't just that I can't find anything. Here is the plat of the current configuration and a site plan we did for the building.

**F. Elliotte Quinn, III, PLS**
**Thomas & Hutton Engineering Co.**
www.thomas-hutton.com
quinn.e@thomas-hutton.com
(P) 843-725-5252 (F) 843-849-7878

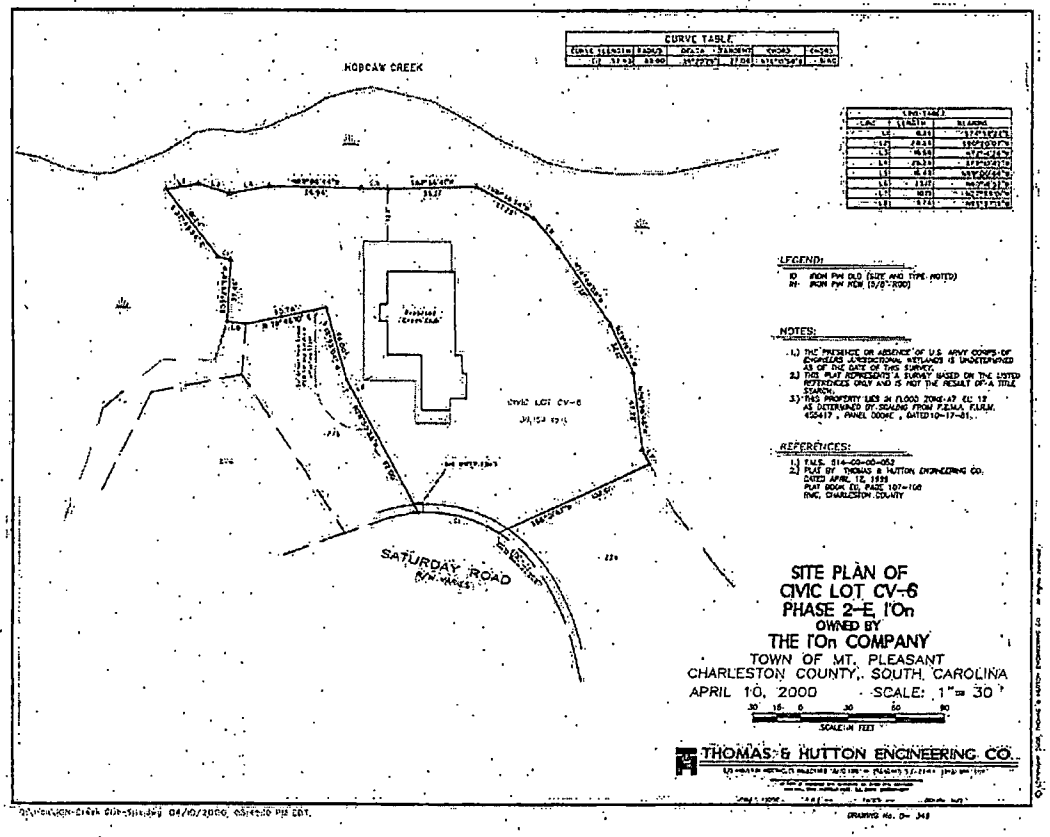
**From:** Chad Besenfelder [mailto:chad@iongroup.com]
**Sent:** Tuesday, March 24, 2009 10:58 AM
**To:** Quinn, Elliotte
**Subject:** I'On Creek Club

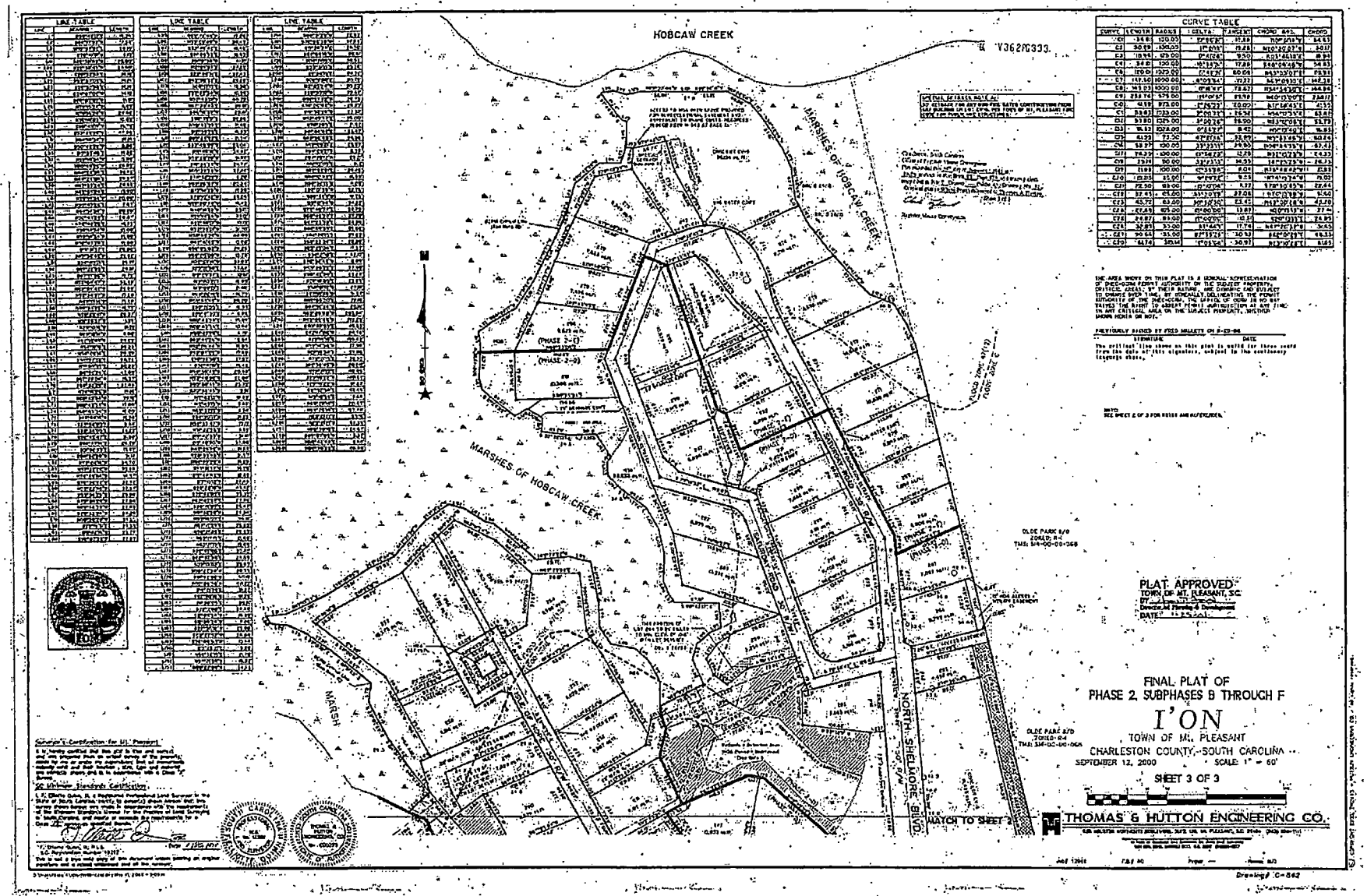
Elliotte,

Would you send me a plat of the Creek Club lot CV-6? We are preparing to subdivide a parcel of this lot to the HOA to convey the pavilion dock. I believe T&H surveyed the dock and ramp locations and this would be helpful to add.

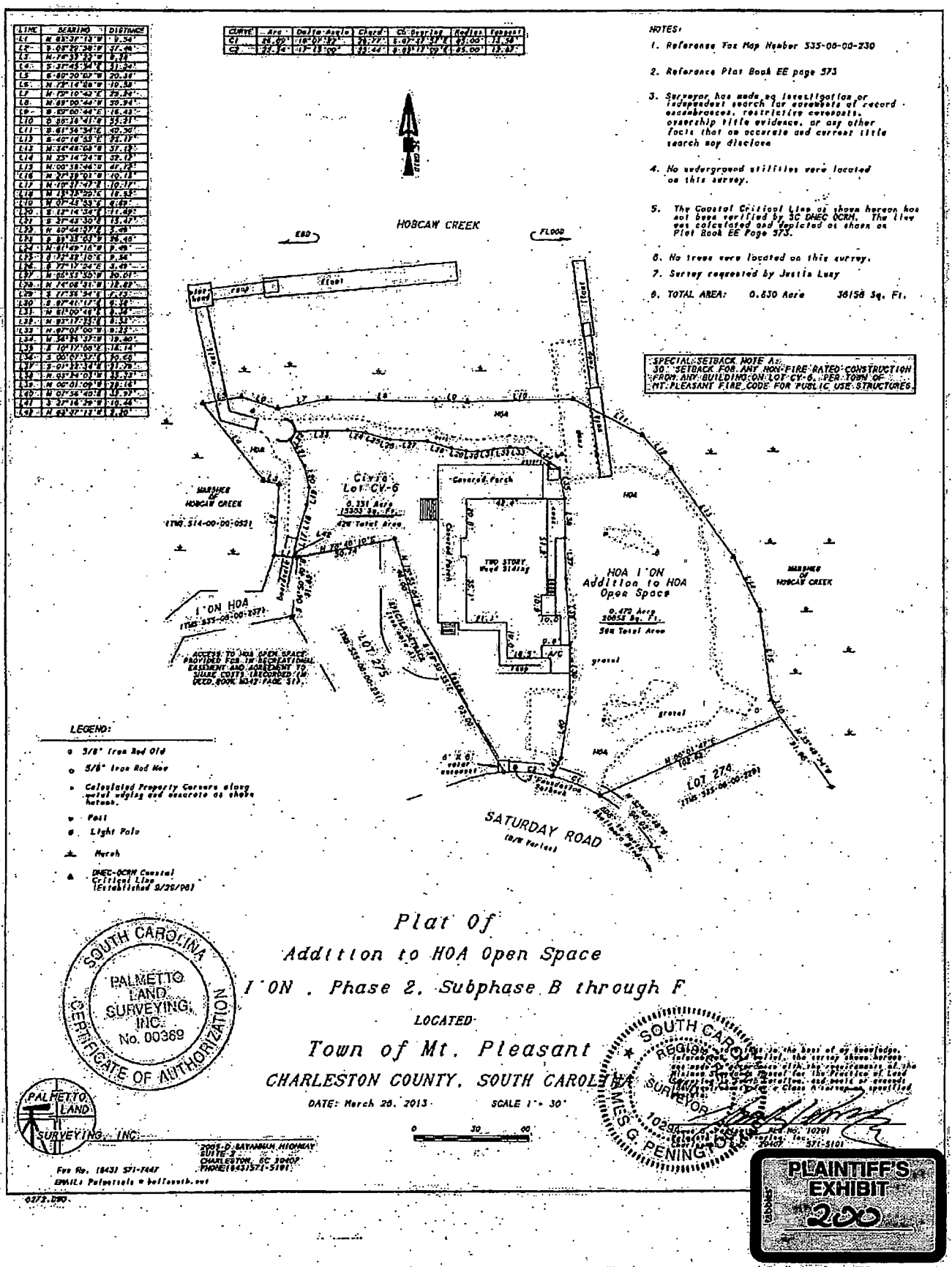
Thanks,

Chad


CURVE TABLE
HOBCAW CREEK
LEGEND:
NOTES:
REFERENCES:
SATURDAY ROAD
SITE PLAN OF
CIVIC LOT CV-6
PHASE 2-E, I'On
OWNED BY
THE I'On COMPANY
TOWN OF MT. PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
APRIL 10, 2000
SCALE: 1" = 30'
THOMAS & HUTTON ENGINEERING CO.




APPENDIX 3406


HOBCAW CREEK
SATURDAY ROAD
I'ON HOA
HOA I'ON Addition to HOA Open Space
Lot CV-6
LOT 275
LOT 276
MARSHES OF HOBCAW CREEK
TWO STORY Wood Siding
Covered Porch
gravel
NOTES:
1. Reference Tax Map Number 535-00-00-230
2. Reference Plat Book EE page 573
3. Surveyor has made no investigation or independent search for easements of record encumbrances, restrictive covenants, ownership title evidence, or any other facts that an accurate and current title search may disclose
4. No underground utilities were located on this survey.
5. The Coastal Critical Line as shown hereon has not been verified by SC DHEC OCRM. The line was calculated and depicted as shown on Plat Book EE Page 573.
6. No trees were located on this survey.
7. Survey requested by Justin Lusy
8. TOTAL AREA: 0.830 Acre 36158 Sq. Ft.
SPECIAL SETBACK NOTE A:
30' SETBACK FOR ANY NON-FIRE RATED CONSTRUCTION FROM ANY BUILDING ON LOT CV-6, PER TOWN OF MT. PLEASANT FIRE CODE FOR PUBLIC USE STRUCTURES
LEGEND:
5/8" Iron Rod Old
5/8" Iron Rod New
Calculated Property Corners along metal edging and concrete as shown hereon.
Post
Light Pole
Marsh
DHEC-OCRM Coastal Critical Line (Established 8/25/98)
Plat Of
Addition to HOA Open Space
I'ON . Phase 2, Subphase B through F
LOCATED
Town of Mt. Pleasant
CHARLESTON COUNTY, SOUTH CAROLINA
DATE: March 26, 2013
SCALE 1" = 30'
SOUTH CAROLINA PALMETTO LAND SURVEYING, INC. No. 00369 CERTIFICATE OF AUTHORIZATION
SOUTH CAROLINA REGISTERED JAMES G. PENINGTON IV SURVEYOR
PALMETTO LAND SURVEYING, INC.
2005-D SATANDUA HIGHWAY SUITE 2 CHARLESTON, SC 29407 PHONE (843) 571-5101
Fax No. (843) 571-7447
EMAIL: Palmetsls@bellsouth.net
PLAINTIFF'S EXHIBIT 200

**From:** Chad Besenfelder
**Sent:** Tuesday, July 18, 2006 2:06 PM
**To:** Dave Rosengren; Cheryl Wilson
**Cc:** everettw@us.ibm.com; Lindsay Nevin; Andy Beck; Mandy Townsend
**Subject:** HOA Turnover Project
**Attachments:** Final to-do-list for the HOA turnover.doc

Dave and Cheryl,

The attached document lists items I have been working on to complete the HOA turnover project. Note that completed items are not listed so if you see something missing do not be alarmed. I will be dividing the development into the separate phases and should be ready to hand over Phase 1 very soon. I have hired Lawn O Green to create as-builds for many areas throughout the community and will take a few weeks to complete. Once completed I will be ready to hand over Phases 1, 2, 3, 4, 5, and 8. A few areas within these phases including the boat ramp and amphitheater, may be kept in I'On Company's ownership until easements of use can be determined and documented. Phase 6 has been turned over already however; a few improvements still remain. These improvements are scheduled soon after construction traffic decreases. We will update you later on Phases 7, 9, and 10.

Please feel free to contact me if you have any questions or concerns.

Thank you.

Chad Besenfelder
I'On Group

I'On HOA Parcel Turnover Project. Final to-do-list July 18, 2006

Phase 1:

- Soccer field irrigation as-builds including well information. Include information on playground equipment and post house.
- East Lake irrigation as-builds including boathouse. Include information on lake retaining walls.
- Complete walking path construction east side of East Lake.
- Ponsbury and Rialto Roads canal vehicle bridges. Include stucco warranty and bridge engineering documents.
- I'On Square irrigation as-builds include I'On Company's plan to improve raised planter beds. Include any warranty information on recent landscape or electrical additions.

Phase 2:

- Retention pond (2) information including retaining wall as-builds and irrigation pump information. As-builds for any irrigation systems will be included.
- Boat ramp and boat dock as-builds. Include erosion controls, dock and ramp construction documents, and irrigation systems. Public use easements will need to be determined to ensure access rights for both I'On Club members and residents.
- Saturday Road Island as-builds including landscape lighting and irrigation system.
- Marsh walk as-build including small parks, crab docks, and pedestrian bridges. Some electrical meter locations and irrigation boxes will need to be identified.
- Isle of Hope Road cul-de-sac as-build and complete path landscaping near lot 252.
- Ramble Park as-builds and play equipment information including post office/storage building.

Phase 4:

- Scramble Park as-builds and play equipment information.

Phase 5:

- Canal construction as-builds
- Pedestrian bridge as-builds and history. Krier Lane parking area as-builds and remove gator bags and determine irrigation system operations. Post house information.
- Amphitheater as-builds including irrigation, lighting, and structural documents.
- West Lake irrigation as-build, include information on lake retaining walls and boat ramp.
- Perseverance Park as-build, include Maybank Green and traffic circle. Fountain operation and utility locations (landscape lighting).
- Marsh walk as-build including small parks and pedestrian bridges.
- Frogmore Road pump station information including irrigation system. Slight improvements in path along lot 5-124.

Phase 6:

- Joggling Street Park improvements including Fountain Park curb repair and cul-de-sac park landscape improvements.
- Landscape improvements for marsh walks near lot 6-50 and 6-54.
- Street and sidewalk repairs include street trees if applicable.
- Steep grade of marsh walk near pedestrian bridge lot 6-50 improved.

Phase 7:

- Transfer deed for common areas including marsh walks, access lanes, Georgetown Park, and Memorial Park.
- Repair or install planned street lights and replace damaged signs.
- Improve pedestrian bridge railing near lot 7-14.

Phase 8:

- Ionsborough Street Park improvements including screening utility board of Heinlein Park and landscape improvements for Ionsborough Square.
- Street and sidewalk repairs include street trees if applicable.
- Improve drainage problems north end Ionsborough access lane, create TMS# for lane and deed to HOA.

Phase 9:

- Transfer deed for common areas including cul-de-sac park, buffer area, and marsh walk.
- Cul-de-sac and marsh point parks as-builds.

Phase 10:

- Transfer deeds for common areas including triangle park and access lanes.
- Triangle park as-builds.

**From:** Chad Besenfelder
**Sent:** Thursday, April 19, 2007 5:14 PM
**To:** Vince Graham; T Graham
**Subject:** RE: Creek Club Options

It could not function as it does now. My thought was to eliminate the financial need to host larger outside events. HOA buys the club in full and thus provides a low operational cost and unrestricted community center.

Another theory is that with reduced parking, people would walk. However, you need some parking for the few larger events i.e. the HOA annual meeting. The January meeting had about 100 people and few used the overflow parking area. Many walked, others parked in the small lot, others parked on the street.

My theory is most community events are small including biz-net meetings, clubs, family parties, trust meetings, HOA board meetings, etc. From my experience, the small lot should have plenty of space for those events.

Rarely the HOA would host a large event such as a resident daughter's wedding or Uncle Jack's retirement party. In this case, we may have enough spaces on the street and smaller lot. There is room to add 5 or 6 spaces at the small lot, which will total 24 spaces. Lot 294 has 5 spaces designated for club parking and Saturday Road loop now has 39 official spaces. Average wedding has 3 people per car, all totaling 204 people. Of course, many residents use street parking so it may be necessary to reduce street space count by half.

Would it be feasible to cap events to 150 people? That really is the ideal size for the facility. Exceptions could be the host arranges for small bus services or other means of group transit. Our 10-year anniversary party had about 300 people, I counted 8 cars on Maybank Green and they were all I'On Employees. Most people walked.

Currently, a larger club event of 200 to 225 people would use most of the overflow parking lot, which accommodates 50 spaces.

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**From:** Vince Graham
**Sent:** Thursday, April 19, 2007 3:27 PM
**To:** T Graham
**Cc:** Chad Besenfelder
**Subject:** RE: Creek Club Options

I like the ideas y'all have put forth, but wonder how the CC can be functional without the parking lot. Chad, in the event of a large 200-250 person event, how is parking currently handled?

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**From:** Tom Graham [mailto:ThomasC.Graham@comcast.net]
**Sent:** Thursday, April 19, 2007 6:22 AM
**To:** Chad Besenfelder; Vince Graham; Mark Lipsmeyer; Kimber McFadden
**Subject:** Re: Creek Club Options

Initial thoughts: What if sale of Creek Club to HOA were tied to ***additional*** lot entitlement to enable 5 or 6 lots on the CV-5 parcel — with added $60K/lot "donation"?
Wouldn't HOA 50% share of 5-lot add be $150,000 which would enable HOW to pay $750,000+ for the Creek Club — which might be more palatable to us?

**From:** Chad Besenfelder <chad@iongroup.com>
**Date:** Wed, 18 Apr 2007 19:05:29 -0400
**To:** Vince Graham <vince@iongroup.com>, Mark Lipsmeyer <mark@iongroup.com>, Kimber McFadden <kimber@iongroup.com>
**Cc:** T Graham <thomasc.graham@comcast.net>
**Conversation:** Creek Club Options
**Subject:** Creek Club Options

Okay, we have three options for the HOA community center, attached. 1) Sell them more Creek Club rentals, 2) sell them a parcel on the overflow parking lot and they build a small building, or 3) sell them the Creek Club which they may not afford.

An additional option is selling the HOA the Creek Club for a reduced rate but not including the overflow parking lot. We take the parking lot and divide into 5 lot or 6 lots. These are my thoughts:

Pros:

- The Creek Club will remain a civic building that community wants and can use forever. PD amendment approval?
- HOA could agree to limit the clubs use to l'On events/residents only, reducing the parking requirements.
- The HOA will have operating costs only and would not rely on outside sales (large weddings) to absorb costs.
- Maintenance costs would be lower for the HOA, no large events each weekend.
- The HOA gets the infamous boat ramp and docks
- Split the overflow parking into 5 larger lots consistent with Saturday Road, there is room for an access lane and the Oak Trees are awesome.
- Residents on Saturday Road would have a parade celebrating less drunks and traffic congestion. Could be a seller for those who think proposed Phase 11 will produce too much traffic.
- We get out of the rental business. Hooray!

Cons:

- Not sure about rezoning, although I think the town would prefer homes rather than a non-tax producing ugly parking lot.
- How much can we sell the lots for, I am guessing $245K each? $1.225 million? Is this enough to offset the reduced sale amount of the club at, let's say $560K. Ouch, I knew that hurt you Vince, but it may work in our advantage.
- We will incur some infrastructure costs, alley lane and utility services. Maybe $40 to $50K
- We may not have enough lot permits left. Possible solution: Keep CV-10 civic, possible park for school or more parking. Convert CM-9 to three residential lots as planned, convert CM-12 to residential as planned, convert CV-8 into two residential lots, convert CV-5 into 5 residential lots with a small passive park under the oaks, keep Jefferson canals as-is. This will bring us up to 762 total residential units.
- Concerned about taking parking away from Creek Club, but we are a pedestrian friendly community. So do as God intended, drive golf carts. We may have room to add spaces to the existing parking area next to the club.
- We would reduced exposure if we limit outside weddings. Perhaps the HOA could host weddings to l'On residents/friends at a limited capacity. Do we need this additional exposure when we make the deal?

Just a thought. What do you think?

Mark and Kimber, I would like to keep the idea of selling the club quiet for now. Thanks.

Chad Besenfelder

The I'On Company

159 Civitas Street

Mount Pleasant, SC 29464

843-284-2129

**From:** Pam Gabriel
**Sent:** Tuesday, May 01, 2007 4:14 PM
**To:** Chad Besenfelder
**Subject:** I'On Facilities

Here's the list of those venues being transferred to the I'On Assembly

**Use of I'On Facilities**

The Boat Ramp:

- I'On residents (and possibly Old Park resident) to launch boats
- Photographers for great sunset and marshland photographs.

The Amphitheater:

- I'On Trust - various community functions, i.e. concerts, movies, art events
- I'Onissimo concerts - a neighborhood group of musicians
- Montessori School – student presentations
- First Friday – a neighborhood social event
- Residents – for launching kayaks, feeding ducks, relaxing

I'On Square:

- I'On Biznet – local business sponsor Market Day on Thursdays in May and October and in December for a Holiday Market
- Montessori School – student presentations
- I'On Trust – July 4th and St. Patty's Day events
- Square Onion – patrons of this popular deli/catering service use this area for outside dining
- Play area for children as parents gather and chat

**From:** Chad Besenfelder
**Sent:** Thursday, July 19, 2007 6:53 PM
**To:** T Graham
**Subject:** FW: Some Thoughts on the PD Amendment

I wrote this rather quickly and will check for errors later. Please let me know if you have any suggestions. I wanted Ward to understand that we are working with the board attentively, which keeps us all rather busy. There is no need to add insignificant requests to the PD Amendment. If we give in, who knows what they will ask for next.

I will look for your email tomorrow. Thanks Tom for your help on this one.

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**From:** Chad Besenfelder
**Sent:** Thursday, July 19, 2007 6:36 PM
**To:** Tom Graham
**Subject:** RE: Some Thoughts on the PD Amendment

Hello Ward. I hope you are well. I notice the crews working on Maybank Green irrigation. I hop the new adjustments improve conditions.

Please see my responses below. As always Ward, I thank you for your continued involvement and insight. TIC will need to delay the PD Amendment presentation scheduled July 25 but I will attend the board meeting to discuss any concerns you may have.

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**From:** Ward Mundy [mailto:ward@mundy.org]
**Sent:** Tuesday, July 17, 2007 12:54 PM
**To:** Chad Besenfelder; Vince Graham; T Graham
**Cc:** bod@ionvillage.net
**Subject:** Some Thoughts on the PD Amendment

Dear Chad, Vince, and Tom,
We've all invested a lot of time and energy in the Phase 11 proposal, and I wanted to put a few issues we haven't discussed on the table before we meet on July 25. These are not board requests, just some things I think we all need to consider. The rest of the Board is seeing these for the first time just as you are.

I know all of you are as deeply committed to the long-term health and prosperity of I'On as is the Board. And I'm sure you appreciate better than any of us that trying to get a consensus with old-time residents, new residents, $350,000 homeowners, $3 million homeowners, working homeowners, retired homeowners, families with kids, Empty Nesters plus the Assembly Board, the Trust Board, two churches, and a public school is a daunting task. Here are some things I think we all need to agree upon up front before any new construction or development begins.

The traffic issues need to be addressed and resolved before any PUD Amendment-related new construction begins. This includes fixing the 17' streets to allow parking, creating the new Muirhead entrance, and creating some sort of additional exit on the Charter School side of the neighborhood to relieve the congestion that is going to accompany a much larger school with at least 95% carpooling twice a day. A right-turn-only exit on Mathis Ferry would cause very little disruption, and those desiring to head north could easily make the transition at the Shelmore roundabout. The I'On Company is donating a large pot of money to the school. A good neighbor would use some of that to relieve the traffic congestion caused by the newly constructed, much-larger-than-envisioned schoolhouse. We also need agreement that all new construction traffic including the cement business will use the Muirhead exit exclusively. Fines need to be put in place to make sure this happens. We also need a short timetable for the construction company to leave the neighborhood. We've all turned a blind eye to this, but this is a residential neighborhood, and they need to find more suitable accommodations.

I recently met with the Town of Mount Pleasant and presented a plan for a new Club entrance off Mathis Ferry Road. I have contacted the SCDOT and we are in the process of applying for an encroachment permit. SCDOT will require traffic

studies and detailed plans. TIC agrees that an additional entrance for the school and club would be helpful. We have considered a right-turn-only entrance and we will explore ways to fund this project including school contribution.

We agree that an entrance off Muirhead will benefit I'On residents. I recently met with engineers and we have begun drafting a roundabout near future Phase 11. This entrance will connect Muirhead Road with Mobile and Jane Jacobs Street. This entrance directly affects our Hobcaw neighbors and we must make effort to properly inform them of this idea and effectively present the benefits for both communities. I began meeting with few residents of Hobcaw and town planners to get a feel how they would react to such a proposal. This is still a heated subject. I also met with Fire Chief Williams and he agreed that the entrance would help reduce emergency response time but was not in the position to endorse. I have mentioned before that the HOA will need to lead this campaign.

TIC has met with the fire department and concluded that mountable curbs would accommodate both on-street parking and emergency vehicle access. We explored several types of curb design and engineers are now finishing details on a curb that is both functional and eye pleasing. Gulf Stream Contractors have submitted proposals and we will apply for town permits this month. Construction should begin in August.

AB Evans reduced Phase 11 staging area last year and we plan to reduce the area again this summer. We will keep this area operational as long as there is a development need and we will work with AB Evans to keep this area as clean as possible. The town ordered the construction entrance closed last December. Perhaps during our next meeting we can discuss ideas that may influence the town to reopen the entrance for construction.

I'm probably the biggest proponent for the community acquiring the Creek Club for community use. However, the Creek Club without the overflow lot would generate some new issues. First, it would be a double-whammy for those living on Saturday Road. Not only would they continue to get the Creek Club traffic and parking problems, but now they would have to deal with five new homes under construction that are considerably different in character and size than the rest of that neighborhood. Second, lack of parking would greatly reduce the neighborhood's ability to derive revenue from wedding party events which appear to be the bread-and-butter business model for the current club operation. Third, zoning for use of the Creek Club may be put in jeopardy if there weren't adequate parking to accommodate the types of functions planned for the facility. And finally, I think it makes sense to structure the Creek Club deal as a separate offer so that the community is protected regardless of whether or not the PUD amendment gets approved. That would leave the Assembly the flexibility to borrow funds to make the purchase in the event the neighborhood agrees that this should move forward regardless of the PUD amendment outcome.

I have received mix responses from Saturday Road residents and it may be the board's obligation to conduct a survey to factually evaluate their concerns. We will need to monitor future events and determine parking requirements based on event size and schedules. It is our hope that the HOA would limit the number and size of events based on available parking and reduced operational costs. I will be happy to create a pro forma that may help the HOA understand the costs and potential revenues associated with rentals.

It may work best to separate the Creek Club deal from the PD Amendment. TIC was simply responding to the boards request to address the community building issue prior amendment vote. Please note that the current Creek Club deal requires rezoning and will most likely require PD Amendment.

We've all heard from a parade of supporters about the good things that would be made possible by large donations to the school and the two churches, but the churches and the school need to appreciate that this is a two-way street. None of them pay taxes or a dime toward the maintenance (much less the betterment) of the I'On Community. They use the streets and sidewalks, our playgrounds, and our soccer field without compensation. There needs to be an equitable quid pro quo. I am told that indemnity agreements were always in place when the I'On Company owned these facilities. Somehow those got lost in the shuffle. We need them back for the financial security of the neighborhood. In addition, a commitment by the churches and the school to provide free meeting facilities for community events and programs on a regularly-scheduled basis needs to be agreed upon before this proposal moves forward. We all can think of dozens of reasons why someone ought to give us $700,000. Equal time needs to be expended defining what these new neighbors could give back to make I'On a better place... in addition to the nurturement of our souls and our children, of course.

I would be willing to meet with the board and discuss more. I agree with you that indemnity agreements between the different entities may be helpful as long as they are fair and easy to interpret. I wise person once told me, some people are contemptuous of humankind. Our country's founders understood this and wrote documents to protect the liberties of people from others who would like to run their lives for them. Thanks to our forefathers for such great insight.

I suggest we meet with the board, churches, and school and determine what the community and each organization actually needs. It would be difficult to negotiate with out this information.

Finally, I think we need a date certain that developer activity will cease. After that date, the I'On Company would still own (and could sell) any unsold lots. But the lots would take on the character of every other lot in I'On. And the lot owner would pay the same fees and

expenses as every other lot owner in I'On. In addition, architectural review would become the responsibility of the Assembly. The developer also would relinquish control of the I'On Bylaws and other regulations. In addition, in exchange for the Board's support of this PUD amendment, the developer would agree that no further zoning amendments would be proposed for I'On. Five more years of developer activity seems more than reasonable based upon the sales forecasts that have been presented.

It is hard to determine a date that developer activity will cease. Many different factors determine development schedule including sales, town permits, and the PD Amendment. We might want to consider turning over control of those phases where all homes have been complete provided the Assembly can assure us they have a capable review board, which understands Code. Another option might be to turn over control of new additions, landscaping, garages, etc... on lots that have already been built. The only amendment opportunity we would like to reserve is height variance. Currently, I'On homes are limited to a height of 38'. We reserve the opportunity to try & increase this height to 41' to make it consistent with other neighborhoods in Mt. Pleasant. This minor change would enable higher ceiling heights for new homes, thus improving proportions & overall appearance. I am not sure about relinquishing control of the I'On Bylaws and will discuss with the Grahams.

I hope you'll consider these suggestions in the spirit in which they are offered. We all want I'On to be a one-of-a-kind neighborhood. And it's in the best interests of the I'On Company to make the PUD amendment and developer transition a positive one.

Many thanks Ward for the email. I recall a number of these questions addressed in May. As I mentioned earlier today, it would be helpful if the board would communicate with us as one voice in order to more effectively respond to all of your concerns.

I would like to remind you that TIC responded to the boards request to resolve the 17-foot street parking restrictions, support a transfer fee, and address the need for a community building before a vote for PD Amendment. These three concerns have been a TIC focus for several months. The only changes I planned for the PD Amendment was Phase 11 design and the overflow parking lot rezoning included in the Creek Club proposal. I suggest we address these additional requests during the July 25 board meeting.

Best regards,

Ward Mundy

**From:** Chad Besenfelder
**Sent:** Monday, August 20, 2007 8:58 AM
**To:** 'Vince Graham'
**Subject:** RE: creek club

I spoke with Mike and this may be a good backup plan. I am calculating costs of operation now and we can discuss this option later.

I feel we should still move forward with the Creek Club overflow parking area conversion.

-----Original Message-----
From: Vince Graham [mailto:vince@grahamholdings.com]
Sent: Saturday, August 18, 2007 5:34 PM
To: MRUSSO7465@aol.com
Cc: Chad Besenfelder
Subject: RE: creek club

Thanks for your interest Mike. We would definitely be interested in discussing this with you if nothing pans out with the Assembly board.

Hope your planning efforts are proceeding well.

Vince

-----Original Message-----
From: "MRUSSO7465@aol.com" <MRUSSO7465@aol.com>
To: "vince@iongroup.com" <vince@iongroup.com>
Sent: 8/15/07 11:21 AM
Subject: creek club

I understand you are considering giving the Creek Club to the HOA. If this deal does not work or you are interested in another option I would love to speak to you about either a purchase or a long term lease with the understanding that we operate the facility as it operates now. Myself and/or the group that is going to build and operate The Inn at Ion and Jacobs Kitchen are very interested in discussing this with you.

Respectfully

Mike Russo

********** Get a sneak peek of the all-new AOL at http://discover.aol.com/memed/aolcom30tour

**From:** Chad Besenfelder
**Sent:** Tuesday, September 09, 2008 4:29 PM
**To:** Vince Graham; T Graham
**Subject:** FW: Creek Club
**Attachments:** Re: Creek Club

See Wards email below and attached Matt's email. Appears that someone mentioned a contract.

I suggest this response. Please send me your comments.

The I'On Company has not sold or initiated the sale of the Creek Club. Several parties have expressed interest to buy or lease the property in the past. We will continue to explore options for the Creek Club as we have been for sometime and will inform the Assembly in the event a more serious probability develops.

Chad Besenfelder
159 Civitas Street
Mt. Pleasant, SC 29464
Direct: 843.284.2129
Fax: 843.971.1664
Email: chad@iongroup.com
Website: www.iongroup.com

I'ON

**From:** wardmundy@gmail.com [mailto:wardmundy@gmail.com] **On Behalf Of** Ward Mundy
**Sent:** Tuesday, September 09, 2008 3:53 PM
**To:** Chad Besenfelder; Matt Walsh; Bruce Kinney; Sheri Cooper; John Powers; Barbara Fry
**Subject:** Re: Creek Club

And you would tell us if the Creek Club and I'On Club were "under contract", wouldn't you, Chad?? My understanding is that they are, in fact, under contract or an option to purchase, lease, or rent. I am sure you understand that no one appreciates getting half (or less) of the story.
--wm

On Tue, Sep 9, 2008 at 2:49 PM, Ward Mundy <ward@mundy.org> wrote:

How 'bout rented or leased??? Just want everyone to be on the same page. Thanks, Chad.
--wm

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**From:** Chad Besenfelder <chad@iongroup.com>
**Date:** Tue, 9 Sep 2008 14:42:26 -0400
**To:** Matt Walsh <matt.e.walsh@gmail.com>, Bruce Kinney <bkinney94@gmail.com>, Sheri Cooper <Sheri.cooper@gmail.com>, Ward <ward@mundy.org>, John Powers <john.j.powers@gsk.com>, Barb Fry <brbfry@comcast.net>
**Conversation:** Creek Club
**Subject:** RE: Creek Club

Matt,

The I'On Company has **not** sold the Creek Club to Mike Russo. I am sure you understand that no one should perceive rumors as fact. I work to keep the I'On Assembly informed of development news and will continue to send the HOA Board monthly updates.

Thank you for the email.

Chad

Chad Besenfelder
159 Civitas Street
Mt. Pleasant, SC 29464
Direct: 843.284.2129
Fax: 843.971.1664
Email: chad@iongroup.com
Website: www.iongroup.com <http://www.iongroup.com/>

I'ON

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**From:** Matt Walsh [mailto:matt.e.walsh@gmail.com]
**Sent:** Tuesday, September 09, 2008 1:14 PM
**To:** Chad Besenfelder; Bruce Kinney; Sheri Cooper; Ward; John Powers; Barb Fry
**Subject:** Creek Club

Chad,

There are rumors circling around that the Creek Club has been sold to Mike Russo. I think the neighborhood needs clarification on this from TIC. Can you provide any information that could be shared with the Assembly either confirming or denying these rumors?
Thanks,

--

Matthew Walsh
[redacted]

**From:** Chad Besenfelder
**Sent:** Tuesday, October 14, 2008 10:37 AM
**To:** Vince Graham; T Graham
**Subject:** Creek Club Sale

I met with Mike Russo today and reviewed our strategy for TOMP meeting Thursday afternoon. We are meeting with Joel Ford, Christiane Farrell, and Kent Prause. The town officials have met with residents regarding the Creek Club sale and they were anticipating our meeting request. Seems property owners are all over the board when it comes to the sale of the club. The town only cares about one thing; is the Creek Club operating as civic and can it be sold and continue to be civic? Mike and I are worried that the town will not approve the sale. We need an absolute yes from the town agreeing with out doubt that the Creek Club is a neighborhood clubhouse that serves the I'On citizens and community affairs.

This is what we propose:

1. Do not separate the docks from the Creek Club at this time. The docks are certainly the most civic part of the operations and no property owner or town official would be able to dispute this.
2. Mike has agreed to give the property owners perpetual easement to the ramp/docks. Mike is willing to work out all the details with the HOA. Just think of the legal fees we will save alone.
3. We may ask to separate the docks later if needed but at this time, I feel both property owners and Mike wish to keep it as is.
4. Mike and I will present the sale as a transfer of ownership from developer to an I'On property owner and will continue to operate the facility as it has been since opening.
5. Mike wants this deal to work and he is willing to give the property owners what they want including resident access to club for community events, access to docks and ramp, security, and higher level of service and maintenance.

We also have an interesting back up plan. The residents of Saturday Road have proposed a group ownership including Mike Russo. Mike operates the rental facility business while the residents have a part in the operation and future protection of civic use. The HOA Board is not aware of this proposal and we would like to keep it this way for now. This is just an idea that we may use if the town does not go for our initial plan.

Again, Mike and I feel that if the docks are separate from the Creek Club it will have a negative impact on the town's definition of civic use. I need to hit a homerun Thursday so please consider this proposal. I am not sure the town will agree that club is civic without the docks.

Send me your thoughts. We are getting so close to selling this club.

Chad

**From:** Tom Graham <ThomasC.Graham@comcast.net>
**Sent:** Monday, January 05, 2009 8:14 PM
**To:** Chad Besenfelder; Mike Russo
**Subject:** FW: Matt Walsh - Creek Club easement and HOA meetings

Chad,

Mike and I spoke this afternoon and addressed the Easement issue. As I confirmed with Mike, the I'On Club will not modify HOA easement while Creek Club is under contract for sale to Mike. I told Mike that Matt Walsh had called Eliza Lacey to rent meeting space in the Creek Club for 2009. I directed Eliza to limit Creek Club rental commitments to the HOA to just the first quarter of 2009 — on the same terms as most recent rentals -- $150/weekday (Monday-Thursday). Club can continue advance rentals to HOA on quarter to quarter basis for the time being — until Creek Club purchase timing is confirmed.

Unless there are other issues we need to jointly discuss, let's cancel the meeting tomorrow.

--

Tom Graham

[redacted]

------ Forwarded Message
**From:** Tom Graham <ThomasC.Graham@comcast.net>
**Date:** Mon, 05 Jan 2009 08:45:53 -0500
**To:** Mike Russo <mrusso7465@aol.com>
**Conversation:** Matt Walsh
**Subject:** Matt Walsh

> Mike, Let's you and I meet together to discuss this easement issue before I respond to Matt Walsh. Possibly this afternoon or tomorrow?
>
> --
>
> Tom Graham

ALL STATE LEGAL PLAINTIFF'S EXHIBIT 210

[redacted]

[redacted] Forwarded Message
**From:** MATT WALSH <matt.e.walsh@gmail.com>
**Date:** Sun, 4 Jan 2009 18:31:56 -0500
**To:** Tom Graham <ThomasC.Graham@comcast.net>
**Subject:** Time for a call this week?

Tom,
Happy New Year! I hope you are well. Do you have some time to talk on the phone this week re: the current recreational easement that governs the creek club usage?
I will be in Omaha through Thursday but could talk by phone, or in person on Friday. Please advise what suits your schedule.
Thanks,

--
Matthew Walsh
[redacted]
<'}}}}}<

----- End of Forwarded Message

----- End of Forwarded Message

**From:** Tom Graham <ThomasC.Graham@comcast.net>
**Sent:** Tuesday, February 24, 2009 5:20 PM
**To:** Vince Graham; Chad Besenfelder
**Subject:** Re: Creek Club issues

My preliminary take on these issues:

Reading minds and discerning motives behind pronouncements leads me to project the following discontent issues:

1. Anxiety over future Creek Club operations under a new owner. (expressed fears included "sky is falling" claims of weddings 365 days per year; uncontrolled drunk drivers; residents squeezed out of event venue, etc.) Matt Walsh told me that he thought that if I'On Club and Russo would go along with cross-use easement changes desired by Catherine Templeton's crowd, that they would drop their objections to current use.
2. Some residents remain angry that the I'On Club arbitrarily took away boat trailer parking privileges, in order to accommodate wedding events.
3. Some residents (including Susan Simpson, lot-276) claim that Creek Club wedding event use was not disclosed when they purchased in I'On and I'On sales agents misrepresented I'On amenities.
4. William Hamilton raged that small public community meeting facilities which could comfortably accommodate 10-20 chairs are no longer conveniently and cheaply available in I'On.
5. William Hamilton raged that the Creek Club was no longer available free or at nominal cost for community events on the weekends.

- Bruce Kinney has told me that he's tired of dealing with the Creek Club controversy and is ready for Mike Russo to fish or cut bait. He'd like for Russo to agree to sign a revised joint-use easement. I understand from talking to Mike and Bruce that they are very close to a mutually acceptable agreement.
- Russo proposed to include a small community meeting room — which would apparently satisfy Hamilton's specs — on lot 275 as part of a B&B extension.

- Bud Swedloff proposed that a community meeting room be included as part of an office building on the Civitas lot where Montessori School trailers were previously located.
- The Montessori School, the Orthodox Church, and I'On Realty have small meeting room venues. Jacob's Kitchen might, also, be able to accommodate community meetings.
- I doubt the economic viability of a single-purpose community meeting house in I'On. Existing venues might be available for advance bookings at reasonable fee to serve community and other meeting needs. Such arrangement would require coordination and possibly centralized scheduling.

On 2/24/09 2:29 PM, "Vince Graham" <vince@iongroup.com> wrote:

Can meet tomorrow at 10.

---

**From:** Tom Graham [mailto:ThomasC.Graham@comcast.net]
**Sent:** Tuesday, February 24, 2009 11:00 AM
**To:** Vince Graham; Chad Besenfelder
**Subject:** Creek Club issues

Meet this afternoon to discuss Creek Club issues, resolve next steps & determine who does what?

1. Is Russo moving forward with Creek Club contract? (Inspection period scheduled to end this Saturday).
2. appropriate action to address resident dissatisfaction?
3.

**From:** Chad Besenfelder
**Sent:** Friday, March 13, 2009 4:26 PM
**To:** T Graham
**Subject:** Olde Park Agreement
**Attachments:** DOC001.PDF

See attached document. It is a letter from Olde Park reviewing the proposed club/dock use agreement. I do not have a recorded agreement or one signed by both parties.

I wish I could help more. Do you want me to perform a record search?

Chad Besenfelder
159 Civitas Street
Mt. Pleasant, SC 29464
Direct: 843.284.2129
Fax: 843.971.1664
Email: chad@iongroup.com
Website: www.iongroup.com

-----Original Message-----
From: scans@iongroup.com [mailto:scans@iongroup.com]
Sent: Friday, March 13, 2009 12:21 PM
To: Chad Besenfelder
Subject: Scan from a Xerox WorkCentre

Please open the attached document. It was scanned and sent to you using a Xerox WorkCentre.

Attachment File Type: PDF

WorkCentre Location: machine location not set Device Name: XRX0000AA7CC63C

For more information on Xerox products and solutions, please visit http://www.xerox.com

# Joe Griffith, Inc., REALTORS

[redacted] • Charleston, South Carolina 29401
310 Meeting Street (803) 577-2230

Fax To Joe, To Geoff. Return to me to read 2/23

February 19, 1999

Mr. Vincent G. Graham
[redacted]

Re: Proposal from GR, LLC for access to the I'On Sewer, Club Facilities & Boat Ramp/Community Dock

Dear Vince,

I am writing to you in response to your proposal dated December 8, 1999 relating to the access to the above-mentioned amenities currently located or planned at I'On.

As you know, we recently purchased the Meyers tract and the new ownership entity is GR, LLC. After our recent meeting, I discussed your proposal with the new owners for their comments and response. They have indicated an interest in pursuing this proposal but would request a modification to some of the terms and conditions of your proposal.

We discussed your suggestion regarding the access from Mathis Ferry Road to our project. While this suggestion may have merit, it is not economically feasible for our development as we have reduced the number of lots to approximately 110-115.

The proposal regarding the access connections from our property to I'On is acceptable as stated in the section Proposal, items 1.,2.,3.,& 4. The condition stated in item 3. will be contingent upon the design and location of the access connection point(s) being accepted and approved by the Town of Mount Pleasant. GR, LLC reserves the right to approve or reject any access connection location and design recommended by the I'On Assembly.

The sewer lift station and off site improvements will have the capacity to accommodate our project and will be co-ordinated with our engineers at Seamon-Whitesides and Associates. Sewer lift station and off site improvements shall meet the Town of Mount Pleasant requirements.

Mailing Address:
Post Office Box 1039 • Charleston, South Carolina 29402

The Club Facilities are to include the following amenities in Phase I : 1.) Minimum of six (6) lighted clay tennis courts; 2.) an 8 lane by 25 yard swimming pool with removable bubble for year round swimming; 3.) Kiddy pool; 4.) Locker and bath facilities; 5.) 3,600 square foot Creek Club located on the waterfront park on Hobcaw Creek. Additional phases of the Club Facilities are to include additional tennis courts, pool, and other meeting halls.

The boat ramp and community dock will be available to our property owners for an annual "key deposit" of $25-50.00.

It is our understanding that the I'On Club will be limited to 850 members which would include our 110-115 property owners. Our property owners will pay an initiation fee and annual dues in accordance with the lot owners in I'On. Each member will have access to all facilities and will have first priority and discounted rates for the Creek Club.

GR, LLC will pay a total of $435,000 for the above-mentioned facilities and sewer tie-in based on the following breakdown:

| | | |
|---|---|---|
| 1.) | Sewer Tie-In | $ 85,000 |
| 2.) | Club Amenities entitlement | $385,000 |
| 3.) | Boat Ramp/Community Dock | $ 25,000 |
| Total | | $435,000 |

The terms of the proposal are as follows:

| | |
|---|---|
| Initial Deposit<br>-Upon Site Plan Approval from Town of Mount Pleasant | $ 50,000 |
| Contribution of Residual Land<br>-Upon obtaining subdivision of residual land and recordable plat | $ 50,000 |
| Land Disturbance Permit<br>-Approval by Town of Mount Pleasant | $100,000 |
| Upon Fifty (50%) Percent completion of Club Amenities and Boat Ramp/Community Dock | $117,500 |
| Upon One hundred (100%) percent completion of Club Amenities and Boat Ramp/Community Dock | $117,500 |

Mr. Vincent Graham
February 19, 1999
Page Three

As part of its compensation offer for the above-mentioned package, GR, LLC will transfer ownership of the residual land (approximately .94 acres) adjacent to I'On to The I'On Company at a value of $50,000. The property is shown on the attached proposed site plan. The transfer will occur when the property can be subdivided and can be formally transferred under the regulations of the Town of Mount Pleasant. We will submit this item to the Town as soon as possible and try to get approvals immediately.

In addition, The I'On Company will provide to GR, LLC final approved plans (Phase I) for the Club Amenities and Boat Ramp/Community Dock and a construction schedule for the completion of this project. The above-mentioned construction is to be completed within eighteen (18) months from the execution date of the formal agreement or GR, LLC shall have the right to terminate the agreement and have all monies refunded.

If these terms and conditions are acceptable to you, please indicate by your signature below. Upon mutual agreement by both parties, The I'On Company will have a more formal document prepared for execution.

Sincerely,

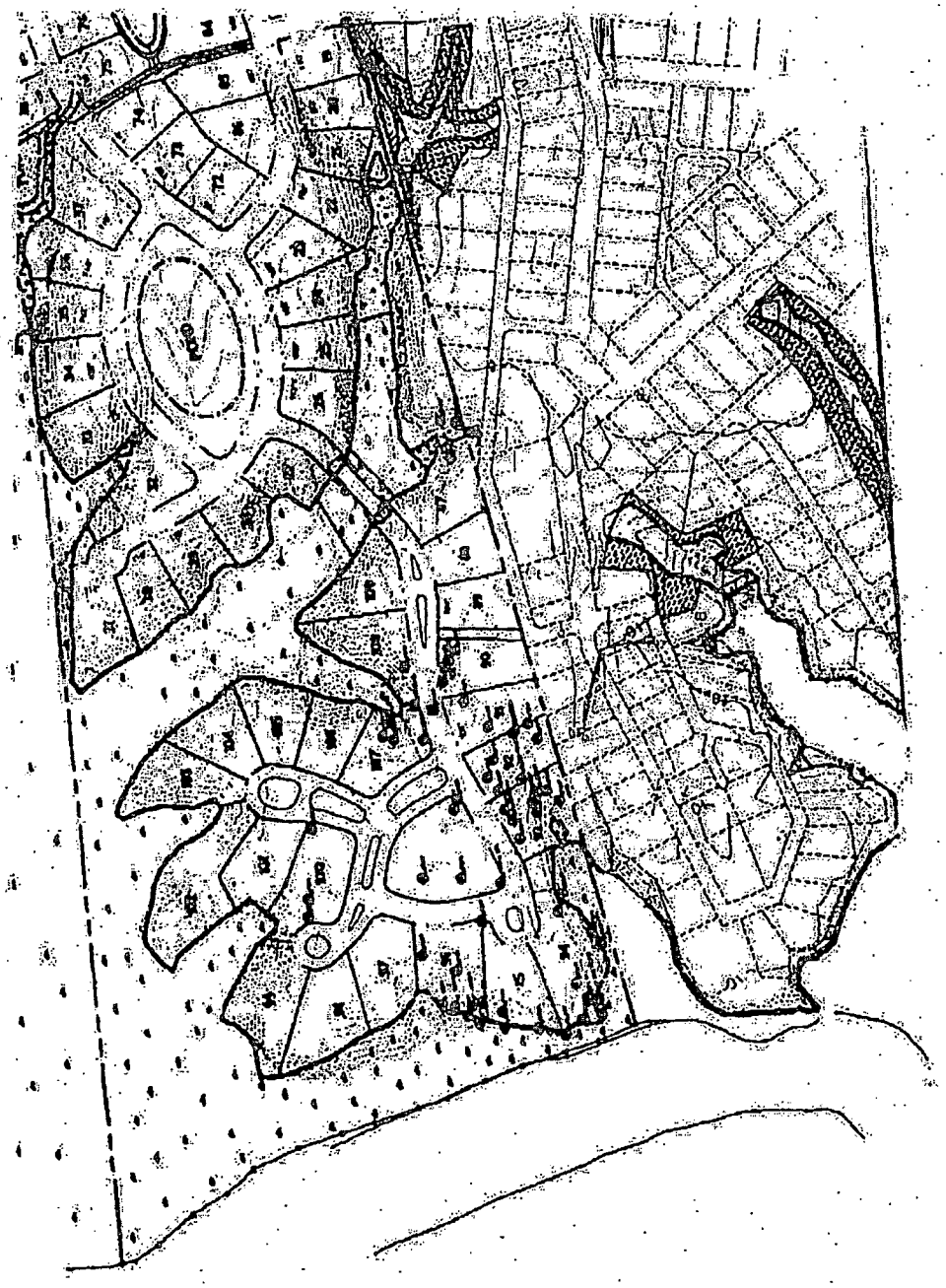
Louis E. Griffith
Broker in Charge

Accepted and Agreed:

_____ _____
Date

cc: Joseph P. Griffith
Joe Rice

RECORD ON APPEAL 2945



**From:** Vince Graham <vince@iongroup.com>
**Sent:** Saturday, March 14, 2009 2:59 PM
**To:** T Graham; Chad Besenfelder
**Subject:** Re: "Creekside Park"

Don't recall specifically, but it was probably due to the Assembly not wanting to bear the cost/responsibility by themselves.

---

**From:** Tom Graham
**To:** Chad Besenfelder
**Cc:** Vince Graham
**Sent:** Sat Mar 14 14:49:25 2009
**Subject:** Re: "Creekside Park"

As far as I know, the constructed "marsh walk" is completely adequate for the "Creekside Park" referenced in the HUD report.

Do either of you know why the Creek Club docks and boating facilities, along with extended pedestrian path were **not** turned over to the Assembly when Phase 2 was completed (with easement use rights reserved for Club as well as Olde Parke residents)?

On 3/14/09 11:00 AM, "Chad Besenfelder" <chad@iongroup.com> wrote:

I am meeting with Matt Walsh next Tuesday. I have plats and park designs that clearly show TIC met the requirements of the land act chart for Phase 2 ammenities. They include "Saturday Point Park" and "Hope Point Park" along Hobcaw Creek tributary creek all part of the creek park called the "Marsh Walk Park" designed after the "Cliff Walk Park" in Newport, RI. The proposed design plans from Design Works I have for the creek side park are detailed showing plantings, sitting areas, path designs, dating back to 2000. I am not sure if the parks were built exactly as proposed but they are close. I also have copy of deed that turned over Phase 1 and Phase 2 ammenties recorded by RMC on December 5, 2000 that clearly list "HOA Areas" and "HOA Common Areas". In addition, I have original plats from Thomas and Hutton that clearly identify the HOA crab docks situated on Hobcaw Creek and Hobcaw Creek Tributary showing the same proposed "HOA" areas. You may have noticed in that land act agreement, it specifically mentions that some park areas would be private and part of a

membership club that would charge for access. This is clearly our intention to make the Creek Club private including the lawn and parking areas.

In summary, the documents I have clearly show that TIC completed the requirments according to the land act chart for Phase 2. The deed date falls in line and there should be no further argument. The HOA may try to interpret their own meaning of "Creek Park" which would include the Creek Club lawn. The vague name "Creek Park" of the land act agreement will not provide them fuel for such argument. The lawn area was always intended to be part of the Creek Club.

Sent from my iPhone

On Mar 13, 2009, at 9:43 PM, "Tom Graham" <ThomasC.Graham@comcast.net> wrote:

How?

On 3/13/09 7:16 PM, "Chad Besenfelder" <chad@iongroup.com <mailto:chad@iongroup.com> > wrote:

Yes. I will put an end to this "creek park" BS.

Sent from my iPhone

On Mar 13, 2009, at 7:10 PM, "Tom Graham" <ThomasC.Graham@comcast.net <mailto:ThomasC.Graham@comcast.net> > wrote:

Chad, Did you say that you have a plan for "Saturday Road Creekside Park"? Possibly that is the "Creekside Park" referenced in the HUD document.

------ Forwarded Message
**From:** Tom Graham <ThomasC.Graham@comcast.net <mailto:ThomasC.Graham@comcast.net> <mailto:ThomasC.Graham@comcast.net <mailto:ThomasC.Graham@comcast.net> > >
**Date:** Fri, 13 Mar 2009 18:07:35 -0400
**To:** Bruce Kinney <bkinney94@gmail.com <mailto:bkinney94@gmail.com> <mailto:bkinney94@gmail.com

<mailto:bkinney94@gmail.com> > >
**Cc:** Chad Besenfelder <chad@iongroup.com
<mailto:chad@iongroup.com> <mailto:chad@iongroup.com
<mailto:chad@iongroup.com> > >, Vince Graham
<vince@grahamholdings.com
<mailto:vince@grahamholdings.com> <mailto:vince@grahamholdings.com
<mailto:vince@grahamholdings.com> > >
**Conversation:** Creek Club Docks
**Subject:** Re: Creek Club Docks

Thanks, Bruce,

We'll be back to you shortly with response to the Creek Club docks and Cross-use easement issue questions. This is a bit complicated and requires some research.

In regard to your second question, Vince recalls the "Creekside Park" as the 2.5 mile marsh walk which has been built and, for the most part, conveyed to the Assembly.

**From:** Chad Besenfelder
**Sent:** Thursday, March 19, 2009 12:24 PM
**To:** 'Vince Graham'
**Subject:** I'On Update

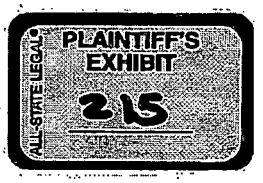
**Follow Up Flag:** Follow up
**Flag Status:** Flagged

Property Turnover:

1) Repairing pump at amphitheater complete in 2 weeks. Deeds complete and finalizing maintenance manual
2) I'On Square park complete, trees trimmed, retaining walls repaired, irrigation working, deeds complete with business user agreement, ready for turnover now
3) Phase 7 marsh walk enhancements complete in 4 weeks. I am preparing deeds now with idea to escrow money to HOA for park enhancements later
4) Phase 9 marsh walk and cul-de-sac enhancements complete in 4 weeks. Path will end at Lot 10-10, Preparing deeds now.
5) Phase 9 and 10 TOMP handover inspection scheduled March 26. List of improvements and then 3 weeks to price and schedule repairs.
6) Phase 10 MPW enhancement repairs next two weeks, may require storm drain video inspections.
7) Phase 10 park design complete next week. Downgrade plan, price, and offer escrow fund to HOA end of April
8) Canals turnover will take longer. HOA hiring engineer to inspect. Dredging may be required.
9) Boat docks: Working with Tom and the Creek Club to subdivide parcel for HOA dock and ramp turnover. Reviewing all past use agreements. Date?
10) Combining all maintenance manuals and as-builts for HOA.

Miscellaneous Projects:

1) Managing all IDC issues and working on IDC handover. Macky Hill negotiating with HOA. Meeting with AMCS to review procedures, website in works, the process is slow and I expect some challenges. We need to meet.
2) Meeting with TOMP and SCDOT to finalize approval for the fourth entrance for I'On. You can develop later if you like
3) Removing path from Lots 9-7 and 9-8.
4) PD Amendment to remove eave height restrictions from code and Phase 11 temporary use including community garden and other
5) Researching multi-dwelling options to possibly add to PD Amendment suggested by TOMP Planning staff
6) Al Evans to remove staging material in 3 phases. Will take 8 weeks.
7) PPL and Evans to install pedestrian entrance to Muirhead Road. Met with residents and TOMP. Complete in 3 weeks
8) Entire Phase 11 will be graded and prep work done to lower costs later when you develop
9) Working with residents to create a budget and plan for community garden. Well options in works.
10) Researching compost operation in Phase 11. More to come in near future. This is a cool project.
11) Pricing 1 acre clearing on club land near Eastlake including curb cut and stone for boat/rv storage, may complete access to club parking lot ($20,000)
12) Working with Tom and John to create new business plan for I'On Club and researching other business opportunities



**From:** Chad Besenfelder
**Sent:** Monday, March 23, 2009 12:27 PM
**To:** T Graham; Vince Graham
**Cc:** 'Vince Graham'
**Subject:** RE: Creek Club
**Attachments:** DOC001.pdf

I requested letter from Mike attached and issued a check request to Mac Martin.

Chad Besenfelder
159 Civitas Street
Mt. Pleasant, SC 29464
Direct: 843.284.2129
Fax: 843.971.1664
Email: chad@iongroup.com
Website: www.iongroup.com

I'ON

**From:** Tom Graham [mailto:ThomasC.Graham@comcast.net]
**Sent:** Monday, March 23, 2009 12:02 PM
**To:** Vince Graham; Chad Besenfelder
**Subject:** FW: Creek Club

I previously responded to Bruce Kinney's question regarding "Creekside Park" with Vince's recollection as the 2.5 mile creek side and marsh walk completed and for the most part turned over to the HOA.

Have Russo's earnest money checks been returned?
Appropriate response to Bruce Kinney?
Let's meet together tomorrow morning to formulate written response?

--

Thomas C. Graham
[redacted]

Ne Oublie

------ Forwarded Message
**From:** Bruce Kinney <bkinney94@gmail.com>
**Date:** Mon, 23 Mar 2009 11:10:49 -0400
**To:** Tom Graham <ThomasC.Graham@comcast.net>
**Cc:** MATT WALSH <matt.e.walsh@gmail.com>
**Subject:** Creek Club

Hi Tom,
I ran into Mike Russo last week and he told me that his group is no longer going to purchase the Creek Club, and that his earnest money has been returned. There is an I'On Assembly Board meeting this Wednesday. In advance of the meeting I would greatly appreciate an update on turning over the docks, the sale of the Club and the Creekside park.

Thanks, Bruce

------ End of Forwarded Message

To: Ion Realty/ Chad

From; Mike Russo/ The Inn at Ion/ Jacobs Kitchen

Date: 3/19/09

Re: Purchase of Creek Club

Dear Chad

Due to the fact that it has been decided that the docks and the land accessing the docks shall be deeded to the HOA, we can no longer proceed with our purchase of the Creek Club. We are requesting that our earnest money be refunded and the existing contracts be voided.

Perhaps in the future we will revisit the purchase. We hope you understand our concerns. To much has happened and changed with this deal and frankly I no longer trust what the HOA and other neighborhood groups may come up with next.

On another subject matter, I would be more than happy to offer any help may expertise may afford you in building up the potential wedding business at the Creek Club and look forward to a mutually cooperative business association.

Thanks

Mike Russo

**From:** Tom Graham <ThomasC.Graham@comcast.net>
**Sent:** Tuesday, March 24, 2009 11:32 AM
**To:** Bruce Kinney
**Cc:** MATT WALSH; Chad Besenfelder; Vince Graham
**Subject:** Re: Creek Club

Bruce,

- Creek Club sale: As Mike Russo told you, he has terminated his Creek Club purchase proposal and earnest money has been returned.
- Dock conveyance to Assembly: Chad's working on turnover details now and expects to have resolution shortly.
- Creekside Park: This is the 2.5 mile linear park running along the Hobcaw Creek and the Shelmore Creek and marsh. Most of this park has been conveyed to Assembly. The remaining portion in phases 7 & 9 is in process of being turned over.

Tom Graham

[redacted]

Ne Oublie

On 3/23/09 11:10 AM, "Bruce Kinney" <bkinney94@gmail.com> wrote:

Hi Tom,
I ran into Mike Russo last week and he told me that his group is no longer going to purchase the Creek Club, and that his earnest money has been returned. There is an I'On Assembly Board meeting this Wednesday. In advance of the meeting I would greatly appreciate an update on turning over the docks, the sale of the Club and the Creekside park.

Thanks, Bruce

**From:** Chad Besenfelder
**Sent:** Tuesday, March 24, 2009 5:00 PM
**To:** 'Vince Graham'; T Graham
**Subject:** Docks
**Attachments:** DOC001.pdf; Future Docks.PDF

Two scenarios attached (DOC001). Option 1 is deeding the least amount possible to the I'On Assembly. Option 2 is what I expect the Board will request. Predict some negotiation.

**Option 1: Deed minimum land to Assembly**

Pros:
1) Club retains maximum deep waterfront and boat ramp for future opportunities
2) Assembly receives the "Community Dock" listed in the HUD Document (open for interpretation)
3) Assembly retains current access rights to dock, ramp, and marsh walk
4) Requires little change to existing Recreation Easement

Cons:
1) Assembly Board will argue strongly the ramp is part of "community dock"
2) Creek Club will still pay ramp insurance and maintenance costs
3) Creek Club will still administer and police ramp operations
4) Some (maybe 12) residents will likely be upset and continue to drag on anti-developer campaign
5) Could damage Assembly and developer relations

**Option 2: Deed a linear parcel to Assembly**

Pros:
1) If needed in negotiation, the Assembly may consider this the Creekside Park
2) Club would no longer have the headache or expense of dealing with the dock and ramp

Cons:
1) Creek Club loses access control over the lawn path and ramp
2) Creek Club loses future opportunities of owning deepwater property
3) Creek Club loses property value or perceived property value

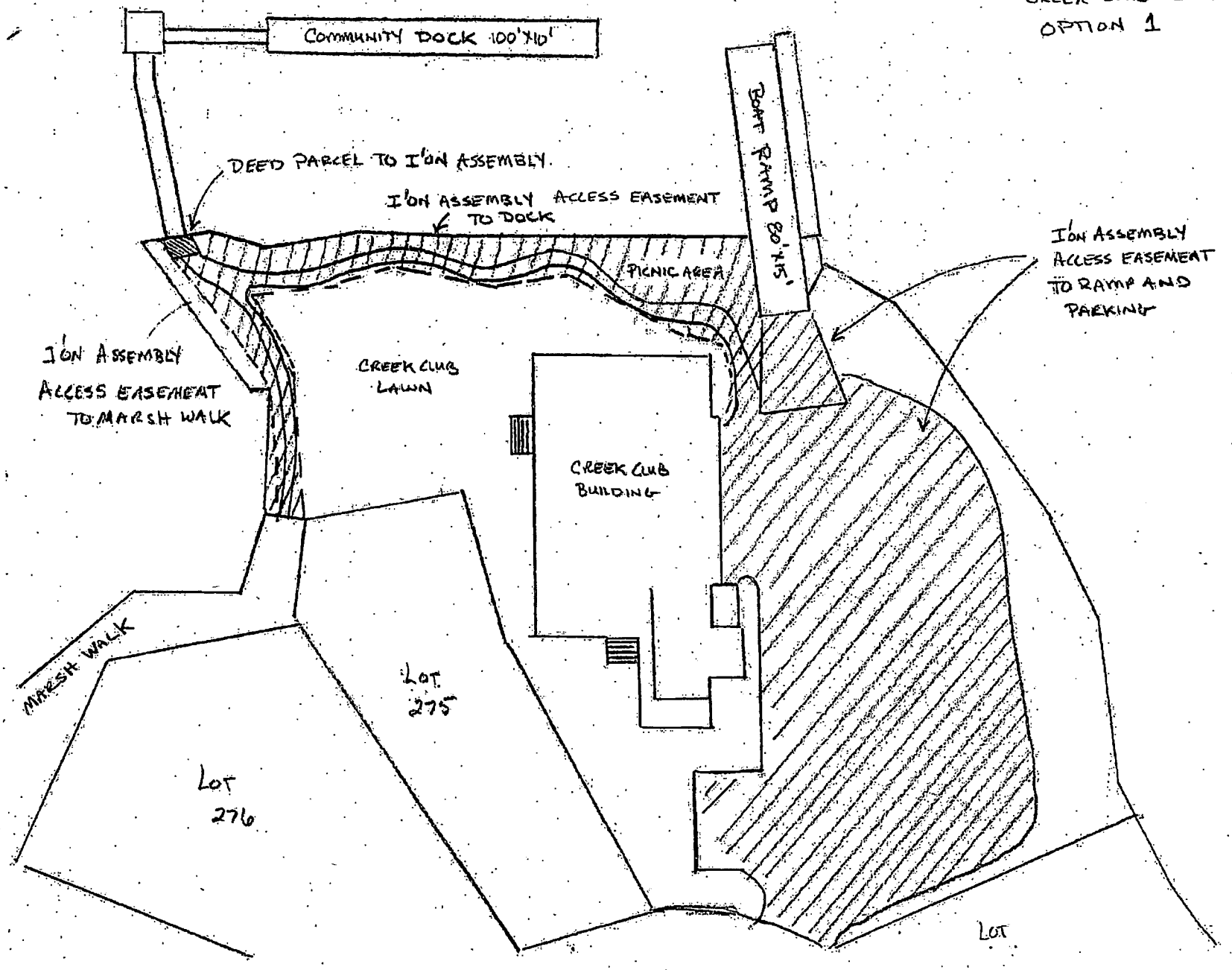
I suggest we propose Option 1 and see what happens. Be prepared to read negative message board posts. The Assembly will likely ask for more regardless of what we propose so why not propose only what we are obligated, without getting into a legal battle. We should consider that every linear foot of marsh and deepwater will add value to the Creek Club. Mike Russo understood this and the land between the marsh walk and dock is the most value in my opinion.

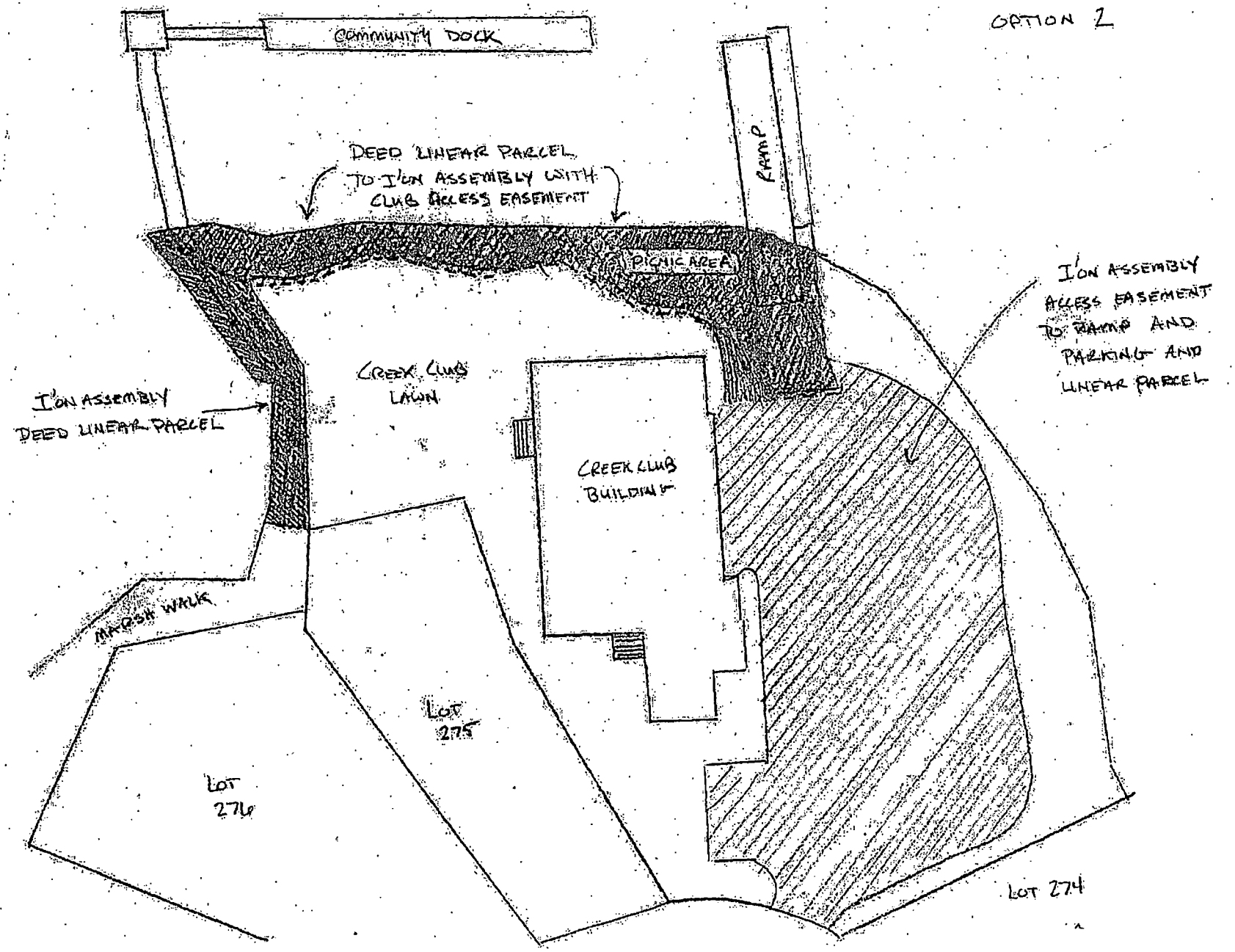
Be prepared to negotiate the ramp as part of the deed turnover. I'm worried about keeping this part of the Creek Club and what value it brings to us. If the Creek Club retains the ramp, the brain damage of managing the ramp and paying insurance may be too much. Keeping the ramp complicates the shared cost equation outlined in the Recreation Easement. Is keeping the ramp worth the trouble? Perhaps.

I also attached a far-fetched plan for future opportunities. I understand highly unlikely but it does provide a sketch of what could be. You never know, the Creek Club could be in the marina business someday. So giving up waterfront property is a big deal in my opinion. Estimate 24 slips (not including community dock) generates $82,000 in yearly slip rental revenue or sell for them for $960,000. Wish it were so easy.

Tell me what you would like to propose to the Assembly so I may start on a pitch tomorrow.

Chad


CREEK CLUB CV-6
OPTION 1
COMMUNITY DOCK 100'X10'
BOAT RAMP 80'X15'
DEED PARCEL TO I'ON ASSEMBLY.
I'ON ASSEMBLY ACCESS EASEMENT TO DOCK
PICNIC AREA
I'ON ASSEMBLY ACCESS EASEMENT TO RAMP AND PARKING
I'ON ASSEMBLY ACCESS EASEMENT TO MARSH WALK
CREEK CLUB LAWN
CREEK CLUB BUILDING
MARSH WALK
LOT 275
LOT 276
LOT


CREEK CLUB
OPTION 2
COMMUNITY DOCK
DEED LINEAR PARCEL TO I'ON ASSEMBLY WITH CLUB ACCESS EASEMENT
RAMP
PICNIC AREA
I'ON ASSEMBLY ACCESS EASEMENT TO RAMP AND PARKING AND LINEAR PARCEL
I'ON ASSEMBLY DEED LINEAR PARCEL
CREEK CLUB LAWN
CREEK CLUB BUILDING
MARSH WALK
LOT 275
LOT 276
LOT 274

APPENDIX 3443

**From:** Vince Graham <vince@iongroup.com>
**Sent:** Thursday, April 02, 2009 2:32 PM
**To:** T Graham; Chad Besenfelder
**Subject:** RE: Question

**Follow Up Flag:** Follow up
**Flag Status:** Flagged

They don't. I'm just toying with he and Brock. I'm glad he brought the Impact Statement up though as it further supports our position. After the next round or two of email exchanges with Walsh, you'll see what I mean. We will slam the door on this foolishness, and set the stage to enable them to take over dock ownership, its costs and responsibilities, under our terms and conditions.

---

**From:** Tom Graham [mailto:ThomasC.Graham@comcast.net]
**Sent:** Thursday, April 02, 2009 2:25 PM
**To:** Vince Graham; Chad Besenfelder
**Subject:** Re: Question

Vince,

It seems to me that neither Matt Walsh nor any other homeowner have any legal basis to rely upon the impact statement submitted to the TOMP for any claim upon TIC. I've little patience left for this BS.

Jo Anne Stubblefield might be able to advise on help with closing this out?

--

Tom Graham

[redacted]

Ne Oublie

On 4/2/09 2:02 PM, "Vince Graham" <vince@iongroup.com> wrote:

FYI. Chad, please send me a copy of the Impact Statement when you get a moment.

**From:** Matt Walsh [mailto:matt.e.walsh@gmail.com]
**Sent:** Wednesday, April 01, 2009 12:16 PM
**To:** Vince Graham
**Cc:** Bruce Kinney
**Subject:** Question

Vince,

I hope this message finds you well. I have some neighbors who are troubled by the definition of the creekside park you had Chad deliver at the last meeting. Here is an excerpt from an email concerning this issue. I must admit, it seems to ask some interesting questions:

"The Impact Assessment references a park on Middle Street in the Old Village of Mount Pleasant, and it even includes a photograph of this park. In fact, this Middle Street park is the home to Alhambra Hall, a special event venue strikingly similar to our own Creek Club. Both facilities are surrounded by a lawn of park area and both are located on waterfront parcels. If descriptions and models in the Impact Assessment are to be trusted, then the vision of this park on Middle Street would have been realized with the construction of the Creek Club and its surrounding park on Civic Site 6. The Property Report chart included an entry for "paths and trails" in Phase 2, so clearly the marsh walk trail was already accounted for in the list of facilities. There was no model mentioned in the Impact Assessment of the Newport, Rhode Island linear park, which Chad Besenfelder claimed was the inspiration for the marsh walk (park) he would have us believe was formerly known as Creekside Park.

The burden is on the Grahams to PROVE what Creekside Park is -- in the absence of a map with it stamped on the marsh walk, we have to look to other proof, as stated above. Models and ideas expressed in the impact assessment were very specific. The Middle Street park, where Alhambra Hall is located, is evidenced in the impact assessment. The linear park of Newport, R.I. is not. Then, the paths and trails already being significant enough for their own mention in the Property Report seals the deal, in my mind -- the marsh walk trail is already included in the recreational facilities separate from Creekside Park. Newport's linear park in Rhode Island is never mentioned in the assessment. The site of Alhambra Hall is."

It sue would be great if you could clear up what seems to be some confusion. Feel free to give me a call if you would prefer to discuss.

Best regards,

**From:** Tom Graham <ThomasC.Graham@comcast.net>
**Sent:** Wednesday, April 08, 2009 1:56 PM
**To:** Chad Besenfelder; Vince Graham
**Cc:** Michael Wooddy
**Subject:** Re: Creek Club and I'On Club Sale

Let's get the rest of these Steve Brock, Lee Ann Adkins HUD Mickey Mouse issues cleared up quickly, in order to pre-empt Steve Speer from getting re-spooked. And, also, we need to get on the same wave length in order to avoid giving mixed signals to either Buyer or HOA.

Conference together tomorrow AM?

On 4/8/09 1:33 PM, "Chad Besenfelder" <chad@iongroup.com> wrote:

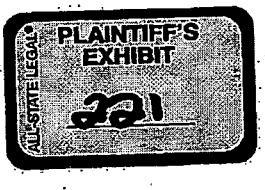
**Creek Club:**
I met with Mike Russo and the Creek Club sale is back on. I suggested a contract and close in 60 days. Mike agreed. He will need an additional 90 days after Creek Club closing to close Lot 275. No extension included this time. I can draft the contract myself this afternoon.

CV-6 (Creek Club) and CV-5 (overflow parking lot) for 1,750,000 earnest money of $25,000

Lot 275 for $250,000 earnest money of $5,000

There are still questions about the docks and I suggest we meet as soon as possible to review our legal dock obligations and easements before we sign anything.

**I'On Swim and Tennis Club:**
I plan to meet this weekend with interested buyer. They are reviewing budget and numbers this week. I have a gut feeling they will offer $1 million by the end of next week. I will prepare a strategy to get us closer to out target of $1.3 million.



THE STATE OF SOUTH CAROLINA
**In The Court of Appeals**

RECEIVED
MAR 23 2016
SC Court of Appeals

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APPEAL FROM CHARLESTON COUNTY
Court of Common Pleas

The Honorable Stephanie P. McDonald, Circuit Court Judge

---

Case No. 2010-CP-10-10490

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Brad J. Walbeck and Lea Ann Adkins, Both Individually and Derivatively on Behalf of The I'On Assembly, Inc.; I'On Assembly, Inc.

Respondents,

v.

The I'On Company, LLC, The I'On Club, LLC, The I'On Group, LLC f/k/a Civitas, LLC, and I'On Realty, LLC,

Appellants.

---

**RECORD ON APPEAL**
**VOL. 7**
**R. pp. 2961-3452**

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**From:** Tom Graham <ThomasC.Graham@comcast.net>
**Sent:** Monday, July 27, 2009 7:54 PM
**To:** Mike Russo; Chad Besenfelder; Vince Graham
**Cc:** Geoffrey D. Graham
**Subject:** Creek Club transaction

FYI

Bruce Kinney called me from Chicago to ask about the pending Creek Club sale. He'd received a call from AMCS, the I'On Assembly manager who'd fielded a call from an attorney who called AMCS asking for HOA dues balances for Creek Club and adjoining lots in reference to a pending sale. Bruce called me to find out what's going on.

I told Bruce that Mike Russo's management company was taking over management of the Creek Club and was in process of making significant physical improvements to the facility in order to enhance its position as a prime wedding event facility within Charleston.

**From:** Vince Graham <vince@iongroup.com>
**Sent:** Monday, August 03, 2009 4:54 PM
**To:** T Graham; mrusso7465@aol.com
**Cc:** Chad Besenfelder
**Subject:** Re: Ioncommunity message board questions.

Mike, In addition to those named, you might consider sending to the P&C, and Chas Business Journal (if you want the publicity).

Vince

---

**From:** Tom Graham
**To:** Mike Russo
**Cc:** Vince Graham; Chad Besenfelder
**Sent:** Mon Aug 03 16:33:47 2009
**Subject:** Re: Ioncommunity message board questions.

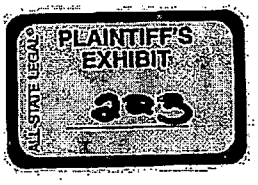
I agree. However, now is a good time to prepare a short simple press release to be posted on the I'On Club website, sent to Club Members and provided to the Assembly (Barbara Fry and Bruce) to send out to residents and post on the Assembly web site — all to be sent AFTER sale closing. No need to tempt Fate (or Katherine Templeton)!

On 8/3/09 11:52 AM, "Mike Russo" <mrusso7465@aol.com> wrote:

Until after the closing we are not going to comment on any issues regarding the sale and we suggest you do the same. Lets not open any doors that may lead them to trying to negotiate. All those questions can wait...

-----Original Message-----
From: Tom Graham <ThomasC.Graham@comcast.net>
To: Vince Graham <vince@iongroup.com>; Chad Besenfelder <chad@iongroup.com>; Mike Russo <mrusso7465@aol.com>
Sent: Mon, Aug 3, 2009 10:45 am
Subject: Ioncommunity message board questions.

Posted about one hour ago by M.P. Wilkerson, 23 Saturday Road. Sale will be public news soon. It's a good time to prepare a "press release" for distribution through the I'On Club and Assembly web sites before the rumor mill gets cranked up. "Either define or be defined."



| M.P. WILKERSON<br>Topic Creator | message posted Monday, August 03, 2009 9:09:54 AM |
|---|---|
| | Who are the people who are buying the club. The same group as before?<br>Will the concessions that Bruce worked out with Mike Russo still be part of the deal?<br>Has the zoning been changed from Civic? What about the two parking lots?<br>Is the lot to the left of the Creek Club (between the Creek Club and the Simpsons) been put under contra whom, and are they connected in any way with the above group. This was part of the original deal.<br>What is the date the contract will be signed? |

**From:** Tom Graham [ThomasC.Graham@comcast.net]
**Sent:** Wednesday, March 04, 2009 8:21 AM
**To:** Bruce Kinney; Chad Besenfelder
**Cc:** Vince Graham; Geoff at GuildQuality; Daniel Orvin
**Subject:** Re: HUD Document

Bruce, Unfortunately, I mistakenly thought this issue had been completely resolved. We'll have to review this and determine appropriate response.

Tom Graham

[redacted]

Ne Oublie

On 3/4/09 12:00 AM, "Bruce Kinney" <bkinney94@gmail.com> wrote:

Chad, I saw Tom this afternoon and got the impression that you and I'On's lawyers were working on responses to Catherine Templeton's letter to the Board regarding the HUD property report dealing with the docks and the land they are built on. I am meeting with the Assembly's counsel this week. Please let me know what you are doing, if your lawyers are involved, and if so, who they are and may the Assembly's lawyers communicate directly with them. If I'm wrong or if you haven't seen her letter, please let me know ASAP. Thanks.

Bruce

PLAINTIFF'S EXHIBIT 224

EXHIBIT KQ Russo-22 1/16/14

**From:** Tom Graham [ThomasC.Graham@comcast.net]
**Sent:** Wednesday, March 04, 2009 8:19 AM
**To:** Bruce Kinney; Chad Besenfelder; Vince Graham; Geoff at GuildQuality
**Cc:** Daniel Orvin
**Subject:** FW: HUD document presented at last Board meeting
**Attachments:** Risks of Buying Land 110308.pdf; Templeton Letter 022809.pdf

Bruce,

I had not seen Mrs. Templeton's memo before. We'll review the documents with counsel and determine appropriate response.

Tom Graham

[redacted]

Ne Oublie

---------- Forwarded Message

From: Bruce Kinney <bkinney94@gmail.com>
Date: Wed, 4 Mar 2009 00:02:38 -0500
To: Chad Besenfelder <chad@iongroup.com>, Tom Graham <ThomasC.Graham@comcast.net>
Subject: Fwd: HUD document presented at last Board meeting

Here are the documents just in case you haven't seen them.

---------- Forwarded message ----------
From: Cheryl Wilson <cwilson@amcs-inc.com>
Date: Tue, Mar 3, 2009 at 4:30 PM
Subject: RE: HUD document presented at last Board meeting
To: Bruce Kinney <bkinney94@gmail.com>
Cc: Jane Gottshalk <jgottshalk@amcs-inc.com>

Both docs are attached.

Thank you,

Cheryl L. Wilson
Community Association Management Director
*Please note new mailing address and phone numbers below*

AMCS, Inc.

2409 Mall Drive Suite A
North Charleston, SC 29406
Mobile: (843) 345-8163
Fax: (843) 735-7382

www.AMCS-Inc.com <http://www.amcs-inc.com/>

P Please consider the environment before printing this email.

---

From: Jane Gottshalk [mailto:jgottshalk@amcs-inc.com]
Sent: Tuesday, March 03, 2009 2:29 PM
To: Cheryl Wilson
Subject: FW: HUD document presented at last Board meeting

Cheryl,

Do you have a copy of this that I can send to Mr. Kinney?

Thank you,

Sincerely

Jane Gottshalk

Community Association Managment Director

AMCS, Inc.

Cell 843-303-3586

Fax 843-735-7382

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From: Bruce Kinney [mailto:bkinney94@gmail.com]
Sent: Tuesday, March 03, 2009 2:23 PM
To: Jane Gottshalk
Subject: HUD document presented at last Board meeting

Hi Jane,

When you can, please get me a copy of the HUD document that was presented at the last Board meeting. I think that Cheryl took to make copies, and I need to meet with the Assembly's legal counsel.

Thanks.

Bruce

------ End of Forwarded Message

# CONFIDENTIAL TERM SHEET

1. 148 Civitas conveys the whole of Lot CV6 to the Assembly, subject to a mortgage that is non-recourse to the Assembly. The bank's option is to stand in the place of Civitas as tenant in the case of default.

2. The Assembly leases back the building, lawn and three parking spaces (excluding Marshwalk, Docks, Ramp, and main parking area) to 148 Civitas at $1 a year for a twenty ~~one (21)~~ (23) year term, plus a proportionate (based on the value of land and improvements) share of the tax, utility, and maintenance bills. Bank has right to cure any default. The lease is limited to 120 events (weddings and wedding-related activities) per year.

3. 148 Civitas will grant the Assembly access to the Creek Club for 13 dates per year: 12 potlucks, plus the Annual Meeting, at a rate of $225, take or pay. (This includes furniture setup, breakdown, trash and cleaning service.) I'On residents may book events if the Club is not booked thirty days in advance, any day of the week, for a rate of $600, (this includes furniture, cleaning, setup and trash). I'ON resident usage will adhere to the same rules as all other client date usage and will be restricted in timeframe as follows:

a. For events on Monday through Friday, no event can start before 5 PM and all events will cease no later than 10 PM.

b. For events on Saturday and Sunday, events may start as early as 10AM, but will have a maximum length of 5 consecutive hours and will cease no later than 10 PM.

The Creek Club prep kitchen and plating area only may be used by approved caterers for resident events with a three hundred dollar ($300.00) rental/security deposit for damage/cleaning. The cooking kitchen is not available at any time for Assembly or resident/cater use. Such reservations MAY NOT be cancelled for Creek Club events. Resident dates may not be for commercial purposes, any wedding related events (weddings, receptions, rehearsal dinners, etc.), and may not be assigned to nor be for the benefit of persons who do not have direct rights of use of the facility as currently set forth Resident uses are subject to 148 Civitas approval, which shall not unreasonably be withheld.

4) Creek Club events during 2014 shall be allowed to close access to all docks, marsh walk, boat ramps and parking lot for 30 minutes during outdoor wedding ceremonies at no cost. Commencing January 1, 2015, the Creek Club will be allowed to close the Pavilion Dock and Marshwalk for thirty (30) minutes for all outdoor wedding ceremonies, not to exceed three (3) closures per week, for a fee of $350 per event. Commencing January 1, 2024, the closure fee will be $600 per event. The Creek Club will not close the boat ramp, parking lot or courtesy dock but will have the right to enforce decorum rules during the thirty (30) minute time period the Pavilion Dock and Marshwalk (bounded by the lot 275/CV 6 border and the Marshwalk edge of the CV 6 parking lot) are closed. The Creek Club will be allowed to construct a 42" high white picket fence (same as existing on lot 275/CV6) with gates beside the boat ramp and at the property line of 275/CV6 for security . These gates will only be closed during the closure period for the Pavilion Dock and Marshwalk.

CAN BE ABLEED UPON BETWEEN THE ASSEMBLY AND CIVITAS

11

4. The Assembly shall have a right of first refusal to buy Lot 275 in the event of any proposed conveyance, except to a wholly owned related entity. The right of first refusal may be exercised at the time of any contract. A proposed conveyance by the related entity SHALL be subject to such right of first refusal by the Assembly.

5. At the earlier of the termination of the Lease for any reason or at the end of the first term, whichever comes first, 148 Civitas shall convey Lot CV 5 to The Assembly at no cost to the Assembly.

6. The Assembly shall contribute four hundred ninety-five thousand dollars ($495,000) to the settlement, payable to 148 Civitas for the conveyance of Lot CV-6.

7. The rights of Olde Park residents to use the I'On boating facilities shall be protected by a document to be negotiated. The parties agree the rights are not subject to termination without the express consent of all parties to the agreement. The parties will cooperate in confirming the invalidity of the Recreational Easement. (NO ADVERSE EFFECT ~~for~~ TO CIVITAS.)

11

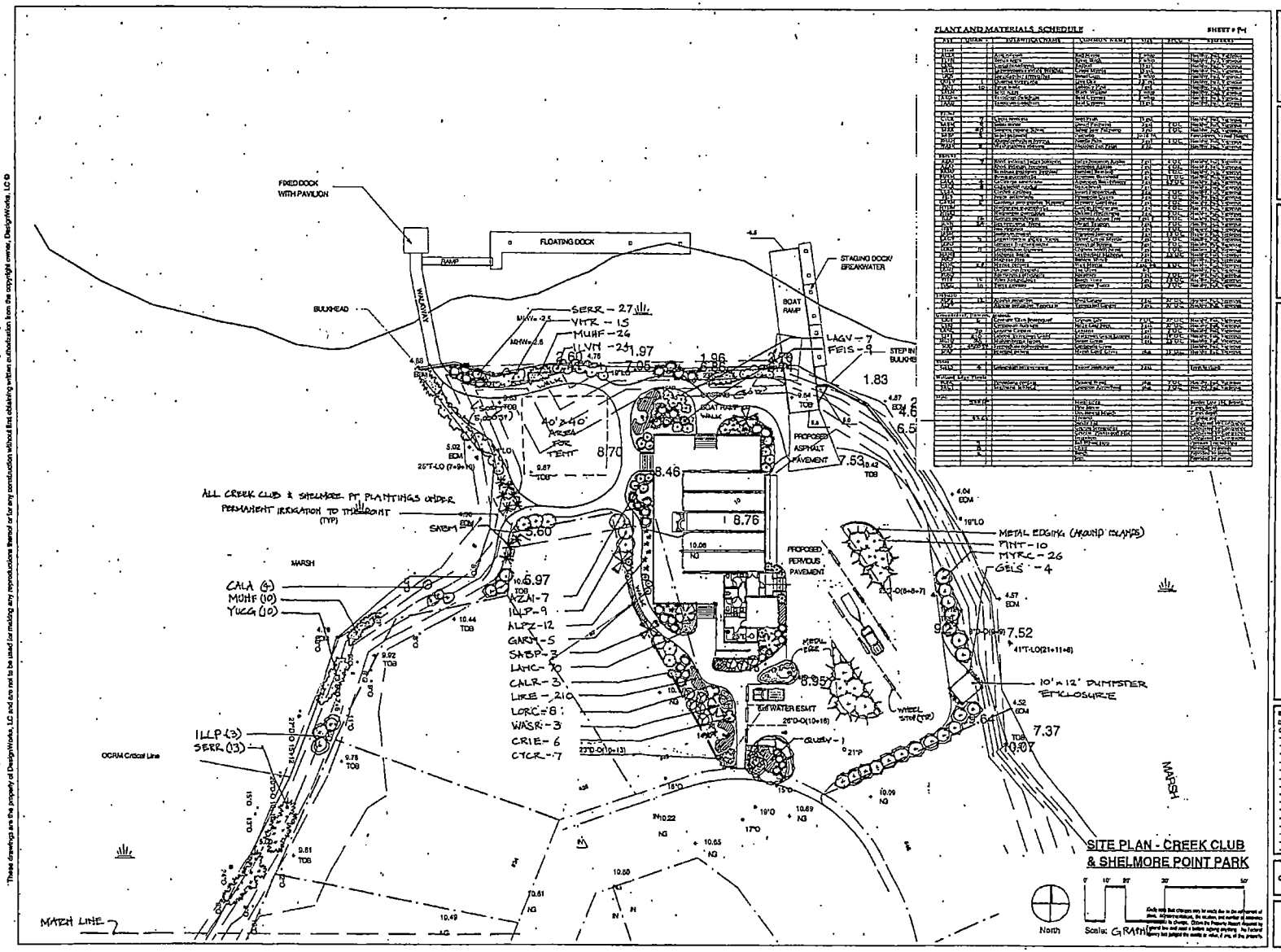
9. The Civitas Defendants are dismissed from the lawsuit with prejudice, but will provide plaintiffs with information and evidence to support the plaintiffs' case against the I'On Defendants. The Assembly will instruct its attorney at trial to support the plaintiffs' case against the I'On Defendants, and shall cooperate with the plaintiffs in the prosecution of the case.

12. The foregoing lease shall have two, five year exention options, upon 12 MONTH prior notice by Civitas. Rent during the first extension shall be $6,000 per month; rent during the second extension option shall be $8,000 per month. PLUS CLOSURE FEES.

13. Assembly can buy out the five year exentions, ~~either or both~~ for 500k each, on at least 18 months notice.

1-13-2014

# APPENDIX 3468

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PLANT AND MATERIALS SCHEDULE — SHEET # P-1

prepared by:
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prepared for:
The 70's Company

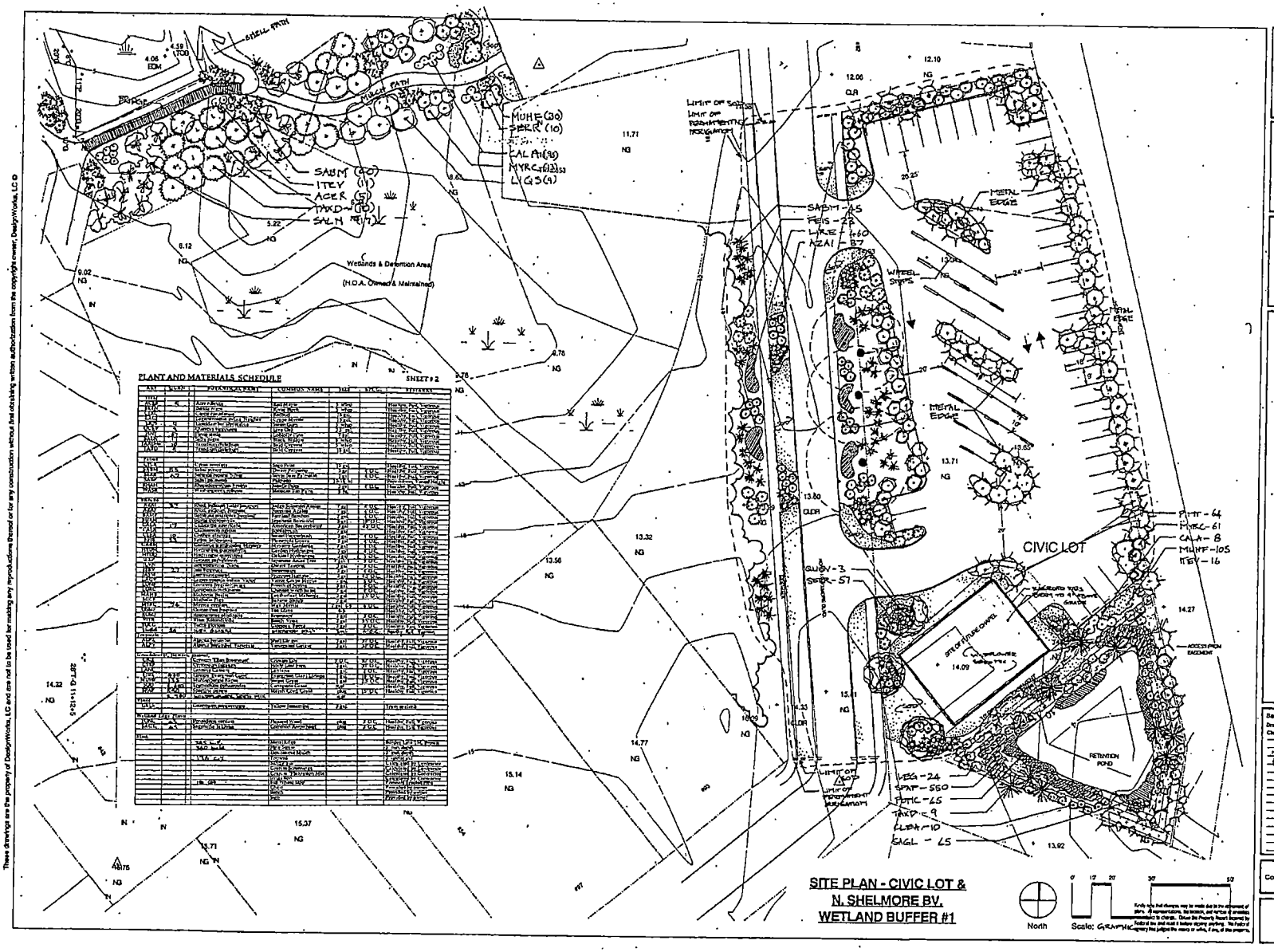
**SHELMORE**
**PARKS & COMMON AREA**
70's, South Carolina

Base Date: Jul. 15, 1999
Drawn by: CAT
Checked by: DWL

| Revisions | Date |
|---|---|
| item revision | date |
| BAR | 10/24/00 |

SHELMORE
Construction Documents
Proj. No: 99160

P-1

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prepared for:
The IOn Company

SHELMORE
PARKS & COMMON AREA
IOn, South Carolina

Base Date: Jul. 16, 1999
Drawn by: ---- EAS
Checked by: ---- CWT

| Revision | Date |
|---|---|
| Initial Submit. SPR | 10/15/99 |
| Final | 11/22/99 |

SHELMORE
Construction Documents
Proj. No: 99160

Sheet P-2

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APPENDIX 3469

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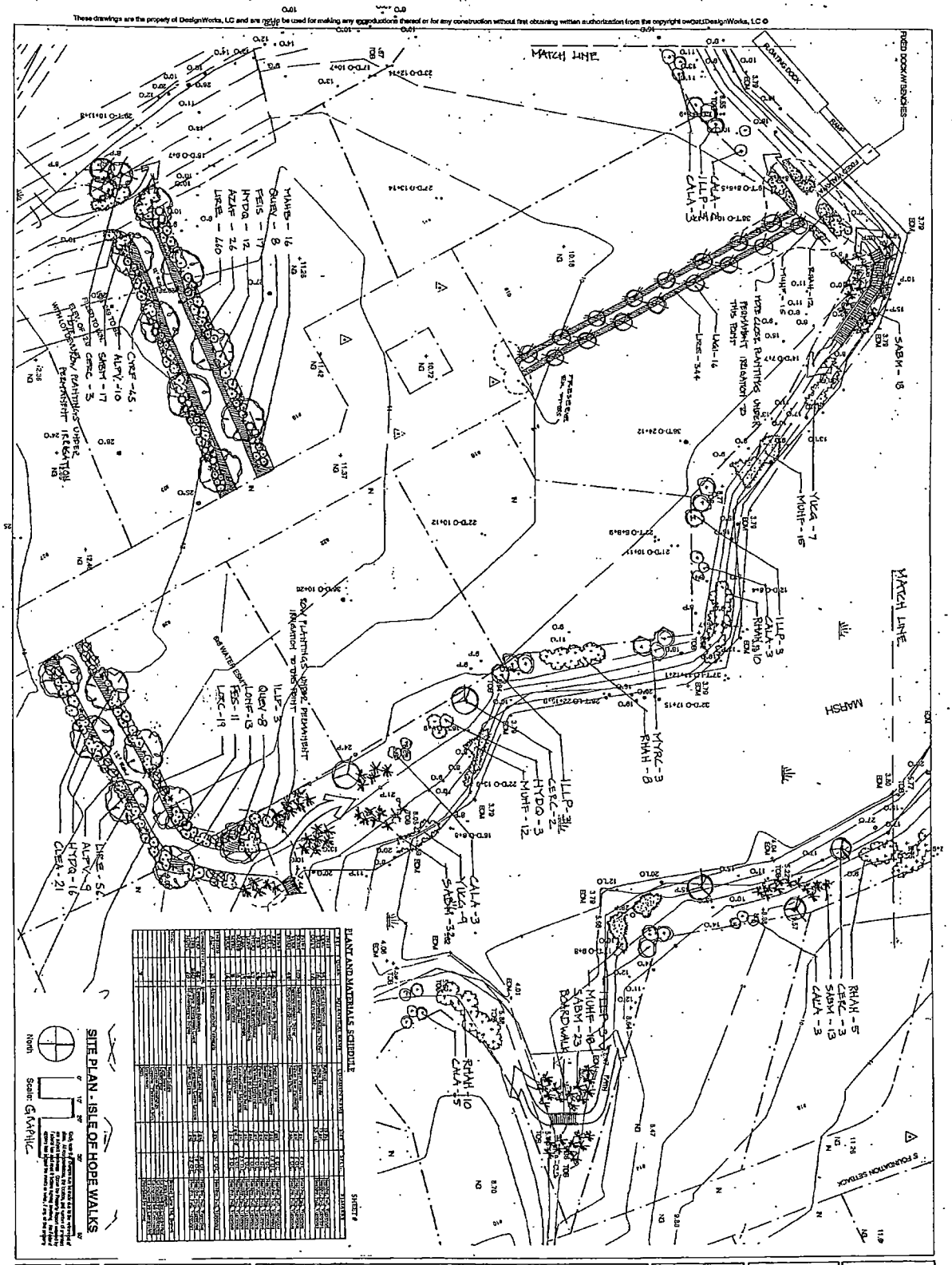


# APPENDIX 3471

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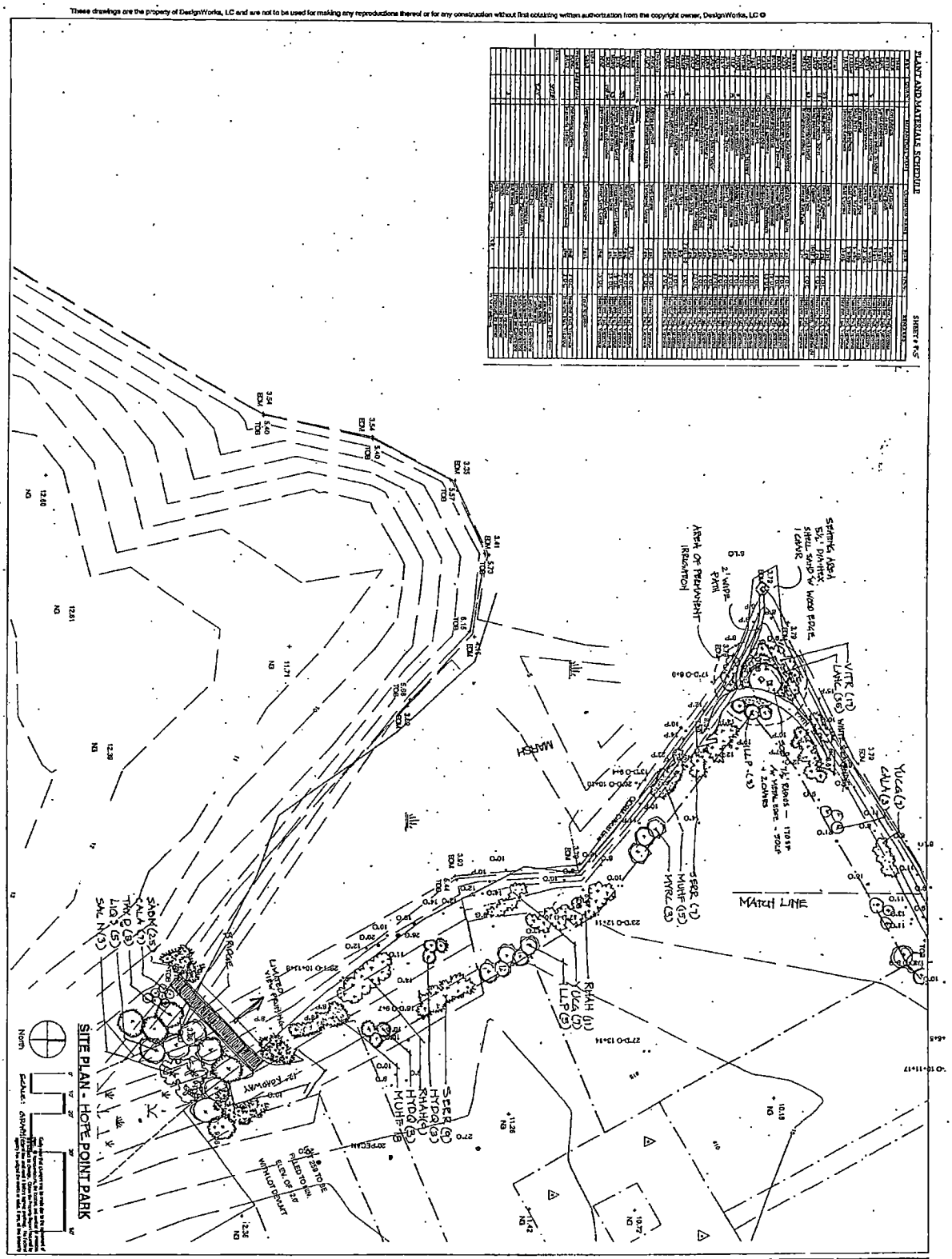
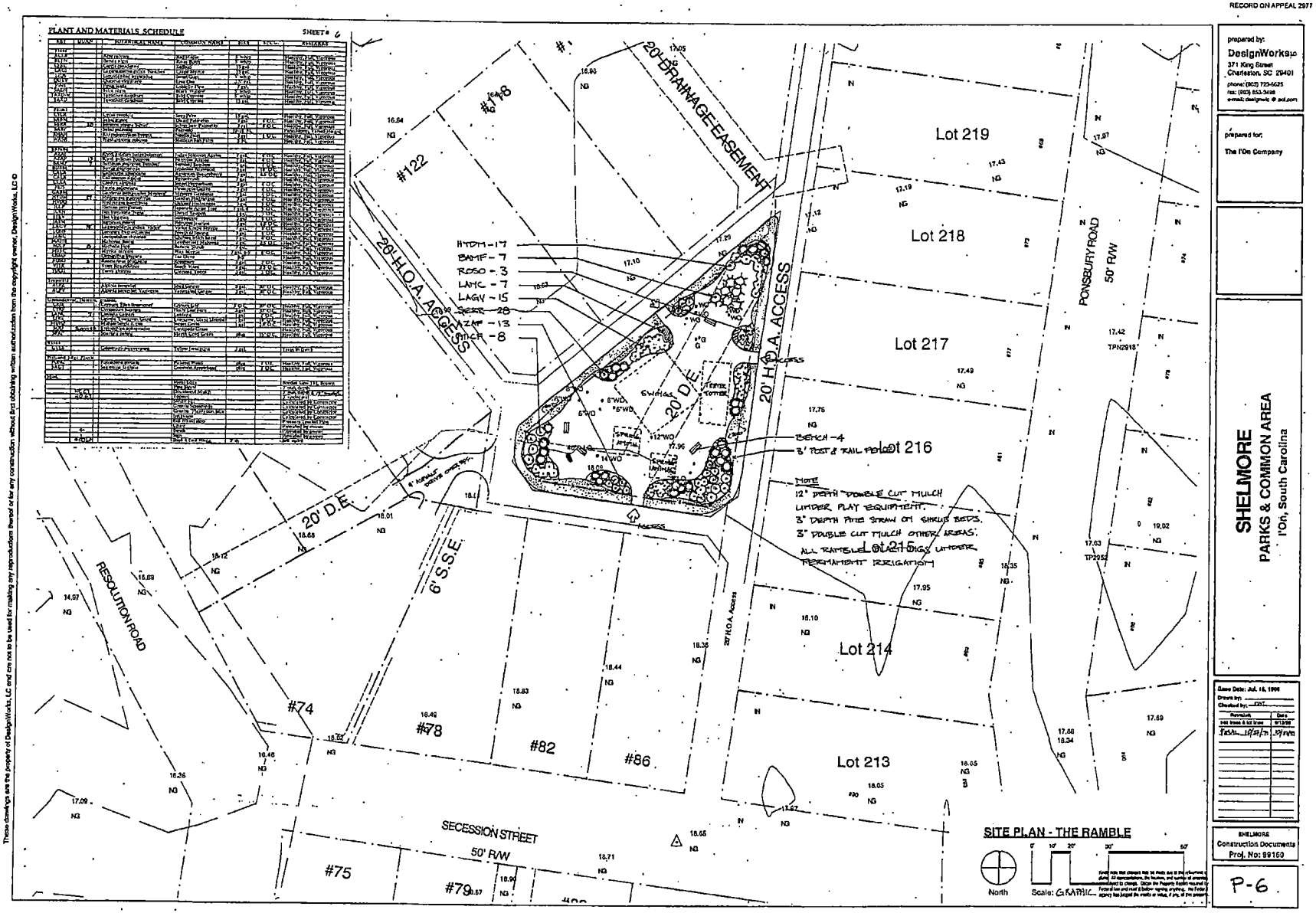



RECORD ON APPEAL 2976

# APPENDIX 3472




prepared by:
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prepared for:
The I'On Company

SHELMORE
PARKS & COMMON AREA
I'On, South Carolina

Issue Date: Jul. 16, 1998
Drawn by:
Checked by: DWT

| Permit/sub | Date |
|---|---|
| add trees & lot lines | 9/13/99 |
| Revs. | 10/22/99 |

SHELMORE
Construction Documents
Proj. No: 99160

P-6

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APPENDIX 3473

APPENDIX 3474

## PLANT & MATERIALS - MASTER SCHEDULE

| KEY | QUANT. | BOTANICAL NAME | COMMON NAME | SIZE | SPCG. | REMARKS |
|---|---|---|---|---|---|---|
| Trees | | | | | | |
| ACRU | 5 | Acer rubrum | Red Maple | 5" whip | | Healthy, Full, Vigorous |
| BETN | 5 | Betula nigra | River birch | 5" whip | | Healthy, Full, Vigorous |
| CERC | 8 | Cercis canadensis | Redbud | 15 gal. | | Healthy, Full, Vigorous |
| LAGI | 14 | Lagerstroemia indica 'Natchez' | Crape Myrtle | 15 gal. | | Healthy, Full, Vigorous |
| LIOR | 12 | Liquidambar styraciflua | Sweet Gum | 5" whip | | Healthy, Full, Vigorous |
| QUSY | 20 | Quercus virginiana | Live Oak | 3.5" cal. | | Healthy, Full, Vigorous |
| PINT | 70 | Pinus taeda | Loblolly Pine | 7' ht. | | Healthy, Full, Vigorous |
| SALN | 20 | Salix nigra | Black Willow | 5" whip | | Healthy, Full, Vigorous |
| TAXD-w | 15 | Taxodium distichum | Bald Cypress | 5" whip | | Healthy, Full, Vigorous |
| TAXD | 15 | Taxodium distichum | Bald Cypress | 15 gal. | | Healthy, Full, Vigorous |
| Palms | | | | | | |
| CYCR | 7 | Cycas revoluta | Sago Palm | 15 gal. | | Healthy, Full, Vigorous |
| SABM | 227 | Sabal minor | Dwarf Palmetto | 3 gal | 4' O.C. | Healthy, Full, Vigorous |
| SERR | 141 | Serenoa repens 'Silver' | Silver Saw Palmetto | 3 gal | 4' O.C. | Healthy, Full, Vigorous |
| SABP | 5 | Sabal palmetto | Palmetto | 10-15' ht. | | Trunk-form, Varied Height |
| RHAP | 73 | Rhapidophillum hystrix | Needle Palm | 3 gal | 4' O.C. | Healthy, Full, Vigorous |
| WASR | 5 | Washingtonia robusta | Mexican Fan Palm | 5' ht. | | Healthy, Full, Vigorous |
| Shrubs | | | | | | |
| AZSI | 602 | Rhod. indicum 'Judge Solomon' | Judge Solomon Azalea | 3 gal. | 4' O.C. | Healthy, Full, Vigorous |
| AZAS | 343 | Rhod. indicum 'Formosa' | Formosa Azalea | 3 gal. | 4' O.C. | Healthy, Full, Vigorous |
| BAMF | 7 | Bambusa multiplex 'Fernleaf' | Fernleaf Bamboo | 7 gal. | 4' O.C. | Healthy, Full, Vigorous |
| PIMO | 30 | Pittus macrophylla | Japanese Boxwood | 3 gal. | 36" O.C. | Healthy, Full, Vigorous |
| CALA | 50 | Callicarpa americana | American Beautyberry | 3 gal. | 4.5' O.C. | Healthy, Full, Vigorous |
| CAER | 8 | Callistemon rigidus | Bottlebrush | 7 gal. | | Healthy, Full, Vigorous |
| CLTA | 32 | Clethra alnifolia | Sweet Pepperbush | 3 gal | 4' O.C. | Healthy, Full, Vigorous |
| FRS | 69 | Fritea bellevertana | Pineapple Guava | 3 gal | 4' O.C. | Healthy, Full, Vigorous |
| GARM | 5 | Gardenia jasminoides 'Mystery' | Mystery Gardenia | 7 gal. | 4' O.C. | Healthy, Full, Vigorous |
| HYMM | 10 | Hydrangea macrophylla | Garden Hydrangea | 3 gal | 4' O.C. | Healthy, Full, Vigorous |
| HYQU | 33 | Hydrangea quercifolia | Oakleaf Hydrangea | 3 gal | 5' O.C. | Healthy, Full, Vigorous |
| ILOP | 20 | Illicium parviflorum | Japanese Anise Tree | 7 gal. 4' | 5' O.C. | Healthy, Full, Vigorous |
| IXVI | 32 | Ilex vomitoria 'Nana' | Dwarf Yaupon | 3 gal. | 3' O.C. | Healthy, Full, Vigorous |
| ITEV | 54 | Itea virginica | Sweetspire | 3 gal | 4' O.C. | Healthy, Full, Vigorous |
| JASM | 11 | Jasminum mesnyi | Primrose Jasmine | 3 gal | 4.5' O.C. | Healthy, Full, Vigorous |
| LAGV | 22 | Leycesteria indica 'Victor' | Victor Crape Myrtle | 3 gal. | 3' O.C. | Healthy, Full, Vigorous |
| LONF | 15 | Lonicera fragrantissima | Breath of Spring | 3 gal. | 4' O.C. | Healthy, Full, Vigorous |
| LORC | 27 | Loropetalum chinense | Chinese witch hazel | 7 gal. | 4' O.C. | Healthy, Full, Vigorous |
| MAMB | 11 | Mahonia bealei | Leatherleaf Mahonia | 3 gal. | 3.5' O.C. | Healthy, Full, Vigorous |
| MICP | 113 | Michelia figo | Banana Shrub | 7 gal. | | Healthy, Full, Vigorous |
| MYRC | 106 | Myrica cerifera | Wax Myrtle | 7 gal. 4-5 | 8' O.C. | Healthy, Full, Vigorous |
| OSAF | 5 | Osmanthus fragrans | Tea Olive | 25 | | Healthy, Full, Vigorous |
| ROSO | 5 | Rosmarinus officinalis | Rosemary | 3 gal. | 3' O.C. | Healthy, Full, Vigorous |
| VIPR | 61 | Viburnum odoratissimum | Sweet Viburnum | 3 gal. | 3.5' O.C. | Healthy, Full, Vigorous |
| YUGO | 60 | Yucca gloriosa | Spanish Dagger | 3 gal. | 3' O.C. | Healthy, Full, Vigorous |
| ILIA | 24 | ILEX GLABRA | INKBERRY HOLLY | 7gal. | 5' O.C. | HEALTHY, FULL, VIGOROUS |
| Tropicals | | | | | | |
| ALPZ | 12 | Alpinia zerumbet | Shell Ginger | 3 gal. | 30" O.C. | Healthy, Full, Vigorous |
| ALPV | 19 | Alpinia zerumbet 'Variegata' | Variegated Ginger | 3 gal. | 30" O.C. | Healthy, Full, Vigorous |
| Groundcovers, flowers, grasses, | | | | | | |
| CRIB | 6 | Crinum 'Ellen Bosanquet' | Crinum Lily | 3 O.C. | 30" O.C. | Healthy, Full, Vigorous |
| CYNF | 46 | Cynanchum fallaxum | Holly Leaf Jym | 3 gal. | 30" O.C. | Healthy, Full, Vigorous |
| LANC | 112 | Lantana Camara | Lantana | 1 gal. | 2' O.C. | Healthy, Full, Vigorous |
| LIRE | 1,050 | Liriope 'Evergreen Giant' | Evergreen Giant Lilyope | 1 gal. | 18" O.C. | Healthy, Full, Vigorous |
| MUHE | 265 | Muhlenbergia filipes | Sweet Grass | 1 gal. | 2.5' O.C. | Healthy, Full, Vigorous |
| SOD | 15,246 | Eremochloa ophiuroides | Centipede Grass | | | Healthy, Full, Vigorous |
| SPAP | 1,050 | Spartina patens | Marsh Cord Grass | plug | 18" O.C. | Healthy, Full, Vigorous |
| | 2,700 | VARIOUS SPECIES | | SF | | |
| Vines | | | | | | |
| GESS | 44 | Gelsemium sempervirens | Yellow Jessamine | 3 gal. | | Train to climb |
| Wetland Edge Plants | | | | | | |
| PONC | 720 | Pontederia cordata | Pickerel Weed | plug | 3' O.C. | Healthy, Full, Vigorous |
| SAGT | 70 | Sagittaria latifolia | Common Arrowhead | Plug | 3' O.C. | Healthy, Full, Vigorous |
| Misc. | | | | | | |
| | 684 | | Metal Edge | | | Border Line 134, Brown |
| | 3,060 | | Pine Straw | bale | | 3" min. depth |
| | 300 | | Shredded Mulch | c.y. | | 3" min. depth |
| | | | Topsoil | | | 3" under sod |
| | | | Sandy Fill | | | Calculated by Contractor |
| | | | Granite Screenings | | | Calculated by Contractor |
| | | | Cedar's "Plantsaver Mix" | | | Calculated by Contractor |
| | | | Irrigation | | | Calculated by Contractor |
| | 3-7 | | Bob Wheel stop | | | Pressure Treated Pine |
| | 18 | | Chair | | | Provided by owner |
| | 4 | | Bench | | | Provided by owner |
| | 3 | | Sign | | | Provided by owner |
| | 1,400 | LF TYPE B Silt Fence | Per MTC | | | Some visible |

### INSTRUCTIONS TO CONTRACTOR

1. All shrub & tree beds are to be mulched using minimum 3" of clean straw.

2. All plant material to meet or exceed AAN standards.

3. Contractor to treat all planting beds for weed control prior to planting. (One recommended treatment is to spray twice with Roundup on days apart.) Contractor will be responsible for weed control for a minimum of 60 days after written acceptance of the work.

4. All trees and shrubs to be planted in/growing accepted horticultural practices. Planting holes to be backfilled with 1/3 compost. All plants to be nutrient fertilized with Osmocote slow-release fertilizer according to manufacturer's recommendations. Water retentive polymer is to be added to the planting mix as manufacturer's recommended max for all plants which will not be under permanent irrigation.

5. All groundcover beds to be prepared in the following manner: add 4" compost and till to minimum 8" depth. Surface fertilize with Osmocote slow-release fertilizer.

6. All flower beds to be prepared in the following manner: add 4" compost and till to minimum 12" depth. Surface fertilize with Osmocote slow-release fertilizer.

7. Three inches of clean, weed-free topsoil shall be added to all areas designated for sod. Topsoil shall be tilled lightly to blend with existing soil and raked smooth before sod is laid.

8. Only accepted horticulture practices will be performed in edging, storing, and installing plant material.

9. The Contractor shall lay out Marsh Walk, tree plantings, and bed locations for the Landscape Architect's approval and adjustment prior to final placement. The Landscape Architect reserves the right to install reasonable adjustments to planting locations at no additional cost to the owner.

10. 100% of installed plant material is to be covered by irrigation in areas designated for permanent irrigation. Contractor to coordinate with Owner as to make gate-keeper for temporary irrigation of other areas for at least the first growing season. The Contractor shall provide 2 copies of an as-built irrigation plan to the Owners.

11. Contractor shall ensure positive drainage.

12. The area of 5' wide Marsh Walk will be excavated and subgrade compacted. Any highly organic soils will be removed and replaced with sandy fill. Weed control fabric will be placed under 3" of compacted granite fines. Finished elevation of walkway will be at the original grade with a slight cross slope to allow for natural drainage. At low areas may require a 3"x10" PTP retaining edge on the marsh side.

13. Marsh paths shall be constructed of 6" depth of double-cut hard-wood mulch.

14. Post and rail fence will be 3' high with 2 rails. Member sizing, details, and paint will match the existing fence at the Eastlake Playground.

15. The mulched area of the Rambla will be 3' of double-cut hardwood mulch. Safety areas under playground equipment will be 12" of double-cut hardwood mulch. Location of equipment and extent of 12" safety mulch will be coordinated with the Owner.

16. Contractor will spread and level a 1/2" layer of granite fines over base prepared by others at the two 12' wide ROW's.

17. Wooden boardwalk construction along the Marsh Walk will be by others at the Owners direction.

18. The Contract price for the Marsh Walk will include debris removal, selective view pruning, laying straw (min. 5' at side of path and around all new plantings), and removal of noxious weeds along the Marsh Walk.

19. For the two parking lots trees and shrubs will be removed, to include root pruning to a depth of 12". Highly organic soils will be removed and replaced with sandy fill. Soil will be graded smooth to drain and compacted. 4" depth of granite "p'tennessee mix" will be added.

20. Wheel stops will be constructed of 8"x8" PTP, drilled and anchored with #4 rebar.

21. Steel edging will be 3/16" x 4" "Border Gard" with integral stake pockets and tapered steel stakes, factory painted as manufactured by Border Concepts, Inc. Color of edging will be brown.

22. Owner is responsible for marking property lines adjacent to the Marsh Walk. Contractor is responsible for verifying location of property lines in other areas prior to installation.

23. Contractor is responsible for providing all necessary licenses and insurance to complete work.

24. Final cleanup of site as a result of landscape operations and all fine grading shall be the responsibility of the landscape contractor.

25. All plant material and workmanship to be guaranteed for one year from the date of acceptance by the owner. Plant replacement to occur only once

26. The Contractor is responsible for maintaining all plant material until final written acceptance of the work.

27. Contractor will base Contract price on plant type and size as listed in the Plant and Materials List. However, the Contractor is encouraged to provide alternative price for plants one size larger than specified.

28. Contractor shall report any discrepancies to Landscape Architect.

29. Contractor is responsible for verifying counts and quantities. This is to include, but to not limited to, plant count, sod, mulch, topsoil, gravel, edging, and flowers as well as linear footage of Marsh Walk.

30. Contractor shall verify all utility locations prior to beginning work.

31. There shall be no substitutions, deletions, or additions without approval by the Landscape Architect.

32. Do not scale from this drawing.

33. All construction shall conform to city, county, state, and federal requirements.

34. All plantings in easements are subject to approval by easement owner and are the sole responsibility of the owner.

35. Contractor shall submit schedule of work to this office once contract is awarded.

36. The owner has the right to reject any and all bids.

390MJ342

Verify with field changes may be made due to the abatement of plants. All representations, the location, and number of amenities are subject to change. Given the Property Report required by Federal law and read it before making anything. No Federal Agency has judged the merits or value, if any, of this property.

prepared by:
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phone: (803) 723-9325
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e-mail: designwrk @ aol.com

prepared for:
The I'On Company

SHELMORE
PARKS & COMMON AREA
I'On, South Carolina

Base Date: Jul. 16, 1999
Drawn by: EAS
Checked by: EMC

| Revision | Date |
|---|---|
| | |

SHELMORE
Construction Documents
Proj. No: 99169

P-7

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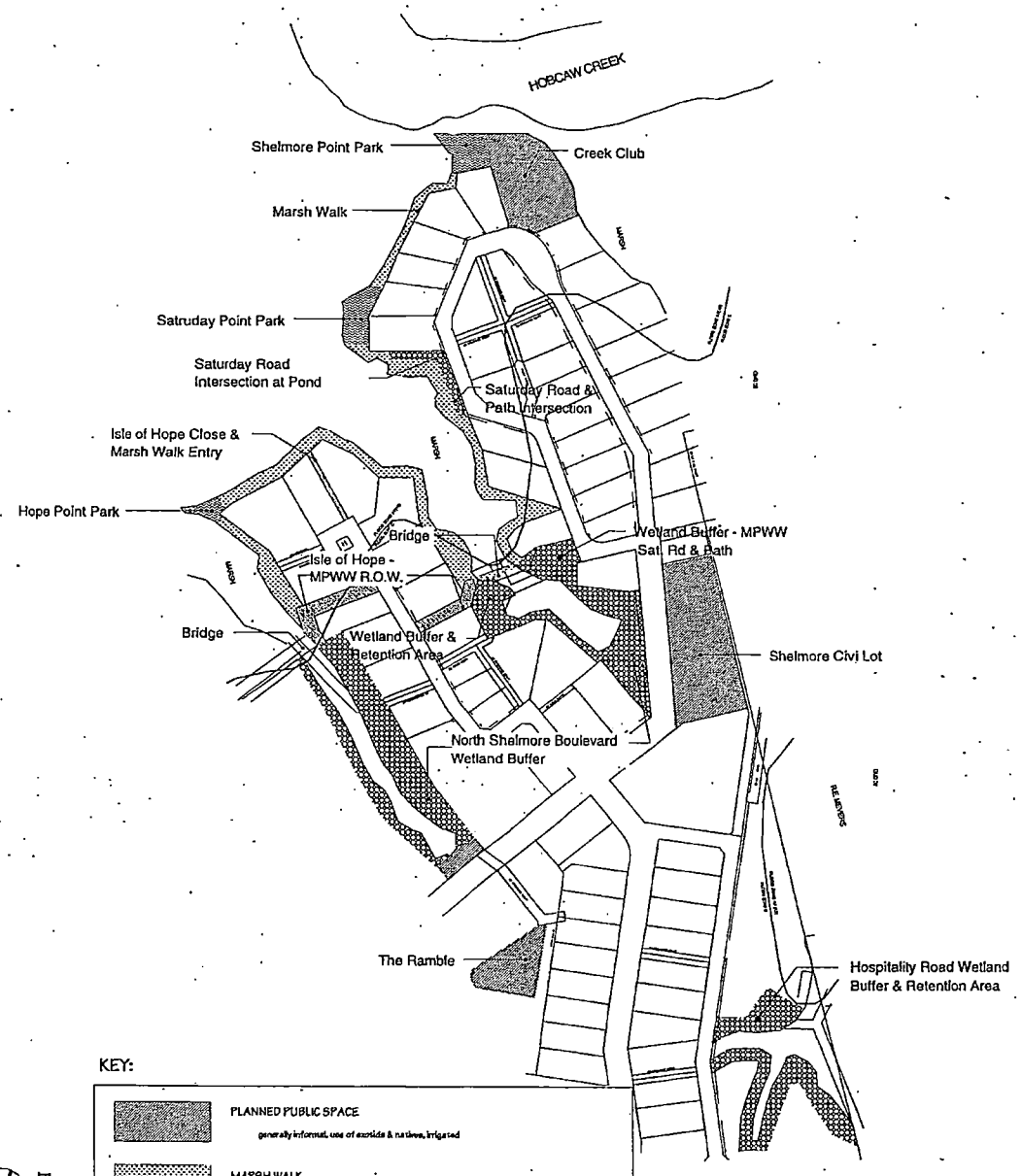


KEY:

- PLANNED PUBLIC SPACE — generally informal, use of exotics & natives, irrigated
- MARSH WALK — pervious path, natives, edge clean-up & stabilization
- MARSH WALK STOPPING POINTS — formal or informal, natives & exotics, irrigated
- ACCESS TO MARSH WALK — formal to informal in style, use of exotics & some natives
- BUFFER ZONES — revegetation, relate neighborhood landscape to natural areas, natives & some exotics

NORTH

REFERENCE SHEET

SCALE: GRAPHIC

R - 1

RESUBMITTAL
Construction Documents
Proj. No: 99160

Drawn By: KLS
Checked By: —

| No. | Description | Date |
|---|---|---|
| 1 | Revised per Design Review Board | 11/30/99 |

Date: Dec. 22, 1999

# SHELMORE
## PARKS & COMMON AREA
I'On, South Carolina

Prepared for:
The I'On Company

Prepared by:
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(843) 853-7324
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RECORD OF APPEAL 3475

J'ON SHELMORE PARKS

# PARKS & COMMON AREA LANDSCAPE ENHANCEMENTS

for

# Shelmore

## a Borough in I'On

## Mount Pleasant, South Carolina

### PROJECT DIRECTORY

PROJECT OWNER

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F: (843) 971-1664

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**DesignWorks, L.C.**
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T: (843) 723-5525
F: (843) 853-3498

LANDSCAPE CONTRACTOR

**The Greenery, Inc.**
882 Whipple Road
Mount Pleasant, South Carolina
T: (843) 884-0084
F: (843) 216-0437

### LOCATION MAP

### SHEET INDEX


T-1 Title Sheet

R-1 Reference Sheet

P-1 - 5 Planting Plans
P-1 Creek Club & Shelmore Pt. Park
P-2 Civic Lot
P-3 Saturday Pt. Park
P-4 Isle of Hope Walks
P-5 Hope Point Park
P-6 The Ramble
P-7 Planting Schedule & Notes


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prepared for:
The I'On Company

SHELMORE
PARKS & COMMON AREA
I'On, South Carolina

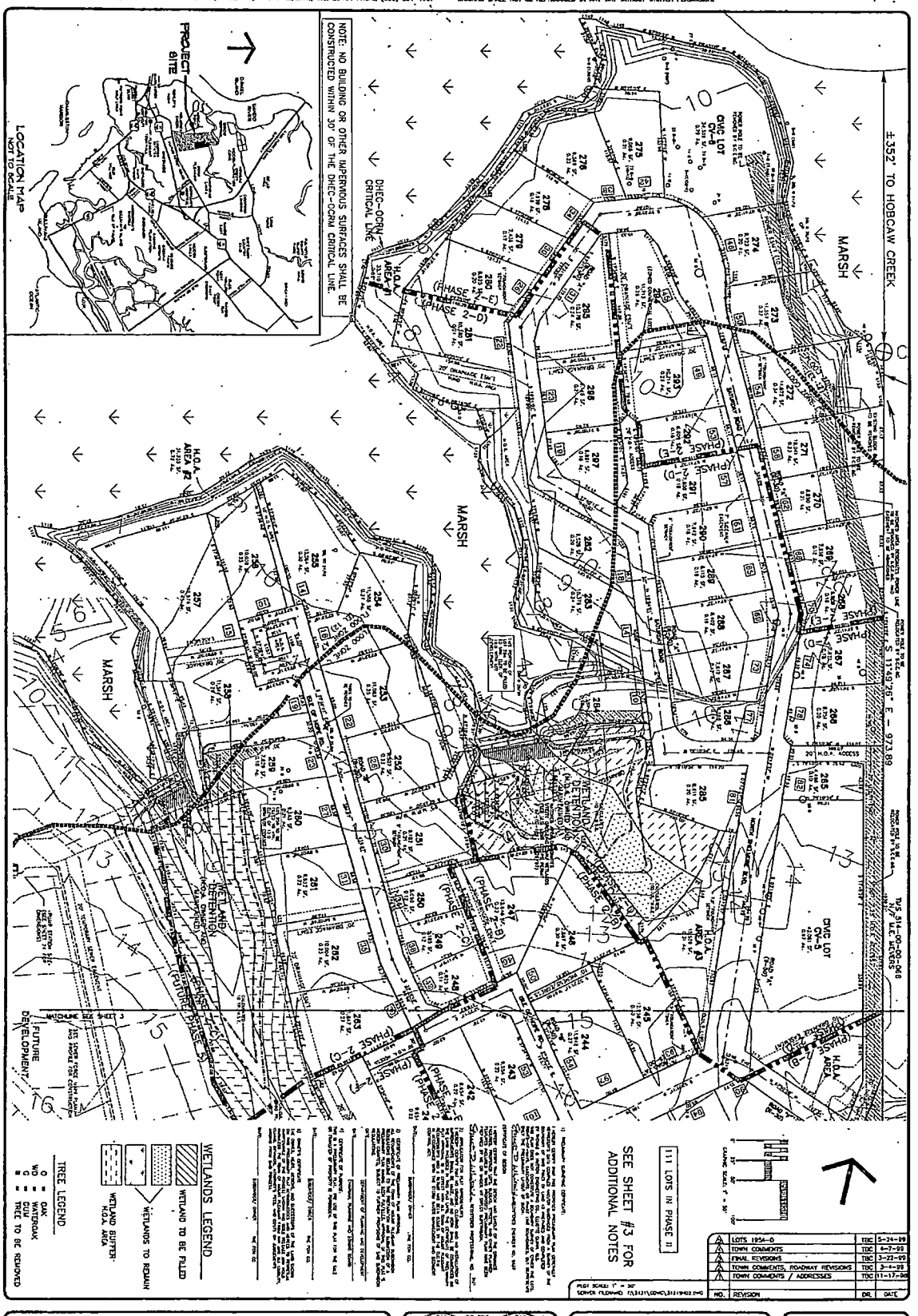
Issue Date: Jul. 15, 1999
Drawn by: EAS
Checked by: DWT

| Revision | Date |
|---|---|

SHELMORE
Construction Documents
Proj. No: 99160

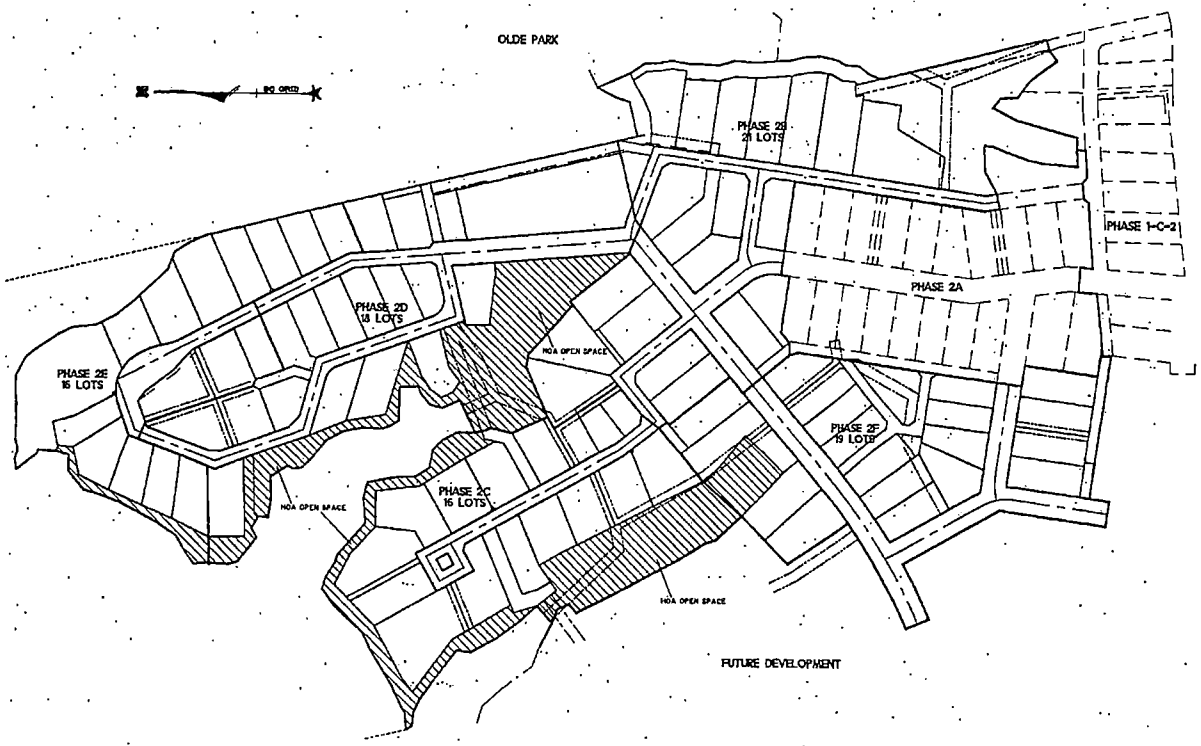
T-1

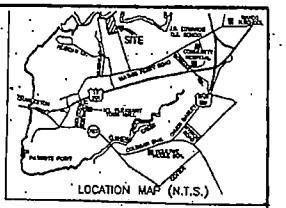
APPENDIX 3476




**APPENDIX 3477**

APPENDIX 3478




FINAL PLAT OF
PHASE 2, SUBPHASES B-F

# I'ON

TOWN OF MT. PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
SEPTEMBER 12, 2000 SCALE: 1" = 200'

SHEET 1 OF 3

Surveyor's Certification for Mt. Pleasant

I, a Surveyor certified that this plat is true and correct and was prepared from an actual survey of the property, made by me or under my supervision; that all permanent control monuments shown thereon exist as located; that all dimensional and geodetic details are correct; and that the survey was performed in accordance with a Class "A" Survey.

2G Minimum Standards Certification

I, F. Elliotte Cohen, III, a Registered Professional Land Surveyor in the State of South Carolina, certify to ownership shown hereon that this survey was made in accordance with the requirements of the Minimum Standards Manual for the Practice of Land Surveying in South Carolina, and meets or exceeds the requirements for a Class "A" survey as specified therein.

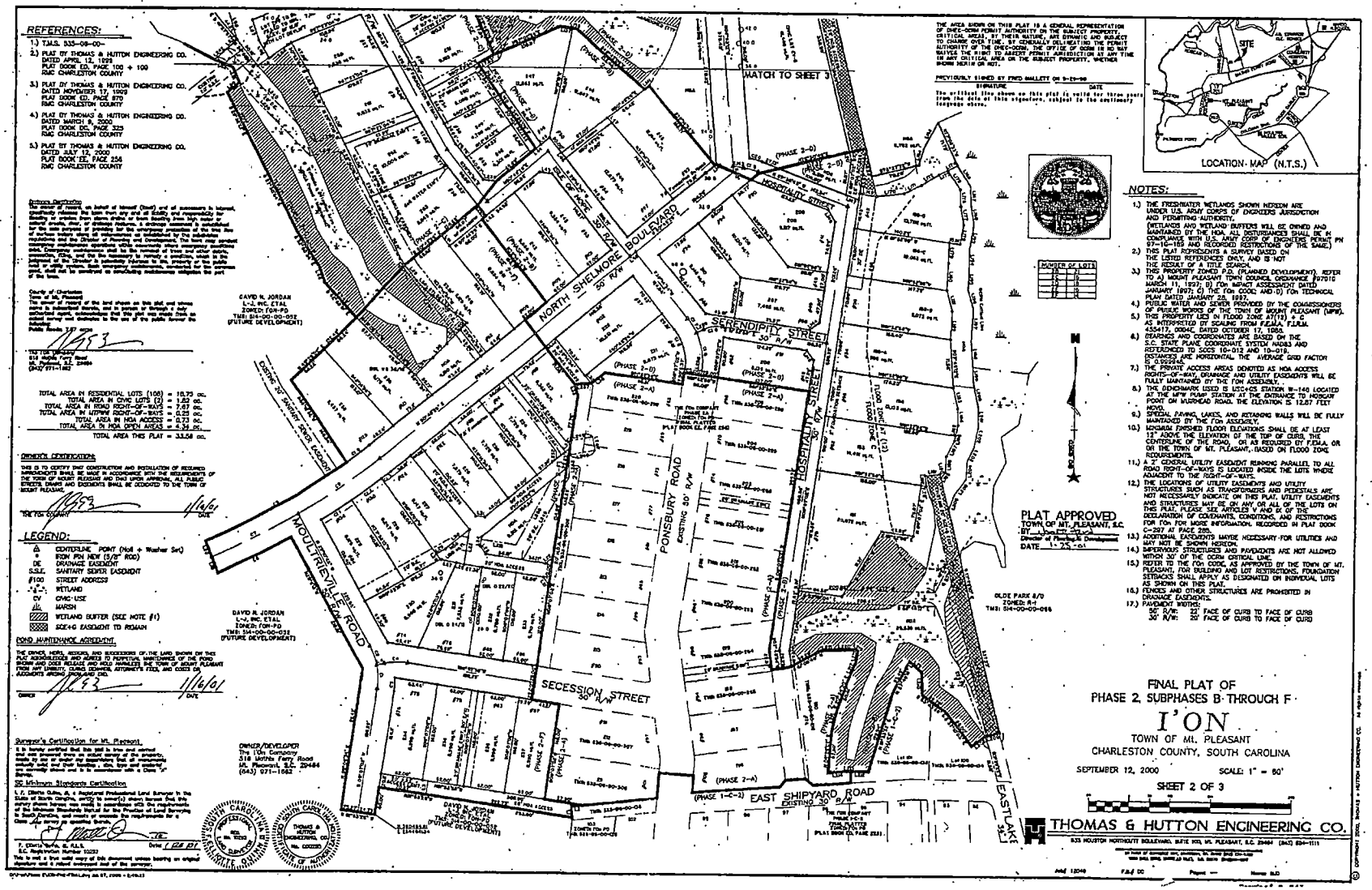
F. Elliotte Cohen, III, R.L.S.
S.C. Registration Number 16213
Date: 12/24/97

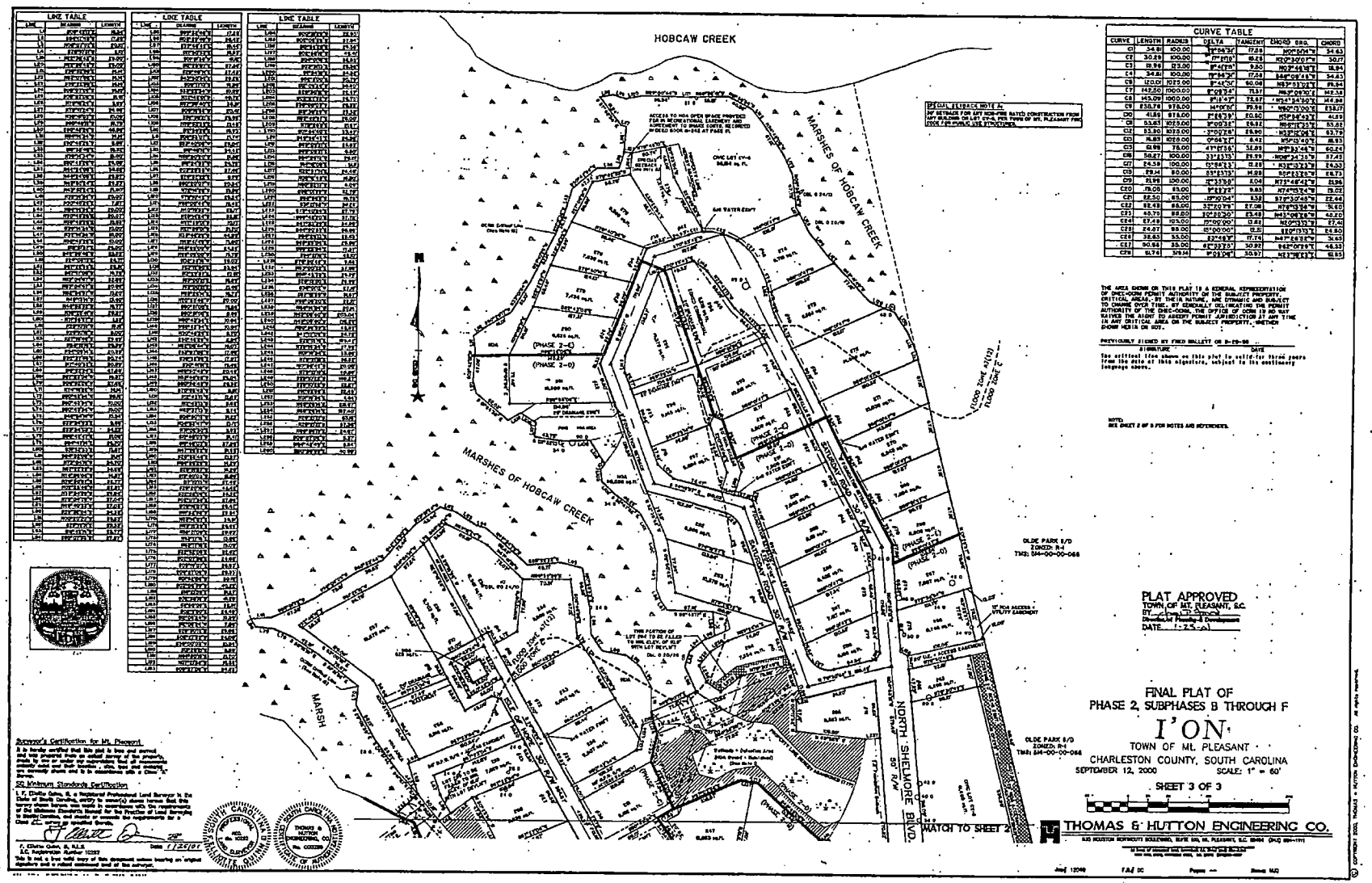
This is not a true valid copy of this document unless bearing an original signature and a raised embossed seal of the surveyor.

PLAT APPROVED
TOWN OF MT. PLEASANT, S.C.
BY: Lloyd D. Grant
Director of Planning & Development
DATE: 1-7-98

THOMAS & HUTTON ENGINEERING CO.

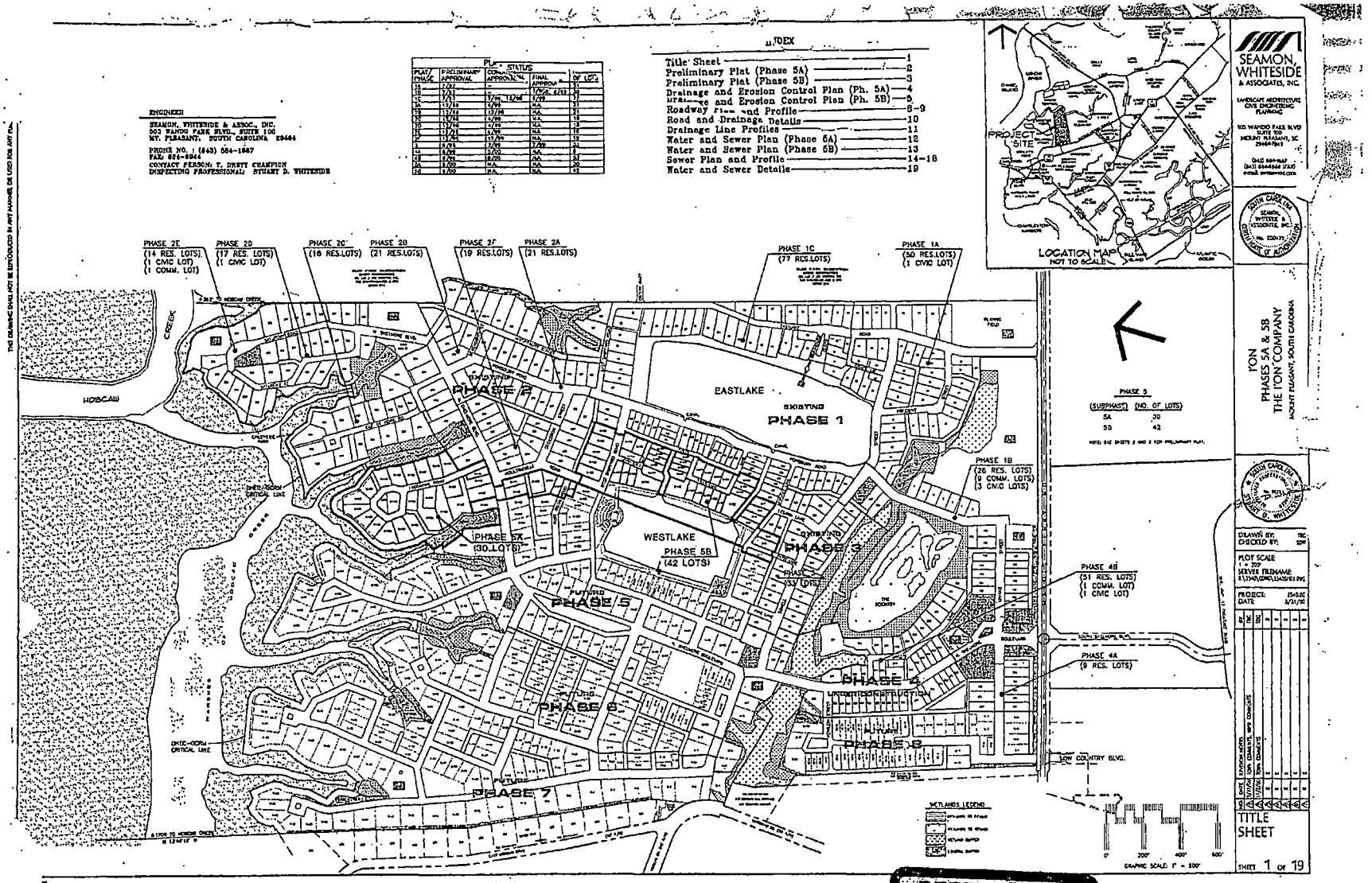
APPENDIX 3479





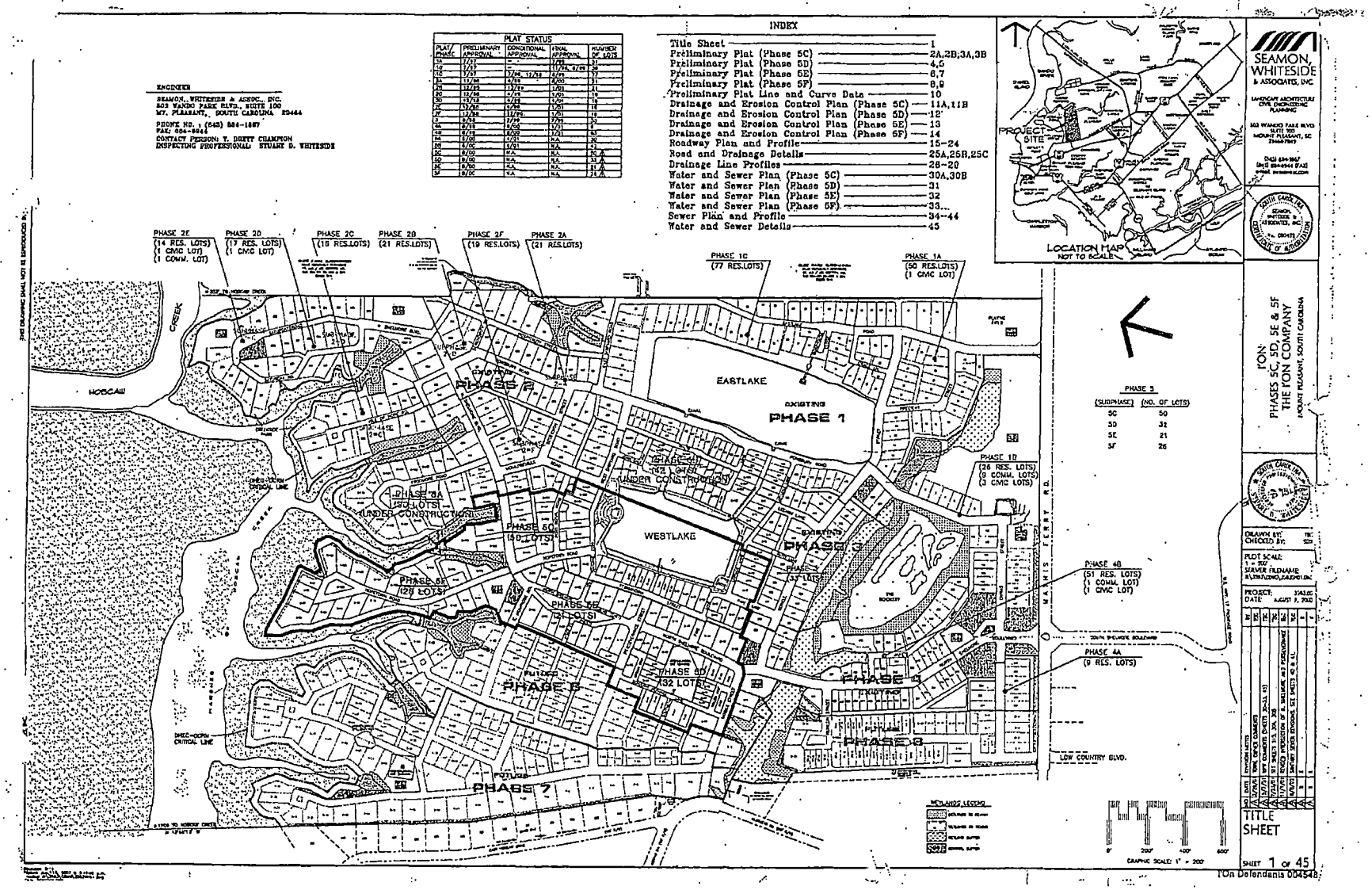

APPENDIX 3480

APPENDIX 3481

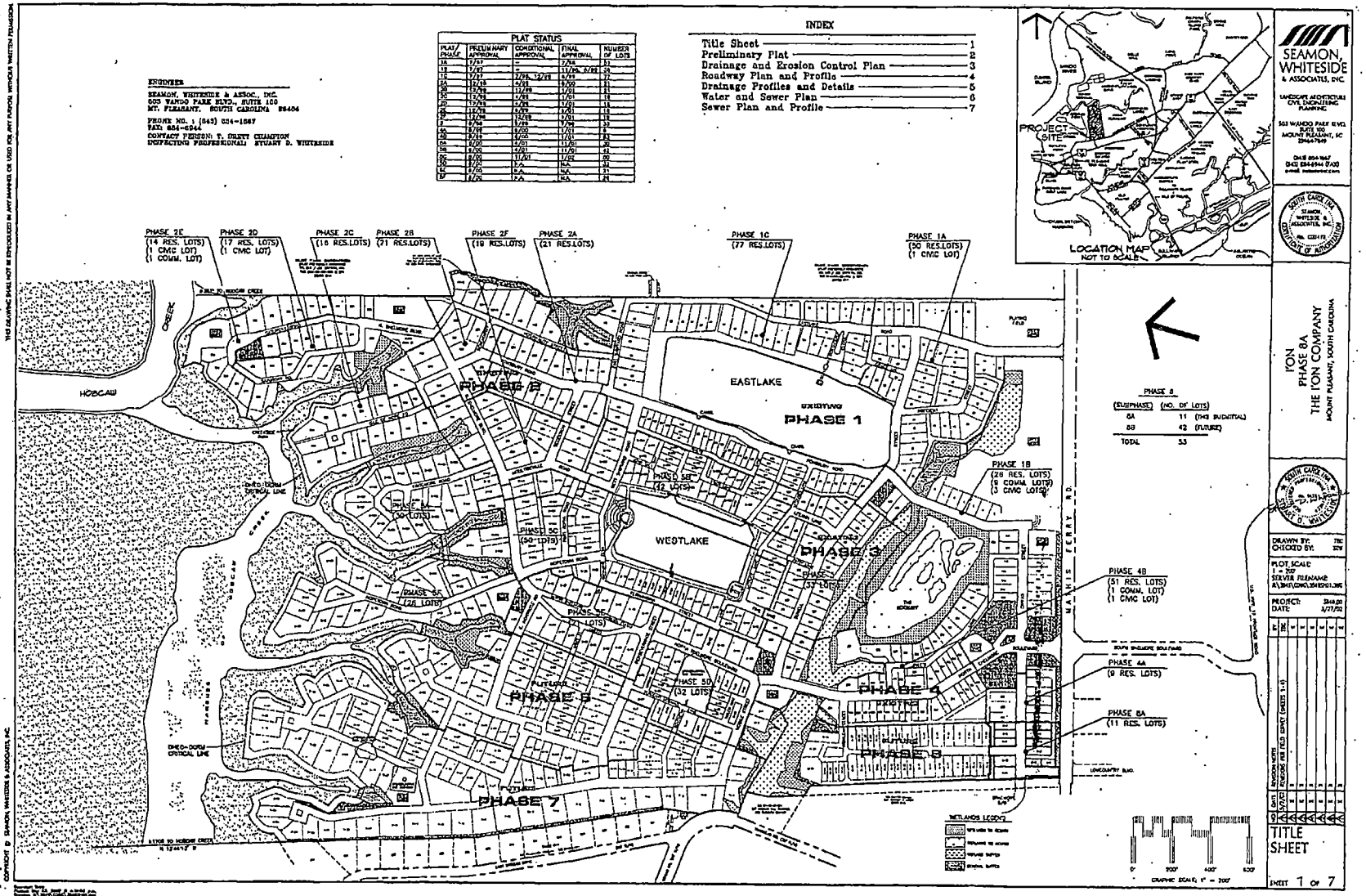



DEFENDANT'S EXHIBIT 3 1 Or

APPENDIX 3483



APPENDIX 3484



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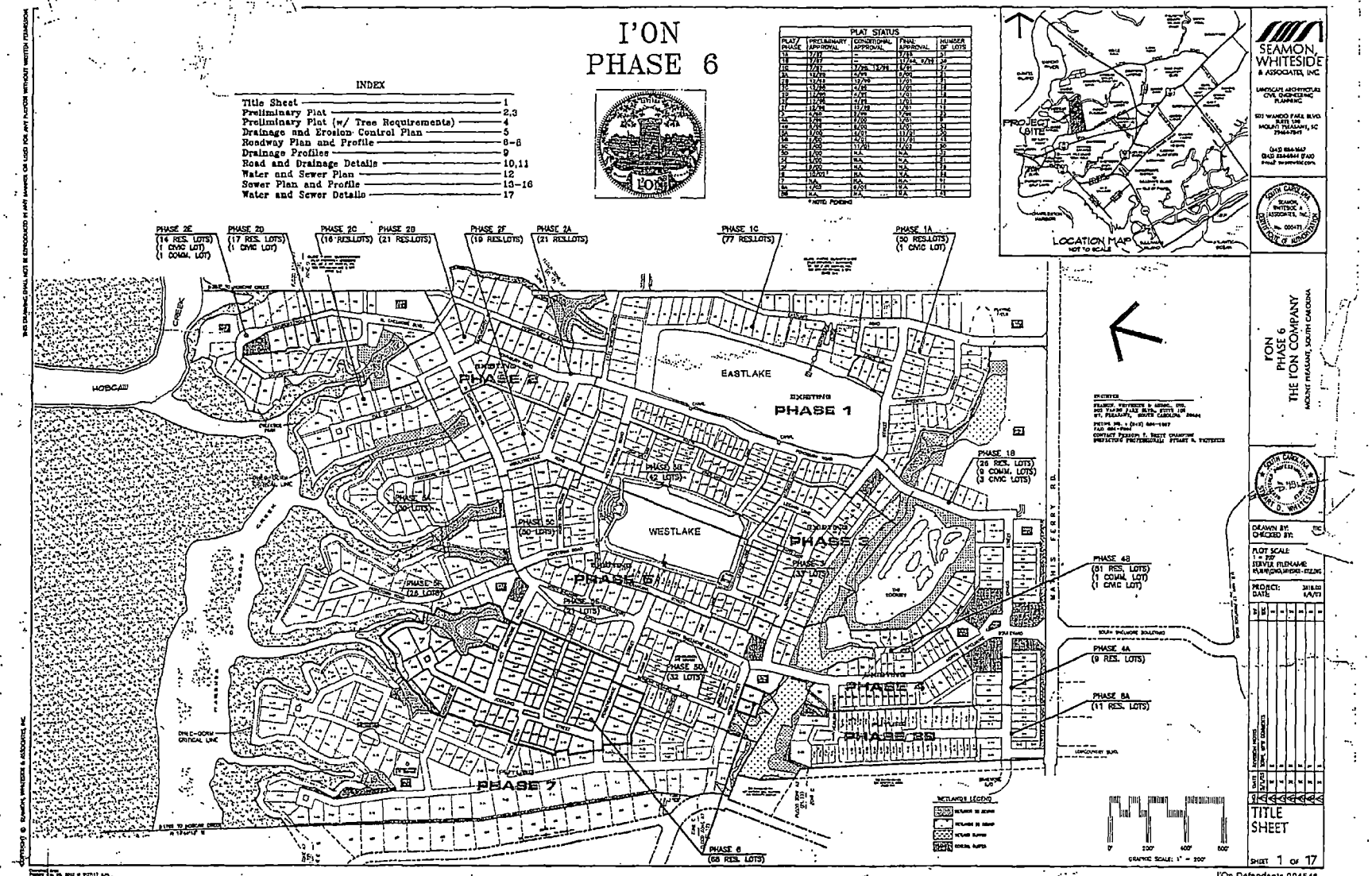

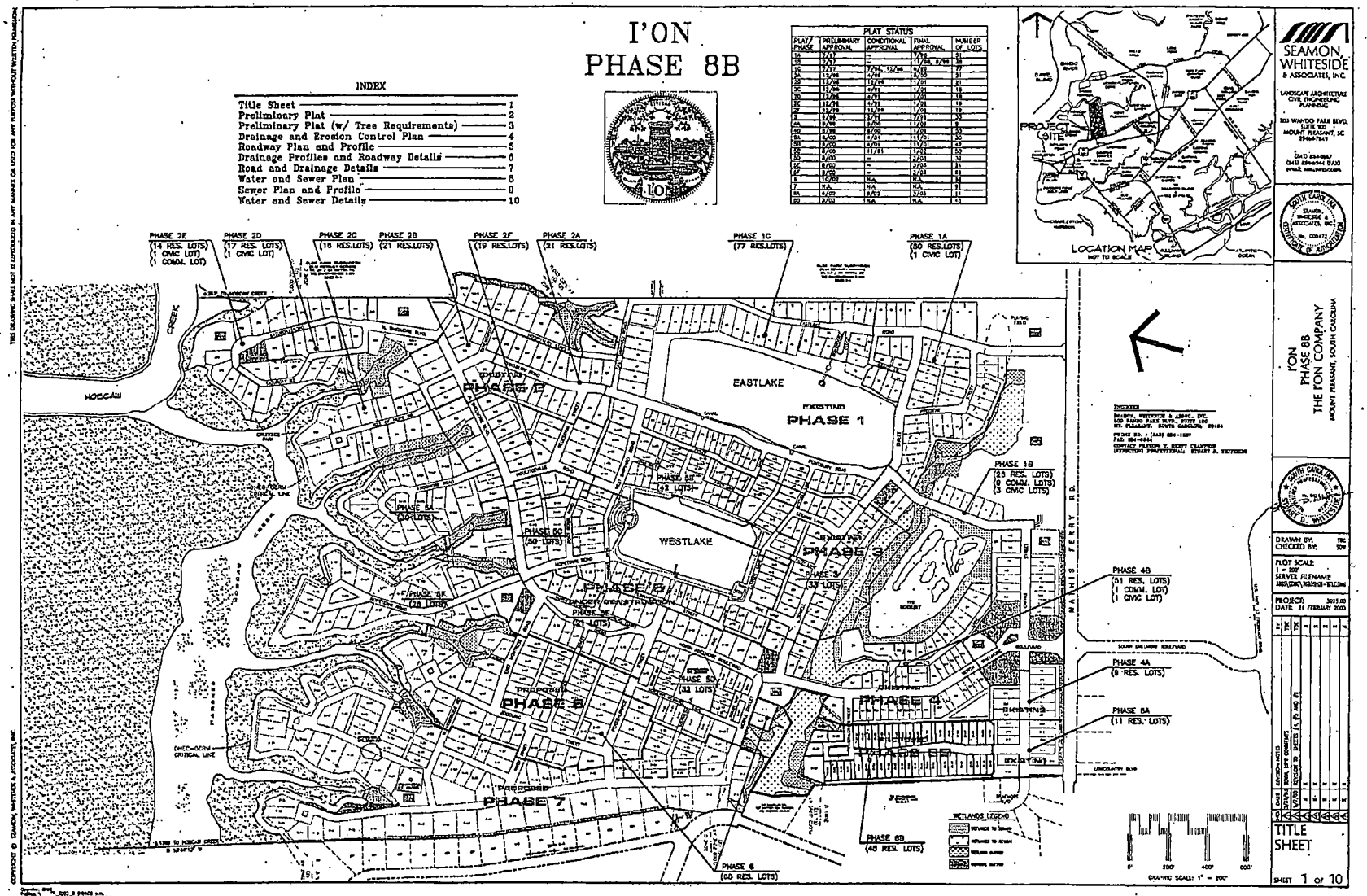
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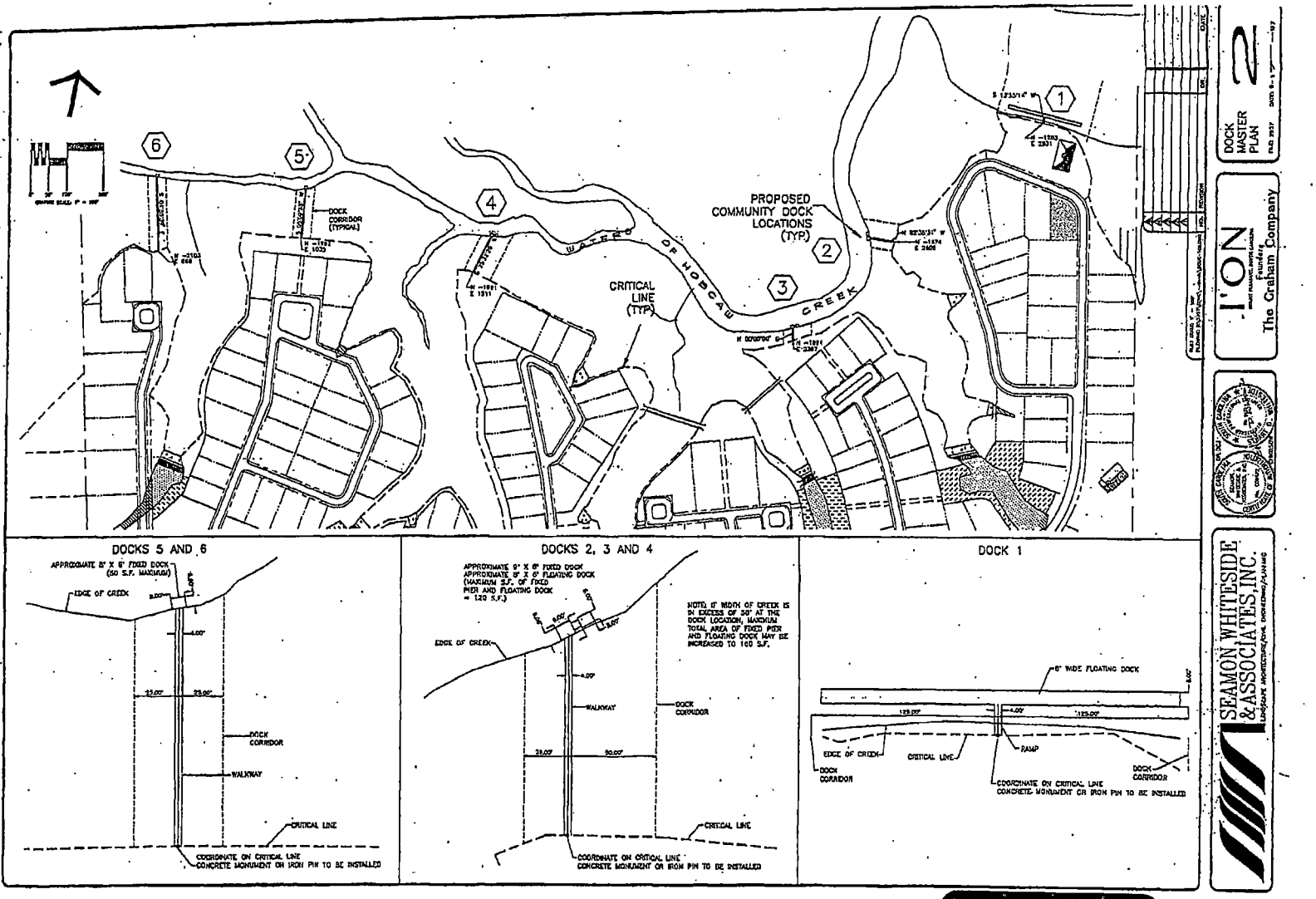
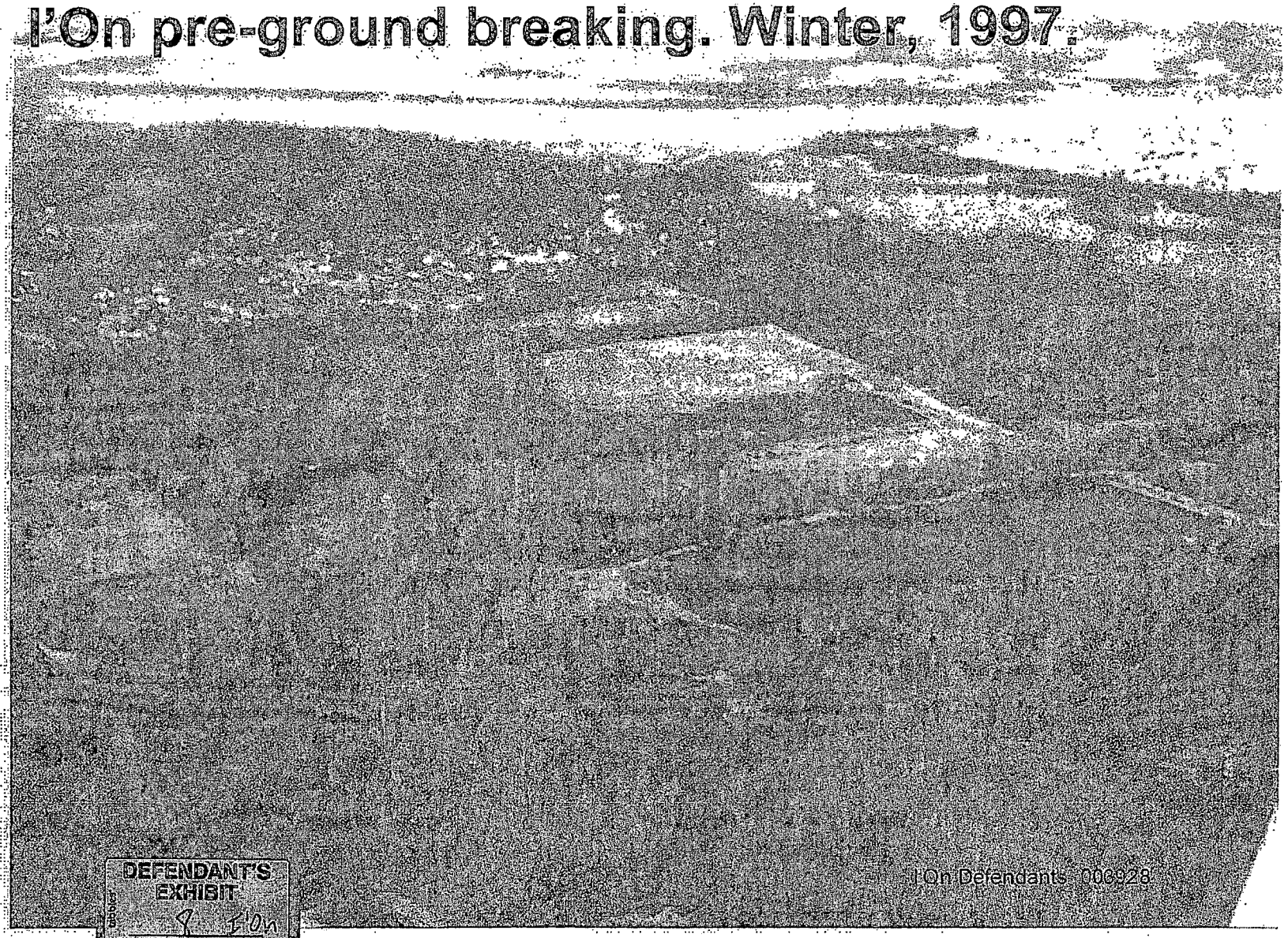
MOUNT PLEASANT, SOUTH CAROLINA
DRAWN BY:
CHECKED BY:
PLOT SCALE:
SERVER FILENAME:
PROJECT:
DATE:
TITLE SHEET
SHEET 1 OF 10
GRAPHIC SCALE: 1" = 200'
CONTENT © SEAMON, WHITESIDE & ASSOCIATES, INC.




DEFENDANT'S EXHIBIT 4 I'On

APPENDIX 3487

# l'On pre-ground breaking. Winter, 1997.



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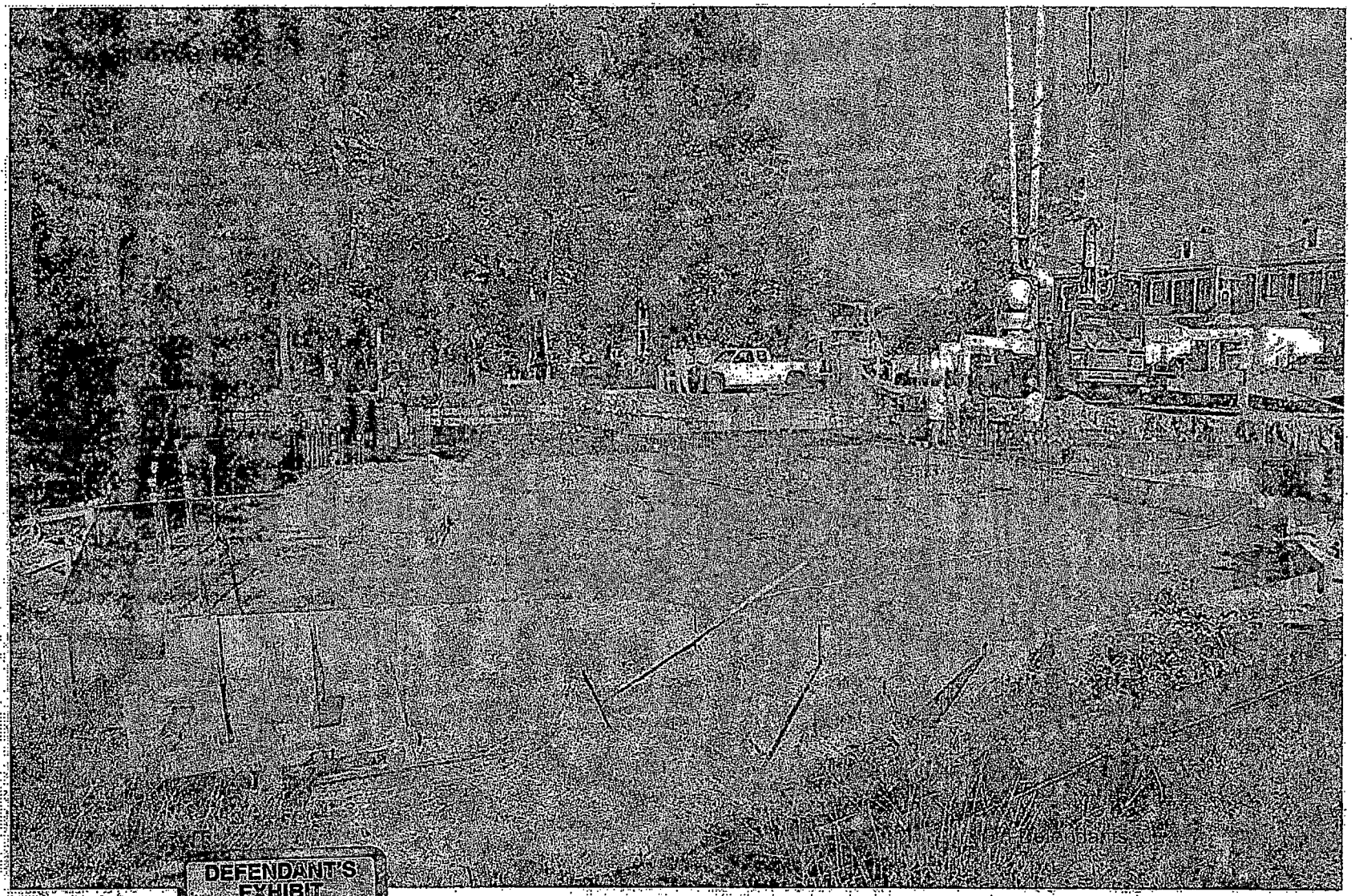
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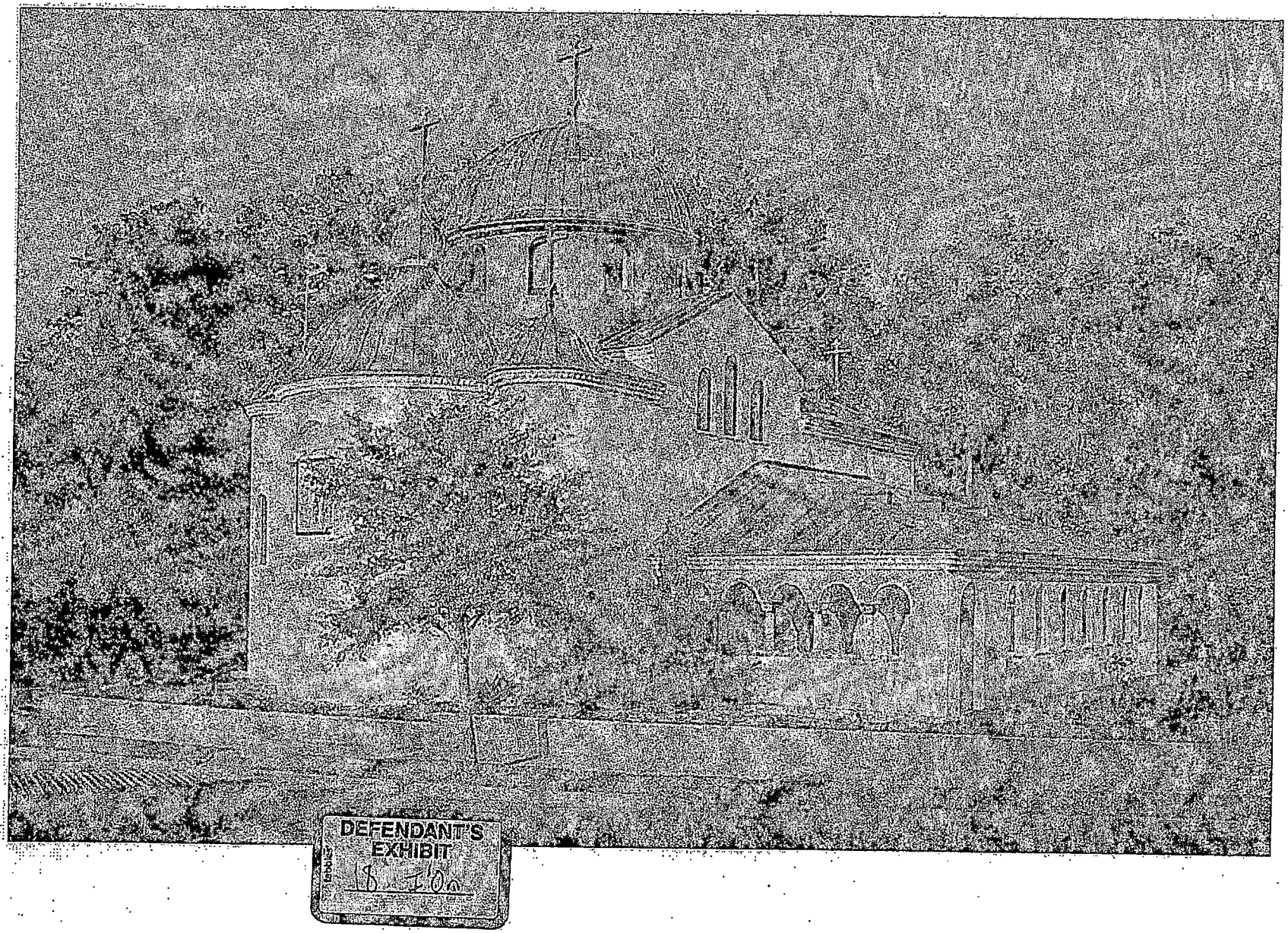
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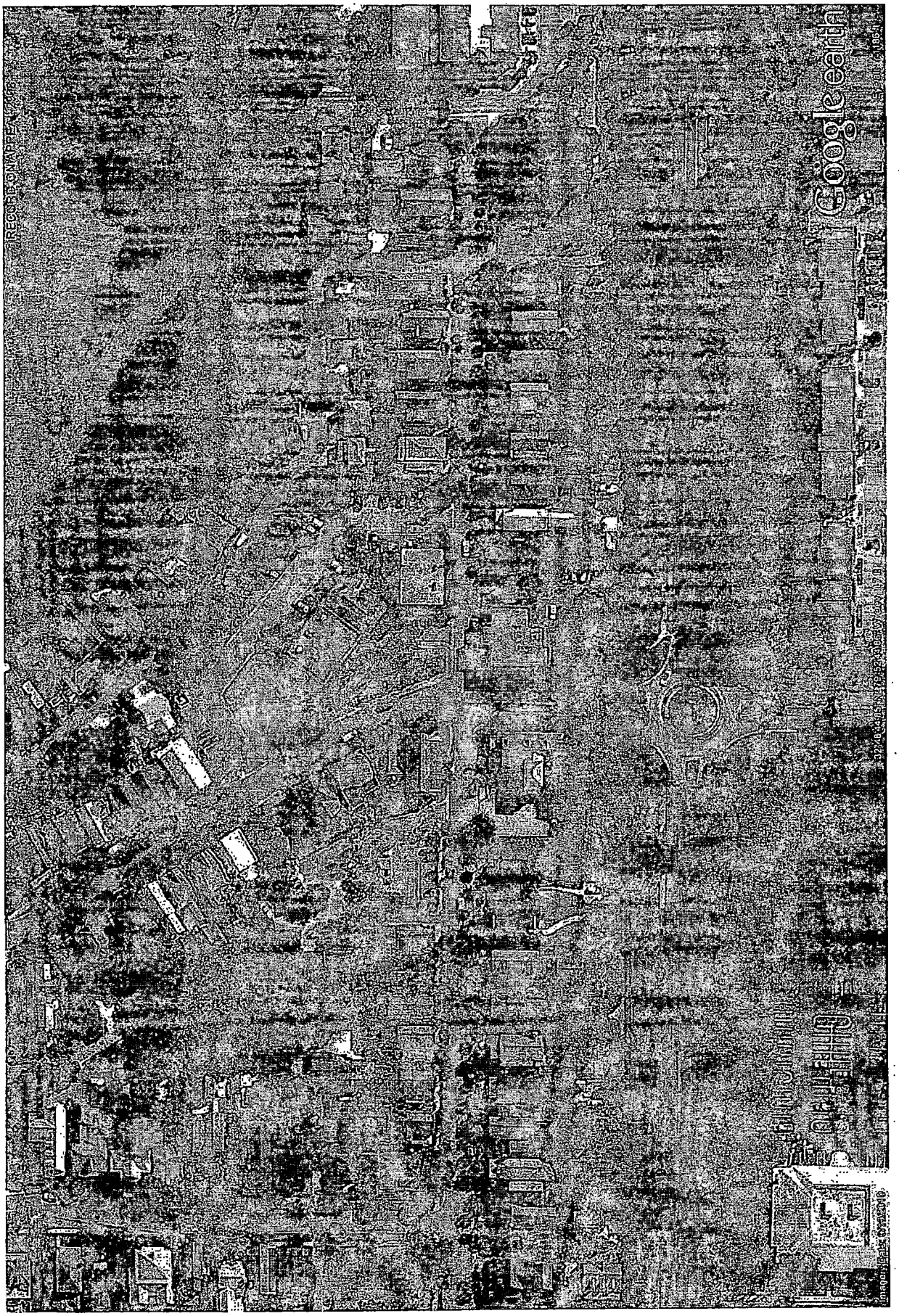
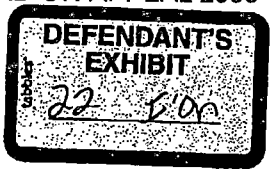

Google earth




# READ THIS PROPERTY REPORT BEFORE SIGNING ANYTHING

This report is prepared and issued by the developer of this subdivision. It is NOT prepared or issued by the Federal Government.

Federal law requires that you receive this Report prior to your signing a contract or agreement to buy or lease a lot in this subdivision. However, NO FEDERAL AGENCY HAS JUDGED THE MERITS OR VALUE, IF ANY, OF THIS PROPERTY.

If you received this Report before you signed a contract or agreement, you may cancel your contract or agreement by giving notice to the seller any time before midnight of the seventh (7th) day following the signing of the contract or agreement.

If you did not receive this Report before you signed a contract or agreement, you may cancel the contract or agreement any time within two (2) years from the date of signing.

| | |
|---|---|
| Name of Subdivision: | I'On |
| Names of Developer: | The I'On Company, L.L.C., a South Carolina limited liability company |
| Date of This Report: | November 3, 1998 |

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NOTE: In this Property Report, the words "you" and "your" refer to the buyer. The words "we," "us," and "our" refer to the developer.

## RISKS OF BUYING LAND

The future value of any land is uncertain and dependent upon many factors. DO NOT expect all land to increase in value.

Any value which your lot may have will be affected if the roads, utilities and all proposed improvements are not completed.

Resale of your lot may be difficult or impossible, since you may face the competition of our own sales program, and local real estate brokers may not be interested in listing your lot.

Any subdivision will have an impact on the surrounding environment. Whether or not the impact is adverse and the degree of impact, will depend upon the location, size, planning, and extent of development. Subdivisions which adversely affect the environment may cause governmental agencies to impose restrictions on the use of the land. Changes in plant and animal life, air and water quality, and noise levels may affect your use and enjoyment of your lot and your ability to sell it.

In the purchase of real estate, many technical requirements must be met in order to assure that you receive proper title. Since this purchase involves a major expenditure of money, it is recommended that you seek professional advice before you obligate yourself.

- WARNINGS -

THROUGHOUT THIS PROPERTY REPORT THERE ARE SPECIFIC WARNINGS CONCERNING THE DEVELOPER, THE SUBDIVISION, OR INDIVIDUAL LOTS. BE SURE TO READ ALL WARNINGS CAREFULLY BEFORE SIGNING ANY CONTRACT OR AGREEMENT.

## GENERAL INFORMATION

This report covers two hundred and forty-four (244) lots in Charleston County, South Carolina. See page 30 for a listing of these lots. It is estimated that this subdivision will eventually contain approximately seven hundred and eighty (780) lots.

The developer of this subdivision is:

The I'On Company, L.L.C., a South Carolina limited liability company

516 Mathis Ferry Road
P.O. Box 986
Mt. Pleasant, SC 29464

(803) 971-1662

Answers to questions and information about this subdivision may be obtained by telephoning the developer at the number listed above.

**CONDITIONAL PLATS OF THE LOTS IN PHASES 2 AND 3 OF THE SUBDIVISION HAVE NOT YET BEEN APPROVED OR RECORDED, BUT MUST BE APPROVED AND RECORDED PRIOR TO CONVEYANCE OF ANY LOT IN THOSE PHASES. UNTIL A CONDITIONAL PLAT IS RECORDED FOR A PARTICULAR PHASE, THE DESCRIPTION OF THE LOTS IN SUCH PHASE CONTAINED IN THIS PROPERTY REPORT IS NOT LEGALLY ADEQUATE FOR CONVEYANCE OF SUCH LOTS.**

## TITLE TO THE PROPERTY AND LAND USE

A person with legal title to property generally has the right to own, use, and enjoy the property. A contract to buy a lot may give you possession but does not give you legal title. You will not have legal title until you receive a valid deed. A restriction or an encumbrance on your lot, or on the subdivision, could adversely affect your title.

Here we will discuss the sales contract you will sign and the deed you will receive. We will also provide you with information about any land use restrictions and encumbrances, mortgages, or liens affecting your lot and some important facts about payments, recording, and title insurance.

### METHOD OF SALE

#### Sales Contract and Delivery of Deed

If you decide to purchase a lot, you will sign a sales contract obligating you to pay for the lot entirely in cash (with or without obtaining your own financing) at the closing of the purchase and sale of the lot.

We will deliver a general warranty deed to the property to you within 180 days of execution of a sales contract. You will receive a general warranty deed at the closing of the purchase and sale of the lot.

#### Type of Deed

The transfer of title to all lots will be by a general warranty deed.

### ENCUMBRANCES, MORTGAGES, AND LIENS

The lots in Phase 1 of the subdivision, as described on page 30 of this Property Report, are subject to the following blanket encumbrances:

(1) Declaration of Covenants, Conditions and Restrictions for I'On, recorded in the Office of the Register of Mesne Conveyances, Charleston County, South Carolina, in Book C-297, at Page 282;

(2) Mortgage from The I'On Company, L.L.C. to Wachovia Mortgage Company, dated August 12, 1997, in the original principal amount of $4,560,000.00, recorded August 12, 1997, in the Office of the Register of Mesne Conveyances, Charleston County, South Carolina,

in Mortgage Book J-288 at Pages 611-618, as amended by that instrument recorded January 16, 1998 in Mortgage Book Z-295 at Page 363; and

In addition to items (1) and (2) above, the lots in that portion of Phase 1 identified on page 30 as Phases 1-B and 1-C of the subdivision are subject to the following blanket encumbrance (the lots in Phase 1-A have been released from this encumbrance):

(3) Mortgage from The I'On Company, L.L.C. to David N. Jordan, KREPS Investment Company, L.L.C., KAYJ Investment Company, L.L.C., L-J, Inc. and Barbara J. Alford, as Trustee of the Trust under the Will of Hampton S. Alford, dated August 12, 1997, in the principal amount of $1,586,000.00, and recorded August 12, 1997, in the Office of the Register of Mesne Conveyances, Charleston County, South Carolina, in Mortgage Book J-288 at Page 603.

In addition to items (1) and (2) above, the lots in that portion of Phase 1 identified on page 30 as Phase 1-A, including Lots 11 through 49 and 60 through 69, are subject to the following blanket encumbrance:

(4) Mortgage from The I'On Company, L.L.C. to Wachovia Mortgage Company dated January 16, 1998, in the original principal amount of Five Hundred and Eighty Thousand Dollars ($580,000.00), recorded in the Office of the Register of Mesne Conveyances, Charleston County, South Carolina, in Mortgage Book Z-295 at Page 149.

The lots in Phase 3 of the subdivision, as described on page 30 of this Property Report, are subject to the following blanket encumbrance:

(5) Mortgage from The I'On Company, L.L.C. to Wachovia Mortgage Company dated August 3, 1998, in the original principal amount of Nine Hundred and Forty Thousand Dollars ($940,000.00), recorded in the Office of the Register of Mesne Conveyances, Charleston County, South Carolina, in Mortgage Book N308, at Page 293.

In addition, prior to conveyance of the lots in Phases 2 and 3, they will be made subject to the Declaration of Covenants, Conditions and Restrictions referenced in item (1) above.

We do not presently own but have an option to purchase the property in Phase 2 as described on page 30 of this Property Report. Upon exercise of our option to acquire that property, we anticipate financing the acquisition and development of that property with a combination of cash and one or more acquisition and development loans from commercial lenders secured by mortgages on the property. In addition, prior to conveyance of the lots in Phase 2, they will be made subject to the Declaration of Covenants, Conditions and Restrictions referenced in item (1) above.

Release Provisions

The Mortgage described in item (2) above contains a provision requiring the lender to release its lien on any lot which is subject to the Mortgage upon receipt of payment of the greater of 61% of the gross sales price of the lot or the release price as stated in a separate I'On Development Loan Release Schedule agreed upon between us and the lender. The Mortgage described in item (3) above contains a provision requiring the lender to release its lien on any lot which is subject to the Mortgage upon receipt of payment of the release price for such lot set forth in a separate release schedule agreed upon between us and the lender. The Mortgage described in item (4) above contains a provision requiring the lender to release its lien on any lot which is subject to the Mortgage upon receipt of payment in the amount of Eleven Thousand Six Hundred Dollars ($11,600.00) per lot to be released. The Mortgage described in item (5) above contains a provision requiring the lender to release its lien on any lot which is subject to the Mortgage upon receipt of payment in the amount of Thirty-One Thousand One Hundred and Thirty-Four Dollars ($31,134.00) per lot to be released..

The contract for the sale of each lot obligates us to request and obtain a release of such lot from the applicable Mortgages prior to or simultaneous with closing and transfer of title to such lot. Under the terms of each Mortgage, the lender's obligation to release its lien on a lot is conditioned upon there being no default under the terms of the Mortgage or the promissory note and security agreement referenced in the Mortgage at the time such release is requested. The release provisions in the Mortgage on the lots in Phase 1A described in item (4) above may be exercised only by us (*i.e.*, there is no provision in such Mortgage for the purchaser of a lot to pay the release price and obtain the release if we fail to do so). Therefore, if we default under that Mortgage before obtaining a release on a lot in Phase 1A, the purchaser of such lot may lose the lot and any money paid for it. Prior to paying the purchase price for your lot at closing, you should confirm that all releases have been obtained.

RECORDING THE CONTRACT AND DEED

Method or Purpose of Recording

Under South Carolina law, recording a sales contract places third parties on notice that the subject property is under contract for sale and may protect you from claims of subsequent purchasers or creditors claiming an interest in the lot. However, South Carolina law does not require that sales contracts be recorded and it is not common practice to do so. The sales contract is not in proper form for recording and will not be recorded. By not recording sales contracts, we avoid creating a defect in title to the lot in the event that the sales contract is terminated and the transaction is not completed for any reason.

UNLESS YOUR CONTRACT OR DEED IS RECORDED, YOU MAY LOSE YOUR LOT THROUGH THE CLAIMS OF SUBSEQUENT PURCHASERS OR SUBSEQUENT CREDITORS OF ANYONE HAVING AN INTEREST IN THE LAND.

The deed to your lot will be recorded. In accordance with the South Carolina Code of Laws (1976), we will deliver the deed for your lot to the Office of the Register of Mesne Conveyances for Charleston County, South Carolina, for recording immediately following the closing. Under South Carolina law, recording a deed protects you from subsequent claims by third parties whose interest arises after the date of recording of the deed.

### Title Insurance

You should obtain an attorney's opinion of title or title insurance policy which describes the rights of ownership you are acquiring in the lot you purchase. We recommend that an appropriate professional interpret the policy for you.

## PAYMENTS

### Escrow

Your earnest money deposit will be placed in an escrow account administered by I'On Realty, L.L.C., a South Carolina limited liability company, whose address is 516 Mathis Ferry Road, Mt. Pleasant, South Carolina 29464. I'On Realty, L.L.C. is a real estate broker licensed by the State of South Carolina and, as such, is required to comply with state laws and regulations regarding administration of escrow and trust accounts by real estate brokers.

I'On Realty, L.L.C. is under common ownership and control with The I'On Company, L.L.C. I'On Realty, L.L.C., as a real estate broker entitled to a commission from the sale of a lot, also has an interest in the transaction itself and thus, is not considered independent. You may lose your deposit on your lot if we fail to deliver legal title to you as called for in the contract, because it is not held in an escrow account which fully protects you.

### Prepayment

If the purchase of your lot is financed by an independent financial institution, you will need to review the financing documents to determine whether there is any penalty for prepayment of the financing.

### Default

The contract for sale specifies the rights and remedies which we may seek in the event you fail to make any payment or perform any obligation required by the contract prior to closing. If you default, we will give you written notice of the default and allow you at least 20 days from your receipt of that notice in which to correct the default. If you default in your obligations under the sales contract prior to closing, we may treat the contract as canceled and retain all monies you have paid as liquidated damages; provided, however, in no event will we retain monies you have paid in excess of 15% of the purchase price or our actual damages, whichever is greater.

If you default in the performance of your obligations under the sales contract after the date of closing, we may elect to pursue any and all remedies available to us at law or in equity.

## RESTRICTIONS ON THE USE OF YOUR LOT

### Restrictive Covenants

Restrictive covenants have been recorded or will be recorded in the Office of the Register of Mesne Conveyance for Charleston County, South Carolina against each lot in the subdivision prior to conveyance. The restrictive covenants are contained in the Declaration of Covenants, Conditions and Restrictions for I'On ("Declaration"). I'On Assembly, Inc. ("Assembly"), a mandatory membership property owners association, is charged with administering and enforcing the Declaration. Each purchaser automatically becomes a member of the Assembly upon taking title to a lot and will remain a member as long as the purchaser owns property in the subdivision.

The restrictive covenants contained in the Declaration are described in the following paragraphs. The discussion only highlights the restrictions contained in the Declaration and should not be a substitute for your careful study of the document.

The lots are subject to architectural controls and design standards. The Declaration requires, among other things, that a purchaser of a lot secure approval of the I'On Design Committee prior to improving a lot or making any additions or modifications to the exterior of existing improvements. The I'On Design Committee may establish and charge reasonable fees to defray costs of administering applications for approval.

All proposed work must comply with the I'On Code, the document which sets forth the design standards for property in the subdivision, unless the I'On Design Committee has granted a variance in writing. Compliance with the I'On Code is a covenant undertaken by each purchaser of a lot in the subdivision.

In reviewing plans and specifications for proposed work, the I'On Design Committee is guided by the I'On Code, but the I'On Code is not the exclusive basis for its decisions and compliance with the I'On Code does not guarantee approval. The I'On Design Committee may consider any other factors it deems relevant and its decisions may be based on purely aesthetic considerations.

If construction has not commenced on proposed work within six months after the date of approval of any application for such work, the approval is deemed withdrawn. Unless otherwise approved by the I'On Design Committee, all elements of any improvements for which plans are approved must be completed within one year after the date of approval or such shorter period as may be specified in the sales contract for the purchase of the lot.

The lots will be conveyed subject to a restriction that they shall not be used for any type of vacation timesharing plan, as defined by Section 27-32-10, *et seq.*, South Carolina Code (1976), without our prior written approval.

The lots are also subject to certain use restrictions referred to in the Declaration as the I'On Rules. The initial I'On Rules are set out in Exhibit D to the Declaration and include restrictions on parking commercial and residential vehicles, boats and trailers; pets; television antennas, satellite dishes, radio receivers, and similar devices; trash and refuse containers; and signs. Additional restrictions may be established by the Board of Trustees of I'On Assembly, Inc., pursuant to its authority granted in the Declaration to make and amend reasonable rules and regulations governing use of property, activities and conduct in the subdivision. Such additions and changes to the I'On Rules need not be recorded.

A complete copy of these restrictions is available upon request.

Easements

There are easements which may affect your plans for building or using your lot. There are drainage, access and utility easements which affect the lots covered by the Property Report as shown or to be shown on the recorded plats. There are also easements which are described in the Declaration.

Article V of the Declaration sets forth certain easements for access by public safety officers and other public servants in the performance of their duties and easements for encroachments, maintenance, and utilities. The Declaration also provides for the creation of additional easements for conservation, wetlands buffering, landscaping and similar purposes, by other recorded instruments. You are advised to read Article V of the Declaration carefully for an understanding of the nature and scope of these easements.

The lots covered by this Property Report are not subject to any type of flood control or flowage easements.

PLATS, ZONING, SURVEYING, PERMITS, AND ENVIRONMENT

Plats

A final plat covering the lots in Phase 1A of the subdivision, as described on page 30 of this Property Report, has been approved by the Town of Mt. Pleasant, South Carolina and recorded in the Office of the Register of Mesne Conveyance of Charleston County, South Carolina in Plat Book EC at Page 631. The descriptions of the lots on such plat are legally adequate for the conveyance of the lots.

A conditional plat covering the lots in Phase 1B of the subdivision, as described on page 30 of this Property Report, has been approved by the Town of Mt. Pleasant, South Carolina and recorded in the Office of the Register of Mesne Conveyance of Charleston County, South Carolina in Plat Book EC at Pages 627-628. The descriptions of the lots on such plat are legally adequate for the conveyance of the lots.

A conditional plat covering the lots in Phase 1C of the subdivision, as described on page 30 of this Property Report, has been approved by the Town of Mt. Pleasant, South Carolina and recorded in the Office of the Register of Mesne Conveyance of Charleston County, South Carolina in Plat Book EC at Page 637. The descriptions of the lots on such plat are legally adequate for the conveyance of the lots.

Conditional plats of the lots in other phases of the subdivision have not yet been approved or recorded, but must be approved and recorded prior to conveyance of any lot in those phases. Until a conditional plat is recorded for a particular phase, the description of the lots in such phase contained in this Property Report is not legally adequate for conveyance of such lots.

Zoning

All lots described on page 30 of this Property Report are designated for single-family residential use except those lots identified by the designation "CM" or "CV" before the lot number, which are designated for commercial or civic purposes, respectively. These uses conform to local zoning requirements and the restrictive covenants pertaining to the subdivision.

Surveying

Each lot has been or will be surveyed at our expense and identified on a recorded plat prior to conveyance. Pins will be set on the corners of each lot to physically mark the lot boundaries.



I'On Defendants 000124

## Permits

Before beginning construction on a lot, the purchaser must obtain approval of the I'On Design Committee, as discussed under the caption "Restrictive Covenants" above, for the proposed improvements. In addition, the purchaser must obtain a building permit from the Town of Mt. Pleasant, South Carolina before commencing construction. Upon completion of construction, the purchaser must obtain a certificate of occupancy from the Town of Mt. Pleasant before the dwelling may be occupied. No other governmental permits will be necessary in order to use the lot for a single family residence.

## Environment

No independent environmental impact study has been required or conducted for the subdivision. Thus, no determination has been made as to all of the possible adverse effects the subdivision may have upon the environment and surrounding area.

In connection with our subdivision approval by the Town of Mt. Pleasant, we prepared an impact assessment which addresses the impact of the subdivision in a number of specific areas, including its impact on the environment. The assessment describes the following plans to mitigate any detrimental effect on the environment.

The subdivision has 2,488 linear feet of frontage along a section of Mathis Ferry Road designated as a South Carolina Scenic Highway in June 1988. In order to maintain and enhance the screening effect of the existing live oak canopy along this highway, we plan to provide a 25 foot wide natural buffer along the entire frontage, work with the South Carolina Department of Transportation and the Town of Mt. Pleasant to replant live oaks where trees have died or been removed, and utilize understated brick columns and white rail fencing rather than large signage to designate entryways to the subdivision.

The subdivision currently drains overland to three lakes on the property, a large wetland at the headwaters of Molasses Creek, and the adjacent salt marshes. We plan to make extensive use of the three lakes and the existing freshwater wetlands to limit storm water runoff to pre-development rates and contain non-point runoff from entering the salt marsh. An extensive park system planned along the highlands above the marshes and waters of Hobcaw Creek, together with other management practices, will serve a dual purpose of providing storm water control and serving as an amenity for residents.

The subdivision has over 2 miles of marsh and deep water frontage along Hobcaw Creek and 1.46 miles of frontage along the lakes mentioned above. The U. S. Army Corps of Engineers has delineated and approved the critical line along the marshes and waters of Hobcaw Creek and the freshwater wetlands within the subdivision. Rather than subdividing this premium frontage into lots, over 75% of the marsh, water frontage and lake frontage is planned as parks. One of the three lakes will be preserved as a wildlife sanctuary.

## ROADS

Here we discuss the roads which lead to the subdivision, the roads within the subdivision, and the location of nearby communities.

### ACCESS TO THE SUBDIVISION

Access to the subdivision is provided on a year-round basis by a public road designated as Mathis Ferry Road. Mathis Ferry Road is a two-lane, asphalt surface road. The width of the wearing surface is 24 feet.

The South Carolina Department of Transportation is responsible for improving and maintaining Mathis Ferry Road. You will not be responsible for any costs associated with maintaining this road (except to the extent that the taxes you pay are used to fund road maintenance and improvements). No improvements to the road are contemplated at the present time.

### ACCESS WITHIN THE SUBDIVISION

Legal and physical access by conventional automobile to the lots within the subdivision is, or will be, provided on a year-round basis by public, two-lane roads with a wearing surface ranging from 18 to 25 feet, as shown on the recorded plat of the subdivision. The surface of the roads will be predominantly asphalt, although there may be narrow strips of cobblestone, brick or granite pavers used for special purposes or effects at various points. In addition, many of the lots will be served by alleys or "service lanes" permitting vehicular access to the rear of the lot. Such service lanes have or will have a wearing surface which is approximately 11 feet in width and comprised of 6 inches of crusher run.

We are responsible for constructing the roads within the subdivision. We will retain maintenance responsibility for the roads for approximately two years after completion of the roads, at which time we expect to dedicate them to the Town of Mt. Pleasant for perpetual maintenance, except that the I'On Assembly, Inc. will be responsible for maintenance of any cobblestone, granite or brick pavers within the public roads. The I'On Assembly, Inc. will also be responsible for maintaining the service lanes providing access to the rear of lots within the subdivision. We must post a one-year maintenance bond with the Town of Mt. Pleasant to assure that the roads and other infrastructure dedicated to it are adequately constructed.

You will not be responsible for any costs associated with construction or maintenance of the public roads, except to the extent that the property taxes you pay to the Town of Mt. Pleasant are used to fund road maintenance and improvements and except to the extent that the assessments you pay to the I'On Assembly, Inc. are used to maintain the cobblestone, granite or brick pavers within the public roads. You will not be responsible for any costs associated with

construction of the service lanes, but will pay assessments to the I'On Assembly, Inc. for your pro rata share of the costs of maintaining the service lanes.

We have posted a bond with the Town of Mt. Pleasant to provide financial assurances for completion of the roads with Phase 1 of the subdivision. Construction of those roads has already begun. Prior to the conveyance of a lot in any subsequent phase of the subdivision, we will be required to post a bond with the Town of Mt. Pleasant to provide financial assurances for completion of any incomplete roads with such phase.

The estimated completion dates for the construction of roads within the subdivision are as follows:

| Phase | Estimated Starting Date | % of Construction Now Complete | Estimated Completion Date | Present Surface | Final Surface |
|---|---|---|---|---|---|
| 1 | 8/1997 | 85% | 11/1998 | Asphalt/ base material | Asphalt |
| 2 | 10/1998 | 0% | 6/1999 | N/A | Asphalt |
| 3 | 10/1998 | 0% | 11/1998 | N/A | Asphalt |
| 4 | 7/1999 | 0% | 3/2000 | N/A | Asphalt |
| 5 | 3/2000 | 0% | 11/2000 | N/A | Asphalt |
| 6 | 11/2000 | 0% | 8/2001 | N/A | Asphalt |
| 7 | 8/2001 | 0% | 5/2002 | N/A | Asphalt |

The table below identifies the distance (in miles) from the subdivision to nearby communities.

| Community Name | Population | Distance over Paved Roads | Distance Over Unpaved Roads | Total Miles |
|---|---|---|---|---|
| Charleston (County Seat) | 76,854 | 5 miles | 0 miles | 5 miles |
| Sullivan's Island | 1,339 | 5 miles | 0 miles | 5 miles |
| Mt. Pleasant | 38,056 | 0 miles | 0 miles | 0 miles |

## UTILITIES

Here we will discuss the availability and costs of basic utilities. The areas covered will be water, central sewer, septic tank system, electricity, telephone, and fuel or other energy sources.

### WATER

Water is or will be supplied to the lots within the subdivision by a central water distribution system which is presently owned and operated by Mount Pleasant Waterworks, P.O. Box 330, 1619 Rifle Range Road, Mt. Pleasant, South Carolina 29464.

Water mains are or will be extended in front of or adjacent to each lot.

The following chart indicates the current status of the construction of the central water distribution system:

WATER

| Phase | Estimated Starting Date (Month & Year) | Percentage of Construction Now Complete | Estimated Service Availability Date (Month & Year) |
|---|---|---|---|
| 1 | 8/1997 | 100% | 8/1998 |
| 2 | 10/1998 | 0% | 6/1999 |
| 3 | 10/1998 | 0% | 11/1998 |
| 4 | 7/1999 | 0% | 3/2000 |
| 5 | 3/2000 | 0% | 11/2000 |
| 6 | 11/2000 | 0% | 8/2001 |
| 7 | 8/2001 | 0% | 5/2002 |

Mt. Pleasant Waterworks, which is a division of the Town of Mt. Pleasant government (or whose operations are regulated by the Town of Mt. Pleasant), has indicated that the central water supply system has a present capacity of 3.2 million gallons per day, 300 gallons per connection and that this is sufficient to serve the anticipated population of the subdivision.

THERE HAVE BEEN NO HYDROLOGICAL SURVEYS CONDUCTED TO CONFIRM THAT A SUFFICIENT WATER SUPPLY IS AVAILABLE TO SERVE THE SUBDIVISION.

Mt. Pleasant Waterworks has represented that the water available for the subdivision is tested for purity and content on a regular basis and meets all standards for a public water supply.

The timetable for extension of the central water system is based upon our plans and projections for an orderly expansion of the subdivision over a 7 to 8 year period and the seasons during which construction is feasible.

We are responsible for the construction of the water mains and distribution system to serve the subdivision and all costs associated with such construction. We have posted a bond with the Town of Mt. Pleasant to provide financial assurances for completion of the water mains and distribution system to serve the lots within Phase 1 of the subdivision and such construction has already begun. Prior to the conveyance of a lot in any subsequent phase of the subdivision, we will be required to post a bond with the Town of Mt. Pleasant to provide financial assurances for completion of the water mains and distribution system to serve lots in such phase.

All permits have been obtained from the proper agencies for the construction, use, and operation of the water mains and distribution system to serve the subdivision.

In addition to user fees, each purchaser will be responsible for paying a one-time connection fee to connect the dwelling on the lot to the central water system. Currently the cost to the purchaser per connection is $874. You must pay this connection fee prior to obtaining a building permit. This amount is subject to change by the owner of the water system.

You will also be responsible for the construction of service lines to any improvements you build on your lot, plus the cost of water meters, cut-off valves, or other equipment which may be related to your water connection. The amount of these additional charges will vary depending upon the location of your lot and the location of the improvements on your lot.

There is no charge to you for construction costs, availability fees, special assessments, or deposits for the central water system.

Individual water systems, such as a private well, are not permitted on any lot. Connection to the central system is mandatory for all lots in the subdivision.

SEWER

The subdivision will be served by a central sewer system. We are responsible for constructing the sewer mains, lift station and force main to permit the lots in the subdivision to connect to the central treatment plant. Sewer mains will be installed in front of, or adjacent to, each of the lots in the subdivision.

Construction of the sewer system improvements within the subdivision has begun and is completed to the lots in Phase 1A, which is approximately 11% of the lots in the subdivision. Installation of a force main to allow for expansion of the sewer system to other phases of the subdivision is scheduled for the Fall of 1998. We estimate that service will be completed to all

lots in the subdivision in stages over the next seven to eight years. The following chart indicates the estimated timetable for construction and service availability:

SEWER

| Phase | Estimated Starting Date (Month/Year) | % of Construction Now Complete | Estimated Service Availability Date (Month/Year) |
|---|---|---|---|
| 1 | 8/1997 | 100% | 8/1998 |
| 2 | 10/1998 | 0% | 6/1999 |
| 3 | 10/1998 | 0% | 11/1998 |
| 4 | 7/1999 | 0% | 3/2000 |
| 5 | 3/2000 | 0% | 11/2000 |
| 6 | 11/2000 | 0% | 8/2001 |
| 7 | 8/2001 | 0% | 5/2002 |

The central sewer system will be owned and operated by Mount Pleasant Waterworks, P.O. Box 330, 1619 Rifle Range Road, Mt. Pleasant, South Carolina 29464, (803) 884-9626. Mt. Pleasant Waterworks is a division of (or regulated and supervised by) the Town of Mt. Pleasant, South Carolina.

We have obtained the necessary permits for the construction of the central sewer system to serve the subdivision.

THE CENTRAL SEWER SYSTEM IS STILL UNDER CONSTRUCTION AND NOT PRESENTLY ABLE TO SERVE ALL LOTS BECAUSE SEWER MAINS HAVE NOT YET BEEN EXTENDED TO ALL LOTS. THE SEWER SYSTEM IS PRESENTLY COMPLETED TO SERVE APPROXIMATELY 80 LOTS.

Mt. Pleasant Waterworks has indicated that the sewage treatment facility is complete and has sufficient capacity to service all of the lots within the subdivision.

In addition to user fees, purchasers will be required to pay a one time connection fee to connect the dwelling on their lot to the central sewer system. The connection fee currently is $1,340. You must pay this connection fee prior to obtaining a building permit. This amount is subject to change by the owner of the central sewer system.

There is no charge to you for construction costs, availability fees, special assessments, or deposits for the central sewer system.

Individual sewage treatment systems, such as septic tanks, are not permitted on any lot. Connection to the central system is mandatory for all lots in the subdivision.

We are responsible for the construction of the sewer system improvements to serve the subdivision and all costs associated with such construction. We have posted a bond with the Town of Mt. Pleasant to provide financial assurances for completion of the sewer system improvements to serve the lots within Phase 1 of the subdivision. Prior to the conveyance of a lot in any subsequent phase of the subdivision, we will be required to post a bond with the Town of Mt. Pleasant to provide financial assurances for completion of the sewer system improvements to serve lots in such phase.

ELECTRICITY

Electricity is or will be provided by South Carolina Electric and Gas, a publicly regulated utility operating under the rules of the Public Service Commission of South Carolina. The primary electrical service lines will be extended in front of or adjacent to each lot.

Electrical service lines have not yet been extended to all lots in the subdivision. South Carolina Electric and Gas is responsible for installation of electrical service lines. Installation has begun and is expected to be completed in stages over the next 5 years.

The following chart sets forth the estimated starting dates and estimated service availability dates for each phase of the subdivision.

ELECTRIC SERVICE

| Phase | Estimated Starting Date (Month & Year) | % of Construction Now Complete | Estimated Service Availability Date (Month & Year) |
|---|---|---|---|
| 1 | 8/1997 | 100% | 8/1998 |
| 2 | 10/1998 | 0% | 6/1999 |
| 3 | 10/1998 | 0% | 11/1998 |
| 4 | 7/1999 | 0% | 3/2000 |
| 5 | 3/2000 | 0% | 11/2000 |
| 6 | 11/2000 | 0% | 8/2001 |
| 7 | 8/2001 | 0% | 5/2002 |

You will not be responsible for any construction costs associated with extending the primary electrical service lines to the service point in front of or adjacent to your lot. You will be responsible for installing electrical lines within your lot boundaries and dwelling. At present, South Carolina Electric and Gas does not charge for such installation, but it may impose charges for installation in the future.

TELEPHONE

Telephone service will be available from BellSouth to serve each lot in the subdivision. Telephone service lines have been or will be extended in front of or adjacent to each lot.

Telephone service lines have not yet been extended to all lots in the subdivision. BellSouth is responsible for installation of telephone service lines. Installation has begun and is expected to be completed in stages over the next 5 years. The following chart sets forth the estimated starting dates and estimated service availability dates for each phase of the subdivision.

TELEPHONE

| Phase | Estimated Starting Date (Month & Year) | % of Construction Now Complete | Estimated Service Availability Date (Month & Year) |
|---|---|---|---|
| 1 | 8/97 | 100% | 8/1998 |
| 2 | 10/98 | 0% | 6/1999 |
| 3 | 10/98 | 0% | 10/1998 |
| 4 | 7/99 | 0% | 3/2000 |
| 5 | 3/2000 | 0% | 11/2000 |
| 6 | 11/2000 | 0% | 8/2001 |
| 7 | 8/2001 | 0% | 5/2002 |

You will not be responsible for any construction costs associated with extending the telephone service lines to the service point in front of or adjacent to your lot. You will be responsible for the cost of installing service lines within your lot boundaries and dwelling. At present, BellSouth does not charge for such installation, but it may impose charges for such installation in the future.

FUEL OR OTHER ENERGY SOURCE

Natural gas service is not available to serve the subdivision at this time and we are not aware of any plans to extend natural gas service to the subdivision.

## FINANCIAL INFORMATION

We experienced an operating loss during the last fiscal year. This may affect our ability to complete promised facilities and to discharge financial obligations.

As discussed earlier in this Property Report, we have we have posted bonds to provide financial assurances for completion of all streets and the central water and sewer system within the subdivision.

A copy of our audited financial statement for the period ending December 31, 1997, is available from us upon request.



I'On Defendants 000133

## LOCAL SERVICES

In this topic, we will discuss the availability of fire and public protection and the location of schools, medical care, shopping facilities, mail services and public transportation.

### FIRE PROTECTION

Mt. Pleasant Fire Department provides fire protection services to the subdivision on a year round basis from a station located approximately 0.5 mile from the subdivision. Fire hydrants will be installed throughout the subdivision so that there is a fire hydrant within 300 feet of the front corner of each lot.

### POLICE PROTECTION

Mt. Pleasant Police Department provides police protection services to the subdivision. The Police Department is located 0.5 mile from the subdivision.

### SCHOOLS

James B. Edwards Elementary School, a public elementary school, is located 1.5 miles from the subdivision. Moultrie Middle School, a public intermediate school, is 2.3 miles from the subdivision. Wando High School, a public high school, is located 2 miles from the subdivision. School bus transportation will be available from within the subdivision to each of these schools.

### HOSPITAL

The nearest available hospital is East Cooper Regional Hospital, located at 1200 Johnnie Dodds Boulevard, Mt. Pleasant, South Carolina 29464, approximately 1.2 miles from the subdivision.

Ambulance service is available through Charleston County Emergency Medical Service.

### PHYSICIANS AND DENTISTS

The nearest physician's office is located at 900 Bowman Road, Mt. Pleasant, South Carolina, one mile from the subdivision, and the nearest dentist's office is located at 815 Lowcountry Boulevard, Mt. Pleasant, South Carolina, 0.1 mile from the subdivision.

SHOPPING FACILITIES

Shopping facilities are available in Mt. Pleasant, 0.6 mile from the subdivision.

MAIL SERVICE

The United States Postal Service provides mail service to the subdivision.

PUBLIC TRANSPORTATION

There is no public ground transportation within the subdivision and no public ground transportation to nearby towns. The closest bus stop is located on Houston Northcutt Boulevard, approximately 3/4 of a mile from the main entrance to the subdivision.

## RECREATIONAL FACILITIES

| Facility | % of Construction Now Complete | Estimated Date of Start of Construction (Month/Year) | Estimated Date Available for Use (Month/Year) | Financial Assurance of Completion | Buyer's Annual Cost or Assessments |
|---|---|---|---|---|---|
| **PHASE 1** | | | | | |
| Eastlake lake | 75% | 9/1997 | 11/1998 | None | Part of annual HOA Assessment |
| Eastlake Boathouse | 100% | 4/1998 | 9/1998 | None | Part of annual HOA Assessment |
| Canals | 90% | 11/1997 | 11/1998 | None | Part of annual HOA Assessment |
| Sidewalks, paths and trails | 50% | 4/1998 | 11/1998 | None | Part of annual HOA Assessment |
| Parks and Open Space | 50% | 4/1998 | 11/1998 | None | Part of annual HOA Assessment |
| **PHASE 2** | | | | | |
| Creekside Park | 0% | 1/1999 | 9/1999 | None | Part of annual HOA Assessment |
| Community Dock | 0% | 1/1999 | 9/1999 | None | Part of annual HOA Assessment |
| Sidewalks, paths and trails | 0% | 1/1999 | 10/1999 | None | Part of annual HOA Assessment |
| Parks and Open Space | 0% | 1/1999 | 10/1999 | None | Part of annual HOA Assessment |

### Constructing the Facilities

We are responsible for construction of all of the recreational facilities described in the chart above. You will not be required to pay any costs of constructing these facilities.

Maintaining the Facilities

Upon completion of the recreational facilities described in the chart above, the I'On Assembly, Inc. will be responsible for their operation and maintenance. The annual cost to the lot owners to maintain, operate and insure the recreational facilities is or will be incorporated in the annual assessment which each owner pays to the I'On Assembly. Current owners association annual assessments are $400 per lot per year, but are subject to change as provided in the Declaration.

Transfer of the Facilities

The recreational facilities listed in the chart above shall, upon completion of construction, be conveyed to the I'On Assembly, Inc. by quitclaim deed free and clear of all monetary liens and encumbrances at no cost to the I'On Assembly or its members. Upon conveyance of these facilities to the I'On Assembly, Inc., it shall assume full responsibility for the costs of ownership, operation, and maintenance of the facilities conveyed to it. Such costs will increase the responsibilities of the I'On Assembly, Inc. and its board of trustees and could result in an increase in future assessments or special assessments payable by lot owners to the I'On Assembly, Inc.

Who May Use the Facilities

The recreational facilities listed in the chart above will be available for use by lot owners and other members of the I'On Assembly, Inc., including the developer, and their respective guests.

There may be additional recreational facilities in the subdivision which are not listed in the above chart and which will be privately owned and operated by a person or entity other than the I'On Assembly, Inc. The operation and use of, and access to, such facilities is not guaranteed and is subject to such terms and conditions and payment of such fees as the owner and operator of such facilities may establish from time to time. Any or all of such additional facilities may be operated as a private club for members and their guests. Membership in any such club may be subject to application, approval and availability, and payment of such initiation fees, dues and other charges as the owner/operator of the facility may establish and change in its sole discretion.

VARIOUS RECREATIONAL FACILITIES IN THE SUBDIVISION MAY BE OWNED AND OPERATED BY PERSONS OTHER THAN THE I'ON ASSEMBLY, INC. THERE IS NO GUARANTEE THAT ANY SUCH FACILITIES WILL BE AVAILABLE FOR USE BY LOT OWNERS. ANY OR ALL OF SUCH FACILITIES MAY BE OPERATED AS A PRIVATE CLUB FOR MEMBERS AND THEIR GUESTS. THERE IS NO ASSURANCE THAT YOU WILL BE ACCEPTED FOR MEMBERSHIP IN ANY SUCH PRIVATE CLUB IF YOU APPLY. IF ACCEPTED, THE COSTS OF SUCH A MEMBERSHIP MAY BE SUBSTANTIAL AND ARE IN ADDITION TO THE PURCHASE PRICE OF YOUR LOT. NO REFUND OF THE PURCHASE PRICE OF YOUR LOT WILL BE MADE IF YOU CANNOT OBTAIN A MEMBERSHIP. SINCE THE VALUE OF YOUR LOT MAY BE ADVERSELY AFFECTED BY YOUR INABILITY OR FAILURE TO OBTAIN A MEMBERSHIP, YOU SHOULD CAREFULLY CONSIDER YOUR PURCHASE OF A LOT IF IT IS BASED UPON YOUR PRESUMED ABILITY TO OBTAIN A MEMBERSHIP IN ANY PRIVATE CLUB AND TO USE ITS RECREATIONAL FACILITIES.

## SUBDIVISION CHARACTERISTICS AND CLIMATE

In this section, we will discuss the basic terrain of the subdivision, the climate of the region, and any nuisances or hazards affecting the subdivision.

### GENERAL TOPOGRAPHY

The general topography of the land in the subdivision is coastal lowcountry. The elevation of the subdivision ranges between 7 to 25 feet above sea level with an average elevation of 19 feet above sea level. The major physical characteristics of the land in the subdivision include primarily fine loamy sands with excellent permeability. There are over two miles of marsh frontage and 300 feet of deep water frontage along Hobcaw Creek, and three existing man-made lakes covering approximately 24.6 acres. The headwaters of Molasses Creek and tributaries of Hobcaw Creek originate within the subdivision and traverse the property. Approximately 9% of the land within the subdivision is planned to be maintained as natural open space and 10% is planned to be developed parkland.

We are not aware of any steep slopes, rock outcroppings, unstable or expansive soil conditions, or other conditions which would necessitate the use of special construction techniques to build on or use any lot listed in this Property Report.

### WATER COVERAGE

There are no lots or portions of lots listed in this Property Report that are covered by water at any time.

### DRAINAGE AND FILL

We are not aware of any lots listed in this Property Report which will require draining or fill prior to being used for the purpose for which they are sold. If any lots should require draining or fill prior to being used for home construction, we will be responsible for taking any corrective action that may be required.

### FLOOD PLAIN

All or portions of Lots 9-15, 18-27, CV-3, CV-4, CM-9, 137 and 138 of Phase 1 are within a designated flood zone. In addition, Phase 2 of the subdivision adjoins a tidal marsh and Lots 82-89, 102-119, 130 and 131 of Phase 2 are in a designated flood zone. Flood insurance is available and will be required in connection with financing of improvements to these lots. The

estimated cost of flood insurance on these lots is $395 per year for a $250,000 home with $50,000 coverage for contents and a $500 deductible.

FLOODING AND SOIL EROSION

We have developed and are in the process of implementing a program which provides, or will provide, controls for soil erosion, sedimentation and storm water for the subdivision. The program includes seeding or silt fencing all exposed areas in accordance with the guidelines of the Department of Health and Environmental Control (DHEC) and the Office of Ocean and Coastal Resource Management (OCRM). The program has been reviewed and approved by all appropriate federal, state and Town of Mt. Pleasant regulatory agencies.

Implementation of the program began in August 1997 when initial soil disturbance permits were issued and is expected to be completed by January 2000. We are obligated to comply with the program. Satisfactory completion of environmental controls is a pre-requisite to approval of a final subdivision plat for each sub-phase of the subdivision.

Prior to recording a conditional plat for any sub-phase of development, we are required to provide financial assurances to the Town of Mt. Pleasant for completion of infrastructure to serve that sub-phase. Environmental controls are an essential component of the infrastructure covered by those financial assurances. At this time, we have obtained conditional plat approval for Phase 1A, consisting of 50 lots; for Phase 1B, consisting of 30 lots; and for Phase 1C, consisting of 31 lots. We have posted a letter of credit from Wachovia National Bank in an amount equal to one and one-half times our engineer's estimate of work to be complete within each of those sub-phases.

NUISANCES

There are no known land uses or nuisances which may adversely affect the subdivision.

HAZARDS

We are not aware of any unusual safety factors which affect the subdivision, nor are we aware of any proposed plans for construction which may create a nuisance or safety hazard or adversely affect the subdivision.

Due to its proximity to the Atlantic Ocean, the subdivision is subject to the effects of hurricanes. It has been formally identified by the Federal Emergency Management Agency as an area subject to the frequent occurrence of natural hazards, including earthquakes.

The Town of Mt. Pleasant has a rating system for fire hazard based on equipment, response time, and general effectiveness. The subdivision has a fire rating of 3 on a scale of 1 to 9 (1 being highest).

CLIMATE

The average temperature ranges for the area in which the subdivision is located are as follows:

| | Summer (June-August) | Winter (November-March) |
|---|---|---|
| High | 90.2° | 57.8° |
| Mean | 81.5° | 47.8° |
| Low | 72.7° | 37.7° |

The average annual rainfall is 51.53 inches and the average annual snowfall is approximately 0 inches.

OCCUPANCY

No homes in the subdivision are occupied on a full- or part-time basis as of the date of this Property Report.

## ADDITIONAL INFORMATION

In this section, we will discuss the property owners association, your liability for real estate taxes and assessments levied against subdivision lots, matters pertaining to the resale of the lots, equal opportunity in lot sales and the listing of lots within the subdivision.

### PROPERTY OWNERS ASSOCIATION

I'On Assembly, Inc., the property owners association for the subdivision ("Assembly"), was formed as a South Carolina nonprofit corporation on June 4, 1998 and has been operational since that date. The incorporator was Vincent G. Graham, 516 Mathis Ferry Road, Mt. Pleasant, South Carolina 29464.

The developer holds a Founder membership in the Assembly until all lots planned for the subdivision have been conveyed to purchasers other than builders or February 9, 2018, whichever is later. As the Founder member, we have the right to exercise control over the Assembly by appointing, removing and replacing a majority of the members of the Assembly's governing board ("Board of Trustees") until the earlier of (i) the date as of which 75% of the total acreage of the property planned for inclusion in the subdivision has been conveyed to persons other than builders, or (ii) February 9, 2018, unless we voluntarily choose to relinquish such right earlier.

Actions which require a vote of the membership generally require approval of a specified percentage of the property owners and the consent of the Founder. In addition, as long as the Founder membership exists, we have the specific right to disapprove any action, policy or program of the Assembly, the Board of Trustees or any committee which we believe would tend to impair our rights or the rights of builders under the Declaration or the Assembly's bylaws, or interfere with development or construction, or diminish the level of services being provided by the Assembly.

Membership in the Assembly is mandatory for every lot owner in the subdivision. If title to a lot is held in joint names, all owners of such lot share privileges and responsibilities of such membership.

Each lot owner is required to pay assessments to the Assembly. The annual General Assessment is currently $400 per lot. General Assessments cover the Assembly's annual operating costs. General Assessments may be adjusted each fiscal year by the Board of Trustees, subject to procedures set forth in the Declaration. The Board of Trustees may revise the budget and General Assessment from time to time and may retroactively budget and assess for any expenses incurred or shortfalls experienced by the Assembly. The Assembly may also levy Specific Area Assessments against the lots for costs of benefits or services which the Assembly might provide only within a specified area of the subdivision. The Assembly may also levy

assessments against the lot of an owner or resident who violates provisions of the Declaration or other governing documents.

The Assembly is responsible for management, operation and maintenance of the common properties; administering and enforcing the Declaration, the architectural standards known as the I'On Code, and the I'On Rules; making and amending the I'On Rules in accordance with the Declaration, and making or contracting for repairs, additions, and improvements to the common properties. It is also authorized, but not obligated, to contract for or provide services and facilities for the benefit of property owners and their lots, which might include such things as cable television service, security services, and landscape maintenance services, among other things.

In order to carry out these functions, the Assembly is authorized to adopt budgets and levy assessments against the property owners and their lots; open bank accounts, deposit funds received on behalf of the Assembly into such accounts, and use such funds to operate the Assembly; contract for insurance coverage for the Assembly; hire, compensate and fire personnel; purchase equipment, supplies and materials to be used by such personnel; and take specific enforcement action, including assessing monetary fines, suspending the right to vote and to use common properties; suspending services, exercising self-help, and bringing suit in court to enforce the governing documents. The Assembly has a duty to maintain books and records and to make them available to the members and their mortgagees.

Architectural control over the lots in the subdivision is exercised by the I'On Design Committee. We will appoint the members of the Design Committee as long as we own any property planned for inclusion in the subdivision. Thereafter, the Assembly's Board of Trustees will appoint the members of the Design Committee. The Assembly is authorized to enforce the architectural control provisions of the Declaration and the decisions of the I'On Design Committee.

There are no functions or services which we currently provide at no charge for which the Assembly may be required to assume responsibility in the future.

We believe the current level of assessments will be adequate, with appropriate adjustments for inflation and increases in the cost of living, for the Assembly to meet its present and planned financial obligations, including operating costs, maintenance and repair costs, and reserves for replacements. If the current level of assessments is not adequate to meet those obligations, it may be necessary for the Assembly to increase the assessments to be paid by property owners.

TAXES

You will be obligated to pay real property taxes on the lot after title to the lot is transferred to you. Real property taxes on the lot will be assessed by and paid to the Town of Mt.

Pleasant and Charleston County, South Carolina. For the 1998 tax year, real property taxes on property in the subdivision are assessed at a rate of $254.60 per $1,000 in assessed value of each residential lot and all structures located on the lot. The assessed value of a lot is currently 4% of the appraised value if the owner is a resident of Charleston County and 6% of the appraised value if the owner is not a resident of Charleston County.

There are currently no special taxes or tax assessments which affect the subdivision. The subdivision is not currently part of a special improvement district.

VIOLATIONS AND LITIGATION

OPPONENTS TO OUR REZONING OF THE PROPERTY COVERED BY THIS PROPERTY REPORT PETITIONED A REFERENDUM BY THE TOWN OF MT. PLEASANT, SOUTH CAROLINA TO RESCIND THE REZONING OF THE SUBDIVISION PROPERTY FOR RESIDENTIAL DEVELOPMENT. WE INSTITUTED A CIVIL ACTION IN THE CHARLESTON COUNTY COURT OF COMMON PLEAS. AFTER A RULING IN OUR FAVOR, THE TOWN OF MT. PLEASANT HAS WITHDRAWN FROM THE ACTION, BUT TWO CITIZENS JOINED IN THE LAWSUIT HAVE APPEALED THE TRIAL COURT'S ORDER. PRESENTLY, WE ARE PROCEEDING WITH DEVELOPMENT LAWFULLY AND PROPERLY UNDER THE EXISTING PD LAW.

RESALE OR EXCHANGE PROGRAM

Restrictions on the use of your lot have been discussed in the section of this Property Report entitled "Restrictions on the Use of Your Lot," above. Those restrictions which might hinder the lot owner in the resale of lots within the subdivision include the architectural approval and control provisions which limit or restrict the placement of signs within the subdivision.

Except in the case of certain exempt transfers, upon the transfer of title to a lot in the subdivision, the Declaration requires the transferring owner to pay a transfer fee to the I'On Trust, a South Carolina nonprofit corporation. Such transfer fee is in the amount of one tenth of one percent (.1%) of the total cost to the purchaser of the lot and any improvements on the lot, as such cost is indicated by the amount of tax imposed by Charleston County, South Carolina on th transfer of title. You are advised to review the provisions of Article X of the Declaration regarding the transfer fee carefully.

We have no program to assist you in the resale of your lot. We do not have any provision to allow you to exchange one lot for another.

EQUAL OPPORTUNITY IN LOT SALES

We are in compliance with Title VIII of the Civil Rights Act of 1968. We will not directly or indirectly discriminate against you on the basis of race, color, religion, sex, or national origin. Furthermore, we will not indicate a preference for or a rejection of any particular group in our advertising, in our rendering of services to lots, in requiring terms and conditions on lot sales and leases, or in any other manner.

LISTING OF LOTS

Below is a listing of the two hundred and forty-four (244) lots currently covered by this Property Report and intended for sale in the subdivision, as indicated on the referenced plats.

| I'ON | |
|---|---|
| PLAT REFERENCE | LOTS NUMBERED |
| Phase 1 (76 lots) | |
| Phase 1A (21 lots) | 11, 14, 15, 16, 18, 25, 27, 28, 37, 42, 44, 47-49, 61, 62, 64, 66-69 |
| Phase 1B (26 lots) | 137-145, 147-151, 154, 155, CM1, CM2, CM4, CM5, CM6, CM7, CM8, CM9, CV-1, CV-2 |
| Phase 1C (29 lots) | 50, 52-58, 70-81, 83-91 |
| Phase 2 (135 lots) | 1-135 |
| Phase 3 (33 lots) | 156-188 |

## COST SHEET, SIGNATURE OF SENIOR EXECUTIVE OFFICER

In addition to the purchase price of your lot, there are other expenditures which must be made. Listed below are the major costs. There may be other fees for use of the recreational facilities. All costs are subject to change.

Sales Price

Cash Price of Lot .....$_____
Finance Charge .....$_____

Total .....$_____

Estimated One-Time Charges

1. Water connection fee .....$ 874.00
2. Sewer connection fee .....$1,340.00
3. Electric connection fee.....$_____
4. Telephone service installation charge .....$_____
5. Design review fees.....$_____
6. Other (identify) .....$_____

Total of estimated sales price and one-time charges.....$_____

Estimated Monthly/Annual charge
(exclusive of utility use fees)

1. Taxes -- Average unimproved lot after sale to purchaser .....$_____
2. Dues and assessments .....$ 400.00

The information contained in this Property Report is an accurate description of our subdivision and development plans.

The I'On Company, L.L.C., a South Carolina limited liability company

By: _____ (SEAL)
Vincent G. Graham
Its: Manager

on company LLC
Subdivision ID
30264

RECEIPT, AGENT CERTIFICATION, AND PURCHASER CANCELLATION PAGE

PURCHASER RECEIPT

*Important -- Read Carefully*

Name of Subdivision: I'ON SUBDIVISION
OILSR Number: 0-07555-46 Date of Report: November 3, 1998

We must give you a copy of this Property Report and give you an opportunity to read it before you sign any contract or agreement. By signing this receipt, you acknowledge that you have received a copy of our Property Report.

Received by: _____ Date: _____
Street Address: _____
City _____ State _____ Zip _____

If any representations are made to you which are contrary to those in the report, please notify:

Office of Interstate Land Sales Registration
HUD Building, 451 Seventh Street, S.W.
Washington, D.C. 20410

AGENT CERTIFICATION

I certify that I have made no representations to the person(s) receiving this Property Report which are contrary to the information contained in this Property Report.

Lot _____ Block _____ Section _____
Name of Salesperson: _____
Signature: _____ Date: _____

PURCHASER CANCELLATION

If you are entitled to cancel your purchase contract and wish to do so, you may cancel by personal notice or in writing. If you cancel in person or by telephone, it is recommended that you immediately confirm the cancellation by certified mail. You may use the form below:

Name of Subdivision: I'On
Date of Contract: _____

This will confirm that I/we wish to cancel our purchase contract.

Purchaser(s) signature: _____ Date: _____

POC
Jo Anne P. ~~Stubblefield~~ Stubblefield
Cont mod. 12/24/07 32

RECEIPT, AGENT CERTIFICATION, AND PURCHASER CANCELLATION PAGE

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Signature: _____ Date: _____

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Name of Subdivision: I'On
Date of Contract: _____

This will confirm that I/we wish to cancel our purchase contract.

Purchaser(s) signature: _____ Date: _____

# READ THIS PROPERTY REPORT BEFORE SIGNING ANYTHING

This report is prepared and issued by the developer of this subdivision. It is NOT prepared or issued by the Federal Government.

Federal law requires that you receive this Report prior to your signing a contract or agreement to buy or lease a lot in this subdivision. However, NO FEDERAL AGENCY HAS JUDGED THE MERITS OR VALUE, IF ANY, OF THIS PROPERTY.

If you received this Report before you signed a contract or agreement, you may cancel your contract or agreement by giving notice to the seller any time before midnight of the seventh (7th) day following the signing of the contract or agreement.

If you did not receive this Report before you signed a contract or agreement, you may cancel the contract or agreement any time within two (2) years from the date of signing.

| | |
|---|---|
| Name of Subdivision: | I'On |
| Names of Developer: | The I'On Company, L.L.C., a South Carolina limited liability company |
| Date of This Report: | April 10, 2000 |

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NOTE: In this Property Report, the words "you" and "your" refer to the buyer. The words "we," "us," and "our" refer to the developer.

## RISKS OF BUYING LAND

The future value of any land is uncertain and dependent upon many factors. DO NOT expect all land to increase in value.

Any value which your lot may have will be affected if the roads, utilities and all proposed improvements are not completed.

Resale of your lot may be difficult or impossible, since you may face the competition of our own sales program, and local real estate brokers may not be interested in listing your lot.

Any subdivision will have an impact on the surrounding environment. Whether or not the impact is adverse and the degree of impact, will depend upon the location, size, planning, and extent of development. Subdivisions which adversely affect the environment may cause governmental agencies to impose restrictions on the use of the land. Changes in plant and animal life, air and water quality, and noise levels may affect your use and enjoyment of your lot and your ability to sell it.

In the purchase of real estate, many technical requirements must be met in order to assure that you receive proper title. Since this purchase involves a major expenditure of money, it is recommended that you seek professional advice before you obligate yourself.

- WARNINGS -

THROUGHOUT THIS PROPERTY REPORT THERE ARE SPECIFIC WARNINGS CONCERNING THE DEVELOPER, THE SUBDIVISION, OR INDIVIDUAL LOTS. BE SURE TO READ ALL WARNINGS CAREFULLY BEFORE SIGNING ANY CONTRACT OR AGREEMENT.

GENERAL INFORMATION

This report covers three hundred and two (302) lots in Charleston County, South Carolina. See page 33 for a listing of these lots. It is estimated that this subdivision will eventually contain approximately seven hundred and ninety-two (792) lots.

The developer of this subdivision is:

The I'On Company, L.L.C., a South Carolina limited liability company

159 Civitas Street

Mt. Pleasant, SC. 29464

(843) 971-1662

Answers to questions and information about this subdivision may be obtained by telephoning the developer at the number listed above.

**A CONDITIONAL PLAT OF THE LOTS IN PHASE 4 OF THE SUBDIVISION HAS NOT YET BEEN APPROVED OR RECORDED, BUT MUST BE APPROVED AND RECORDED PRIOR TO CONVEYANCE OF THOSE LOTS . UNTIL A CONDITIONAL PLAT IS RECORDED FOR SUCH LOTS, THE DESCRIPTION OF SUCH LOTS CONTAINED IN THIS PROPERTY REPORT IS NOT LEGALLY ADEQUATE FOR CONVEYANCE OF SUCH LOTS.**

## TITLE TO THE PROPERTY AND LAND USE

A person with legal title to property generally has the right to own, use, and enjoy the property. A contract to buy a lot may give you possession but does not give you legal title. You will not have legal title until you receive a valid deed. A restriction or an encumbrance on your lot, or on the subdivision, could adversely affect your title.

Here we will discuss the sales contract you will sign and the deed you will receive. We will also provide you with information about any land use restrictions and encumbrances, mortgages, or liens affecting your lot and some important facts about payments, recording, and title insurance.

### METHOD OF SALE

#### Sales Contract and Delivery of Deed

If you decide to purchase a lot, you will sign a sales contract obligating you to pay for the lot entirely in cash (with or without obtaining your own financing) at the closing of the purchase and sale of the lot.

We will deliver a general warranty deed to the property to you within 180 days of execution of a sales contract. You will receive a general warranty deed at the closing of the purchase and sale of the lot.

#### Type of Deed

The transfer of title to all lots will be by a general warranty deed.

### ENCUMBRANCES, MORTGAGES, AND LIENS

All lots described in the listing of lots on page 33 of this Property Report as "Assembly Lots" will be conveyed subject to the following blanket encumbrance.

(1) Declaration of Covenants, Conditions and Restrictions for I'On, recorded in the Office of the Register of Mesne Conveyances, Charleston County, South Carolina, in Book C-297, at Page 282.

All lots described in the listing of lots on page 33 of this Property Report as "Commercial Lots" will be conveyed subject to the following blanket encumbrance:

(2) Declaration of Covenants, Conditions and Restrictions for I'On Square, to be recorded in the Office of the Register of Mesne Conveyances, Charleston County, South Carolina.

The lots in Phase 1 of the subdivision, as described in the listing of lots on page 33 of this Property Report, are also subject to the following blanket encumbrance:

(3) Mortgage from The I'On Company, L.L.C. to Wachovia Mortgage Company, dated August 12, 1997, in the original principal amount of $4,560,000.00, recorded August 12, 1997, in the Office of the Register of Mesne Conveyances, Charleston County, South Carolina, in Mortgage Book J-288 at Pages 611-618, as amended by that instrument recorded January 16, 1998 in Mortgage Book Z-295 at Page 363.

The lots in Phase 3 of the subdivision, as described on page 33 of this Property Report, are subject to the following blanket encumbrance:

(4) Mortgage from The I'On Company, L.L.C. to Wachovia Mortgage Company dated August 3, 1998, in the original principal amount of Nine Hundred and Forty Thousand Dollars ($940,000.00), recorded in the Office of the Register of Mesne Conveyances, Charleston County, South Carolina, in Mortgage Book N308, at Page 293.

The lots in Phase 2 of the subdivision, as described on page 33 of this Property Report, are subject to the following blanket encumbrance:

(5) Mortgage from The I'On Company, L.L.C. to Wachovia Mortgage Company dated March 22, 1999, in the original principal amount of Four Million Five Hundred Eighty Thousand Dollars ($4,580,000.00), recorded in the Office of the Register of Mesne Conveyances, Charleston County, South Carolina, in Mortgage Book F323, at Page 212.

The lots in Phase 4 of the subdivision, as described on page 33 of this Property Report, are subject to the following blanket encumbrance:

(6) Mortgage from The I'On Company, L.L.C. to Wachovia Bank, N.A. dated October 5, 1999, in the original principal amount of Two Million Dollars ($2,000,000.00), recorded in the Office of the Register of Mesne Conveyances, Charleston County, South Carolina, in Mortgage Book 335, at Page 366.

Release Provisions

The Mortgage described in item (3) above contains a provision requiring the lender to release its lien on any lot which is subject to the Mortgage upon receipt of payment of the greater of 61% of the gross sales price of the lot or the release price as stated in a separate I'On Development Loan Release Schedule agreed upon between us and the lender.

The Mortgage described in item (4) above contains a provision requiring the lender to release its lien on any lot which is subject to the Mortgage upon receipt of payment in the amount of Thirty-One Thousand One Hundred and Thirty-Four Dollars ($31,134.00) per lot to be released.

The Mortgage described in item (5) above contains a provision requiring the lender to release its lien on any lot which is subject to the Mortgage upon satisfaction of certain nonmonetary conditions relating to platting, zoning, and easements for development and the lender's receipt of payment in an amount equal to the greater of 76% percent of the net sales proceeds from the sale of the lot or the minimum release price for the lot set forth in Schedule A to such Mortgage.

The Construction Loan Agreement executed in connection with the Mortgage described in item (6) above, the terms of which are incorporated by reference in the Mortgage, contains a provision requiring the lender to release its lien on any lot which is subject to the Mortgage upon the lender's receipt of a release payment in the amount set forth on the release schedule attached to the Mortgage, provided the lender is reimbursed for any costs which it incurs in connection with the release.

The contract for the sale of each lot obligates us to request and obtain a release of such lot from the applicable Mortgages prior to or simultaneous with closing and transfer of title to such lot. Under the terms of each Mortgage, the lender's obligation to release its lien on a lot is conditioned upon there being no default under the terms of the Mortgage or the promissory note and security agreement referenced in the Mortgage at the time such release is requested. Prior to paying the purchase price for your lot at closing, you should confirm that all releases have been obtained.

RECORDING THE CONTRACT AND DEED

Method or Purpose of Recording

Under South Carolina law, recording a sales contract places third parties on notice that the subject property is under contract for sale and may protect you from claims of subsequent purchasers or creditors claiming an interest in the lot. However, South Carolina law does not require that sales contracts be recorded and it is not common practice to do so. The sales contract is not in proper form for recording and will not be recorded. By not recording sales contracts, we avoid creating a defect in title to the lot in the event that the sales contract is terminated and the transaction is not completed for any reason.

UNLESS YOUR CONTRACT OR DEED IS RECORDED, YOU MAY LOSE YOUR LOT THROUGH THE CLAIMS OF SUBSEQUENT PURCHASERS OR SUBSEQUENT CREDITORS OF ANYONE HAVING AN INTEREST IN THE LAND.

The deed to your lot will be recorded. In accordance with the South Carolina Code of Laws (1976), we will deliver the deed for your lot to the Office of the Register of Mesne Conveyances for Charleston County, South Carolina, for recording immediately following the closing. Under South Carolina law, recording a deed protects you from subsequent claims by third parties whose interest arises after the date of recording of the deed.



I'On Defendants 000157

### Title Insurance

You should obtain an attorney's opinion of title or title insurance policy which describes the rights of ownership you are acquiring in the lot you purchase. We recommend that an appropriate professional interpret the policy for you.

## PAYMENTS

### Escrow

Your earnest money deposit will be placed in an escrow account administered by I'On Realty, L.L.C., a South Carolina limited liability company, whose address is 159 Civitas Street, Mt. Pleasant, South Carolina 29464. I'On Realty, L.L.C. is a real estate broker licensed by the State of South Carolina and, as such, is required to comply with state laws and regulations regarding administration of escrow and trust accounts by real estate brokers.

I'On Realty, L.L.C. is a wholly owned subsidiary of The I'On Company, L.L.C. I'On Realty, L.L.C., as a real estate broker entitled to a commission from the sale of a lot, also has an interest in the transaction itself and thus, is not considered independent. You may lose your deposit on your lot if we fail to deliver legal title to you as called for in the contract, because it is not held in an escrow account which fully protects you.

### Prepayment

If the purchase of your lot is financed by an independent financial institution, you will need to review the financing documents to determine whether there is any penalty for prepayment of the financing.

### Default

The contract for sale specifies the rights and remedies which we may seek in the event you fail to make any payment or perform any obligation required by the contract prior to closing. If you default, we will give you written notice of the default and allow you at least 10 days from your receipt of that notice in which to correct the default. If you default in your obligations under the sales contract prior to closing, we may treat the contract as canceled and retain all monies you have paid as liquidated damages.

If you default in the performance of your obligations under the sales contract after the date of closing, we may elect to pursue any and all remedies available to us at law or in equity.

RESTRICTIONS ON THE USE OF YOUR LOT

Restrictive Covenants

Restrictive covenants have been recorded or will be recorded in the Office of the Register of Mesne Conveyances for Charleston County, South Carolina against each lot covered by this Property Report prior to its conveyance. Those lots identified in the listing of lots on page 33 as Assembly Lots will be subject to the restrictive covenants contained in the deed of conveyance and in the Declaration of Covenants, Conditions and Restrictions for I'On ("Assembly Declaration"). I'On Assembly, Inc. ("Assembly"), a mandatory membership property owners association, is charged with administering and enforcing the Assembly Declaration. Each purchaser of an Assembly Lot automatically becomes a member of the Assembly upon taking title to the lot and will remain a member as long as the purchaser owns the lot.

The restrictive covenants contained in the Assembly Declaration are described in the following paragraphs. The discussion only highlights the restrictions contained in the Assembly Declaration and should not be a substitute for your careful study of the document.

The Assembly Lots are subject to architectural controls and design standards. The Assembly Declaration requires, among other things, that a purchaser of a lot secure approval of the I'On Design Committee prior to improving a lot or making any additions or modifications to the exterior of existing improvements. The I'On Design Committee may establish and charge reasonable fees to defray costs of administering applications for approval.

All proposed work on an Assembly Lot must comply with the I'On Code, the document which sets forth the design standards for property in the subdivision, unless the I'On Design Committee has granted a variance in writing. Compliance with the I'On Code is a covenant undertaken by each purchaser of a lot subject to the Assembly Declaration.

In reviewing plans and specifications for proposed work, the I'On Design Committee is guided by the I'On Code, but the I'On Code is not the exclusive basis for its decisions and compliance with the I'On Code does not guarantee approval. The I'On Design Committee may consider any other factors it deems relevant and its decisions may be based on purely aesthetic considerations.

If construction has not commenced on proposed work within six months after the date of approval of any application for such work, the approval is deemed withdrawn. Unless otherwise approved by the I'On Design Committee, all elements of any improvements for which plans are approved must be completed within one year after the date of approval or such shorter period as may be specified in the sales contract for the purchase of the lot.

The Assembly Lots will be conveyed subject to a restriction that they shall not be used for any type of vacation timesharing plan, as defined by Section 27-32-10, *et seq.*, South Carolina Code (1976), without our prior written approval.

The Assembly Lots are also subject to certain use restrictions referred to in the Assembly Declaration as the I'On Rules. The initial I'On Rules are set out in Exhibit D to the Assembly Declaration and include restrictions on parking commercial and residential vehicles, boats and trailers; pets; television antennas, satellite dishes, radio receivers, and similar devices; trash and refuse containers; and signs. Additional restrictions may be established by the Board of Trustees of I'On Assembly, Inc., pursuant to its authority granted in the Assembly Declaration to make and amend reasonable rules and regulations governing use of property, activities and conduct in the subdivision. Such additions and changes to the I'On Rules need not be recorded.

A complete copy of these restrictions is available upon request.

The lots identified in the listing of lots on page 33 as Commercial Lots will be conveyed subject to the Declaration of Covenants, Conditions and Restrictions for I'On Square ("Commercial Declaration"). I'On Square Association, Inc.. ("Association"), a mandatory membership property owners association, is charged with administering and enforcing the Commercial Declaration. Each purchaser of a Commercial Lot automatically becomes a member of the Association upon taking title to the lot and will remain a member as long as the purchaser owns the lot.

The restrictive covenants contained in the Commercial Declaration are described in the following paragraphs. The discussion only highlights the restrictions and should not be a substitute for careful study of the Commercial Declaration, if applicable to the lot you are purchasing.

The Commercial Declaration contains architectural controls and design standards applicable to the Commercial Lots. Among other things, it requires that a purchaser of a lot secure approval prior to improving a lot or making any additions or modifications to the exterior of existing improvements. It authorizes the reviewer to establish and charge reasonable fees to defray costs of administering applications for approval.

All proposed work on a Commercial Lot must comply with architectural guidelines adopted pursuant to the Commercial Declaration, unless the reviewer has granted a variance in writing. Compliance with these standards is a covenant undertaken by each purchaser of a commercial lot. In reviewing plans and specifications for proposed work, the reviewer is guided by the architectural standards, but they are not the exclusive basis for its decisions and compliance with those standards does not guarantee approval. The reviewer may consider any other factors it deems relevant and its decisions may be based on purely aesthetic considerations.

If construction on a Commercial Lot has not commenced on proposed work within one year after the date of approval of any application for such work, the approval is deemed withdrawn. Unless otherwise approved by the reviewer, all elements of any improvements for which plans are approved must be completed within one year after the date of approval or such shorter period as may be specified in the sales contract for the purchase of the lot.

The Commercial Lots will be conveyed subject to a restriction that they shall not be used for any type of vacation timesharing plan, as defined by Section 27-32-10, *et seq.*, South Carolina Code (1976), without our prior written approval.

The Commercial Lots are also subject to certain use restrictions referred to in the Commercial Declaration as the Restrictions and Rules. The initial Restrictions and Rules are set out in Exhibit C to the Commercial Declaration and include restrictions and limitations on residential use, office use and other specific types of uses, as well as restrictions on activities such as parking, outdoor storage of goods, materials, or equipment, and conditions such as antennaes and similar devices; trash and refuse containers; and signs, among other things. The Restrictions and Rules restrict use of the street level of each Commercial Lot to use for operation of a restaurant, retail or neighborhood business whose goods or services are primarily marketed to the general public (i.e., retail consumers as opposed to other businesses, nonprofit organizations, or government agencies. The Board of Directors or members of the Association may establish additional rules and restrictions pursuant to the authority granted in the Commercial Declaration to make and amend reasonable rules and regulations governing use of property, activities and conduct. Such additions and changes to the Restrictions and Rules need not be recorded.

A complete copy of these restrictions is available upon request. As of the effective date of this Statement of Record, the Commercial Declaration has not been recorded, although we intend to record it against each Commercial Lot prior to conveying the Commercial Lot. Unless and until it is recorded against each Commercial Lot, there is no assurance that it will be applied uniformly and it may be difficult to enforce. The Commercial Declaration subject to change by us prior to recording and thereafter in accordance with the amendment provisions set forth in the Commercial Declaration.

Easements

There are easements which may affect your plans for building or using your lot. There are drainage, access and utility easements which affect the lots covered by the Property Report as shown or to be shown on the recorded plats. There are also easements applicable to the Assembly Lots that are described in the Declaration and easements applicable to the Commercial Lots that are described in the Commercial Declaration .

Article V of the Declaration and Article VII of the Commercial Declaration set forth certain easements for access by public safety officers and other public servants in the performance of their duties and easements for encroachments, maintenance, and utilities. The Declaration also provides for the creation of additional easements for conservation, wetlands buffering, landscaping and similar purposes, by other recorded instruments. You are advised to read Article V of the Declaration and Article VII of the Commercial Declaration carefully for an understanding of the nature and scope of these easements.

The lots covered by this Property Report are not subject to any type of flood control or flowage easements.

PLATS, ZONING, SURVEYING, PERMITS AND ENVIRONMENT

Plats

A final plat covering the lots in Phase 1A of the subdivision, as described on page 33 of this Property Report, has been approved by the Town of Mt. Pleasant, South Carolina and recorded in the Office of the Register of Mesne Conveyances of Charleston County, South Carolina in Plat Book EC at Page 631. The descriptions of the lots on such plat are legally adequate for the conveyance of the lots.

Final plats covering the lots in Phase 1B of the subdivision, as described on page 33 of this Property Report, have been approved by the Town of Mt. Pleasant, South Carolina and recorded in the Office of the Register of Mesne Conveyancse of Charleston County, South Carolina in Plat Book EC at Pages 976-977 and in Plat Book ED at Page 228 . The descriptions of the lots on such plats are legally adequate for the conveyance of the lots.

Final plats covering the lots in Phase 1C of the subdivision, as described on page 33 of this Property Report, have been approved by the Town of Mt. Pleasant, South Carolina and recorded in the Office of the Register of Mesne Conveyances of Charleston County, South Carolina in Plat Book ED at Page 225 and in Plat Book ED at Page 227 . The descriptions of the lots on such plats are legally adequate for the conveyance of the lots.

A final plat covering the lots in Phase 3 of the subdivision, as described on page 33 of this Property Report, has been approved by the Town of Mt. Pleasant, South Carolina and recorded in the Office of the Register of Mesne Conveyances of Charleston County, South Carolina in Plat Book ED at Page 328. The descriptions of the lots on such plat are legally adequate for the conveyance of the lots.

A conditional plat covering the lots in Phase 2, Subphases A-E of the subdivision (exclusive of the areas in Subphase 2B labeled "Future Development"), as described on page 33 of this Property Report, has been approved by the Town of Mt. Pleasant, South Carolina and recorded in the Office of the Register of Mesne Conveyances of Charleston County, South Carolina in Plat Book ED at Pages 108-109. The descriptions of the lots on such plat are legally adequate for the conveyance of the lots.

A conditional plat covering the lots in Phase 2, Subphase IIB (Future Development Parcels) and Subphase F, as described on page 33 of this Property Report, has been approved by the Town of Mt. Pleasant, South Carolina and recorded in the Office of the Register of Mesne Conveyances of Charleston County, South Carolina in Plat Book ED at Page 670. The descriptions of the lots on such plat are legally adequate for the conveyance of the lots.

A conditional plats of the lots in Phase 4 of the subdivision has not yet been approved or recorded, but must be approved and recorded prior to conveyance of those lots. Until either a conditional or final plat is recorded for particular lots, the description of the lot contained in this Property Report is not legally adequate for conveyance of such lot.

Zoning

All lots described on page 33 of this Property Report are designated for single-family residential use except those lots identified by the designation "CM" or "CV" before the lot number, which are designated for commercial or civic purposes, respectively. These uses conform to local zoning requirements and the restrictive covenants pertaining to the subdivision.

Surveying

Each lot has been or will be surveyed at our expense and identified on a recorded plat prior to conveyance. Pins will be set on the corners of each lot to physically mark the lot boundaries.

Permits

Before beginning construction on a lot, the purchaser must obtain approval of the plans for the proposed improvements, as discussed under the caption "Restrictive Covenants" above. In addition, the purchaser must obtain a building permit from the Town of Mt. Pleasant, South Carolina before commencing construction. Upon completion of construction, the purchaser must obtain a certificate of occupancy from the Town of Mt. Pleasant before the dwelling or other structure may be occupied. No other governmental permits will be necessary in order to use the lot for such purposes as are permitted by applicable zoning and recorded covenants and restrictions.

Environment

No independent environmental impact study has been required or conducted for the subdivision. Thus, no determination has been made as to all of the possible adverse effects the subdivision may have upon the environment and surrounding area.

In connection with our subdivision approval by the Town of Mt. Pleasant, we prepared an impact assessment which addresses the impact of the subdivision in a number of specific areas, including its impact on the environment. The assessment describes the following plans to mitigate any detrimental effect on the environment.

The subdivision has 2,488 linear feet of frontage along a section of Mathis Ferry Road designated as a South Carolina Scenic Highway in June 1988. In order to maintain and enhance the screening effect of the existing live oak canopy along this highway, we plan to provide a 25 foot wide natural buffer along the entire frontage, work with the South Carolina Department of Transportation and the Town of Mt. Pleasant to replant live oaks where trees have died or been removed, and utilize understated brick columns and minimal signage to designate entryways to the subdivision.

The subdivision currently drains overland to three lakes on the property, a large wetland at the headwaters of Molasses Creek, and the adjacent salt marshes. We plan to make extensive use of the three lakes and the existing freshwater wetlands to limit storm water runoff to pre-



I'On Defendants 000163

development rates and contain non-point runoff from entering the salt marsh. An extensive park system planned along the highlands above the marshes and waters of Hobcaw Creek, together with other management practices, will serve a dual purpose of providing storm water control and serving as an amenity for residents.

The subdivision has over 2 miles of marsh and deep water frontage along Hobcaw Creek and 1.46 miles of frontage along the lakes mentioned above. The U. S. Army Corps of Engineers has delineated and approved the critical line along the marshes and waters of Hobcaw Creek and the freshwater wetlands within the subdivision. Rather than subdividing this premium frontage into lots, over 75% of the marsh, water frontage and lake frontage is planned as parks. One of the three lakes will be preserved as a wildlife sanctuary.

## ROADS

Here we discuss the roads which lead to the subdivision, the roads within the subdivision, and the location of nearby communities.

### ACCESS TO THE SUBDIVISION

Access to the subdivision is provided on a year-round basis by a public road designated as Mathis Ferry Road. Mathis Ferry Road is a two-lane, asphalt surface road. The width of the wearing surface is 24 feet.

The South Carolina Department of Transportation is responsible for improving and maintaining Mathis Ferry Road. You will not be responsible for any costs associated with maintaining this road (except to the extent that the taxes you pay are used to fund road maintenance and improvements). No improvements to the road are contemplated at the present time.

### ACCESS WITHIN THE SUBDIVISION

Legal and physical access by conventional automobile to the lots within the subdivision is, or will be, provided on a year-round basis by public, two-lane roads with a wearing surface ranging from 17 to 30 feet, as shown in The I'On Code (a part of the zoning ordinance approving the development plan for the subdivision) and on the recorded plats of the subdivision. The surface of the roads will be predominantly asphalt, although there may be narrow strips of cobblestone, brick or granite pavers used for special purposes or effects at various points. In addition, many of the lots will be served by alleys or "service lanes" permitting vehicular access to the rear of the lot. Such service lanes have or will have a wearing surface which is approximately 9 feet in width and comprised of asphalt, a pervious paving material such as crusher run, or a combination thereof.

We are responsible for constructing the roads within the subdivision and will dedicate each road or portion thereof shown on a recorded final plat to the Town of Mt. Pleasant upon recording of the final plat. We will retain maintenance responsibility for the roads for approximately two years after completion of the roads, except that the I'On Assembly, Inc. or the I'On Square Association, Inc. will be responsible for maintenance of any cobblestone, granite or brick pavers within the public roads. The I'On Assembly, Inc. will also be responsible for maintaining the service lanes providing access to the rear of Assembly Lots within the subdivision. The I'On Square Association, Inc. will be responsible for maintaining the service lanes, if any, providing access to the rear of the Commercial Lots.

You will not be responsible for any costs associated with construction or maintenance of the public roads, except to the extent that the property taxes you pay to the Town of Mt. Pleasant are used to fund road maintenance and improvements and except to the extent that the

assessments you pay to the I'On Assembly, Inc. or the I'On Square Association, Inc., are used to maintain the cobblestone, granite or brick pavers within the public roads. You will not be responsible for any costs associated with construction of the service lanes, but will pay assessments to the I'On Assembly, Inc. or the I'On Square Association, Inc. for your pro rata share of the costs of maintaining the service lanes.

The roads in Phases 1, 2 and 3 of the subdivision are complete. Prior to the conveyance of a lot inPhase 4, we will be required to post a bond with the Town of Mt. Pleasant to provide financial assurances for completion of any incomplete roads within such phase.

The estimated completion dates for the construction of roads within the subdivision are as follows:

| Phase | Estimated Starting Date | % of Construction Now Complete | Estimated Completion Date | Present Surface | Final Surface |
|---|---|---|---|---|---|
| 1 | 8/1997 | 100% | N/A | Asphalt | Asphalt |
| 2 | 3/1999 | 100% | N/A | Asphalt | Asphalt |
| 3 | 10/1998 | 100% | N/A | Asphalt | Asphalt |
| 4 | 12/1999 | 10% | 8/2000 | Dirt | Asphalt |
| | | | | | |
| | | | | | |
| | | | | | |

The table below identifies the distance (in miles) from the subdivision to nearby communities.

| Community Name | Population | Distance over Paved Roads | Distance Over Unpaved Roads | Total Miles |
|---|---|---|---|---|
| Charleston (County Seat) | 76,854 | 5 miles | 0 miles | 5 miles |
| Sullivan's Island | 1,339 | 5 miles | 0 miles | 5 miles |
| Mt. Pleasant | 38,056 | 0 miles | 0 miles | 0 miles |

## UTILITIES

Here we will discuss the availability and costs of basic utilities. The areas covered will be water, central sewer, septic tank system, electricity, telephone, and fuel or other energy sources.

### WATER

Water is or will be supplied to the lots within the subdivision by a central water distribution system which is presently owned and operated by Mount Pleasant Waterworks, P.O. Box 330, 1619 Rifle Range Road, Mt. Pleasant, South Carolina 29464.

Water mains are or will be extended in front of or adjacent to each lot.

The following chart indicates the current status of the construction of the central water distribution system for each existing phase of the subdivision:

WATER

| Phase | Estimated Starting Date (Month & Year) | Percentage of Construction Now Complete | Estimated Service Availability Date (Month & Year) |
|---|---|---|---|
| 1 | 8/1997 | 100% | Now Available |
| 2 | 7/1999 | 100% | Now Available |
| 3 | 10/1998 | 100% | Now Available |
| 4 | 6/2000 | 0% | 8/2000 |
| | | | |
| | | | |
| | | | |

Mt. Pleasant Waterworks, which is a division of the Town of Mt. Pleasant government (or whose operations are regulated by the Town of Mt. Pleasant), has indicated that the central water supply system has a present capacity of 3.2 million gallons per day, 300 gallons per connection and that this is sufficient to serve the anticipated population of the subdivision.

THERE HAVE BEEN NO HYDROLOGICAL SURVEYS CONDUCTED TO CONFIRM THAT A SUFFICIENT WATER SUPPLY IS AVAILABLE TO SERVE THE SUBDIVISION.

Mt. Pleasant Waterworks has represented that the water available for the subdivision is tested for purity and content on a regular basis and meets all standards for a public water supply.

The timetable for extension of the central water system is based upon our plans and projections for an orderly expansion of the subdivision over a 7 to 8 year period and the seasons during which construction is feasible.

We are responsible for the construction of the water mains and distribution system to serve the subdivision and all costs associated with such construction. Construction of the water mains and distribution system to serve the lots within Phases 1, 2 and 3 of the subdivision is complete. Prior to the conveyance of a lot in Phase 4 or any subsequent phase of the subdivision, we will be required to post a bond with the Town of Mt. Pleasant to provide financial assurances for completion of the water mains and distribution system to serve lots in such phase, if not then completed.

All permits have been obtained from the proper agencies for the construction, use, and operation of the water mains and distribution system to serve the lots covered in this Property Report.

In addition to user fees, each purchaser will be responsible for paying a one-time connection fee to connect the building on the lot to the central water system. Currently the cost to the purchaser per connection is $874. You must pay this connection fee prior to obtaining a building permit. This amount is subject to change by the owner of the water system.

You will also be responsible for the construction of service lines to any improvements you build on your lot, plus the cost of water meters, cut-off valves, or other equipment which may be related to your water connection. The amount of these additional charges will vary depending upon the location of your lot and the location of the improvements on your lot.

There is no charge to you for construction costs, availability fees, special assessments, or deposits for the central water system.

Individual water systems, such as a private well, are not permitted on any lot. Connection to the central system is mandatory for all lots in the subdivision.

SEWER

The subdivision will be served by a central sewer system. We are responsible for constructing the sewer mains, lift station and force main to permit the lots in the subdivision to connect to the central treatment plant. Sewer mains will be installed in front of, or adjacent to, each of the lots in the subdivision.

Construction of the sewer system improvements within the subdivision has begun and is completed to the lots in Phases 1, 2 and 3, which is approximately 83% of the lots covered in this Property Report. Installation of a force main and pump station to allow for expansion of the sewer system to other phases of the subdivision is complete. We estimate that service will be completed to all lots in the subdivision in stages over the next seven to eight years. The

following chart indicates the estimated timetable for construction and service availability for each existing phase of the subdivision:

SEWER

| Phase | Estimated Starting Date (Month/Year) | % of Construction Now Complete | Estimated Service Availability Date (Month/Year) |
|---|---|---|---|
| 1 | 8/1997 | 100% | Now Available |
| 2 | 6/1999 | 100% | Now Available |
| 3 | 10/1998 | 100% | Now Available |
| 4 | 2/2000 | 70% | 7/2000 |
| | | | |
| | | | |
| | | | |

The central sewer system will be owned and operated by Mount Pleasant Waterworks, P.O. Box 330, 1619 Rifle Range Road, Mt. Pleasant, South Carolina 29464, (843) 884-9626. Mt. Pleasant Waterworks is a division of (or regulated and supervised by) the Town of Mt. Pleasant, South Carolina.

We have obtained the necessary permits for the construction of the central sewer system to serve the subdivision.

THE CENTRAL SEWER SYSTEM IS STILL UNDER CONSTRUCTION AND NOT PRESENTLY ABLE TO SERVE ALL LOTS BECAUSE SEWER MAINS HAVE NOT YET BEEN EXTENDED TO ALL LOTS. THE SEWER SYSTEM IS PRESENTLY COMPLETED TO SERVE APPROXIMATELY 307 LOTS.

Mt. Pleasant Waterworks has indicated that the sewage treatment facility is complete and has sufficient capacity to service all of the lots within the subdivision.

In addition to user fees, purchasers will be required to pay a one time connection fee to connect the structure on their lot to the central sewer system. The connection fee currently is $1,340. You must pay this connection fee prior to obtaining a building permit. This amount is subject to change by the owner of the central sewer system.

There is no charge to you for construction costs, availability fees, special assessments, or deposits for the central sewer system.

Individual sewage treatment systems, such as septic tanks, are not permitted on any lot. Connection to the central system is mandatory for all lots in the subdivision.

We are responsible for the construction of the sewer system improvements to serve the subdivision and all costs associated with such construction.Construction of such improvements is complete to serve the lots in Phases 1, 2 and 3 of the subdivision. Prior to the conveyance of a lot in Phase 4 or any subsequent phase of the subdivision, we will be required to post a bond with the Town of Mt. Pleasant to provide financial assurances for completion of any incomplete sewer system improvements to serve lots in such phase.

ELECTRICITY

Electricity is or will be provided by South Carolina Electric and Gas, a publicly regulated utility operating under the rules of the Public Service Commission of South Carolina. The primary electrical service lines will be extended in front of or adjacent to each lot.

Electrical service lines have not yet been extended to all lots in the subdivision. South Carolina Electric and Gas is responsible for installation of electrical service lines. Installation has begun and is expected to be completed in stages over the next 8 years.

The following chart sets forth the estimated starting dates and estimated service availability dates for each existing phase of the subdivision.

ELECTRIC SERVICE

| Phase | Estimated Starting Date (Month & Year) | % of Construction Now Complete | Estimated Service Availability Date (Month & Year) |
|---|---|---|---|
| 1 | 8/1997 | 100% | Now Available |
| 2 | 1/1999 | 60% | 7/2000 |
| 3 | 10/1998 | 100% | Now Available |
| 4 | 6/2000 | 0% | 7/2000 |
| | | | |
| | | | |
| | | | |

You will not be responsible for any construction costs associated with extending the primary electrical service lines to the service point in front of or adjacent to your lot. You will be responsible for installing electrical lines within your lot boundaries and structures on your lot. At present, South Carolina Electric and Gas does not charge for such installation, but it may impose charges for installation in the future.

TELEPHONE

Telephone service will be available from BellSouth to serve each lot in the subdivision. Telephone service lines have been or will be extended in front of or adjacent to each lot.

Telephone service lines have not yet been extended to all lots in the subdivision. BellSouth is responsible for installation of telephone service lines. Installation has begun and is expected to be completed in stages over the next 5 years. The following chart sets forth the estimated starting dates and estimated service availability dates for each existing phase of the subdivision.

TELEPHONE

| Phase | Estimated Starting Date (Month & Year) | % of Construction Now Complete | Estimated Service Availability Date (Month & Year) |
|---|---|---|---|
| 1 | 8/97 | 100% | Now Available |
| 2 | 10/98 | 40% | 5/2000 |
| 3 | 10/98 | 100% | Now Available |
| 4 | 7/99 | 0% | 9/2000 |
| | | | |
| | | | |
| | | | |

You will not be responsible for any construction costs associated with extending the telephone service lines to the service point in front of or adjacent to your lot. You will be responsible for the cost of installing service lines within your lot boundaries and structures on your lot. At present, BellSouth does not charge for such installation, but it may impose charges for such installation in the future.

FUEL OR OTHER ENERGY SOURCE

Natural gas service is not available to serve the subdivision at this time and we are not aware of any plans to extend natural gas service to the subdivision.

## FINANCIAL INFORMATION

A copy of our audited financial statement for the period ending December 31, 1998, along with an interim unaudited statement as of November 30, 1999, is available from us upon request.

## LOCAL SERVICES

In this topic, we will discuss the availability of fire and police protection and the location of schools, medical care, shopping facilities, mail services and public transportation.

### FIRE PROTECTION

Mt. Pleasant Fire Department provides fire protection services to the subdivision on a year round basis from a station located approximately 0.5 mile from the subdivision. Fire hydrants will be installed throughout the subdivision so that there is a fire hydrant within 300 feet of the front corner of each lot.

Statewide standards for water pressure (measured in gallons per minute) call for a minimum of 500 gpm. However, as part of an effort to preserve Mount Pleasant's high ISO rating, the Mount Pleasant Fire Department has imposed a minimum requirement for properties in Mount Pleasant of 1000 gpm. For structures with over 3000 square feet of floor area, the minimum required water pressure is determined by a formula. If the closest fire hydrant cannot reach those flow minimums for the structures on your lot, you must install a sprinkler system. We anticipate that most structures with more than 3000 square feet of floor area built on lots in Phase 2 in the area from around East Shipyard Road north to Hobcaw Creek will need sprinkler systems.

### POLICE PROTECTION

Mt. Pleasant Police Department provides police protection services to the subdivision. The Police Department is located 0.5 mile from the subdivision.

### SCHOOLS

James B. Edwards Elementary School, a public elementary school, is located 1.5 miles from the subdivision. Moultrie Middle School, a public intermediate school, is 2.3 miles from the subdivision. Wando High School, a public high school, is located 2 miles from the subdivision. School bus transportation will be available from within the subdivision to each of these schools.

### HOSPITAL

The nearest available hospital is East Cooper Regional Hospital, located at 1200 Johnnie Dodds Boulevard, Mt. Pleasant, South Carolina 29464, approximately 1.2 miles from the subdivision.

Ambulance service is available through Charleston County Emergency Medical Service.



I'On Defendants 000173

PHYSICIANS AND DENTISTS

The nearest physician's office is located at 900 Bowman Road, Mt. Pleasant, South Carolina, one mile from the subdivision, and the nearest dentist's office is located at 815 Lowcountry Boulevard, Mt. Pleasant, South Carolina, 0.1 mile from the subdivision.

SHOPPING FACILITIES

Shopping facilities are available in Mt. Pleasant, 0.6 mile from the subdivision.

MAIL SERVICE

The United States Postal Service provides mail service to the subdivision. Mail delivery may be provided to a central location or locations within the subdivision, rather than to individual lots.

PUBLIC TRANSPORTATION

There is no public ground transportation within the subdivision and no public ground transportation to nearby towns. The closest bus stop is located on Houston Northcutt Boulevard, approximately 3/4 of a mile from the main entrance to the subdivision.

RECREATIONAL FACILITIES

| Facility | % of Construction Now Complete | Estimated Date of Start of Construction (Month/Year) | Estimated Date Available for Use (Month/Year) | Financial Assurance of Completion | Buyer's Annual Cost or Assessments |
|---|---|---|---|---|---|
| **PHASE 1** | | | | | |
| Eastlake Park and lake | 100% | 9/1997 | Now Available | None | Part of annual assessment |
| Eastlake Boathouse | 100% | 4/1998 | Now Available | None | Part of annual assessment |
| Canals | 100% | 11/1997 | Now Available | None | Part of annual assessment |
| Sidewalks, paths and trails | 95% | 4/1998 | 4/2000 | None | Part of annual assessment |
| Parks and Open Space | 95% | 4/1998 | 4/2000 | None | Part of annual assessment |
| **PHASE 2** | | | | | |
| Marshwalk (park) | 50% | 2/2000 | 6/2000 | None | Part of annual assessment |
| Community Docks | 50% | 1/2000 | 9/2000 | None | Part of annual assessment |
| Sidewalks, paths and trails | 100% | 8/1999 | Now Available | None | Part of annual assessment |
| Parks and Open Space | 70% | 2/2000 | /7/2000 | None | Part of annual assessment |

| | | | | | |
|---|---|---|---|---|---|
| **PHASE 3** | | | | | |
| Sidewalks | 100% | 2/2000 | Now available | None | Part of property taxes paid to Town of Mt. Pleasant |

Constructing the Facilities

We are responsible for construction of all of the recreational facilities described in the chart above. You will not be required to pay any costs of constructing these facilities.

Maintaining the Facilities

I'On Assembly, Inc. will be responsible for operation and maintenance of the recreational facilities described in the chart above, except as follows. Sidewalks will be maintained by the Town of Mt. Pleasant. The community dock will be owned, operated and maintained by I'On Club, L.L.C., subject to an easement for use and access by members of I'On Assembly, Inc. as set forth in a recorded easement agreement between I'On Assembly, Inc. and I'On Club, L.L.C. Such easement agreement obligates the Assembly to pay a share of the costs of maintaining and operating the community dock, as well as any adjacent boat ramp and parking area made available for use by members of I'On Assembly, Inc.

The annual cost to the owners of Assembly Lots to maintain, operate and insure the recreational facilities is or will be incorporated in the annual assessment which each such owner pays to I'On Assembly, Inc. Current owners association annual assessments are $400 per lot per year, but are subject to change as provided in the Declaration. Owners of Commercial Lots will have no right to use the recreational facilities owned by I'On Assembly, Inc. or I'On Club, L.L.C., and thus, will not be subject to assessment by I'On Assembly, Inc. for the costs associated with those recreational facilities.

Transfer of the Facilities

The recreational facilities listed in the chart above, other than the sidewalks and community dock, shall, upon completion of construction, be conveyed to I'On Assembly, Inc. by quitclaim deed free and clear of all monetary liens and encumbrances at no cost to I'On Assembly, Inc. or its members. Upon conveyance of these facilities to the I'On Assembly, Inc., it shall assume full responsibility for the costs of ownership, operation, and maintenance of the facilities conveyed to it. Such costs will increase the responsibilities of the I'On Assembly, Inc. and its board of trustees and could result in an increase in future assessments or special assessments payable to the I'On Assembly, Inc. by owners of Assembly Lots.

Who May Use the Facilities

The recreational facilities listed in the chart above will be available for use by owners and occupants of the Assembly Lots and other members of the I'On Assembly, Inc., including the developer, and their respective guests. In addition, the community dock, the Eastlake lake and boathouse, and certain parks will be available for use by such club members and others (which may include members of the general public) as I'On Club, L.L.C. may designate from time to time pursuant to the easement agreement referenced above. The recreational facilities are not available for use by owners or occupants of the Commercial Lots except to the extent that I'On Club, L.L.C. may authorize such use.

There may be additional recreational facilities in the subdivision which are not listed in the above chart and which will be privately owned and operated by a person or entity other than the I'On Assembly, Inc. The operation and use of, and access to, such facilities is not guaranteed and is subject to such terms and conditions and payment of such fees as the owner and operator of such facilities may establish from time to time. Any or all of such additional facilities may be operated as a private club for members and their guests. Membership in any such club may be subject to application, approval and availability, and payment of such initiation fees, dues and other charges as the owner/operator of the facility may establish and change in its sole discretion.

VARIOUS RECREATIONAL FACILITIES IN THE SUBDIVISION MAY BE OWNED AND OPERATED BY PERSONS OTHER THAN THE I'ON ASSEMBLY, INC. ANY OR ALL OF SUCH FACILITIES MAY BE OPERATED AS A PRIVATE CLUB FOR MEMBERS AND THEIR GUESTS. THERE IS NO ASSURANCE THAT YOU WILL BE ACCEPTED FOR MEMBERSHIP IN ANY SUCH PRIVATE CLUB IF YOU APPLY. IF ACCEPTED, THE COSTS OF SUCH A MEMBERSHIP MAY BE SUBSTANTIAL AND ARE IN ADDITION TO THE PURCHASE PRICE OF YOUR LOT. NO REFUND OF THE PURCHASE PRICE OF YOUR LOT WILL BE MADE IF YOU CANNOT OBTAIN A MEMBERSHIP. SINCE THE VALUE OF YOUR LOT MAY BE ADVERSELY AFFECTED BY YOUR INABILITY OR FAILURE TO OBTAIN A MEMBERSHIP, YOU SHOULD CAREFULLY CONSIDER YOUR PURCHASE OF A LOT IF IT IS BASED UPON YOUR PRESUMED ABILITY TO OBTAIN A MEMBERSHIP IN ANY PRIVATE CLUB AND TO USE ITS RECREATIONAL FACILITIES.

## SUBDIVISION CHARACTERISTICS AND CLIMATE

In this section, we will discuss the basic terrain of the subdivision, the climate of the region, and any nuisances or hazards affecting the subdivision.

### GENERAL TOPOGRAPHY

The general topography of the land in the subdivision is coastal lowcountry. The elevation of the subdivision ranges between 7 to 25 feet above sea level with an average elevation of 19 feet above sea level. The major physical characteristics of the land in the subdivision include primarily fine loamy sands with excellent permeability. There are over two miles of marsh frontage and 300 feet of deep water frontage along Hobcaw Creek, and three existing man-made lakes covering approximately 24.6 acres. The headwaters of Molasses Creek and tributaries of Hobcaw Creek originate within the subdivision and traverse the property. Approximately 9% of the land within the subdivision is planned to be maintained as natural open space and 10% is planned to be developed parkland.

We are not aware of any steep slopes, rock outcroppings, unstable or expansive soil conditions, or other conditions which would necessitate the use of special construction techniques to build on or use any lot listed in this Property Report.

### WATER COVERAGE

There are no lots or portions of lots listed in this Property Report that are covered by water at any time.

### DRAINAGE AND FILL

Before a building can be constructed on a lot in the subdivision, it will be necessary to strip the organic topsoil from that portion of the lot lying within the building footprint and replace it with structural fill in accordance with standard construction practices. We are not aware of any lots listed in this Property Report which will require draining or significant fill prior to being used for the purpose for which they are sold. If any lots should require draining or anything more than standard structural fill prior to being used for building construction, we will be responsible for taking any corrective action that may be required.

### FLOOD PLAIN

All or portions of Lots CM-9, 137 and 138 of Phase 1 are within a designated flood zone. In addition, Phase 2 of the subdivision adjoins a tidal marsh and Lots 270-276, 278-284, 294-297, 253-259, and CV-6, and Lots 192-194, 195A, 195B, 195C and 195D of Phase 2 are in a designated A7 flood zone. All or portions of Lots 156-170 of Phase 3 are in a designated A7

flood zone. All or portions of Lots 327-329, 331-341, 351-353 and CV-7 of Phase 4 are in a designated A7 flood zone. Flood insurance is available and will be required in connection with financing of improvements to these lots should the structure(s) planned for the lots lie within the portion of the lot within the A7 flood zone. The estimated cost of flood insurance on these lots is $395 per year for a $250,000 home with $50,000 coverage for contents and a $500 deductible.

FLOODING AND SOIL EROSION

We have developed and are in the process of implementing a program which provides, or will provide, controls for soil erosion, sedimentation and storm water for the subdivision. The program includes seeding or silt fencing all exposed areas in accordance with the guidelines of the Department of Health and Environmental Control (DHEC) and the Office of Ocean and Coastal Resource Management (OCRM). The program has been reviewed and approved by all appropriate federal, state and Town of Mt. Pleasant regulatory agencies.

Implementation of the program began in August 1997 when initial soil disturbance permits were issued and is expected to be completed by June 2000 for the lots covered in this Property Report. We are obligated to comply with the program. Satisfactory completion of environmental controls is a pre-requisite to approval of a final subdivision plat for each sub-phase of the subdivision.

Prior to recording a conditional plat for any sub-phase of development, we are required to provide financial assurances to the Town of Mt. Pleasant for completion of infrastructure to serve that sub-phase. Environmental controls are an essential component of the infrastructure covered by those financial assurances. At this time, all infrastructure, including environmental controls, has been completed and final plats have superseded the conditional plats in all of Phases 1 and 3. We have obtained conditional approval of the plats for Phase 2, Subphases A-E (consisting of 80 lots), Subphase IIB Future Development Parcels (consisting of 13 lots) and Subphase IIF (consisting of 19 lots) and we have posted a letter of credit from Wachovia National Bank in an amount equal to one and one-half times our engineer's estimate of work to be complete within each of those sub-phases. No plat has been recorded yet for Phase 4. A letter of credit will be posted to assure completion of infrastructure, including environmental controls, in that phase prior to recording the conditional plat for that phase.

NUISANCES

There are no known land uses or nuisances which may adversely affect the subdivision.

HAZARDS

We are not aware of any unusual safety factors which affect the subdivision, nor are we aware of any proposed plans for construction which may create a nuisance or safety hazard or adversely affect the subdivision.



I'On Defendants 000179

Due to its proximity to the Atlantic Ocean, the subdivision is subject to the effects of hurricanes. It has been formally identified by the Federal Emergency Management Agency as an area subject to the frequent occurrence of natural hazards, including earthquakes.

The Town of Mt. Pleasant has a rating system for fire hazard based on equipment, response time, and general effectiveness. The subdivision has a fire rating of 3 on a scale of 1 to 9 (1 being highest).

CLIMATE

The average temperature ranges for the area in which the subdivision is located are as follows:

| | Summer (June-August) | Winter (November-March) |
|---|---|---|
| High | 90.2° | 57.8° |
| Mean | 81.5° | 47.8° |
| Low | 72.7° | 37.7° |

The average annual rainfall is 51.53 inches and the average annual snowfall is approximately 0 inches.

OCCUPANCY

Seventy-two homes in the subdivision are occupied on a full- or part-time basis as of the date of this Property Report.



l'On Defendants 000180

## ADDITIONAL INFORMATION

In this section, we will discuss the property owners association, your liability for real estate taxes and assessments levied against subdivision lots, matters pertaining to the resale of the lots, equal opportunity in lot sales and the listing of lots within the subdivision.

### PROPERTY OWNERS ASSOCIATION

I'On Assembly, Inc. ("Assembly"), is the property owners association for those lots within the subdivision which are described as Assembly Lots in the listing of lots on page 33 of this Property Report. The Assembly was formed as a South Carolina nonprofit corporation on June 4, 1998 and has been operational since that date. The incorporator was Vincent G. Graham, 516 Mathis Ferry Road, Mt. Pleasant, South Carolina 29464.

The developer holds a Founder membership in the Assembly until all lots planned for the subdivision have been conveyed to purchasers other than builders or February 9, 2018, whichever is later. As the Founder member, we have the right to exercise control over the Assembly by appointing, removing and replacing a majority of the members of the Assembly's governing board ("Board of Trustees") until the earlier of (i) the date as of which 75% of the total acreage of the property planned for inclusion in the subdivision has been conveyed to persons other than builders, or (ii) February 9, 2018, unless we voluntarily choose to relinquish such right earlier.

Actions which require a vote of the membership generally require approval of a specified percentage of the property owners and the consent of the Founder. In addition, as long as the Founder membership exists, we have the specific right to disapprove any action, policy or program of the Assembly, the Board of Trustees or any committee which we believe would tend to impair our rights or the rights of builders under the Assembly Declaration or the Assembly's bylaws, or interfere with development or construction, or diminish the level of services being provided by the Assembly.

Membership in the Assembly is mandatory for every owner of an Assembly Lot. If title to a lot is held in joint names, all owners of such lot share privileges and responsibilities of such membership.

Each owner of an Assembly Lot is required to pay assessments to the Assembly. The annual General Assessment is currently $400 per lot. General Assessments cover the Assembly's annual operating costs. General Assessments may be adjusted each fiscal year by the Board of Trustees, subject to procedures set forth in the Declaration. The Board of Trustees may revise the budget and General Assessment from time to time and may retroactively budget and assess for any expenses incurred or shortfalls experienced by the Assembly. The Assembly may also levy Specific Area Assessments against the lots for costs of benefits or services which the Assembly might provide only within a specified area of the subdivision. The Assembly may also

levy assessments against the lot of an owner or resident who violates provisions of the Assembly Declaration or other governing documents.

The Assembly is responsible for management, operation and maintenance of the common properties; administering and enforcing the Assembly Declaration, the architectural standards known as the I'On Code, and the I'On Rules; making and amending the I'On Rules in accordance with the Assembly Declaration, and making or contracting for repairs, additions, and improvements to the common properties. It is also authorized, but not obligated, to contract for or provide services and facilities for the benefit of property owners and their lots, which might include such things as cable television service, security services, and landscape maintenance services, among other things.

In order to carry out these functions, the Assembly is authorized to adopt budgets and levy assessments against the property owners and their lots; open bank accounts, deposit funds received on behalf of the Assembly into such accounts, and use such funds to operate the Assembly; contract for insurance coverage for the Assembly; hire, compensate and fire personnel; purchase equipment, supplies and materials to be used by such personnel; and take specific enforcement action, including assessing monetary fines, suspending the right to vote and to use common properties; suspending services, exercising self-help, and bringing suit in court to enforce the governing documents. The Assembly has a duty to maintain books and records and to make them available to the members and their mortgagees.

Architectural control over the lots in the subdivision is exercised by the I'On Design Committee. We will appoint the members of the Design Committee as long as we own any property planned for inclusion in the subdivision. Thereafter, the Assembly's Board of Trustees will appoint the members of the Design Committee. The Assembly is authorized to enforce the architectural control provisions of the Assembly Declaration and the decisions of the I'On Design Committee.

There are no functions or services which we currently provide at no charge for which the Assembly may be required to assume responsibility in the future.

We believe the current level of assessments will be adequate, with appropriate adjustments for inflation and increases in the cost of living, for the Assembly to meet its present and planned financial obligations, including operating costs, maintenance and repair costs, and reserves for replacements. If the current level of assessments is not adequate to meet those obligations, it may be necessary for the Assembly to increase the assessments to be paid by property owners.

I'On Square Association, Inc. ("Association") is or will be the property owners association for the lots described as Commercial Lots in the listing of lots on page 33 of this Property Report. We will incorporate the Association as a South Carolina nonprofit corporation before we transfer title to any Commercial Lot.

We will have the right to appoint a majority of the members of the Association's board of

directors until we have conveyed 75% of the total acreage of the property described in Exhibits "A" and "B" to the Commercial Declaration to persons other than our affiliates, or 20 years after the date on which the Declaration is recorded in the public records, whichever is earlier.

There are two classes of membership in the Association: Class A and Class B. All owners of Commercial Lots are Class A Members. We are the only Class B Member. Actions which require a vote of the membership generally require approval of a specified percentage of the Class A votes and our consent, as long as our Class B Membership exists. In addition, as long as the Class B membership exists, we have the specific right to disapprove any action, policy or program of the Assembly, the Board of Directors or any committee which we believe would tend to impair our rights or the rights of developers under the Commercial Declaration or the Association's bylaws, or interfere with development or construction, or diminish the level of services being provided by the Association. The Class B membership will terminate two years after expiration of our right to control the board of directors.

Membership in the Association is mandatory for all owners of Commercial Lots. Each owner of a Commercial Lot is obligated to pay assessments to the Association for a share of the common expenses of the Association, calculated in accordance with a formula set forth on Exhibit D to the Commercial Declaration. Assessments will vary from lot to lot based on the "Maximum Floor Area" allocated to the lot pursuant to the Commercial Declaration. Base Assessments for general common expenses are currently projected to be in the range of fifty cents (50¢) per square foot of Maximum Floor Area allocated to the lot, but are subject to increase by the board of directors from time to time in accordance with the procedures set forth in the Commercial Declaration. The Association may also levy special assessments to cover unbudgeted expenses, as well as specific assessments against the lot of an owner or occupant who violates provisions of the Commercial Declaration or other governing documents.

The Association performs much the same functions and has substantially the same powers with respect to the property subject to the Commercial Declaration as the Assembly performs with respect to the property subject to its Declaration, as described above.

We will exercise architectural control over the Commercial Lots during the development period and then will transfer responsibility for architectural control to an architectural control committee appointed by the Association's board of directors.

There are no functions or services that we currently provide at no charge for which the Association may be required to assume responsibility in the future.

We believe the projected level of assessments will be adequate, with appropriate adjustments for inflation and increases in the cost of living, for the Association to meet its present and planned financial obligations, including operating costs, maintenance and repair costs, and reserves for replacements. If the current level of assessments is not adequate to meet those obligations, it may be necessary for the Assembly to increase the assessments to be paid by the owners of Commercial Lots.

TAXES

You will be obligated to pay real property taxes on the lot after title to the lot is transferred to you. Real property taxes on the lot will be assessed by and paid to the Town of Mt. Pleasant and Charleston County, South Carolina. For the 2000 tax year, real property taxes on property in the subdivision are assessed at a rate of $254.60 per $1,000 in assessed value of each residential lot and all structures located on the lot. The assessed value of a residential lot is currently 4% of the appraised value if the owner is a resident of Charleston County and 6% of the appraised value if the owner is not a resident of Charleston County. The assessed value of a commercial lot is currently 6% of the appraised value.

There are currently no special taxes or tax assessments which affect the subdivision. The subdivision is not currently part of a special improvement district.

RESALE OR EXCHANGE PROGRAM

Restrictions on the use of your lot have been discussed in the section of this Property Report entitled "Restrictions on the Use of Your Lot," above. Those restrictions which might hinder the lot owner in the resale of lots within the subdivision include the architectural approval and control provisions which limit or restrict the placement of signs within the subdivision and restrictions on use of Commercial Lots which may limit the number and types of resale buyers who would be interested in purchasing the lot.

Except in the case of certain exempt transfers, upon the transfer of title to a lot in the subdivision, the applicable Declaration requires the transferring owner to pay a transfer fee to the I'On Trust, a South Carolina nonprofit corporation. Such transfer fee is in the amount of one tenth of one percent (.1%) of the total cost to the purchaser of the lot and any improvements on the lot, as such cost is indicated by the amount of tax imposed by Charleston County, South Carolina on the transfer of title. You are advised to review the provisions of Article X of the Declaration regarding the transfer fee carefully before making a decision to purchase a lot.

We have no program to assist you in the resale of your lot. We do not have any provision to allow you to exchange one lot for another.

EQUAL OPPORTUNITY IN LOT SALES

We are in compliance with Title VIII of the Civil Rights Act of 1968. We will not directly or indirectly discriminate against you on the basis of race, color, religion, sex, or national origin. Furthermore, we will not indicate a preference for or a rejection of any particular group in our advertising, in our rendering of services to lots, in requiring terms and conditions on lot sales and leases, or in any other manner.

LISTING OF LOTS

Below is a listing of the three hundred and two (302) lots currently covered by this Property Report and intended for sale in the subdivision, as indicated on the referenced plats.

| I'ON | |
|---|---|
| PLAT REFERENCE | LOTS NUMBERED |
| Phase 1 (128 lots) | |
| Phase 1A (21 lots) | Assembly Lots:<br>11, 14, 15, 16, 18, 25, 27, 28, 37, 42, 44, 47-49, 61, 62, 64, 66-69 |
| Phase 1B1 (26 lots) | Assembly Lots:<br>10, 137-145, 147-151, 154, 155,<br>Commercial Lots:<br>CM1, CM2, CM4, CM5, CM6, CM7, CM8, CM9, CV-1 |
| Phase 1B2 (4 lots) | Assembly Lots:<br>3, 7, 8, 9 |
| Phase 1C (29 lots) | Assembly Lots:<br>50, 52-58, 70-81, 83-91 |
| Phase 1C2 (17 lots) | Assembly Lots:<br>103, 110, 111, 112, 117, 120-129, 135, 136 |
| Phase 2 (109 lots) | |
| Subphases IIA-E (79 lots) | Assembly Lots:<br>190, 196-206, 211-222, 242-263, 265-276, 278-297, CV5 |
| Subphase IIB -future development parcels (12 lots) | Assembly Lots:<br>Lots 191-194, 195A, 195B, 195C, 195D, 207-210 |
| Subphase IIF (18 lots) | Assembly Lots:<br>Lots 223-229, 231-241 |
| Phase 3 (33 lots) | Assembly Lots:<br>156-188 |
| Phase 4 (63 lots) | Assembly Lots:<br>301-314; 316-329; 331-363; CV-7 |

COST SHEET, SIGNATURE OF SENIOR EXECUTIVE OFFICER

In addition to the purchase price of your lot, there are other expenditures which must be made. Listed below are the major costs. There may be other fees for use of the recreational facilities. All costs are subject to change.

Sales Price

Cash Price of Lot ..... $_____
Finance Charge ..... $_____

Total ..... $_____

Estimated One-Time Charges

1. Water connection fee ..... $ 874.00
2. Sewer connection fee ..... $1,340.00
3. Electric connection fee ..... $_____
4. Telephone service installation charge ..... $_____
5. Design review fees ..... $_____
6. Other (identify) ..... $_____

Total of estimated sales price and one-time charges ..... $_____

Estimated Monthly/Annual charge
(exclusive of utility use fees)

1. Taxes -- Average unimproved lot after sale to purchaser ..... $_____
2. Dues and assessments ..... $_____

The information contained in this Property Report is an accurate description of our subdivision and development plans.

The I'On Company, L.L.C., a South Carolina limited liability company

By: _____ (SEAL)
Joseph E. Barnes
Its: Manager

RECEIPT, AGENT CERTIFICATION, AND PURCHASER CANCELLATION PAGE

PURCHASER RECEIPT

*Important -- Read Carefully*

Name of Subdivision: I'ON SUBDIVISION
OILSR Number: 0-07555-46 Date of Report: April 10, 2000

We must give you a copy of this Property Report and give you an opportunity to read it before you sign any contract or agreement. By signing this receipt, you acknowledge that you have received a copy of our Property Report.

Received by: _____ Date: _____
Street Address: _____
City _____ State _____ Zip _____

If any representations are made to you which are contrary to those in the report, please notify:

Office of Interstate Land Sales Registration
HUD Building, 451 Seventh Street, S.W.
Washington, D.C. 20410

AGENT CERTIFICATION

I certify that I have made no representations to the person(s) receiving this Property Report which are contrary to the information contained in this Property Report.

Lot _____ Block _____ Section _____
Name of Salesperson: _____
Signature: _____ Date: _____

PURCHASER CANCELLATION

If you are entitled to cancel your purchase contract and wish to do so, you may cancel by personal notice or in writing. If you cancel in person or by telephone, it is recommended that you immediately confirm the cancellation by certified mail. You may use the form below:

Name of Subdivision: I'On
Date of Contract: _____

This will confirm that I/we wish to cancel our purchase contract.

Purchaser(s) signature: _____ Date: _____

RECEIPT, AGENT CERTIFICATION, AND PURCHASER CANCELLATION PAGE

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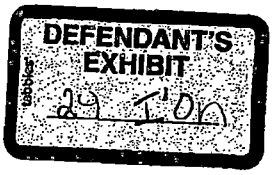
Date of Contract: _____

This will confirm that I/we wish to cancel our purchase contract.

Purchaser(s) signature: _____ Date: _____




# READ THIS PROPERTY REPORT BEFORE SIGNING ANYTHING

This report is prepared and issued by the developer of this subdivision. It is NOT prepared or issued by the Federal Government.

Federal law requires that you receive this Report prior to your signing a contract or agreement to buy or lease a lot in this subdivision. However, NO FEDERAL AGENCY HAS JUDGED THE MERITS OR VALUE, IF ANY, OF THIS PROPERTY.

If you received this Report before you signed a contract or agreement, you may cancel your contract or agreement by giving notice to the seller any time before midnight of the seventh (7th) day following the signing of the contract or agreement.

If you did not receive this Report before you signed a contract or agreement, you may cancel the contract or agreement any time within two (2) years from the date of signing.

| | |
|---|---|
| Name of Subdivision: | I'On |
| Names of Developer: | The I'On Company, L.L.C., a South Carolina limited liability company |
| Date of This Report: | December 29, 2000 |

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NOTE: In this Property Report, the words "you" and "your" refer to the buyer. The words "we," "us," and "our" refer to the developer.



l'On Defendants 000191

## RISKS OF BUYING LAND

The future value of any land is uncertain and dependent upon many factors. DO NOT expect all land to increase in value.

Any value which your lot may have will be affected if the roads, utilities and all proposed improvements are not completed.

Resale of your lot may be difficult or impossible, since you may face the competition of our own sales program, and local real estate brokers may not be interested in listing your lot.

Any subdivision will have an impact on the surrounding environment. Whether or not the impact is adverse and the degree of impact, will depend upon the location, size, planning, and extent of development. Subdivisions which adversely affect the environment may cause governmental agencies to impose restrictions on the use of the land. Changes in plant and animal life, air and water quality, and noise levels may affect your use and enjoyment of your lot and your ability to sell it.

In the purchase of real estate, many technical requirements must be met in order to assure that you receive proper title. Since this purchase involves a major expenditure of money, it is recommended that you seek professional advice before you obligate yourself.

- WARNINGS -

THROUGHOUT THIS PROPERTY REPORT THERE ARE SPECIFIC WARNINGS CONCERNING THE DEVELOPER, THE SUBDIVISION, OR INDIVIDUAL LOTS. BE SURE TO READ ALL WARNINGS CAREFULLY BEFORE SIGNING ANY CONTRACT OR AGREEMENT.

## GENERAL INFORMATION

This report covers three hundred and two (302) lots in Charleston County, South Carolina. See page 33 for a listing of these lots. It is estimated that this subdivision will eventually contain approximately seven hundred and ninety-two (792) lots.

The developer of this subdivision is:

The I'On Company, L.L.C., a South Carolina limited liability company

159 Civitas Street

Mt. Pleasant, SC 29464

(843) 971-1662

Answers to questions and information about this subdivision may be obtained by telephoning the developer at the number listed above.

**A CONDITIONAL PLAT OF THE LOTS IN PHASE 4 OF THE SUBDIVISION HAS NOT YET BEEN APPROVED OR RECORDED, BUT MUST BE APPROVED AND RECORDED PRIOR TO CONVEYANCE OF THOSE LOTS . UNTIL A CONDITIONAL PLAT IS RECORDED FOR SUCH LOTS, THE DESCRIPTION OF SUCH LOTS CONTAINED IN THIS PROPERTY REPORT IS NOT LEGALLY ADEQUATE FOR CONVEYANCE OF SUCH LOTS.**

## TITLE TO THE PROPERTY AND LAND USE

A person with legal title to property generally has the right to own, use, and enjoy the property. A contract to buy a lot may give you possession but does not give you legal title. You will not have legal title until you receive a valid deed. A restriction or an encumbrance on your lot, or on the subdivision, could adversely affect your title.

Here we will discuss the sales contract you will sign and the deed you will receive. We will also provide you with information about any land use restrictions and encumbrances, mortgages, or liens affecting your lot and some important facts about payments, recording, and title insurance.

### METHOD OF SALE

#### Sales Contract and Delivery of Deed

If you decide to purchase a lot, you will sign a sales contract obligating you to pay for the lot entirely in cash (with or without obtaining your own financing) at the closing of the purchase and sale of the lot.

We will deliver a general warranty deed to the property to you within 180 days of execution of a sales contract. You will receive a general warranty deed at the closing of the purchase and sale of the lot.

#### Type of Deed

The transfer of title to all lots will be by a general warranty deed.

### ENCUMBRANCES, MORTGAGES, AND LIENS

All lots described in the listing of lots on page 33 of this Property Report as "Assembly Lots" will be conveyed subject to the following blanket encumbrance.

(1) Declaration of Covenants, Conditions and Restrictions for I'On, recorded in the Office of the Register of Mesne Conveyances, Charleston County, South Carolina, in Book C-297, at Page 282.

All lots described in the listing of lots on page 33 of this Property Report as "Commercial Lots" will be conveyed subject to the following blanket encumbrance:

(2) Declaration of Covenants, Conditions and Restrictions for I'On Square, recorded in the Office of the Register of Mesne Conveyances, Charleston County, South Carolina, in Deed Book R354 at page 129, *et seq.*

The lots in Phase 1 of the subdivision, as described in the listing of lots on page 33 of this Property Report, are also subject to the following blanket encumbrance:

(3) Mortgage from The I'On Company, L.L.C. to Wachovia Mortgage Company, dated August 12, 1997, in the original principal amount of $4,560,000.00, recorded August 12, 1997, in the Office of the Register of Mesne Conveyances, Charleston County, South Carolina, in Mortgage Book J-288 at Pages 611-618, as amended by that instrument recorded January 16, 1998 in Mortgage Book Z-295 at Page 363.

The lots in Phase 3 of the subdivision, as described on page 33 of this Property Report, are subject to the following blanket encumbrance:

(4) Mortgage from The I'On Company, L.L.C. to Wachovia Mortgage Company dated August 3, 1998, in the original principal amount of Nine Hundred and Forty Thousand Dollars ($940,000.00), recorded in the Office of the Register of Mesne Conveyances, Charleston County, South Carolina, in Mortgage Book N308, at Page 293.

The lots in Phase 2 of the subdivision, as described on page 33 of this Property Report, are subject to the following blanket encumbrance:

(5) Mortgage from The I'On Company, L.L.C. to Wachovia Mortgage Company dated March 22, 1999, in the original principal amount of Four Million Five Hundred Eighty Thousand Dollars ($4,580,000.00), recorded in the Office of the Register of Mesne Conveyances, Charleston County, South Carolina, in Mortgage Book F323, at Page 212.

The lots in Phase 4 of the subdivision, as described on page 33 of this Property Report, are subject to the following blanket encumbrance:

(6) Mortgage from The I'On Company, L.L.C. to Wachovia Bank, N.A. dated October 5, 1999, in the original principal amount of Two Million Dollars ($2,000,000.00), recorded in the Office of the Register of Mesne Conveyances, Charleston County, South Carolina, in Mortgage Book 335, at Page 366.

Release Provisions

The Mortgage described in item (3) above contains a provision requiring the lender to release its lien on any lot which is subject to the Mortgage upon receipt of payment of the greater of 61% of the gross sales price of the lot or the release price as stated in a separate I'On Development Loan Release Schedule agreed upon between us and the lender.

The Mortgage described in item (4) above contains a provision requiring the lender to release its lien on any lot which is subject to the Mortgage upon receipt of payment in the amount of Thirty-One Thousand One Hundred and Thirty-Four Dollars ($31,134.00) per lot to be released.

The Mortgage described in item (5) above contains a provision requiring the lender to release its lien on any lot which is subject to the Mortgage upon satisfaction of certain nonmonetary conditions relating to platting, zoning, and easements for development and the lender's receipt of payment in an amount equal to the greater of 76% percent of the net sales proceeds from the sale of the lot or the minimum release price for the lot set forth in Schedule A to such Mortgage.

The Construction Loan Agreement executed in connection with the Mortgage described in item (6) above, the terms of which are incorporated by reference in the Mortgage, contains a provision requiring the lender to release its lien on any lot which is subject to the Mortgage upon the lender's receipt of a release payment in the amount set forth on the release schedule attached to the Mortgage, provided the lender is reimbursed for any costs which it incurs in connection with the release.

The contract for the sale of each lot obligates us to request and obtain a release of such lot from the applicable Mortgages prior to or simultaneous with closing and transfer of title to such lot. Under the terms of each Mortgage, the lender's obligation to release its lien on a lot is conditioned upon there being no default under the terms of the Mortgage or the promissory note and security agreement referenced in the Mortgage at the time such release is requested. Prior to paying the purchase price for your lot at closing, you should confirm that all releases have been obtained.

RECORDING THE CONTRACT AND DEED

Method or Purpose of Recording

Under South Carolina law, recording a sales contract places third parties on notice that the subject property is under contract for sale and may protect you from claims of subsequent purchasers or creditors claiming an interest in the lot. However, South Carolina law does not require that sales contracts be recorded and it is not common practice to do so. The sales contract is not in proper form for recording and will not be recorded. By not recording sales contracts, we avoid creating a defect in title to the lot in the event that the sales contract is terminated and the transaction is not completed for any reason.

UNLESS YOUR CONTRACT OR DEED IS RECORDED, YOU MAY LOSE YOUR LOT THROUGH THE CLAIMS OF SUBSEQUENT PURCHASERS OR SUBSEQUENT CREDITORS OF ANYONE HAVING AN INTEREST IN THE LAND.

The deed to your lot will be recorded. In accordance with the South Carolina Code of Laws (1976), we will deliver the deed for your lot to the Office of the Register of Mesne Conveyances for Charleston County, South Carolina, for recording immediately following the closing. Under South Carolina law, recording a deed protects you from subsequent claims by third parties whose interest arises after the date of recording of the deed.

### Title Insurance

You should obtain an attorney's opinion of title or title insurance policy which describes the rights of ownership you are acquiring in the lot you purchase. We recommend that an appropriate professional interpret the policy for you.

## PAYMENTS

### Escrow

Your earnest money deposit will be placed in an escrow account administered by I'On Realty, L.L.C., a South Carolina limited liability company, whose address is 159 Civitas Street, Mt. Pleasant, South Carolina 29464. I'On Realty, L.L.C. is a real estate broker licensed by the State of South Carolina and, as such, is required to comply with state laws and regulations regarding administration of escrow and trust accounts by real estate brokers.

I'On Realty, L.L.C. is a wholly owned subsidiary of The I'On Company, L.L.C. I'On Realty, L.L.C., as a real estate broker entitled to a commission from the sale of a lot, also has an interest in the transaction itself and thus, is not considered independent. You may lose your deposit on your lot if we fail to deliver legal title to you as called for in the contract, because it is not held in an escrow account which fully protects you.

### Prepayment

If the purchase of your lot is financed by an independent financial institution, you will need to review the financing documents to determine whether there is any penalty for prepayment of the financing.

### Default

The contract for sale specifies the rights and remedies which we may seek in the event you fail to make any payment or perform any obligation required by the contract prior to closing. If you default, we will give you written notice of the default and allow you at least 10 days from your receipt of that notice in which to correct the default. If you default in your obligations under the sales contract prior to closing, we may treat the contract as canceled and retain all monies you have paid as liquidated damages.

If you default in the performance of your obligations under the sales contract after the date of closing, we may elect to pursue any and all remedies available to us at law or in equity.

RESTRICTIONS ON THE USE OF YOUR LOT

Restrictive Covenants

Restrictive covenants have been recorded or will be recorded in the Office of the Register of Mesne Conveyances for Charleston County, South Carolina against each lot covered by this Property Report prior to its conveyance. Those lots identified in the listing of lots on page 33 as Assembly Lots will be subject to the restrictive covenants contained in the deed of conveyance and in the Declaration of Covenants, Conditions and Restrictions for I'On ("Assembly Declaration"). I'On Assembly, Inc. ("Assembly"), a mandatory membership property owners association, is charged with administering and enforcing the Assembly Declaration. Each purchaser of an Assembly Lot automatically becomes a member of the Assembly upon taking title to the lot and will remain a member as long as the purchaser owns the lot.

The restrictive covenants contained in the Assembly Declaration are described in the following paragraphs. The discussion only highlights the restrictions contained in the Assembly Declaration and should not be a substitute for your careful study of the document.

The Assembly Lots are subject to architectural controls and design standards. The Assembly Declaration requires, among other things, that a purchaser of a lot secure approval of the I'On Design Committee prior to improving a lot or making any additions or modifications to the exterior of existing improvements. The I'On Design Committee may establish and charge reasonable fees to defray costs of administering applications for approval.

All proposed work on an Assembly Lot must comply with the I'On Code, the document which sets forth the design standards for property in the subdivision, unless the I'On Design Committee has granted a variance in writing. Compliance with the I'On Code is a covenant undertaken by each purchaser of a lot subject to the Assembly Declaration.

In reviewing plans and specifications for proposed work, the I'On Design Committee is guided by the I'On Code, but the I'On Code is not the exclusive basis for its decisions and compliance with the I'On Code does not guarantee approval. The I'On Design Committee may consider any other factors it deems relevant and its decisions may be based on purely aesthetic considerations.

If construction has not commenced on proposed work within six months after the date of approval of any application for such work, the approval is deemed withdrawn. Unless otherwise approved by the I'On Design Committee, all elements of any improvements for which plans are approved must be completed within one year after the date of approval or such shorter period as may be specified in the sales contract for the purchase of the lot.

The Assembly Lots will be conveyed subject to a restriction that they shall not be used for any type of vacation timesharing plan, as defined by Section 27-32-10, *et seq.*, South Carolina Code (1976), without our prior written approval.

The Assembly Lots are also subject to certain use restrictions referred to in the Assembly Declaration as the I'On Rules. The initial I'On Rules are set out in Exhibit D to the Assembly Declaration and include restrictions on parking commercial and residential vehicles, boats and trailers; pets; television antennas, satellite dishes, radio receivers, and similar devices; trash and refuse containers; and signs. Additional restrictions may be established by the Board of Trustees of I'On Assembly, Inc., pursuant to its authority granted in the Assembly Declaration to make and amend reasonable rules and regulations governing use of property, activities and conduct in the subdivision. Such additions and changes to the I'On Rules need not be recorded.

A complete copy of these restrictions is available upon request.

The lots identified in the listing of lots on page 33 as Commercial Lots will be conveyed subject to the Declaration of Covenants, Conditions and Restrictions for I'On Square ("Commercial Declaration"). I'On Square Association, Inc. ("Association"), a mandatory membership property owners association, is charged with administering and enforcing the Commercial Declaration. Each purchaser of a Commercial Lot automatically becomes a member of the Association upon taking title to the lot and will remain a member as long as the purchaser owns the lot.

The restrictive covenants contained in the Commercial Declaration are described in the following paragraphs. The discussion only highlights the restrictions and should not be a substitute for careful study of the Commercial Declaration, if applicable to the lot you are purchasing.

The Commercial Declaration contains architectural controls and design standards applicable to the Commercial Lots. Among other things, it requires that a purchaser of a lot secure approval prior to improving a lot or making any additions or modifications to the exterior of existing improvements. It authorizes the reviewer to establish and charge reasonable fees to defray costs of administering applications for approval.

All proposed work on a Commercial Lot must comply with architectural guidelines adopted pursuant to the Commercial Declaration, unless the reviewer has granted a variance in writing. Compliance with these standards is a covenant undertaken by each purchaser of a commercial lot. In reviewing plans and specifications for proposed work, the reviewer is guided by the architectural standards, but they are not the exclusive basis for its decisions and compliance with those standards does not guarantee approval. The reviewer may consider any other factors it deems relevant and its decisions may be based on purely aesthetic considerations.

If construction on a Commercial Lot has not commenced on proposed work within one year after the date of approval of any application for such work, the approval is deemed withdrawn. Unless otherwise approved by the reviewer, all elements of any improvements for which plans are approved must be completed within one year after the date of approval or such shorter period as may be specified in the sales contract for the purchase of the lot.

The Commercial Lots will be conveyed subject to a restriction that they shall not be used for any type of vacation timesharing plan, as defined by Section 27-32-10, *et seq.*, South Carolina Code (1976), without our prior written approval.

The Commercial Lots are also subject to certain use restrictions referred to in the Commercial Declaration as the Restrictions and Rules. The initial Restrictions and Rules are set out in Exhibit C to the Commercial Declaration and include restrictions and limitations on residential use, office use and other specific types of uses, as well as restrictions on activities such as parking, outdoor storage of goods, materials, or equipment, and conditions such as antennas and similar devices; trash and refuse containers; and signs, among other things. The Restrictions and Rules restrict use of the street level of each Commercial Lot to use for operation of a restaurant, retail or neighborhood business whose goods or services are primarily marketed to the general public (i.e., retail consumers as opposed to other businesses, nonprofit organizations, or government agencies. The Board of Directors or members of the Association may establish additional rules and restrictions pursuant to the authority granted in the Commercial Declaration to make and amend reasonable rules and regulations governing use of property, activities and conduct. Such additions and changes to the Restrictions and Rules need not be recorded.

A complete copy of these restrictions is available upon request. The Commercial Declaration is subject to change in accordance with the amendment provisions set forth in the Commercial Declaration.

Easements

There are easements which may affect your plans for building or using your lot. There are drainage, access and utility easements which affect the lots covered by the Property Report as shown or to be shown on the recorded plats. There are also easements applicable to the Assembly Lots that are described in the Declaration and easements applicable to the Commercial Lots that are described in the Commercial Declaration.

Article V of the Declaration and Article VII of the Commercial Declaration set forth certain easements for access by public safety officers and other public servants in the performance of their duties and easements for encroachments, maintenance, and utilities. The Declaration also provides for the creation of additional easements for conservation, wetlands buffering, landscaping and similar purposes, by other recorded instruments. You are advised to read Article V of the Declaration and Article VII of the Commercial Declaration carefully for an understanding of the nature and scope of these easements.

The lots covered by this Property Report are not subject to any type of flood control or flowage easements.

PLATS, ZONING, SURVEYING, PERMITS AND ENVIRONMENT

Plats

A final plat covering the lots in Phase 1A of the subdivision, as described on page 33 of this Property Report, has been approved by the Town of Mt. Pleasant, South Carolina and recorded in the Office of the Register of Mesne Conveyances of Charleston County, South Carolina in Plat Book EC at Page 631. The descriptions of the lots on such plat are legally adequate for the conveyance of the lots.

Final plats covering the lots in Phase 1B of the subdivision, as described on page 33 of this Property Report, have been approved by the Town of Mt. Pleasant, South Carolina and recorded in the Office of the Register of Mesne Conveyancse of Charleston County, South Carolina in Plat Book EC at Pages 976-977 and in Plat Book ED at Page 228 . The descriptions of the lots on such plats are legally adequate for the conveyance of the lots.

Final plats covering the lots in Phase 1C of the subdivision, as described on page 33 of this Property Report, have been approved by the Town of Mt. Pleasant, South Carolina and recorded in the Office of the Register of Mesne Conveyances of Charleston County, South Carolina in Plat Book ED at Page 225 and in Plat Book ED at Page 227 . The descriptions of the lots on such plats are legally adequate for the conveyance of the lots.

A final plat covering the lots in Phase 3 of the subdivision, as described on page 33 of this Property Report, has been approved by the Town of Mt. Pleasant, South Carolina and recorded in the Office of the Register of Mesne Conveyances of Charleston County, South Carolina in Plat Book ED at Page 328. The descriptions of the lots on such plat are legally adequate for the conveyance of the lots.

A conditional plat covering the lots in Phase 2, Subphases A-E of the subdivision (exclusive of the areas in Subphase 2B labeled "Future Development"), as described on page 33 of this Property Report, has been approved by the Town of Mt. Pleasant, South Carolina and recorded in the Office of the Register of Mesne Conveyances of Charleston County, South Carolina in Plat Book ED at Pages 108-109. The descriptions of the lots on such plat are legally adequate for the conveyance of the lots.

A conditional plat covering the lots in Phase 2, Subphase IIB (Future Development Parcels) and Subphase F, as described on page 33 of this Property Report, has been approved by the Town of Mt. Pleasant, South Carolina and recorded in the Office of the Register of Mesne Conveyances of Charleston County, South Carolina in Plat Book ED at Page 670. The descriptions of the lots on such plat are legally adequate for the conveyance of the lots.

A conditional plats of the lots in Phase 4 of the subdivision has not yet been approved or recorded, but must be approved and recorded prior to conveyance of those lots. Until either a conditional or final plat is recorded for particular lots, the description of the lot contained in this Property Report is not legally adequate for conveyance of such lot.

Zoning

All lots described on page 33 of this Property Report are designated for single-family residential use except those lots identified by the designation "CM" or "CV" before the lot number, which are designated for commercial or civic purposes, respectively. These uses conform to local zoning requirements and the restrictive covenants pertaining to the subdivision.

Surveying

Each lot has been or will be surveyed at our expense and identified on a recorded plat prior to conveyance. Pins will be set on the corners of each lot to physically mark the lot boundaries.

Permits

Before beginning construction on a lot, the purchaser must obtain approval of the plans for the proposed improvements, as discussed under the caption "Restrictive Covenants" above. In addition, the purchaser must obtain a building permit from the Town of Mt. Pleasant, South Carolina before commencing construction. Upon completion of construction, the purchaser must obtain a certificate of occupancy from the Town of Mt. Pleasant before the dwelling or other structure may be occupied. No other governmental permits will be necessary in order to use the lot for such purposes as are permitted by applicable zoning and recorded covenants and restrictions.

Environment

No independent environmental impact study has been required or conducted for the subdivision. Thus, no determination has been made as to all of the possible adverse effects the subdivision may have upon the environment and surrounding area.

In connection with our subdivision approval by the Town of Mt. Pleasant, we prepared an impact assessment which addresses the impact of the subdivision in a number of specific areas, including its impact on the environment. The assessment describes the following plans to mitigate any detrimental effect on the environment.

The subdivision has 2,488 linear feet of frontage along a section of Mathis Ferry Road designated as a South Carolina Scenic Highway in June 1988. In order to maintain and enhance the screening effect of the existing live oak canopy along this highway, we plan to provide a 25

foot wide natural buffer along the entire frontage, work with the South Carolina Department of Transportation and the Town of Mt. Pleasant to replant live oaks where trees have died or been removed, and utilize understated brick columns and minimal signage to designate entryways to the subdivision.

The subdivision currently drains overland to three lakes on the property, a large wetland at the headwaters of Molasses Creek, and the adjacent salt marshes. We plan to make extensive use of the three lakes and the existing freshwater wetlands to limit storm water runoff to pre-development rates and contain non-point runoff from entering the salt marsh. An extensive park system planned along the highlands above the marshes and waters of Hobcaw Creek, together with other management practices, will serve a dual purpose of providing storm water control and serving as an amenity for residents.

The subdivision has over 2 miles of marsh and deep water frontage along Hobcaw Creek and 1.46 miles of frontage along the lakes mentioned above. The U. S. Army Corps of Engineers has delineated and approved the critical line along the marshes and waters of Hobcaw Creek and the freshwater wetlands within the subdivision. Rather than subdividing this premium frontage into lots, over 75% of the marsh, water frontage and lake frontage is planned as parks. One of the three lakes will be preserved as a wildlife sanctuary.

## ROADS

Here we discuss the roads which lead to the subdivision, the roads within the subdivision, and the location of nearby communities.

### ACCESS TO THE SUBDIVISION

Access to the subdivision is provided on a year-round basis by a public road designated as Mathis Ferry Road. Mathis Ferry Road is a two-lane, asphalt surface road. The width of the wearing surface is 24 feet.

The South Carolina Department of Transportation is responsible for improving and maintaining Mathis Ferry Road. You will not be responsible for any costs associated with maintaining this road (except to the extent that the taxes you pay are used to fund road maintenance and improvements). No improvements to the road are contemplated at the present time.

### ACCESS WITHIN THE SUBDIVISION

Legal and physical access by conventional automobile to the lots within the subdivision is, or will be, provided on a year-round basis by public, two-lane roads with a wearing surface ranging from 17 to 30 feet, as shown in The I'On Code (a part of the zoning ordinance approving the development plan for the subdivision) and on the recorded plats of the subdivision. The surface of the roads will be predominantly asphalt, although there may be narrow strips of cobblestone, brick or granite pavers used for special purposes or effects at various points. In addition, many of the lots will be served by alleys or "service lanes" permitting vehicular access to the rear of the lot. Such service lanes have or will have a wearing surface which is approximately 9 feet in width and comprised of asphalt, a pervious paving material such as crusher run, or a combination thereof.

We are responsible for constructing the roads within the subdivision and will dedicate each road or portion thereof shown on a recorded final plat to the Town of Mt. Pleasant upon recording of the final plat. We will retain maintenance responsibility for the roads for approximately two years after completion of the roads, except that the I'On Assembly, Inc. or the I'On Square Association, Inc. will be responsible for maintenance of any cobblestone, granite or brick pavers within the public roads. The I'On Assembly, Inc. will also be responsible for maintaining the service lanes providing access to the rear of Assembly Lots within the subdivision. The I'On Square Association, Inc. will be responsible for maintaining the service lanes, if any, providing access to the rear of the Commercial Lots.

You will not be responsible for any costs associated with construction or maintenance of the public roads, except to the extent that the property taxes you pay to the Town of Mt. Pleasant

are used to fund road maintenance and improvements and except to the extent that the assessments you pay to the I'On Assembly, Inc. or the I'On Square Association, Inc., are used to maintain the cobblestone, granite or brick pavers within the public roads. You will not be responsible for any costs associated with construction of the service lanes, but will pay assessments to the I'On Assembly, Inc. or the I'On Square Association, Inc. for your pro rata share of the costs of maintaining the service lanes.

The roads in Phases 1, 2 and 3 of the subdivision are complete. Prior to the conveyance of a lot inPhase 4, we will be required to post a bond with the Town of Mt. Pleasant to provide financial assurances for completion of any incomplete roads within such phase.

The estimated completion dates for the construction of roads within the subdivision are as follows:

| Phase | Estimated Starting Date | % of Construction Now Complete | Estimated Completion Date | Present Surface | Final Surface |
|---|---|---|---|---|---|
| 1 | 8/1997 | 100% | N/A | Asphalt | Asphalt |
| 2 | 3/1999 | 100% | N/A | Asphalt | Asphalt |
| 3 | 10/1998 | 100% | N/A | Asphalt | Asphalt |
| 4 | 12/1999 | 10% | 8/2000 | Dirt | Asphalt |
| | | | | | |
| | | | | | |
| | | | | | |

The table below identifies the distance (in miles) from the subdivision to nearby communities.

| Community Name | Population | Distance over Paved Roads | Distance Over Unpaved Roads | Total Miles |
|---|---|---|---|---|
| Charleston (County Seat) | 76,854 | 5 miles | 0 miles | 5 miles |
| Sullivan's Island | 1,339 | 5 miles | 0 miles | 5 miles |
| Mt. Pleasant | 38,056 | 0 miles | 0 miles | 0 miles |

## UTILITIES

Here we will discuss the availability and costs of basic utilities. The areas covered will be water, central sewer, septic tank system, electricity, telephone, and fuel or other energy sources.

### WATER

Water is or will be supplied to the lots within the subdivision by a central water distribution system which is presently owned and operated by Mount Pleasant Waterworks, P.O. Box 330, 1619 Rifle Range Road, Mt. Pleasant, South Carolina 29464.

Water mains are or will be extended in front of or adjacent to each lot.

The following chart indicates the current status of the construction of the central water distribution system for each existing phase of the subdivision:

WATER

| Phase | Estimated Starting Date (Month & Year) | Percentage of Construction Now Complete | Estimated Service Availability Date (Month & Year) |
|---|---|---|---|
| 1 | 8/1997 | 100% | Now Available |
| 2 | 7/1999 | 100% | Now Available |
| 3 | 10/1998 | 100% | Now Available |
| 4 | 6/2000 | 0% | 8/2000 |
| | | | |
| | | | |
| | | | |

Mt. Pleasant Waterworks, which is a division of the Town of Mt. Pleasant government (or whose operations are regulated by the Town of Mt. Pleasant), has indicated that the central water supply system has a present capacity of 3.2 million gallons per day, 300 gallons per connection and that this is sufficient to serve the anticipated population of the subdivision.

THERE HAVE BEEN NO HYDROLOGICAL SURVEYS CONDUCTED TO CONFIRM THAT A SUFFICIENT WATER SUPPLY IS AVAILABLE TO SERVE THE SUBDIVISION.

Mt. Pleasant Waterworks has represented that the water available for the subdivision is tested for purity and content on a regular basis and meets all standards for a public water supply.

The timetable for extension of the central water system is based upon our plans and projections for an orderly expansion of the subdivision over a 7 to 8 year period and the seasons during which construction is feasible.

We are responsible for the construction of the water mains and distribution system to serve the subdivision and all costs associated with such construction. Construction of the water mains and distribution system to serve the lots within Phases 1, 2 and 3 of the subdivision is complete. Prior to the conveyance of a lot in Phase 4 or any subsequent phase of the subdivision, we will be required to post a bond with the Town of Mt. Pleasant to provide financial assurances for completion of the water mains and distribution system to serve lots in such phase, if not then completed.

All permits have been obtained from the proper agencies for the construction, use, and operation of the water mains and distribution system to serve the lots covered in this Property Report.

In addition to user fees, each purchaser will be responsible for paying a one-time connection fee to connect the building on the lot to the central water system. Currently the cost to the purchaser per connection is $874. You must pay this connection fee prior to obtaining a building permit. This amount is subject to change by the owner of the water system.

You will also be responsible for the construction of service lines to any improvements you build on your lot, plus the cost of water meters, cut-off valves, or other equipment which may be related to your water connection. The amount of these additional charges will vary depending upon the location of your lot and the location of the improvements on your lot.

There is no charge to you for construction costs, availability fees, special assessments, or deposits for the central water system.

Individual water systems, such as a private well, are not permitted on any lot. Connection to the central system is mandatory for all lots in the subdivision.

SEWER

The subdivision will be served by a central sewer system. We are responsible for constructing the sewer mains, lift station and force main to permit the lots in the subdivision to connect to the central treatment plant. Sewer mains will be installed in front of, or adjacent to, each of the lots in the subdivision.

Construction of the sewer system improvements within the subdivision has begun and is completed to the lots in Phases 1, 2 and 3, which is approximately 83% of the lots covered in this Property Report. Installation of a force main and pump station to allow for expansion of the

sewer system to other phases of the subdivision is complete. We estimate that service will be completed to all lots in the subdivision in stages over the next seven to eight years. The following chart indicates the estimated timetable for construction and service availability for each existing phase of the subdivision:

SEWER

| Phase | Estimated Starting Date (Month/Year) | % of Construction Now Complete | Estimated Service Availability Date (Month/Year) |
|---|---|---|---|
| 1 | 8/1997 | 100% | Now Available |
| 2 | 6/1999 | 100% | Now Available |
| 3 | 10/1998 | 100% | Now Available |
| 4 | 2/2000 | 70% | 7/2000 |
| | | | |
| | | | |
| | | | |

The central sewer system will be owned and operated by Mount Pleasant Waterworks, P.O. Box 330, 1619 Rifle Range Road, Mt. Pleasant, South Carolina 29464, (843) 884-9626. Mt. Pleasant Waterworks is a division of (or regulated and supervised by) the Town of Mt. Pleasant, South Carolina.

We have obtained the necessary permits for the construction of the central sewer system to serve the subdivision.

THE CENTRAL SEWER SYSTEM IS STILL UNDER CONSTRUCTION AND NOT PRESENTLY ABLE TO SERVE ALL LOTS. BECAUSE SEWER MAINS HAVE NOT YET BEEN EXTENDED TO ALL LOTS. THE SEWER SYSTEM IS PRESENTLY COMPLETED TO SERVE APPROXIMATELY 307 LOTS.

Mt. Pleasant Waterworks has indicated that the sewage treatment facility is complete and has sufficient capacity to service all of the lots within the subdivision.

In addition to user fees, purchasers will be required to pay a one time connection fee to connect the structure on their lot to the central sewer system. The connection fee currently is $1,340. You must pay this connection fee prior to obtaining a building permit. This amount is subject to change by the owner of the central sewer system.

There is no charge to you for construction costs, availability fees, special assessments, or deposits for the central sewer system.

Individual sewage treatment systems, such as septic tanks, are not permitted on any lot. Connection to the central system is mandatory for all lots in the subdivision.

We are responsible for the construction of the sewer system improvements to serve the subdivision and all costs associated with such construction.Construction of such improvements is complete to serve the lots in Phases 1, 2 and 3 of the subdivision. Prior to the conveyance of a lot in Phase 4 or any subsequent phase of the subdivision, we will be required to post a bond with the Town of Mt. Pleasant to provide financial assurances for completion of any incomplete sewer system improvements to serve lots in such phase.

ELECTRICITY

Electricity is or will be provided by South Carolina Electric and Gas, a publicly regulated utility operating under the rules of the Public Service Commission of South Carolina. The primary electrical service lines will be extended in front of or adjacent to each lot.

Electrical service lines have not yet been extended to all lots in the subdivision. South Carolina Electric and Gas is responsible for installation of electrical service lines. Installation has begun and is expected to be completed in stages over the next 8 years.

The following chart sets forth the estimated starting dates and estimated service availability dates for each existing phase of the subdivision.

ELECTRIC SERVICE

| Phase | Estimated Starting Date (Month & Year) | % of Construction Now Complete | Estimated Service Availability Date (Month & Year) |
|---|---|---|---|
| 1 | 8/1997 | 100% | Now Available |
| 2 | 1/1999 | 60% | 7/2000 |
| 3 | 10/1998 | 100% | Now Available |
| 4 | 6/2000 | 0% | 7/2000 |
| | | | |
| | | | |
| | | | |

You will not be responsible for any construction costs associated with extending the primary electrical service lines to the service point in front of or adjacent to your lot. You will be responsible for installing electrical lines within your lot boundaries and structures on your lot.

At present, South Carolina Electric and Gas does not charge for such installation, but it may impose charges for installation in the future.

TELEPHONE

Telephone service will be available from BellSouth to serve each lot in the subdivision. Telephone service lines have been or will be extended in front of or adjacent to each lot.

Telephone service lines have not yet been extended to all lots in the subdivision. BellSouth is responsible for installation of telephone service lines. Installation has begun and is expected to be completed in stages over the next 5 years. The following chart sets forth the estimated starting dates and estimated service availability dates for each existing phase of the subdivision.

TELEPHONE

| Phase | Estimated Starting Date (Month & Year) | % of Construction Now Complete | Estimated Service Availability Date (Month & Year) |
|---|---|---|---|
| 1 | 8/97 | 100% | Now Available |
| 2 | 10/98 | 40% | 5/2000 |
| 3 | 10/98 | 100% | Now Available |
| 4 | 7/99 | 0% | 9/2000 |
| | | | |
| | | | |
| | | | |

You will not be responsible for any construction costs associated with extending the telephone service lines to the service point in front of or adjacent to your lot. You will be responsible for the cost of installing service lines within your lot boundaries and structures on your lot. At present, BellSouth does not charge for such installation, but it may impose charges for such installation in the future.

FUEL OR OTHER ENERGY SOURCE

Natural gas service is not available to serve the subdivision at this time and we are not aware of any plans to extend natural gas service to the subdivision.

## FINANCIAL INFORMATION

A copy of our audited financial statement for the period ending December 31, 1998, along with an interim unaudited statement as of November 30, 1999, is available from us upon request.

## LOCAL SERVICES

In this topic, we will discuss the availability of fire and police protection and the location of schools, medical care, shopping facilities, mail services and public transportation.

### FIRE PROTECTION

Mt. Pleasant Fire Department provides fire protection services to the subdivision on a year round basis from a station located approximately 0.5 mile from the subdivision. Fire hydrants will be installed throughout the subdivision so that there is a fire hydrant within 300 feet of the front corner of each lot.

Statewide standards for water pressure (measured in gallons per minute) call for a minimum of 500 gpm. However, as part of an effort to preserve Mount Pleasant's high ISO rating, the Mount Pleasant Fire Department has imposed a minimum requirement for properties in Mount Pleasant of 1000 gpm. For structures with over 3000 square feet of floor area, the minimum required water pressure is determined by a formula. If the closest fire hydrant cannot reach those flow minimums for the structures on your lot, you must install a sprinkler system. We anticipate that most structures with more than 3000 square feet of floor area built on lots in Phase 2 in the area from around East Shipyard Road north to Hobcaw Creek will need sprinkler systems.

### POLICE PROTECTION

Mt. Pleasant Police Department provides police protection services to the subdivision. The Police Department is located 0.5 mile from the subdivision.

### SCHOOLS

James B. Edwards Elementary School, a public elementary school, is located 1.5 miles from the subdivision. Moultrie Middle School, a public intermediate school, is 2.3 miles from the subdivision. Wando High School, a public high school, is located 2 miles from the subdivision. School bus transportation will be available from within the subdivision to each of these schools.

### HOSPITAL

The nearest available hospital is East Cooper Regional Hospital, located at 1200 Johnnie Dodds Boulevard, Mt. Pleasant, South Carolina 29464, approximately 1.2 miles from the subdivision.



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Ambulance service is available through Charleston County Emergency Medical Service.

PHYSICIANS AND DENTISTS

The nearest physician's office is located at 900 Bowman Road, Mt. Pleasant, South Carolina, one mile from the subdivision, and the nearest dentist's office is located at 815 Lowcountry Boulevard, Mt. Pleasant, South Carolina, 0.1 mile from the subdivision.

SHOPPING FACILITIES

Shopping facilities are available in Mt. Pleasant, 0.6 mile from the subdivision.

MAIL SERVICE

The United States Postal Service provides mail service to the subdivision. Mail delivery may be provided to a central location or locations within the subdivision, rather than to individual lots.

PUBLIC TRANSPORTATION

There is no public ground transportation within the subdivision and no public ground transportation to nearby towns. The closest bus stop is located on Houston Northcutt Boulevard, approximately 3/4 of a mile from the main entrance to the subdivision.

RECREATIONAL FACILITIES

| Facility | % of Construction Now Complete | Estimated Date of Start of Construction (Month/Year) | Estimated Date Available for Use (Month/Year) | Financial Assurance of Completion | Buyer's Annual Cost or Assessments |
|---|---|---|---|---|---|
| **PHASE 1** | | | | | |
| Eastlake Park and lake | 100% | 9/1997 | Now Available | None | Part of annual assessment |
| Eastlake Boathouse | 100% | 4/1998 | Now Available | None | Part of annual assessment |
| Canals | 100% | 11/1997 | Now Available | None | Part of annual assessment |
| Sidewalks, paths and trails | 95% | 4/1998 | 4/2000 | None | Part of annual assessment |
| Parks and Open Space | 95% | 4/1998 | 4/2000 | None | Part of annual assessment |
| **PHASE 2** | | | | | |
| Marshwalk (park) | 50% | 2/2000 | 6/2000 | None | Part of annual assessment |
| Community Docks | 50% | 1/2000 | 9/2000 | None | Part of annual assessment |
| Sidewalks, paths and trails | 100% | 8/1999 | Now Available | None | Part of annual assessment |
| Parks and Open Space | 70% | 2/2000 | /7/2000 | None | Part of annual assessment |

| | | | | | |
|---|---|---|---|---|---|
| **PHASE 3** | | | | | |
| Sidewalks | 100% | 2/2000 | Now available | None | Part of property taxes paid to Town of Mt. Pleasant |

Constructing the Facilities

We are responsible for construction of all of the recreational facilities described in the chart above. You will not be required to pay any costs of constructing these facilities.

Maintaining the Facilities

I'On Assembly, Inc. will be responsible for operation and maintenance of the recreational facilities described in the chart above, except as follows. Sidewalks will be maintained by the Town of Mt. Pleasant. The community dock will be owned, operated and maintained by I'On Club, L.L.C., subject to an easement for use and access by members of I'On Assembly, Inc. as set forth in a recorded easement agreement between I'On Assembly, Inc. and I'On Club, L.L.C. Such easement agreement obligates the Assembly to pay a share of the costs of maintaining and operating the community dock, as well as any adjacent boat ramp and parking area made available for use by members of I'On Assembly, Inc.

The annual cost to the owners of Assembly Lots to maintain, operate and insure the recreational facilities is or will be incorporated in the annual assessment which each such owner pays to I'On Assembly, Inc. Current owners association annual assessments are $400 per lot per year, but are subject to change as provided in the Declaration. Owners of Commercial Lots will have no right to use the recreational facilities owned by I'On Assembly, Inc. or I'On Club, L.L.C., and thus, will not be subject to assessment by I'On Assembly, Inc. for the costs associated with those recreational facilities.

Transfer of the Facilities

The recreational facilities listed in the chart above, other than the sidewalks and community dock, shall, upon completion of construction, be conveyed to I'On Assembly, Inc. by quitclaim deed free and clear of all monetary liens and encumbrances at no cost to I'On Assembly, Inc. or its members. Upon conveyance of these facilities to the I'On Assembly, Inc., it shall assume full responsibility for the costs of ownership, operation, and maintenance of the facilities conveyed to it. Such costs will increase the responsibilities of the I'On Assembly, Inc. and its board of trustees and could result in an increase in future assessments or special assessments payable to the I'On Assembly, Inc. by owners of Assembly Lots.

Who May Use the Facilities

The recreational facilities listed in the chart above will be available for use by owners and occupants of the Assembly Lots and other members of the I'On Assembly, Inc., including the developer, and their respective guests. In addition, the community dock, the Eastlake lake and boathouse, and certain parks will be available for use by such club members and others (which may include members of the general public) as I'On Club, L.L.C. may designate from time to time pursuant to the easement agreement referenced above. The recreational facilities are not available for use by owners or occupants of the Commercial Lots except to the extent that I'On Club, L.L.C. may authorize such use.

There may be additional recreational facilities in the subdivision which are not listed in the above chart and which will be privately owned and operated by a person or entity other than the I'On Assembly, Inc. The operation and use of, and access to, such facilities is not guaranteed and is subject to such terms and conditions and payment of such fees as the owner and operator of such facilities may establish from time to time. Any or all of such additional facilities may be operated as a private club for members and their guests. Membership in any such club may be subject to application, approval and availability, and payment of such initiation fees, dues and other charges as the owner/operator of the facility may establish and change in its sole discretion.

VARIOUS RECREATIONAL FACILITIES IN THE SUBDIVISION MAY BE OWNED AND OPERATED BY PERSONS OTHER THAN THE I'ON ASSEMBLY, INC. ANY OR ALL OF SUCH FACILITIES MAY BE OPERATED AS A PRIVATE CLUB FOR MEMBERS AND THEIR GUESTS. THERE IS NO ASSURANCE THAT YOU WILL BE ACCEPTED FOR MEMBERSHIP IN ANY SUCH PRIVATE CLUB IF YOU APPLY. IF ACCEPTED, THE COSTS OF SUCH A MEMBERSHIP MAY BE SUBSTANTIAL AND ARE IN ADDITION TO THE PURCHASE PRICE OF YOUR LOT. NO REFUND OF THE PURCHASE PRICE OF YOUR LOT WILL BE MADE IF YOU CANNOT OBTAIN A MEMBERSHIP. SINCE THE VALUE OF YOUR LOT MAY BE ADVERSELY AFFECTED BY YOUR INABILITY OR FAILURE TO OBTAIN A MEMBERSHIP, YOU SHOULD CAREFULLY CONSIDER YOUR PURCHASE OF A LOT IF IT IS BASED UPON YOUR PRESUMED ABILITY TO OBTAIN A MEMBERSHIP IN ANY PRIVATE CLUB AND TO USE ITS RECREATIONAL FACILITIES.

## SUBDIVISION CHARACTERISTICS AND CLIMATE

In this section, we will discuss the basic terrain of the subdivision, the climate of the region, and any nuisances or hazards affecting the subdivision.

### GENERAL TOPOGRAPHY

The general topography of the land in the subdivision is coastal lowcountry. The elevation of the subdivision ranges between 7 to 25 feet above sea level with an average elevation of 19 feet above sea level. The major physical characteristics of the land in the subdivision include primarily fine loamy sands with excellent permeability. There are over two miles of marsh frontage and 300 feet of deep water frontage along Hobcaw Creek, and three existing man-made lakes covering approximately 24.6 acres. The headwaters of Molasses Creek and tributaries of Hobcaw Creek originate within the subdivision and traverse the property. Approximately 9% of the land within the subdivision is planned to be maintained as natural open space and 10% is planned to be developed parkland.

We are not aware of any steep slopes, rock outcroppings, unstable or expansive soil conditions, or other conditions which would necessitate the use of special construction techniques to build on or use any lot listed in this Property Report.

### WATER COVERAGE

There are no lots or portions of lots listed in this Property Report that are covered by water at any time.

### DRAINAGE AND FILL

Before a building can be constructed on a lot in the subdivision, it will be necessary to strip the organic topsoil from that portion of the lot lying within the building footprint and replace it with structural fill in accordance with standard construction practices. We are not aware of any lots listed in this Property Report which will require draining or significant fill prior to being used for the purpose for which they are sold. If any lots should require draining or anything more than standard structural fill prior to being used for building construction, we will be responsible for taking any corrective action that may be required.

### FLOOD PLAIN

All or portions of Lots CM-9, 137 and 138 of Phase 1 are within a designated flood zone. In addition, Phase 2 of the subdivision adjoins a tidal marsh and Lots 270-276, 278-284, 294-297, 253-259, and CV-6, and Lots 192-194, 195A, 195B, 195C and 195D of Phase 2 are in a

designated A7 flood zone. All or portions of Lots 156-170 of Phase 3 are in a designated A7 flood zone. All or portions of Lots 327-329, 331-341, 351-353 and CV-7 of Phase 4 are in a designated A7 flood zone. Flood insurance is available and will be required in connection with financing of improvements to these lots should the structure(s) planned for the lots lie within the portion of the lot within the A7 flood zone. The estimated cost of flood insurance on these lots is $395 per year for a $250,000 home with $50,000 coverage for contents and a $500 deductible.

FLOODING AND SOIL EROSION

We have developed and are in the process of implementing a program which provides, or will provide, controls for soil erosion, sedimentation and storm water for the subdivision. The program includes seeding or silt fencing all exposed areas in accordance with the guidelines of the Department of Health and Environmental Control (DHEC) and the Office of Ocean and Coastal Resource Management (OCRM). The program has been reviewed and approved by all appropriate federal, state and Town of Mt. Pleasant regulatory agencies.

Implementation of the program began in August 1997 when initial soil disturbance permits were issued and is expected to be completed by June 2000 for the lots covered in this Property Report. We are obligated to comply with the program. Satisfactory completion of environmental controls is a pre-requisite to approval of a final subdivision plat for each sub-phase of the subdivision.

Prior to recording a conditional plat for any sub-phase of development, we are required to provide financial assurances to the Town of Mt. Pleasant for completion of infrastructure to serve that sub-phase. Environmental controls are an essential component of the infrastructure covered by those financial assurances. At this time, all infrastructure, including environmental controls, has been completed and final plats have superseded the conditional plats in all of Phases 1 and 3. We have obtained conditional approval of the plats for Phase 2, Subphases A-E (consisting of 80 lots), Subphase IIB Future Development Parcels (consisting of 13 lots) and Subphase IIF (consisting of 19 lots) and we have posted a letter of credit from Wachovia National Bank in an amount equal to one and one-half times our engineer's estimate of work to be complete within each of those sub-phases. No plat has been recorded yet for Phase 4. A letter of credit will be posted to assure completion of infrastructure, including environmental controls, in that phase prior to recording the conditional plat for that phase.

NUISANCES

There are no known land uses or nuisances which may adversely affect the subdivision.

HAZARDS

We are not aware of any unusual safety factors which affect the subdivision, nor are we aware of any proposed plans for construction which may create a nuisance or safety hazard or adversely affect the subdivision.

Due to its proximity to the Atlantic Ocean, the subdivision is subject to the effects of hurricanes. It has been formally identified by the Federal Emergency Management Agency as an area subject to the frequent occurrence of natural hazards, including earthquakes.

The Town of Mt. Pleasant has a rating system for fire hazard based on equipment, response time, and general effectiveness. The subdivision has a fire rating of 3 on a scale of 1 to 9 (1 being highest).

CLIMATE

The average temperature ranges for the area in which the subdivision is located are as follows:

| | Summer (June-August) | Winter (November-March) |
|---|---|---|
| High | 90.2° | 57.8° |
| Mean | 81.5°. | 47.8° |
| Low | 72.7° | 37.7° |

The average annual rainfall is 51.53 inches and the average annual snowfall is approximately 0 inches.

OCCUPANCY

Seventy-two homes in the subdivision are occupied on a full- or part-time basis as of the date of this Property Report.

## ADDITIONAL INFORMATION

In this section, we will discuss the property owners association, your liability for real estate taxes and assessments levied against subdivision lots, matters pertaining to the resale of the lots, equal opportunity in lot sales and the listing of lots within the subdivision.

### PROPERTY OWNERS ASSOCIATION

I'On Assembly, Inc. ("Assembly"), is the property owners association for those lots within the subdivision which are described as Assembly Lots in the listing of lots on page 33 of this Property Report. The Assembly was formed as a South Carolina nonprofit corporation on June 4, 1998 and has been operational since that date. The incorporator was Vincent G. Graham, 516 Mathis Ferry Road, Mt. Pleasant, South Carolina 29464.

The developer holds a Founder membership in the Assembly until all lots planned for the subdivision have been conveyed to purchasers other than builders or February 9, 2018, whichever is later. As the Founder member, we have the right to exercise control over the Assembly by appointing, removing and replacing a majority of the members of the Assembly's governing board ("Board of Trustees") until the earlier of (i) the date as of which 75% of the total acreage of the property planned for inclusion in the subdivision has been conveyed to persons other than builders, or (ii) February 9, 2018, unless we voluntarily choose to relinquish such right earlier.

Actions which require a vote of the membership generally require approval of a specified percentage of the property owners and the consent of the Founder. In addition, as long as the Founder membership exists, we have the specific right to disapprove any action, policy or program of the Assembly, the Board of Trustees or any committee which we believe would tend to impair our rights or the rights of builders under the Assembly Declaration or the Assembly's bylaws, or interfere with development or construction, or diminish the level of services being provided by the Assembly.

Membership in the Assembly is mandatory for every owner of an Assembly Lot. If title to a lot is held in joint names, all owners of such lot share privileges and responsibilities of such membership.

Each owner of an Assembly Lot is required to pay assessments to the Assembly. The annual General Assessment is currently $400 per lot. General Assessments cover the Assembly's annual operating costs. General Assessments may be adjusted each fiscal year by the Board of Trustees, subject to procedures set forth in the Declaration. The Board of Trustees may revise the budget and General Assessment from time to time and may retroactively budget and assess for any expenses incurred or shortfalls experienced by the Assembly. The Assembly may also levy Specific Area Assessments against the lots for costs of benefits or services which the

Assembly might provide only within a specified area of the subdivision. The Assembly may also levy assessments against the lot of an owner or resident who violates provisions of the Assembly Declaration or other governing documents.

The Assembly is responsible for management, operation and maintenance of the common properties; administering and enforcing the Assembly Declaration, the architectural standards known as the I'On Code, and the I'On Rules; making and amending the I'On Rules in accordance with the Assembly Declaration, and making or contracting for repairs, additions, and improvements to the common properties. It is also authorized, but not obligated, to contract for or provide services and facilities for the benefit of property owners and their lots, which might include such things as cable television service, security services, and landscape maintenance services, among other things.

In order to carry out these functions, the Assembly is authorized to adopt budgets and levy assessments against the property owners and their lots; open bank accounts, deposit funds received on behalf of the Assembly into such accounts, and use such funds to operate the Assembly; contract for insurance coverage for the Assembly; hire, compensate and fire personnel; purchase equipment, supplies and materials to be used by such personnel; and take specific enforcement action, including assessing monetary fines, suspending the right to vote and to use common properties; suspending services, exercising self-help, and bringing suit in court to enforce the governing documents. The Assembly has a duty to maintain books and records and to make them available to the members and their mortgagees.

Architectural control over the lots in the subdivision is exercised by the I'On Design Committee. We will appoint the members of the Design Committee as long as we own any property planned for inclusion in the subdivision. Thereafter, the Assembly's Board of Trustees will appoint the members of the Design Committee. The Assembly is authorized to enforce the architectural control provisions of the Assembly Declaration and the decisions of the I'On Design Committee.

There are no functions or services which we currently provide at no charge for which the Assembly may be required to assume responsibility in the future.

We believe the current level of assessments will be adequate, with appropriate adjustments for inflation and increases in the cost of living, for the Assembly to meet its present and planned financial obligations, including operating costs, maintenance and repair costs, and reserves for replacements. If the current level of assessments is not adequate to meet those obligations, it may be necessary for the Assembly to increase the assessments to be paid by property owners.

I'On Square Association, Inc. ("Association") is or will be the property owners association for the lots described as Commercial Lots in the listing of lots on page 33 of this Property Report. We will incorporate the Association as a South Carolina nonprofit corporation before we transfer title to any Commercial Lot.

We will have the right to appoint a majority of the members of the Association's board of directors until we have conveyed 75% of the total acreage of the property described in Exhibits "A" and "B" to the Commercial Declaration to persons other than our affiliates, or 20 years after the date on which the Declaration is recorded in the public records, whichever is earlier.

There are two classes of membership in the Association: Class A and Class B. All owners of Commercial Lots are Class A Members. We are the only Class B Member. Actions which require a vote of the membership generally require approval of a specified percentage of the Class A votes and our consent, as long as our Class B Membership exists. In addition, as long as the Class B membership exists, we have the specific right to disapprove any action, policy or program of the Assembly, the Board of Directors or any committee which we believe would tend to impair our rights or the rights of developers under the Commercial Declaration or the Association's bylaws, or interfere with development or construction, or diminish the level of services being provided by the Association. The Class B membership will terminate two years after expiration of our right to control the board of directors.

Membership in the Association is mandatory for all owners of Commercial Lots. Each owner of a Commercial Lot is obligated to pay assessments to the Association for a share of the common expenses of the Association, calculated in accordance with a formula set forth on Exhibit D to the Commercial Declaration. Assessments will vary from lot to lot based on the "Maximum Floor Area" allocated to the lot pursuant to the Commercial Declaration. Base Assessments for general common expenses are currently projected to be in the range of fifty cents (50¢) per square foot of Maximum Floor Area allocated to the lot, but are subject to increase by the board of directors from time to time in accordance with the procedures set forth in the Commercial Declaration. The Association may also levy special assessments to cover unbudgeted expenses, as well as specific assessments against the lot of an owner or occupant who violates provisions of the Commercial Declaration or other governing documents.

The Association performs much the same functions and has substantially the same powers with respect to the property subject to the Commercial Declaration as the Assembly performs with respect to the property subject to its Declaration, as described above.

We will exercise architectural control over the Commercial Lots during the development period and then will transfer responsibility for architectural control to an architectural control committee appointed by the Association's board of directors.

There are no functions or services that we currently provide at no charge for which the Association may be required to assume responsibility in the future.

We believe the projected level of assessments will be adequate, with appropriate adjustments for inflation and increases in the cost of living, for the Association to meet its present and planned financial obligations, including operating costs, maintenance and repair costs, and reserves for replacements. If the current level of assessments is not adequate to meet

those obligations, it may be necessary for the Assembly to increase the assessments to be paid by the owners of Commercial Lots.

TAXES

You will be obligated to pay real property taxes on the lot after title to the lot is transferred to you. Real property taxes on the lot will be assessed by and paid to the Town of Mt. Pleasant and Charleston County, South Carolina. For the 2000 tax year, real property taxes on property in the subdivision are assessed at a rate of $254.60 per $1,000 in assessed value of each residential lot and all structures located on the lot. The assessed value of a residential lot is currently 4% of the appraised value if the owner is a resident of Charleston County and 6% of the appraised value if the owner is not a resident of Charleston County. The assessed value of a commercial lot is currently 6% of the appraised value.

There are currently no special taxes or tax assessments which affect the subdivision. The subdivision is not currently part of a special improvement district.

RESALE OR EXCHANGE PROGRAM

Restrictions on the use of your lot have been discussed in the section of this Property Report entitled "Restrictions on the Use of Your Lot," above. Those restrictions which might hinder the lot owner in the resale of lots within the subdivision include the architectural approval and control provisions which limit or restrict the placement of signs within the subdivision and restrictions on use of Commercial Lots which may limit the number and types of resale buyers who would be interested in purchasing the lot.

Except in the case of certain exempt transfers, upon the transfer of title to a lot in the subdivision, the applicable Declaration requires the transferring owner to pay a transfer fee to the I'On Trust, a South Carolina nonprofit corporation. Such transfer fee is in the amount of one tenth of one percent (.1%) of the total cost to the purchaser of the lot and any improvements on the lot, as such cost is indicated by the amount of tax imposed by Charleston County, South Carolina on the transfer of title. You are advised to review the provisions of Article X of the Declaration regarding the transfer fee carefully before making a decision to purchase a lot.

We have no program to assist you in the resale of your lot. We do not have any provision to allow you to exchange one lot for another.

EQUAL OPPORTUNITY IN LOT SALES

We are in compliance with Title VIII of the Civil Rights Act of 1968. We will not directly or indirectly discriminate against you on the basis of race, color, religion, sex, or national origin. Furthermore, we will not indicate a preference for or a rejection of any particular group

in our advertising, in our rendering of services to lots, in requiring terms and conditions on lot sales and leases, or in any other manner.

LISTING OF LOTS

Below is a listing of the three hundred and two (302) lots currently covered by this Property Report and intended for sale in the subdivision, as indicated on the referenced plats.

| I'ON | |
|---|---|
| PLAT REFERENCE | LOTS NUMBERED |
| Phase 1 (128 lots) | |
| Phase 1A (21 lots) | Assembly Lots:<br>11, 14, 15, 16, 18, 25, 27, 28, 37, 42, 44, 47-49, 61, 62, 64, 66-69 |
| Phase 1B1 (26 lots) | Assembly Lots:<br>10, 137-145, 147-151, 154, 155,<br>Commercial Lots:<br>CM1, CM2, CM4, CM5, CM6, CM7, CM8, CM9, CV-1 |
| Phase 1B2 (4 lots) | Assembly Lots:<br>3, 7, 8, 9 |
| Phase 1C (29 lots) | Assembly Lots:<br>50, 52-58, 70-81, 83-91 |
| Phase 1C2 (17 lots) | Assembly Lots:<br>103, 110, 111, 112, 117, 120-129, 135, 136 |
| Phase 2 (109 lots) | |
| Subphases IIA-E (79 lots) | Assembly Lots:<br>190, 196-206, 211-222, 242-263, 265-276, 278-297, CV5 |
| Subphase IIB -future development parcels (12 lots) | Assembly Lots:<br>Lots 191-194, 195A, 195B, 195C, 195D, 207-210 |
| Subphase IIF (18 lots) | Assembly Lots:<br>Lots 223-229, 231-241 |
| Phase 3 (33 lots) | Assembly Lots:<br>156-188 |
| Phase 4 (63 lots) | Assembly Lots:<br>301-314; 316-329; 331-363; CV-7 |

COST SHEET, SIGNATURE OF SENIOR EXECUTIVE OFFICER

In addition to the purchase price of your lot, there are other expenditures which must be made. Listed below are the major costs. There may be other fees for use of the recreational facilities. All costs are subject to change.

Sales Price

Cash Price of Lot ..... $_____
Finance Charge ..... $_____

Total ..... $_____

Estimated One-Time Charges

1. Water connection fee ..... $ 874.00
2. Sewer connection fee ..... $1,340.00
3. Electric connection fee ..... $_____
4. Telephone service installation charge ..... $_____
5. Design review fees ..... $_____
6. Other (identify) ..... $_____

Total of estimated sales price and one-time charges ..... $_____

Estimated Monthly/Annual charge
(exclusive of utility use fees)

1. Taxes -- Average unimproved lot after sale to purchaser ..... $_____
2. Dues and assessments ..... $_____

The information contained in this Property Report is an accurate description of our subdivision and development plans.

The I'On Company, L.L.C., a South Carolina limited liability company

By: _____ (SEAL)
Joseph E. Barnes
Its: Manager

RECEIPT, AGENT CERTIFICATION, AND PURCHASER CANCELLATION PAGE

## PURCHASER RECEIPT

*Important -- Read Carefully*

Name of Subdivision: I'ON SUBDIVISION
OILSR Number: 0-07555-46 Date of Report: December 29, 2000

We must give you a copy of this Property Report and give you an opportunity to read it before you sign any contract or agreement. By signing this receipt, you acknowledge that you have received a copy of our Property Report.

Received by: _____ Date: _____
Street Address: _____
City _____ State _____ Zip _____

If any representations are made to you which are contrary to those in the report, please notify:

Office of Interstate Land Sales Registration
HUD Building, 451 Seventh Street, S.W.
Washington, D.C. 20410

### AGENT CERTIFICATION

I certify that I have made no representations to the person(s) receiving this PropertyReport which are contrary to the information contained in this Property Report.

Lot _____ Block _____ Section _____
Name of Salesperson: _____
Signature: _____ Date: _____

### PURCHASER CANCELLATION

If you are entitled to cancel your purchase contract and wish to do so, you may cancel by personal notice or in writing. If you cancel in person or by telephone, it is recommended that you immediately confirm the cancellation by certified mail. You may use the form below:

Name of Subdivision: I'On
Date of Contract: _____

This will confirm that I/we wish to cancel our purchase contract.

Purchaser(s) signature: _____ Date: _____

RECEIPT, AGENT CERTIFICATION, AND PURCHASER CANCELLATION PAGE

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Signature: _____ Date: _____

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Name of Subdivision: I'On
Date of Contract: _____

This will confirm that I/we wish to cancel our purchase contract.

Purchaser(s) signature: _____ Date: _____

Joe's copy

# I'On Lot Purchase Agreement
## Phases 5 - 8

**Purchaser:** Lea Ann Adkins
[redacted]
Street Address / P.O. Box Mt. Pleasant, SC 29464
[redacted]

**Seller:** **The I'On Company, LLC**
159 Civitas Street, Mt. Pleasant, South Carolina 29464
Phone: (843) 971-1662 Fax: (843) 971-1664

**Property:** Lot 5-104, 34 Hopetown Rd., as shown on the plat by _____, dated _____, _____, having a latest revision date of _____, _____, and recorded in Plat Book _____, at Page(s) _____ in the RMC Office for Charleston County, South Carolina (the "Plat").

1. **Agreement to Buy and Sell:** In consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the Purchaser identified above ("Purchaser") agrees to buy and the Seller identified above ("Seller") agrees to sell, the Property described above ("Property"), subject to the matters herein provided.

2. **Purchase Price:** In consideration for the Property, the Purchaser agrees to pay to the Seller the sum of One hundred fifty nine thousand Dollars (U.S. $ 159,000) (the "Purchase Price") as follows:

(a) Fifteen thousand nine hundred Dollars (U.S. $ 15,900) (10% of Purchase Price) is paid by Purchaser upon execution of this Agreement as earnest money (the "Earnest Money"), to be held and disbursed in accordance with the terms of Paragraph 3 below.

(b) The balance One hundred forty three thousand one hundred Dollars (U.S. $ 143,100) shall be paid in cash or immediately available funds at the closing of the purchase and sale transaction contemplated by this Agreement (the "Closing"). All deposits and other payments hereunder shall be made payable to Seller or an agent designated by Seller.

3. **Earnest Money and Completion Deposit:** The Earnest Money shall be deposited into an escrow account maintained by the Listing Broker, I'On Realty, L.L.C. By initialing below, Purchaser acknowledges that such account need not be interest-bearing, but if interest-bearing, the Purchaser relinquishes all rights of ownership of the accrued interest on said deposit and acknowledges that the Seller shall donate all interest earned on such account to The I'On Trust, a nonprofit organization. The Earnest Money shall be credited to Purchaser at Closing against the Purchase price or otherwise disbursed in accordance with the terms of this Agreement upon default of either party prior to or at Closing.

Purchaser shall have the right of cancellation of this Agreement and refund of the Earnest Money as set forth in Paragraph 1 of Addendum "A", Special Stipulations attached hereto.

**THIS AGREEMENT IS SUBJECT TO BINDING ARBITRATION PURSUANT TO SECTION 15-48-10, ET SEQ. OF THE S. C. CODE OF LAWS (1976, AS AMENDED)**



DEFENDANT'S EXHIBIT 25 I'On

4. **Closing:** The Closing shall take place on April 30, 2003, at 10:30 a.m. at the office of Purchaser's attorney in Mt. Pleasant or Charleston, South Carolina, or such other time, date and place as the parties may mutually agree upon in writing, but in no event shall closing take place more than sixty (60) days after the date of Purchaser's execution of this Agreement, the time of Closing being of the essence.

If Purchaser is unable or fails to proceed with Closing within such 60-day period, Seller shall be entitled to terminate this Agreement, in which event Purchaser shall, subject to the provisions of Paragraph 12 below, forfeit the Earnest Money to Seller in full as agreed reasonable and fair liquidated damages.

Upon such default by Purchaser, Seller shall have no further obligation to Purchaser under this Agreement, unless Seller agrees, upon Purchaser's written request, to extend the date set for Closing in consideration for a nonrefundable payment by Purchaser to Seller, due prior to the date originally set for Closing, in the amount of 2% of the Purchase Price, which amount shall be in addition to, and not credited against, the Purchase Price. In no event shall Seller be obligated to extend the date for Closing such that the same shall occur more than 60 days after the date of Purchaser's execution of this Agreement.

At or prior to Closing, each party shall, upon the request of the other, deliver to the other party appropriate evidence to establish the authority of such party to enter into and close the transaction and any other documents reasonably necessary or appropriate to complete and evidence the transaction contemplated by this Agreement. Seller shall also deliver to Purchaser a non-foreign (FIRPTA) affidavit and, in consideration thereof, Purchaser covenants not to withhold any portion of the sales price as would otherwise be required by 26 U.S.C. Section 1445 (f) (3) of the Internal Revenue Code (as amended).

5. **Conveyance of Title:** At Closing, Seller shall deliver to Purchaser a properly executed general warranty indenture deed to be executed by both parties conveying good and marketable title to the Property, free and clear of all liens and encumbrances except for zoning and other applicable laws, and other matters provided herein as permitted encumbrances including the following:

(a) all covenants, restrictions, conditions, easements, rights, reservations, limitations, limitations on use, architectural and landscape approvals, and affirmative obligations to pay all assessments and charges as set forth on the Plat and in the "Declaration of Covenants, Conditions and Restrictions for I'On", recorded in Book C297, page 282 in the RMC Office for Charleston County, South Carolina, along with the "First Amendment to the Declaration of Covenants, Conditions, and Restrictions for I'On", recorded in Book H347, page 655 in the aforesaid RMC Office and the "Second Amendment to the Declaration of Covenants, Conditions and Restrictions for I'On", recorded in Book S361, page 297 in the aforesaid RMC Office (collectively the "Declaration"), and all related documents referenced therein, and those set forth in the I'On Code;

(b) a reservation of non-exclusive easements for the installation and maintenance of all utilities (i) adjacent to, parallel with and within 3 feet of the two side boundary lines of the Property; and (ii) within applicable setbacks for the front and rear boundary lines;

(c) the restriction that the Property shall not be used for any type of Vacation Time Sharing Plan as defined by Section 27-32-10 et. seq., S.C. Code (1976), as amended, without the express, written consent of Seller, its successors and assigns;

(d) ad valorem property taxes and governmental assessments not due and payable prior to Closing;

(e) a covenant that construction of the dwelling on the Property shall be performed only by a builder approved by The I'On Company, LLC; and

(f) other matters approved or waived by Purchaser as provided for in this Agreement.

Purchaser acknowledges and agrees that the Property is also subject to federal and state stormwater management laws and regulations currently administered by the Office of Ocean and Coastal Resource Management ("OCRM") of the South

Rev [illegible] Purchase

Carolina Department of Health and Environmental Control ("DHEC") and agrees for himself and his successors in title to abide by them.

6. **Closing Costs and Prorations:** Seller shall pay for the preparation of the deed, recording of any lien releases, Seller's attorneys' fees and the deed-recording fee required pursuant to §12-24-10, et seq. of the S.C. Code of Laws (1976, as amended). Purchaser shall pay all other closing costs. Charleston County property taxes shall be pro-rated as of the date of the Closing and Seller shall have deducted from the gross proceeds of sale Seller's pro-rata share thereof. The annual assessments levied by I'On Assembly, Inc. (the "Assembly") shall be prorated on a quarterly basis and paid by Purchaser as of the date of Closing. The Purchaser shall pay when due all assessments applicable to the Property coming due after the date of Closing as provided in Paragraph 7 of the Declaration and By-Laws, as the same may be amended from time to time.

7. **Possession:** Seller shall deliver possession of the Property to Purchaser upon Closing.

8. **Disclosures:**

(a) **Governing Documents:** By initialing this section, Purchaser acknowledges the receipt of copies of the following documents prior to entering into this Agreement: (a) the Declaration, (b) the By-Laws of I'On Assembly, Inc. ("By-Laws"), and (c) The I'On Code, (collectively, the "Governing Documents") and agrees to comply with and be bound by them.

Purchaser's Initials _____ Date 2/1, 2003

(b) **Membership in Assembly:** Upon conveyance of title to the Purchaser, Purchaser shall automatically become a member of the Assembly and shall remain a member so long as Purchaser holds title to the Property. Purchaser acknowledges that the Assembly is authorized to levy annual assessments against the Property for Purchaser's pro rata share of the common expenses of the Assembly as more fully set forth in the Declaration, and that such assessments against the Property is the personal obligation of the Purchaser in the same manner as they are the personal responsibility of all members owning property in I'On.

(c) **Neighborhood Improvements:** Purchaser acknowledges that inasmuch as Purchaser may be purchasing the Property prior to the completion of construction on other lots and streets in the Neighborhood, there may be certain inconveniences until all such construction is completed, and Purchaser waives all claims with respect thereto. Purchaser agrees that if Purchaser, his family, guests, employees, agents or invitees enter onto any area of construction, they do so at their own risk, and neither The I'On Company, LLC, Purchaser's Builder, or their respective contractors, agents, or employees, shall be liable for any damage, loss or injury to such person.

(d) **Use and Development Restrictions:** Purchaser acknowledges that the Property is subject to various restrictions on use and development including those as set forth in the Governing Documents listed in Paragraph 8 (a) above.

(e) **Plan Approval Pursuant to Declaration:** Purchaser acknowledges that all construction and landscaping on the Property and any modifications thereof affecting the exterior appearance of the Property are subject to prior approval in accordance with the Governing Documents. Purchaser further acknowledges that *TIME IS OF THE ESSENCE* in reference to the following required submittal dates for The I'On Design Committee:

(i) Within thirty (30) days after the date of Purchaser's execution of this Agreement, Purchaser shall have an orientation meeting with a member of the I'On Design Committee (IDC) at which time the Purchaser shall submit to the IDC for its review and consideration conceptual drawings, renderings, or photographs illustrating the architectural concept which Purchaser proposes for the improvements to be constructed on the Property.

(ii) Within one hundred eighty (180) days after the date of Purchaser's execution of this Agreement, Purchaser shall submit preliminary design documents to the IDC for its review and consideration.

(iii) In the event that the IDC disapproves Purchaser's conceptual plan or preliminary design documents, Purchaser shall work diligently and in good faith to revise and resubmit them as necessary until approval is granted.

(iv) Purchaser acknowledges that Purchaser must receive final approval of plans from IDC prior to commencing construction on the Property.

(v) Failure to submit such drawings within the required time periods, or failure to comply with the other requirements of the Declaration and the I'On Code relating to approval of plans, shall constitute a default by Purchaser, entitling Seller to the remedies set forth in Paragraph 12 of this Agreement. Purchaser acknowledges receipt of a copy of the Design Review Procedures for I'On by initialing this sub-paragraph 8 (e) below:

Purchaser's Initials _____ Date 2/1, 2003

(f) **House & Landscaping Completion Deposit:** Purchaser acknowledges that at the time of the Purchaser's Preliminary Design Submittal, the Purchaser shall also be required to pay a $4,000 House and Landscaping Completion Deposit to The I'On Company, LLC, or its assigns, which will be held and disbursed in accordance with the terms referenced in Paragraphs (i) and (ii) below.

(i) The $4000 Completion Deposit will be refunded, without interest, upon issuance of a certificate of occupancy and the substantial completion of the house in accordance with the Final Design Plans approved by the I'On Design Committee (IDC) and approval of the completion of the landscaping for the house by the IDC. It is the Purchasers responsibility to submit a Request for Final Inspection (Form F in the I'On Design Committee Procedures Manual) to IDC, and in turn IDC will do a final inspection of the property within 10 days of submittal. Within thirty (30) days from approval of the final inspection by IDC, the $4000 Completion Deposit will be refunded to the Purchaser.

(ii) In addition to other remedies set forth herein, failure to complete the house in accordance with the terms of this Agreement and/or failure to obtain approval of the completed landscaping within 90 days after issuance of the certificate of occupancy shall result in forfeiture of the $4000 Completion Deposit, and the same shall immediately become the sole property of The I'On Company, LLC, the parties hereby acknowledging and agreeing that such amount is reasonable and fair to reduce Seller's damages due to such default, and is not to be deemed a penalty.

The House and Landscaping Completion Deposit shall be deposited into an escrow account maintained by The I'On Company, L.L.C. or its assigns. By initialing below, Purchaser acknowledges that such account need not be interest-bearing, but if interest-bearing, the Purchaser relinquishes all rights of ownership of the accrued interest on said deposit and acknowledges that the Seller shall donate all interest earned on such account to The I'On Trust, a nonprofit organization.

Purchaser's Initials _____ Date 2/1, 2003

(g) **Building Permit Allocation Program of the Town of Mt. Pleasant and Application for Permit:** The Property herein is subject to the Permit Allocation Program of the Town of Mount Pleasant. Purchaser acknowledges that his ability to obtain a building permit is controlled by the terms of the Permit Allocation Program and construction may be delayed under same. Purchaser agrees to apply for a building permit with the Town of Mount Pleasant within two hundred seventy (270) days of Purchaser's execution of this Agreement. Failure to apply for a building permit within the required time period shall constitute a default by Purchaser, entitling Seller to the remedies set forth in Paragraph 12 hereof, and or in any Addendum to this Agreement.

(h) **Approved Builder:** Purchaser acknowledges that only builders approved by The I'On Company, LLC, the developer of I'On, may construct homes in I'On. Such approval requirement is for the protection of The I'On Company, LLC, only and shall not be construed to create any duty or liability to Purchaser on the part of The I'On Company, LLC. Purchaser agrees that Purchaser shall not permit any person other than a builder approved by The I'On Company, LLC to construct a home on the Property while title is vested in Purchaser. This limitation, among others set forth herein, is a covenant that runs with the land and is thus applicable and binding upon all successors in title to the Property. At Purchaser's request, The I'On Company, LLC will provide Purchaser with documentation outlining the criteria used in developing the list of approved builders.

(i) **Exemption from Interstate Land Sales Full Disclosure Act, Title 15, U.S. Code, Section 1701, et seq.:** This transaction is exempt from the Interstate Land Sales Full Disclosure Act pursuant to Section 1702 of Title 15 of the United States Code. In that connection, Seller represents to Purchaser that:

1. The Property is located within the Town of Mt. Pleasant (the "Town") which specifies minimum standards for the development of subdivision lots taking place within its boundaries;

2. The subdivision meets all local codes and standards, and each lot being offered for sale is subject to restrictive covenants that it be used for single family residences only;

3. The Property is or will be located on a paved street which has been built to standards applicable to streets maintained by the Town and is acceptable to the Town, or where such street is not completed, a bond or other surety acceptable to the Town has been posted to assure completion to such standards, and further the Town has accepted or is obligated to accept the responsibility of maintaining such street;

4. At the time of closing, potable water, sanitary sewage disposal, and electricity will have been extended to the Property;

5. The Seller will deliver a general warranty indenture deed free of monetary liens to the Purchaser at closing, and the closing will occur within 180 days after the signing of this Agreement. [Not withstanding foregoing language, in no event shall Seller be obligated to extend the date for Closing such that the same shall occur more than 60 days after the date of Purchaser's execution of this Agreement as set forth in Paragraph for of this Agreement.]

6. At the time of closing, Seller will provide to Purchaser a title insurance binder or title opinion in favor of the Purchaser reflecting the condition of title, and demonstrating that, subject only to such exceptions as are set forth herein which the Purchaser (by the execution of this Agreement) specifically approves, marketable title to the Property is vested in the Seller; and

7. There are no offers, by direct mail or telephone solicitation, of gifts, trips, dinners, or other such promotional techniques to induce prospective purchasers to visit the subdivision or to purchase a lot.

9. **Inspection; No Reliance:** Purchaser acknowledges that Purchaser or his or her spouse has made a personal, on-the-lot inspection of the Property prior to signing this Agreement. Purchaser acknowledges that this Agreement is entered into by Purchaser without reliance on any warranties, statements or representations, either written or oral, express or implied, by Seller, or by any agent, employee or representative of Seller, or by any broker or other person purporting to represent Seller, relating to the marketability or investment potential of the Property, the legal or tax consequences of this Agreement and the purchase or ownership of the Property, or other matters, except as set forth in this Agreement between Seller and Purchaser. Purchaser warrants and represents to Seller that if such matters are of concern to him, Purchaser has sought and obtained independent advice relative thereto.

Purchaser's Initials _____ Date 2/1, 2003

Seller's Initials _____ Date 2/1, 2003

**10. Subdivision Improvements and Amenities:** Purchaser and Seller agree that no representations regarding the provision or completion by the Seller of roads, sewer, gas, or electric services, or recreational amenities have been made by or on behalf of Seller, or relied upon by Purchaser, except as specifically set forth in this Agreement or any Addendums, exhibits or attachments. At or prior to Closing, Seller shall complete, or shall post a bond with the Town of Mount Pleasant, South Carolina or Charleston County, South Carolina, as appropriate, to provide financial assurances for completion of paved access from a public street or highway, central water and sewer service, and electricity to serve the Property.

**11. Construction of Improvements:** Purchaser shall obtain the I'On Design Committee's approval of plans for and cause construction of a residential dwelling to commence on the Property within 30 days after the date of a building permit being made available by the Town of Mount Pleasant, and shall cause such construction to be substantially completed and a certificate of occupancy issued within 12 months thereafter, subject only to delays occasioned by acts of God, material or labor shortages, or other conditions beyond the reasonable control of the Purchaser. Commencement of construction shall be deemed for purposes of this Agreement to start at the completion of the pouring of the footings for the approved residence on the Property. It is understood that the residential dwelling may be substantially complete even though minor punch list items and mechanical adjustments may not be completed.

**12. Default and Remedies:** Subject to Paragraph 20 below providing for arbitration of all disputes hereunder:

(a) **By Purchaser:**

(i) In the event of Purchaser's default in the performance of any obligation or covenant under this Agreement prior to Closing, and if Purchaser has paid less than or equal to 15% of the Purchase Price as Earnest Money or otherwise, exclusive of any interest, Seller may elect to terminate this Agreement by written notice to Purchaser and retain the Earnest Money as Seller's full and complete liquidated damages for such default, the parties hereby acknowledging and agreeing that the amount of Seller's actual damages in such circumstance would be difficult, if not impossible, to determine. The parties further agree, however, that the amount of the Earnest Money is a reasonable and fair estimate of Seller's damages and its forfeiture is deemed not to be a penalty.

(ii) Notwithstanding the provisions of Paragraph 12 (a)(i) above, if Purchaser loses rights and interest in the Property prior to closing because of Purchaser's default or breach of contract after more than 15% of the Purchase Price as Earnest Money or otherwise, exclusive of interest, has been paid, Seller shall refund to Purchaser any amount which remains from such payments made after subtracting 15% of the Purchase Price, exclusive of interest, or after subtracting the amount of Seller's actual damages, whichever is greater.

(iii) In the event of Purchaser's default after Closing in the performance of any obligation or covenant hereunder or under Purchaser's indenture deed from Seller, then in addition to the remedies set forth for specific events of default in this Agreement, including but not limited to any Addendums, Seller may elect to pursue any and all remedies available to it at law or in equity.

(b) **By Seller:** Except as otherwise specifically provided below, Purchaser's sole remedies in the event of Seller's default in the performance of its obligations and covenants under this Agreement shall be as follows:

(i) If Seller defaults under this Agreement prior to Closing, Purchaser, at its election, may as its sole remedies (a) seek the equitable remedy of specific performance; or (b) terminate this Agreement by written notice to Seller, whereupon Seller shall immediately refund to Purchaser all monies paid by Purchaser to Seller under this Agreement and the parties shall be relieved of any further obligations hereunder.

(ii) If Seller defaults under this Agreement in performance of any obligation to be performed after Closing and which expressly survives Closing, Purchaser may either seek specific performance of Seller's obligations hereunder or pursue any and all other remedies or actions at law or in equity available against Seller.

Rev 01 [illegible]

(c) **Notice of Default and Right to Cure:** Notwithstanding anything to the contrary in this Paragraph 12, neither Seller nor Purchaser shall be entitled to exercise its remedies hereunder until the non-defaulting party has given the defaulting party at least 20 days written notice of such default, specifying the action necessary to cure such default, and if such default is cured during such 20-day period, this Agreement shall continue in full force and effect.

(d) **Fees and Costs:** If either party requires services of an attorney to enforce obligations under this Agreement, the prevailing party shall be due from the non-prevailing party reasonable attorneys' fees, costs and expenses actually incurred.

(e) **Escrow Agent:** If a dispute arises between Purchaser and Seller concerning the entitlement to and disposition of an Earnest Money deposit, or other money deposited with the escrow agent, and the dispute is not resolved by reasonable interpretation of the Agreement by the parties, then the escrow agent shall hold said Earnest Money and/or deposits until the dispute is resolved by:

(i) a written agreement which directs the disposition of monies and is signed by all parties claiming an interest in the monies. The agreement must be separate from the contract which directs the escrow agent to hold the monies; or,

(ii) an award rendered by an arbitrator(s) pursuant to Paragraph 20 below.

Seller agrees that if this Agreement is terminated under Paragraph 12.(a)(i) or (ii) above, whether by written agreement of the parties or by an arbitration award, then the escrow agent shall be entitled to retain one half of the balance of the Earnest Money deposit (not to exceed the amount of the commission due for this sale), and divide same equally with the cooperating brokerage firm, if any. The remainder shall then be paid to the Seller. Both parties agree to hold the escrow agent harmless with respect to its handling of the Earnest Money.

13. **Construction and Modification of Agreement; Applicable Law; Survival; Time of Essence:** The parties covenant and agree that this Agreement, together with any Addendums, exhibits or attachments, (i) supersedes any and all other agreements of the parties and constitutes and expresses the entire agreement between the parties; (ii) may be amended only by a written instrument executed by both parties; (iii) shall be governed, construed, and enforced in accordance with the laws of the State of South Carolina. Should any provision of this Agreement be void or become unenforceable at law or in equity, the remaining provisions shall remain in full force and effect and shall not in any manner be thereby affected or impaired. The provisions of this Agreement and any Exhibits or Addendums attached hereto which contemplate performance after Closing shall survive the Closing and shall not be merged into or with the indenture deed of conveyance. All times mentioned in this Agreement are of the essence hereof.

14. **Successors and Assigns; Transfer of Title:** This Agreement shall be binding upon and inure to the benefit of the heirs, personal representatives, successors, and assigns of the parties. Purchaser shall not transfer title to the Property after Closing unless such transfer is by indenture deed requiring an assumption by the transferee of Purchaser's obligations under this Agreement and the Purchaser's indenture deed with and from Seller, specifically including but not limited to an assumption of Purchaser's specific time limitations for performance in place at the time of such transfer.

15. **Notice:** Any communication under this Agreement shall be in writing and shall be deemed duly given if (i) deposited, properly addressed and postage prepaid, in the United States mail, certified mail with a return receipt requested, (ii) delivered personally, or (iii) delivered via overnight air courier, to the address stated herein or such other address as may have previously been designated by either party by written notice to the other in accordance with this paragraph.

16. **Force Majeure:** Either party hereto shall be excused for the period of delay in the performance of any obligations hereunder when such delay is occasioned by cause or causes beyond the control of the party whose performance is so delayed and the time for performance shall be automatically extended for a like period. Such causes shall include, without limitation, all labor disputes; civil commotion; war; war-like operations; sabotage; governmental or judicial regulations, legislation, or controls; inability to obtain any necessary materials or services; or acts of God.

17. **No Waiver:** Failure of either party to insist upon compliance with any provision hereof shall not constitute a waiver of the rights of such party to subsequently insist upon compliance with that provision or any other provision of this Agreement

18. **Brokers:** Seller and Purchaser each represent to the other that neither has dealt with a real estate broker or agent in connection with the purchase and sale contemplated by this Agreement, other than the broker(s), if any, whose name(s) and address(es) appear on the signature page of this Agreement. By initialing below Paragraph 19, Purchaser and Seller acknowledge that (i) the Listing Broker, if any, identified on the signature page of this Agreement has acted as the agent of Seller in this transaction and Seller shall pay any real estate commission to which such Listing Broker may be entitled; and (ii) the Selling Broker, if any, identified on the signature page of this Agreement has acted as the agent of the Purchaser in this transaction and I'On Realty shall pay any real estate commission to which such Selling Broker may be entitled in accordance with I'On Realty's cooperating brokerage policies.

19. **Commission from Builders:** Purchaser hereby acknowledges that builders in the I'On Guild who construct homes in I'On have agreed to pay the Listing Broker a commission of six percent (6%) of the Gross Sales Price of the improvements to be constructed by such builder on lots in I'On owned by third party purchasers, such as Purchaser. This Commission is to be calculated as follows: Commission = .06 x Gross Sales Price. The Gross Sales Price includes the Commission and can be calculated as follows: Gross Sales Price = The total of cost of improvements and overhead and profit divided by 0.94. Such commission shall be paid upon closing of the construction loan or commencement of construction, whichever next occurs after the builder enters into the contract for construction of a home for which a commission is payable.

Purchaser's Initials _____ Date 2/1, 2003

Seller's Initials _____ Date _____, 2003

20. **Arbitration:** This Agreement and all claims or disputes arising out of or related to same are subject to binding arbitration in accordance with Section 15-48-10, et seq. of the South Carolina Code of Laws (1976, as amended). Arbitration of any such matters shall be done in accordance with the Commercial Arbitration Rules of the American Arbitration Association unless the parties mutually agree otherwise. Notice of the demand for arbitration shall be served on the other party in the same manner as set forth in Paragraph 15 above, and any hearings shall be held in Charleston County, South Carolina at a mutually agreeable location. The award rendered by the arbitrator(s) shall specify the prevailing party, and shall be final, and judgment may be entered upon it in accordance with South Carolina law.

21. **Captions and Gender:** The captions used in this Agreement are for convenience only and shall not be considered in the construction of its provisions. In addition, all references to gender shall include the masculine, feminine and neuter genders as appropriate.

22. **Addendums:** Seller and Purchaser shall list all addendums to this Agreement below:

(a) Addendum "A", Special Stipulations;

(b) Addendum "B", Option to Repurchase and Right of First Refusal;

(c) Other addendums: _____

[REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have set their hands and seals, to be effective as of the date of execution by Seller below.

Signed, sealed and delivered in the presence of:

Laurie M. Thornhill

Laurie M. Thornhill (Printed Name)

_____

_____ (Printed Name)

**PURCHASER:**

By: _____

Lea Ann Adkins (Printed Name)

By: _____

_____ (Printed Name)

Date: February 1, 2003

Signed, sealed and delivered in the presence of:

_____

_____ (Printed Name)

**SELLER: The I'On Company, LLC, a South Carolina limited liability company**

**By: Civitas, LLC, its Manager**

By: _____

_____ (Printed Name)

Its: Manager

Date: _____, 2003

**SELLER'S AGENT:**

Name: I'On Realty, L.L.C.

Address: 159 Civitas Street
Mt. Pleasant, SC 29464

Phone: (843)884-3080: ext 214

Agent: Laurie Thornhill

Cooperating Agent Please Circle One and Initial & Date

~~BUYER'S AGENT~~ or REFERRING AGENT

_____ 2/1
Initial Date

Agency Name: Dunes Properties

Agent: Steve Brock

Address: Isle of Palm, SC 29451

Phone: (843) 886-



Rev 01-29-03 Phase 5-8 Lot Purchase

**ADDENDUM "A"**
**Special Stipulations**

The following special stipulations shall be added to and become a part of the Lot Purchase Agreement by and between The I'On Company, L.L.C. ("Seller") and Lea Ann Adkins ("Purchaser") dated February 1, 2003 (the "Agreement"), and shall control over any inconsistent provisions in the body of such Agreement.

1. **Cancellation Period:** Notwithstanding any shorter cancellation period provided for in the body of the Agreement, Purchaser may terminate this Agreement and receive a full refund of the Earnest Money paid pursuant to Paragraph 3 by delivering written notice of such termination to Seller at any time before *the earlier of*: (a) 5:00 p.m. on the thirtieth (30th) day following the date of Purchaser's execution of this Agreement; or (b) Closing. Seller shall refund Purchaser's Earnest Money within thirty (30) days after receipt of such notice of termination. If Purchaser has not canceled the Agreement as provided for herein within the time period set forth above, then the Earnest Money shall thereafter be nonrefundable except as specifically provided in the Agreement.

2. **Seller's Option to Repurchase and Right of First Refusal:** Purchaser agrees that if Purchaser defaults in the obligation to apply for a building permit with the Town of Mount Pleasant within two hundred, seventy (270) days of Purchaser's execution of this Agreement, and/or fails to obtain approval of plans for, and commence construction of, a residential dwelling on the Property in good faith within 30 days after the date of a building permit being made available by the Town of Mount Pleasant, and/or fails to complete same within 12 months from the commencement of construction all as set forth in the Agreement, and such default remains uncured 20 days after written notice from Seller of such default, then Seller, its successors or assigns (hereafter, "Seller") shall have the option to repurchase the Property at the same Purchase Price as Purchaser paid to Seller hereunder, less real estate commissions and such other costs, and subject to such other terms, as are set forth in the Option to Repurchase and Right of First Refusal Agreement attached as Addendum "B" to the Agreement. Further, neither Purchaser nor any successor in title may transfer or convey any interest in the Property to any third party without giving Seller written notice of any such proposed transfer, upon receipt of which by Seller, Seller shall have the right of first refusal to repurchase such property, as follows:

a. In the event that Purchaser is not in default of the construction timeline and obligations set forth above, the purchase price shall be based upon a fair market value appraisal conducted by a mutually agreed upon appraiser. In the event that Purchaser and Seller are unable to agree upon an appraiser, each shall appoint an appraiser of their choosing, and the two appraisers shall then select a third appraiser, whose appraisal of the Property shall be binding upon the parties. The cost of the appraisal shall be borne by the Purchaser.

b. In the event that Purchaser is in default of the construction obligations set forth above, the purchase price shall be equal to the initial consideration paid by Purchaser to I'On for the Property less adjustments in said purchase price for all of I'On's initial closing costs, all closing costs incident to the repurchase closing, applicable commissions and any additional fees related to the initial closing.

Seller shall be deemed to have waived its right of first refusal if it fails to give notice of its intent to exercise same within 20 days of its receipt of the written notice of the proposed transfer.

If not earlier exercised or waived in writing by Seller, Seller's option to repurchase and its right of first refusal shall automatically terminate upon issuance of a certificate of occupancy by the appropriate governmental authorities for a residential dwelling on the Property or 3 years after the date of Closing, whichever is earlier, and upon receipt of a written request from Purchaser or any successor-in-title at any time thereafter. Seller shall execute a release of such option and right in recordable form.

3. **Execution of Option to Repurchase and Right of First Refusal Agreement:** The parties agree to execute simultaneously herewith the Option to Repurchase and Right of First Refusal Agreement attached hereto as Addendum "B" to effectuate the terms and provisions of Special Stipulation 2 herein.

Signed, sealed and delivered in the presence of:

_____

_____(Printed Name)

_____

_____(Printed Name)

**PURCHASER:**

By: _____

Lea Ann Adkins (Printed Name)

By: _____

_____(Printed Name)

Date: February 1, 2003

Signed, sealed and delivered in the presence of:

_____

_____(Printed Name)

**SELLER:** The I'On Company, LLC, a South Carolina limited liability company

By: Civitas, LLC, its Manager

By: _____

_____(Printed Name)

Its: Manager

Date: _____, 2003

STATE OF SOUTH CAROLINA )
)
COUNTY OF CHARLESTON )

OPTION TO REPURCHASE and
RIGHT OF FIRST REFUSAL AGREEMENT

Addendum "B" to I'On Lot Purchase Agreement, Phase 5-8

This Option to Repurchase and Right of First Refusal Agreement (hereinafter "Addendum") is entered into this 1st day of February, 2003, by and between The I'On Company, LLC (a South Carolina limited liability company hereinafter referred to as "I'On") and Lea Ann Adkins (hereinafter "Purchaser").

WITNESSES:

WHEREAS, of even date herewith I'On has contracted with Purchaser under a Lot Purchase Agreement for the sale and purchase of the property more particularly described on Exhibit "A" attached hereto and by this reference incorporated herein (the "Property); and

WHEREAS, the Lot Purchase Agreement between the parties hereto pursuant to which Purchaser is to acquire the Property from I'On provides that in the event Purchaser (or any successor in title to the Property) fails to apply for a building permit with the Town of Mount Pleasant within two hundred and seventy (270) days of Purchaser's execution of this Addendum, and/or fails to commence construction of a properly approved residence on the Property within 30 days after the date of a building permit being made available by the Town of Mount Pleasant, and/or fails to complete the same within 12 months from the Commencement thereof (hereinafter defined), I'On shall have the right and option to purchase the Property from the Purchaser (or any successor in title to the Property) for the same amount of consideration (less adjustments as set forth herein) paid by Purchaser to Seller upon the acquisition of the Property from I'On all in accordance with the remaining terms and provisions of the said Lot Purchase Agreement and the within Addendum. Commencement of Construction shall be deemed for the purposes of this Agreement to start at the completion of the pouring of the footings for the improved residence on the Property; and

WHEREAS, the Lot Purchase Agreement between the parties hereto pursuant to which Purchaser is to acquire the Property from I'On provides in Addendum "A" "Special Stipulations" that neither Purchaser nor any successor in title may transfer or convey any interest in the Property to any third party without giving I'On a right of first refusal to repurchase such Property for the same price as set forth for the potential repurchase under the option to repurchase granted herein. Neither Purchaser nor any successor in title may transfer or convey any interest in the Property to any third party without giving I'On written notice of any such proposed transfer, upon receipt of which by I'On, I'On shall have a right of first

refusal to repurchase such Property at the same price as set forth above for the potential repurchase by I'On under the option to repurchase above. Seller shall be deemed to have waived its right of first refusal if it fails to give notice of its intent to exercise same within 20 days of its receipt of the written notice of the proposed transfer.

NOW THEREFORE, for and in consideration of the Premises, and the sum of Five and no/100 Dollars ($5.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Purchaser from I'On, Purchaser does hereby grant and convey unto I'On, its successors and assigns, an Option to Repurchase ("Option") and a Right of First Refusal ("Right") pursuant to the terms hereinabove and herein-below to acquire the Property for a period of three (3) years starting on the date of the closing of the sale and purchase of the Property, unless this such Option and Right are stayed or sooner terminated under the further terms and provisions hereinafter set forth. This Option and Right shall be binding upon and inure to the benefit of the heirs, personal representatives, successors, and assigns of the parties to this Addendum.

This Option to Repurchase and Right of First Refusal granted herein shall terminate and be of no further force and effect upon the happening of any of the following:

1. The Commencement of the Construction of improvements on the Property within 30 days after the date of a building permit being made available by the Town of Mount Pleasant, and the substantial completion thereof followed by the issuance of the applicable certificate of occupancy from the Town of Mount Pleasant on or before the expiration of twelve (12) months from the date of Commencement of Construction.
2. In the event I'On grants to Purchaser (or any successor in title to the Property), for just cause, an extension of the Commencement of Construction date beyond said 30 day period, and construction of said improvements is commenced within the agreed upon extension therefor, the Option and Right granted herein shall terminate upon the substantial completion thereof followed by the issuance of the applicable certificate of occupancy from the Town of Mount Pleasant within 12 months from such delayed date of Commencement of Construction.
3. After the passage of three (3) years from Purchaser's initial closing, if the Option and Right granted herein has not otherwise sooner terminated, the same shall automatically terminate, be void, and of no further force and effect whatsoever.

*Provided, however*, during the existence of this Addendum, so long as the construction of improvements continues in an orderly and timely manner in observation of good construction practices, the rights of I'On hereunder shall be stayed and rendered temporarily unenforceable. If, on the other hand, such construction is interrupted for a period of 30 consecutive days, the stay provided herein shall automatically terminate, and this Agreement shall once again be of full force and effect. Any construction delay occasioned by *force majeure* (as defined in paragraph 16 of the I'On Lot Purchase Agreement) shall not be counted in the determination of the period of interruption.

This Option and Right granted herein shall be subordinate to a bona fide purchase money and/or construction loan secured by a first mortgage on the Property, but only in the total amount of such sums as are advanced under such loan for

payment of the lot purchase price, for payoff of any lot loan, and/or for labor and materials utilized in the construction of the residence on the Property, together with any advances made by the construction lender for taxes, insurance premiums, and costs of collection, including reasonable attorneys' fees.

In the event the Property at the time of the closing from Purchaser (or any successor in title to the Property) to I'On is subject to any mechanic's lien, the dollar amount thereof shall be placed in escrow with I'On Realty until a final adjudication of the claim for which such mechanic's lien was filed. If such claim is finally adjudicated as being valid, I'On may satisfy the same from said escrow and also withdraw from such escrow its related costs, expenses and reasonable attorneys' fees. If any such claim is adjudicated to be invalid and the lien adjudicated to be satisfied of record, the escrowed sum, less I'On costs, expenses and reasonable attorneys' fees, if any, related to such mechanic's lien dispute shall be promptly paid over by I'On Realty as escrow agent to Purchaser (or any successor in title to the Property) where title to the Property has been reconveyed to I'On in accordance with the terms of this Addendum.

In the event the title to the Property at the time of reconveyance is subject to any other lien, encumbrance or defect, I'On in addition to all other rights and remedies which it may have at law and/or in equity may remove any such lien, encumbrance or defect and deduct as an adjustment all costs and expenses incurred by I'On related thereto (including, but not limited to, attorneys' fees) from the amount of the purchase price otherwise payable by I'On to Purchaser (or any successor in title to the Property) as provided herein. I'On shall also be entitled to repurchase the said Property as aforesaid and take title, in its sole option, subject to any such lien, encumbrance or defect.

If I'On elects to exercise the within Option to Repurchase, it shall do so by the delivery of 20 days written notice of such election to Purchaser (or any successor in title to the Property) at the address shown on the I'On Lot Purchase Agreement or other appropriate address. Purchaser (or any successor in title to the Property) agrees to convey the Property to I'On by general warranty deed (subject to the same exceptions to title set forth in the deed of conveyance to Purchaser) at the end of 20 days from the date of the receipt by Purchaser (or any successor in title to the Property) from I'On of said notice (the exact date, time and location of the closing of the repurchase shall be selected by I'On). The consideration to be paid by I'On to the Purchaser (or any successor in title to the Property) for the Property is equal to the initial consideration paid by Purchaser to I'On for the Property less adjustments in said purchase price for all of I'On's initial closing costs, all closing costs incident to repurchase closing, applicable commissions and any additional fees related to the initial closing. Ad valorem taxes and assessments shall be prorated in the same manner as the initial closing. The resulting purchase price shall be paid by I'On to Purchaser (or any successor in title to the Property) in immediately available funds at the closing of the said repurchase.

If I'On elects to exercise the within Right of First Refusal, it shall do so within 20 days of receipt of written notice of Purchaser's proposed sale of the Property to a third party. Purchaser (or any successor in title to the Property) agrees to convey the Property to I'On by general warranty deed (subject to the same exceptions to title set forth in the indenture deed of conveyance to Purchaser) at the end of 20 days from the date of the receipt by Purchaser of notice of I'On's election to

exercise said Right (the exact date, time and location of the closing of the repurchase shall be selected by I'On). The consideration to be paid by I'On to the Purchaser (or any successor in title to the Property) for the Property in exercise of its Right of First Refusal is as follows:

a. In the event that Purchaser is not in default of the construction timeline and obligations set forth above, the purchase price shall be based upon a fair market value appraisal conducted by a mutually agreed upon appraiser. In the event that Purchaser and Seller are unable to agree upon an appraiser, each shall appoint an appraiser of their choosing, and the two appraisers shall then select a third appraiser, whose appraisal of the Property shall be binding upon the parties. The cost of the appraisal shall be borne by the Purchaser.

b. In the event that Purchaser is in default of the construction obligations set forth above, the purchase price shall be equal to the initial consideration paid by Purchaser to I'On for the Property less adjustments in said purchase price for all of I'On's initial closing costs, all closing costs incident to repurchase closing, applicable commissions and any additional fees related to the initial closing. Ad valorem taxes and assessments shall be prorated in the same manner as the initial closing. The resulting purchase price shall be paid by I'On to Purchaser (or any successor in title to the Property) in immediately available funds at the closing of the said repurchase.

The parties hereby acknowledge and agree that such repurchase price amount in exercise of I'On's Option or Right is reasonable and fair to reduce Seller's damages due to Purchaser's failure to perform as agreed in the I'On Lot Purchase Agreement, and is not to be deemed a penalty.

This Agreement shall be governed, construed, interpreted, and enforced by I'On, its successors and assigns, in accordance with the laws of the State of South Carolina in an action for specific performance or other applicable type of action.

In the event either party hereto is required or elects to take legal or equitable action against the other to enforce the non-defaulting party's rights under this Agreement, or to require performance by the defaulting party of its obligations under this Agreement, then the non-prevailing party shall immediately pay to the prevailing party for all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by the prevailing party in such action. The award rendered by the arbitrator (s) shall specify the prevailing party.

This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, devisees, Personal Representatives, successors and assigns, and may be recorded in the R.M.C. Office for Charleston County, S.C., by either party at Purchaser's expense. At the time of any termination of this Agreement, I'On shall, upon receipt of a written request from Purchaser or any successor in title to the Property, execute and deliver a release and cancellation of this Agreement in recordable form.

IN WITNESS WHEREOF, The I'On Company, L.L.C. (a South Carolina Limited Liability Company), has caused these presents to be executed in its name by Civitas, LLC, its Manager, by Vincent G. Graham, its Manager, thereunto duly authorized as of this 14 day of February 2003.

In the presence of:

The I'On Company, LLC

By: Civitas, LLC, its Manager

_____
Witness 1

By:_____
Vincent G. Graham
Its: Manager

_____
Witness 2

STATE OF SOUTH CAROLINA )
)
COUNTY OF CHARLESTON )

The foregoing instrument was acknowledged before me by The I'On Company, LLC by Civitas, LLC, its Manager, by Vincent G. Graham, its Manager, this _____ day of _____, 2003.

_____(SEAL)
Notary Public for South Carolina
My Commission Expires:_____

IN WITNESS WHEREOF, my/our hand(s) and seal(s) have caused these presents to be executed this 18 day of February, 2003.

In the presence of:

PURCHASER(S):

_____
Witness

_____
Witness

STATE OF SOUTH CAROLINA )
)
COUNTY OF CHARLESTON )

The foregoing instrument was acknowledged before me by _____ and _____, this _____ day of _____, 2003.

_____(SEAL)
Notary Public for South Carolina
My Commission Expires:_____



Rev. 01-29-03 Phase 5-8 Lot Purchase

**Exhibit A to Option to Repurchase and Right of First Refusal Agreement**

Lot _____, _____, as shown on the plat by _____, dated _____, _____, having a latest revision date of _____, _____, and recorded in Plat Book _____, at Page(s) _____ in the RMC Office for Charleston County, South Carolina.

BK M 342PG051

**INDEXING NOTE:** Please cross-reference to Declaration recorded at: Deed Book ~~XXX~~ G297 Page ~~XXX~~ 282

**Prepared by/Record and return to:**

**Joseph E. Barnes**
**The I'On Company, L.L.C.**
**159 Civitas Street**
**Mt. Pleasant, South Carolina 29464**

THIS SPACE FOR RECORDER'S USE

# RECREATIONAL EASEMENT AND AGREEMENT TO SHARE COSTS

THIS RECREATIONAL EASEMENT AND AGREEMENT TO SHARE COSTS ("Agreement") is made this 9th day of February, 2000, by and between I'ON CLUB, LLC, a South Carolina limited liability company ("Club Owner"), THE I'ON COMPANY, L.L.C., a South Carolina limited liability company ("Developer"), and I'ON ASSEMBLY, INC., a South Carolina nonprofit corporation ("Assembly").

## BACKGROUND STATEMENT

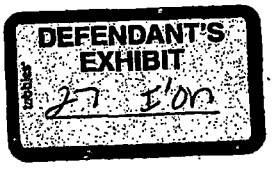
WHEREAS, I'On is a planned community which Developer is developing in Charleston County, South Carolina (the "**Community**"); and

WHEREAS, the Assembly is the entity charged with administering that Declaration of Covenants, Conditions, and Restrictions for I'On recorded in Deed Book G297, Page 282 of the Registry of Mesne Conveyances for Charleston County, South Carolina, as such Declaration may be amended or supplemented from time to time ("**Declaration**"), and maintaining and operating certain property described therein as "**Commons**"; and

WHEREAS, the Commons consists of such real property and interests therein as the Assembly owns or otherwise holds possessory or use rights in for the common use and enjoyment of the owners of property subject to the Declaration or their lessees, the occupants of their property, and their guests and invitees, and such other persons as the Declaration or the Assembly's Board of Trustees may authorize; and

WHEREAS, Developer is the owner of the property described on Exhibit "A"of this Agreement ("**Eastlake and the Amenity Area**"), which Developer intends to convey to the Assembly as a part of the Commons; and

WHEREAS, Club Owner is the owner of the real property described on Exhibit "B" of this Agreement (the "**Club Property**"), on which it has constructed or intends to construct certain recreational facilities, including a boat ramp and dock and a driveway and parking area to



serve them ("**Boating Facilities**"), for the use and enjoyment of those persons who apply, are approved, and pay the required fees for membership in a club established by Club Owner known as the I'On Club (the "**Club Members**") and such other persons as Club Owner may authorize; and

WHEREAS, the Assembly desires to acquire and Club Owner is willing to grant a nonexclusive easement over the Club Property for access to and use and enjoyment of the Boating Facilities by the owners of property subject to the Declaration or their lessees, the occupants of such property, and their guests, in common with such other persons as Club Owner may authorize; and

WHEREAS, the Assembly and Club Owner desire to provide for a reasonable allocation between them of the costs which Club Owner incurs in maintaining, repairing, replacing, insuring and operating those portions of the Club Property subject to such easement; and

WHEREAS, Club Owner desires to obtain a right of access to and use of Eastlake and the Amenity Area for the purpose of sponsoring various clinics, lessons, and recreational activities for such Club Members and others as Club Owner may authorize to participate; and

WHEREAS, pursuant to Section 5-103(c) of the Declaration, the Assembly, acting through its Board of Trustees, is authorized to grant easements, licenses and similar interests over the Commons for any lawful purpose which its Board of Trustees determines to be consistent with the interests of the Assembly; and

WHEREAS, the Assembly's Board of Trustees has determined that it is in the interests of the Assembly to promote sponsorship of clinics, lessons and other recreational activities within the Community and to enter into this Agreement; and

WHEREAS, Developer, as the current owner of Eastlake and Amenity Area, is willing to grant an easement over Eastlake and the Amenity Area to Club Owner for such purpose;

NOW, THEREFORE, for and in consideration of the foregoing recitals, the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, Club Owner, Assembly, and Developer hereby agree as follows:

## Article I
## Easements

1.1. Easement for Use and Enjoyment of Boating Facilities.

(a) Subject to subsection (b) below, Club Owner hereby grants to Assembly, for the benefit of the owners of property subject to the Declaration or their lessees, the occupants of such

property, and their guests, in common with such other persons as Club Owner may authorize, a perpetual, nonexclusive easement over and on:

(i) the driveways and designated parking areas within the Club Property, for the purposes of vehicular and pedestrian access to the Boating Facilities and temporary parking of vehicles and boat trailers, for periods not to exceed 12 hours in any 24 hour period without Club Operator's express permission, while using the Boating Facilities or while the boat launched from such trailer is in the water; and

(ii) the boat ramp which is part of the Boating Facilities, for the purpose of launching and recovery of boats; and

(iii) the boat dock which is part of the Boating Facilities, for the purpose of temporary docking of boats for periods not to exceed 8 hours in any 24 hour period, and for use and enjoyment of the dock by pedestrians, for fishing, and for such other purposes as Club Owner may permit.

(b) The foregoing easement shall be subject to:

(i) the right of Club Owner to adopt and amend reasonable rules and regulations pertaining to the use of the Boating Facilities, including, without limitation, rules establishing operating hours, limitations on and fees for guest use, and parking and traffic regulations; provided, any such rules and regulations shall apply uniformly to Club Members and other authorized users of the Boating Facilities;

(ii) the right of Club Owner to suspend the right of any person to use the Boating Facilities for any infraction of such rules and regulations and to recover from the Assembly or from such person all costs which Club Owner incurs in repairing any damage to the Club Property or the Boating Facilities resulting from the negligence, recklessness, or willful misconduct of any person exercising such easement;

(iii) the right of Club Owner to temporarily close or reserve the Boating Facilities from time to time, for limited periods of time, for maintenance and special events, including, without limitation, private parties, lessons, and similar activities;

(iv) the right of Club Owner to deny access to the Boating Facilities pursuant to this easement for any period during which the Assembly is delinquent in paying amounts owed to Club Owner hereunder; and

(v) the right of Club Owner to offer boat and/or tackle rentals, sell bait and offer similar items and services for a fee or other charge, and to appropriate for its exclusive use such portion of the Boating Facilities as Club Owner deems reasonably necessary to provide such items or services;

(vi) the right of Club Owner to install on the Club Property a fence, gate, key entry or other mechanisms or systems to limit access to the Boating Facilities by unauthorized persons and during times that the Boating Facilities are closed, and to require authorized users to purchase, for a fee not to exceed Club Owner's cost, a key, pass card or similar devices to gain access to the Boating Facilities; and

(vii) any other easements and restrictions of record affecting the Club Property.

1.2. Easement for Use and Enjoyment of Commons.

(a) Subject to subsection (b) below, Assembly hereby consents to the grant of, and Developer hereby grants to Club Owner, for the benefit of such Club Members, their guests, and other persons as Club Owner may authorize, a perpetual, nonexclusive easement over and on:

(i) the property described on Exhibit "A" as "Eastlake" and the boathouse and other facilities thereon, for purposes of boating, fishing, storing boats, boat rentals, and conducting clinics, lessons and other activities sponsored by Club Owner which do not materially adversely interfere with use of the lake by others and for which Club Owner may or may not charge a fee, in its discretion;

(ii) the property described on Exhibit "A" as "Amenity Area", for the purpose of engaging in games, sports and other recreational activities and conducting clinics and lessons sponsored by Club Owner, for which Club Owner may or may not charge a fee, in its discretion;

provided, no person may exercise this easement without the prior permission of Club Owner and then only to the extent authorized by Club Owner.

(b) The foregoing easement shall be subject to:

(i) the requirement that Club Owner make arrangements in advance with the Assembly before exercising the easement for group activities or in a manner that will materially limit the access to or use of such facilities by others;

(ii) the right of the Assembly to charge Club Owner reasonable user fees for use of the Commons by persons who are not otherwise authorized to use the Commons pursuant to the Declaration, and to charge Club Owner for any reasonable costs incurred and documented by the Assembly in making the facilities available to Club Owner, over and above its usual and customary costs, such fees and costs to be agreed upon between Club Owner and the Assembly in advance of such use;

(iii) the right of the Assembly to adopt and amend reasonable rules and regulations pertaining to the use of the Commons, including, without limitation, rules establishing operating hours and parking and traffic regulations; provided, any such rules and regulations shall apply uniformly to all authorized users of the Commons (whether authorized

pursuant to this Agreement or otherwise) and shall not unreasonably interfere with the ability of Club Owner to exercise the easement rights granted herein;

(iv) the right of the Assembly to suspend the right of any person to use the Commons for any infraction of such rules and regulations and to recover from any person exercising such easement all costs which the Assembly incurs in repairing any damage to the Commons resulting from the negligence, recklessness, or willful misconduct of any person exercising such easement;

(v) the right of the Assembly to temporarily close or reserve portions of the Commons from time to time, for limited periods of time, for maintenance and special events;

(vi) the right of the Assembly to install a fence, gate, key entry or other mechanisms or systems to limit access to portions of the Commons by unauthorized persons and during times that the Commons are closed, and to require authorized users to purchase, for a fee not to exceed the Assembly's cost, a key, pass card or similar devices to gain access; and

(vii) any other easements and restrictions of record affecting the Commons.

## Article II
## Obligation to Maintain and Insure

2.1. Maintenance Responsibility. Club Owner shall maintain the portions of the Club Property that are subject to an easement under Article I in good repair and in a manner consistent with the standard of maintenance generally prevailing within the Community. Assembly shall maintain Eastlake and the Amenity Area in good repair and in a manner consistent with the standard of maintenance generally prevailing within the Community.

2.2. Insurance Responsibility. Club Owner and the Assembly shall each obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available, on the property and facilities which it is obligated to maintain under Section 2.1:

(a) Property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements, in amounts sufficient to cover full replacement cost (less a reasonable deductible);

(b) Commercial general liability insurance, insuring such party for damage or injury caused by the negligence of such party or any of its employees, agents or contractors while acting on such party's behalf, in such amount as the party deems prudent; provided, if available at reasonable cost, such coverage (including primary and any umbrella coverage) shall have a limit of at least $1,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage. Each party shall have the other named as an additional insured under this coverage.

2.3. Right to Enforce. If either Club Owner or the Assembly fails to adequately to perform its maintenance responsibilities hereunder or fails to obtain and maintain insurance as required herein, the other party may notify it of such default and, unless the defaulting party takes affirmative steps to cure such default within a reasonable period of time set forth in the notice, the other may pursue any and all remedies available to it at law or in equity to enforce the defaulting party's obligations hereunder.

## Article III
## Obligation of Assembly to Share Costs

3.1. Covenant to Pay. The Assembly shall be obligated to pay to Club Owner assessments as provided for herein to cover a share of the costs incurred by Club Owner in maintaining, repairing, replacing, operating and insuring the Boating Facilities. Such obligation shall be a separate and independent covenant on the part of the Assembly, and no diminution or abatement of the Assembly's financial obligations hereunder or setoff shall be claimed or allowed by reason of any alleged failure of Club Owner to adequately maintain or insure the Boating Facilities, the sole remedy of the Assembly for failure of Club Owner to perform being suit at law or in equity.

3.2. Computation of Assessment.

(a) Not later than November 1 of each year, Club Owner shall prepare an estimated budget for maintenance, operation, repair, replacement and insurance of the Boating Facilities during the coming calendar year, including a reasonable and appropriate amount to be placed in a reserve fund for capital repairs to and replacement of improvements to the Boating Facilities (the "Budget"). The costs of operation shall include, by way of example and not limitation, utility costs, insurance premiums, and compensation and related costs of personnel who devote all or a portion of their time to the maintenance and/ or operation of the Boating Facilities (including, without limitation, any management personnel, and maintenance personnel), allocated in proportion to the average time devoted to matters relating to the Boating Facilities, if less than full time is so devoted.

(b) Not later than November 15 of each year, Club Owner shall send a copy of the Budget to the Assembly along with notice of the assessment for the Assembly's share of such costs. The Assembly's share shall be computed by multiplying the total Budget by a fraction, the numerator of which is the number of Lots subject to assessment under the Declaration as of November 1 of the year preceding the year for which the Budget is to be effective (y) and the denominator of which is that number (y) plus the number of memberships in the Club issued and outstanding to persons who do not own a Lot in the Community as of such date (z), reflected by the following formula:

$$\text{Assembly's} = \frac{y}{\quad} \times \text{Budget}$$

Share

$y + z$

(c) The total assessment levied for the Assembly's share of the Budget shall be payable in equal quarterly installments on or before the last day of each calendar quarter.

(d) In the event that the Club Owner for any reason fails to determine the Budget for any year, then until such time as a Budget shall have been determined as provided herein, the budget in effect for the immediately preceding year shall continue for the current year.

3.3. Adjustment for Actual Expenses. Within 60 days after the end of each fiscal year, Club Operator shall provide to the Assembly a statement of expenses for the previous year in an actual versus budget format. In the event that the actual expenses (including budgeted contributions to a reserve fund) for any year are less than reflected in the Budget, any excess amount paid by the Assembly for such year shall be credited against future amounts due from the Assembly. In the event that the actual expenses (including budgeted contributions to a reserve fund) for any year are greater than reflected in the Budget, the shortfall may be added to the Budget for the following year for purposes of computing the Assembly's assessment for that year.

3.4. Delinquencies; Collection. Any amounts due from the Assembly hereunder which are delinquent for a period of more than 10 days shall incur a late charge in the amount of $25.00 or 10% of the amount due, whichever is greater. In addition, the Assembly shall reimburse Club Owner for costs incurred in attempting to collect the past due amount, including reasonable attorneys' and paralegals' fees actually incurred, whether or not suit is filed. If the delinquent amount remains unpaid 45 days after the due date, Club Owner may institute suit to collect the delinquent amount, plus late charges, interest at the rate of 18% (or the maximum rate permitted by law, whichever is less) from the date first due and payable, and costs of collection, as described above. All payments shall be applied first to costs and attorneys' fees, then to late charges, then to interest and then to other delinquent amounts.

3.5. Expenditure of Funds. The assessments levied by Club Owner hereunder may be used for such purposes relating to the maintenance, operation, repair, replacement and insurance of the Boating Facilities as Club Owner deems appropriate. The judgment of Club Owner in the allocation and expenditure of such funds shall be final so long as such judgment is exercised in good faith, and neither Club Owner, its members, officers, or agents shall be liable to any person or entity for any error in judgment, or any action or inaction relating to the expenditure of such funds; provided, nothing herein shall protect any person from liability for gross negligence or willful misconduct in the handling of such funds.

3.6. Recordkeeping. Club Owner shall maintain or cause to be maintained full and accurate books of account with respect to the performance of its responsibilities under this Agreement. Such books and records and financial statements related thereto shall be made available for inspection and copying by the Assembly's officers, trustees, or agents upon request, during normal business hours or under other reasonable circumstances. Copying charges shall be

paid by the Assembly or person requesting such copies. If the Assembly desires to have the records audited, it may do so at its own expense, and Club Owner shall cooperate by making available to the party performing the audit the records, including all supporting materials (e.g., check copies, invoices, etc.) for the year in question. If the amount of actual expenses for the year is disputed after audit, the Assembly and Club Owner shall cause a second audit to be performed by a mutually acceptable auditor and the decision of the second auditor shall be binding. If the amount as determined by the second auditor varies from the amount asserted by Club Owner by five (5%) percent or more, Club Owner shall pay the entire cost of the second auditor. If the amount as determined by the second auditor varies from the amount asserted by Club Owner by two (2%) percent or less, then the Assembly shall pay the entire cost of the second auditor. Otherwise, the cost of the second auditor shall be shared equally by Club Owner and the Assembly. Variances shall be taken into account in the following year's Budget as provided above.

## Article IV
## General

4.1. Amendment. This Agreement may be amended only by an instrument signed on behalf of the Assembly, with the approval of a majority of the members of its Board of Trustees, and by the Club Owner. Amendments to this Agreement shall become effective upon recordation in the Registry of Mesne Conveyances for Charleston County, South Carolina, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its recordation. In no event shall a change of conditions or circumstances operate to amend any provisions of this Agreement.

4.2. Term. This Agreement, as it may be amended pursuant to Section 4.1, shall have a term of 30 years and thereafter shall automatically be renewed for successive periods of 10 years each unless and until terminated by either party at the end of the initial or any renewal term by written notice to the other given not less than 6 months prior to the end of such term. However, if any of the covenants, conditions, restrictions, or other provisions of this Agreement shall be declared by a court of law to be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

4.3. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid, but if the application of any nonessential provision to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application and without defeating the intent hereof, and, to this end, the provisions of this Agreement are declared to be severable.

4.4. Notices. Any notice provided for in this Agreement shall be in writing and shall be deemed to have been duly given, if personally delivered, at the time of personal delivery, or if

mailed, on the second business day following the deposit of the envelope containing such notice in the United States Mail, registered or certified, first class postage prepaid, and properly addressed:

(a) if to Club Owner, at the address of the principal office of I'On Club, LLC in the State of South Carolina; or

(b) if to the Assembly, at the address of the principal office of I'On Assembly, Inc. in the State of South Carolina.

4.5. Indemnification; Assumption of Risk. Each party shall indemnify and hold harmless the other from any loss, damages, and costs, including reasonable attorneys and paralegal fees, which the indemnified party may incur as a result of the failure of persons exercising the easement granted to the other party herein to comply with the rules and regulations adopted for use of the property subject to such easement.

Each person exercising the easement rights granted hereunder assumes all risk of personal injury, including death, and loss or damage to personal property, arising out of their use of the property subject to the easement and agrees that the Assembly, Club Owner and their respective owners, members, officers, trustees, directors, agents and employees, shall have no liability for, and further agrees to indemnify and hold each of the foregoing harmless from, any and all claims arising out of any such injury, loss or damage, unless and except to the extent that such injury, loss or damage is the direct result of the gross negligence or willful misconduct of the party to be held liable.

4.6. Binding Effect; Successors and Assigns. This Agreement and the easements created herein shall run with the title to Eastlake and the Amenity Area and the Club Property and shall be binding upon and inure to the benefit of all parties having any right, title, or interest in Eastlake and the Amenity Area or the Club Property, their successors, successors-in-interest and assigns, as well as the owners of the real property now and hereafter made subject to the Declaration and their respective successors and successors-in-title.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

**CLUB OWNER:** I'ON CLUB, LLC, a South Carolina limited liability company

ADDRESS: 516 Mathis Ferry Road
Mt. Pleasant, SC 29464

By: _____
Name: Joseph E. Bhana
Title: Manager

BK M 342PG060

WITNESSES:

David E. Thompson
David E. Thompson (Printed Name)

Linda M. Herman
Linda M. Herman (Printed Name)

STATE OF SOUTH CAROLINA

CHARLESTON COUNTY

PERSONALLY appeared before me the undersigned witness and made the oath that (s)he saw the within named I'On Club, LLC, a South Carolina limited liability company, by Joe Barnes, its Manager, sign, seal and deliver the within instrument, and the (s)he with the other witness above subscribed, witnessed the execution thereof.

David E. Thompson

Sworn to before me this 9th day of February, 2000:

Linda M. Herman
Notary Public for the State of South Carolina
My Commission Expires: 3/2/2009

[Notarial Seal]

DEVELOPER: THE I'ON COMPANY, LLC, a South Carolina limited liability company

ADDRESS: 516 Mathis Ferry Road
Mt. Pleasant, SC 29464

By:
Name: Joseph E. Barnes
Title: Manager

WITNESSES:

David E. Thompson
David E. Thompson (Printed Name)

BK M 342PG061

Linda M. German
Linda M. German (Printed Name)

STATE OF SOUTH CAROLINA

CHARLESTON COUNTY

PERSONALLY appeared before me the undersigned witness and made the oath that (s)he saw the within named I'On Club, LLC, a South Carolina limited liability company, by Joe Barnes, its Manager, sign, seal and deliver the within instrument, and the (s)he with the other witness above subscribed, witnessed the execution thereof.

David E. Thompson

Sworn to before me this 9th day of February, 2000.

[Notarial Seal]

Linda M. German
Notary Public for the State of South Carolina
My Commission Expires: 3/2/2009

ASSEMBLY: I'ON ASSEMBLY INC., a South Carolina nonprofit corporation

[Corporate Seal]

ADDRESS: 516 Mathis Ferry Road
Mt. Pleasant, SC 29464

By:
Name: President Joseph E. Barnes
Title: President

WITNESSES:

David E. Thompson
David E. Thompson (Printed Name)

Linda M. German
Linda M. German (Printed Name)

BK M 342PG062

STATE OF SOUTH CAROLINA

CHARLESTON COUNTY

PERSONALLY appeared before me the undersigned witness and made the oath that (s)he saw the within named I'On Assembly, Inc., a South Carolina nonprofit corporation by Joe Barnes, its Manager, sign, seal and deliver the within instrument, and the (s)he with the other witness above subscribed, witnessed the execution thereof.

David E. Thompson

Sworn to before me this 9th day of February, 2000.

[Notarial Seal]

Linda M. Herman
Notary Public for the State of South Carolina

My Commission Expires: 3/2/2009

523901/Club/Rec.Easmt/020700/jps

BK M 42PG063

**Exhibit "A"**

**Eastlake and the Amenity Area**

ALL that certain piece, parcel or tract of land, situate, lying and being in I'On in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, being shown as "Eastlake, 13.48 acres" on a plat entitled "Plat of Eastlake Containing 13.48 Acres, Owned by The I'On Company, Town of Mt. Pleasant, Charleston County, South Carolina" prepared by F. Elliotte Quinn, III, R.L.S. of Thomas and Hutton Engineering Company, dated December 21, 1998, and recorded in the RMC Office for Charleston County, South Carolina in Plat Book ED, Page 229, said tract having such size, shape, buttings, and boundings as shown on said plat;

TOGETHER WITH:

ALL that certain piece, parcel or tract of land, situate, lying and being in I'On in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, being shown as "Amenity Area, 109,934 square feet" on a plat entitled "Final Subdivision Plat of Lots 11-49, 60-69, Phase I-A, I'On, Town of Mt. Pleasant, Charleston County, South Carolina" prepared by F. Elliotte Quinn, III, R.L.S. of Thomas and Hutton Engineering Company, dated April 12, 1998, and recorded in the RMC Office for Charleston County, South Carolina in Plat Book EC, Page 631, said tract having such size, shape, buttings, and boundings as shown on said plat;

Said tract butting and bounding according to said plat as follows: to the south on the right-of-way of Mathis Ferry Road, to the west on the right-of-way of Eastlake Road, to the north on a 20' Drainage Easement, and to the east on property now or formerly of R. E. Mevers (TMS #514-00-00-074).

BK M 342PG064

**Exhibit "B"**

**Club Property**

ALL that certain piece, parcel or tract of land, situate, lying and being in I'On in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, being shown as Lot CV-6 on a plat entitled "Conditional Subdivision Plat of Phase II, Subphases A-E, I'On, Town of Mt. Pleasant, Charleston County, South Carolina" prepared by F. Elliotte Quinn, III, R.L.S. of Thomas and Hutton Engineering Company, dated April 19, 1999, and recorded in the RMC Office for Charleston County, South Carolina in Plat Book ED, Page 108-109, said tract having such size, shape, buttings, and boundings as shown on said plat;

Henry B. Fishburne, Jr.

TO
Mr. Fishburne

20.00 B

BK M 342PG065

FILED

M 342-51

2000 FEB 15 PM 12:55

CHARLIE LYBRAND
REGISTER
CHARLESTON COUNTY SC

BK 353PG484

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

WHEREAS, The I'On Company, L.L.C., is a South Carolina Limited Liability Company, and Joseph E. Barnes, as Manager, is authorized to execute and deliver deeds on behalf of the Company.

KNOW ALL MEN BY THESE PRESENTS, that The I'On Company, L.L.C. in the State aforesaid for and in consideration of the sum of Five ($5.00) dollars being the full and true consideration to it in hand paid at and before the sealing of these presents by I'on Club, LLC in the State aforesaid, the receipt whereof is hereby acknowledged, has granted, bargained, sold and released, and by these presents does grant, bargain, sell and release, subject to the exceptions, restrictions, easements and limitations hereinafter set forth unto the said I'on Club, LLC, the following described property, to-wit:

See Attached Exhibit "A" for Legal Description

TMS#: 535-06-00-219 & 535-06-00-230

Grantees' address: 151 Civitas Street
Mt. Pleasant, SC 29464

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, subject to the matters set forth in (a) through (k) on Exhibit "A", unto the said I'on Club, LLC, its Successors and Assigns forever.

AND subject to the matters set forth in (a) through (k) on Exhibit "A", The I'On Company, 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 I'on Club, LLC, its Successors and Assigns, against it and its Successors and Assigns, and all persons whomsoever lawfully claiming, or to claim the said or any part thereof.

By the acceptance of this deed, the Grantee(s) agree(s) to observe and be bound by the aforesaid Declaration of Covenants and Restrictions and the By-Laws of the Association which said Declaration shall constitute covenants running with the land and shall be binding upon the owner(s) of said lot and the owner's family, servants, guests, invitees and tenants.

IN WITNESS WHEREOF, The I'On Company, L.L.C., a South Carolina Limited liability company, has caused these presents to be executed in its name by Joseph E. Barnes, its Manager, this 15th day of August, in the year of our Lord Two Thousand and in

DEFENDANT'S EXHIBIT
28 I'On

BK 353P6485

the Two Hundred Twenty-Fourth Year of the Sovereignty and Independence of the United States of America.

SIGNED, SEALED AND DELIVERED

THE I'ON COMPANY, L.L.C.

By: _____
Joseph B. Barnes
Its: Manager

STATE OF SOUTH CAROLINA )
COUNTY OF CHARLESTON ) ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 15th day of Dec. 2004 by The I'On Company, L. L. C., by Joseph B. Barnes, its Manager.

_____
NOTARY PUBLIC FOR SOUTH CAROLINA
MY COMMISSION EXPIRES: 2-07-2013
AFFIX SEAL

BK 353PG486

EXHIBIT "A"

PROPERTY DESCRIPTION

All those lots, pieces, or parcels of land situate, lying and being in the Town of Mt. Pleasant, Charleston County, South Carolina, shown and designated as Lots CV5 and CV6, Phase 2A, I'On, on plats thereof entitled "Conditional Plat of Phase II, Subphases A-E, I'on Subdivision, Town of Mt. Pleasant, Charleston County, S. C." dated March 17, 1999, prepared by F. Elliotte Quinn, III, R. L. S. of Thomas & Hutton Engineering Co., and recorded in the RMC Office for Charleston County in Plat Book ED at page 108 and 109; said lots having such size, shape, location, butting and bounding as are shown on said plat.

This conveyance is made subject to the following:

(a) All covenants, restrictions, conditions, easements, rights, reservations, limitation, limitations on use, architectural and landscape approvals, and affirmative obligations to pay all assessments and charges as set forth on the aforesaid Plat (the "Plat") and in the Declaration of Covenants, Conditions and Restrictions for I'On, recorded in the RMC Office for Charleston County, South Carolina (the "Declaration") in Book C-297 at page 282, Book B308 at page 752 and L316 at page 13 and all documents referenced therein;

(b) All easements, conditions, restrictions and other matters shown on the aforesaid plat;

(c) A reservation of non-exclusive easements along the boundary lines of the Property for the installation and maintenance of utilities contained in the Declaration;

(d) Easement to South Carolina Electric and Gas Company, recorded in Book XII5 at page 28, RMC Office for Charleston County.

(e) Easements for access, utilities and drainage reserved in the deed from David N. Jordan, KREPS Investment Company, LLC, KAYJ Investment Company, LLC, L-J, Inc. and Barbara J. Alford, as Trustee of the Trust under the Will of Hampton S. Alford to the I'On Company, L.L.C. dated August 12, 1997 and recorded in the RMC Office for Charleston County in book U288 at page 190.

(f) Easement to BellSouth Telecommunications, Inc. dated November 6, 1997 and recorded November 7, 1997 in the RMC Office for Charleston County in Book U292 at page 209.

(g) The restriction that the Property shall not be used for any type of Vacation Time Sharing Plan as defined by Section 27-32-10 et. seq., S. C. Code (1976), as amended, without the express, written consent of Seller, its successors and assigns;

(h) Zoning or other restrictions of record as imposed by governmental authorities having jurisdiction over the use of the property.

(i) Any interest created by or limitations on 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 Section 48-39-220, as amended, or any regulations promulgated pursuant to said State or Federal Laws, inclusive of DHEC (formerly South Carolina Coastal Council) and U. S. Army Corps of Engineers.

(j) Ad valorem property taxes and governmental assessments not due prior to closing of this sale.

(k) All easements, conditions, restrictions and other matters contained in Declarations of Restrictive Covenants dated December 10, 1998 and recorded in the RMC Office for Charleston County in Book L313 at page 13 and as shown on the plat entitled "Plat of Wetlands and Buffers for I'On, Town of Mt. Pleasant, Charleston County, SC" dated June 9, 1998 by Thomas and Hutton Engineering Company and recorded in Plat Book EC at pages 899-903, aforesaid records.

(l) Easement to CPW in Book J316 at page 228 and O319 at page 482.

This being a portion of the premises conveyed to the Grantor herein by deed of David N. Jordan, KREPS Investment Company, LLC, L-J, Inc. and Barbara I. Alford, as Trustee of the Trust under the Will of Hampton S. Alford, dated January 11th, 1999 and recorded February 9, 1999 in the RMC Office for Charleston County in Book Y319 at page 382.

BC 353P64B8

STATE OF SOUTH CAROLINA ) AFFIDAVIT
COUNTY OF CHARLESTON )

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

1. I have read the information on the back of this affidavit and I understand such information.

2. Property located at Lots CV5 and CV6, Phase 2, I'On [illegible] Charleston County, SC bearing County Tax Map Number _____ transferred by The I'On Company to I'on Club, LLC on 8/15/00.

3. Check one of the following: The Deed is
   a) _____ 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 1-13) (If exempt, please skip items 4-7, and go to item 8 of this affidavit.) 8 to become a member

4. Check one of the following if either item 3(a) or item 3(b) above has been checked.
   a) The fee is computed on the consideration paid or to be paid in money or money's worth in the amount of $ _____
   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) $0 the amount listed in item 4 above
   b) _____ the amount listed in item 5 above (no amount place zero)
   c) _____ 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: closing attorney.

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 that one year, or both.

[signature]
Purchaser, Legal Representative or the Purchaser, or other Responsible Person Connected with the Transaction

SWORN to before me this 15th day of August, 2000.

[signature] Notary Public for SC, My Commission Exp. 2-01-2007

I'On Defendants 000065

Woody Law Firm

BK 353PG489

FILED
C353-484
2000 AUG 16 PM 3:54
CHARLIE LYBRAND
REGISTER
CHARLESTON COUNTY SC

Recording Fee 11.00
State Fee
County Fee EXEMPT
Postage
TOTAL 11.00
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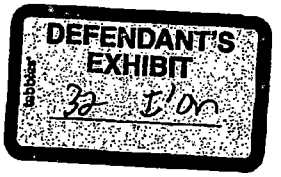
RECEIVED FROM RMC
AUG 16 2000
PEGGY A. MOSELEY
CHARLESTON COUNTY AUDITOR

TMS VERIFIED
BAC
DTD

March 5, 2009

Mr. Timothy W. Bouch
Leath, Bouch and Crawford
134 Meeting Street
Charleston, SC 29402

FAX 937-0606




Mr. Bouch:

I am writing as a member of the I'On Assembly to express my interest in your opinion regarding my property rights, in particular those listed in the HUD Property Report provided to me upon closing of my property at [redacted], Mount Pleasant, South Carolina in 2003 and provided to me by closing attorney Dan Orvin.

On Page 21 of the Report, there is a chart of "Recreational Facilities" which lists, among other facilities, a "Creekside Park" and a "Community Dock." These two facilities show estimated start dates for construction of "1/1999." The Property Report itself is dated November 3, 1998. There were no improvements or construction yet done to the facilities, on the date this Property Report was written.

Further, on Page 22 of the Report, it states:

"The recreational facilities listed in the chart above shall, upon completion of construction, be conveyed to the I'On Assembly, Inc. by quitclaim deed free and clear of all monetary liens and encumbrances at no cost to the I'On Assembly or its members."

Also on Page 22 of the Report, it is written:

"There may be additional recreational facilities in the subdivision which are not listed in the above chart and which will be privately owned and operated by a person or entity other than the I'On Assembly, Inc. The operation and use of, and access to, such facilities is not guaranteed....." (The conclusion being that the facilities which are listed, are guaranteed.)

To define exactly what the "Community Dock" and "Creekside Park" are requires examining the I'On Impact Assessment. On Page 6 of the Assessment, there is this information:

"**There will be no private docks in the neighborhood.** Instead, I'On residents will be able to use seven community docks which will provide access to the marsh and waters of Hobcaw Creek for fishing and boating. These docks will range from small crabbing docks to **a larger community dock** reminiscent of the dock pavilion at Newpoint or at

the Sea Island Yacht Club in Rockville." The photo there of the "Community dock" at Newpoint is a clear model for our own Community dock in I'On, which with its gazebo is probably one of the most recognizable landmarks in the neighborhood.

Regarding what the Impact Assessment says about "Recreation" in I'On are some important points:

"I'On has approximately 2.1 miles of marsh and **deep water frontage along Hobcaw Creek**....Rather than divide up this premium frontage among a relatively few private lots, the developers believe that the value of the neighborhood as a whole is significantly enhanced **if all residents have access to these amenities.**" It continues, "They base this approach on their experience at Newpoint and Broad Street in Beaufort.....as well as observation and study at places like historic Charleston, Beaufort and the Old Village where **all residents have access to the waterfront at road endings and in established parks.**" Civic site 6 provides the only waterfront access at a road ending.

On Page 6 of the Assessment, there is a photograph of an established park featuring significant open area surrounded by large oaks, noted as "a park on Middle Street in the Old Village." As you can see, there are scattered picnic tables on this lawn of open area. The photograph looks like the lawn and grounds of the Creek Club, which happens to be located along the waters of Hobcaw Creek, with significant waterfront area, at a road ending. On the previous page, 5, of the Assessment, it describes the **"extensive park** system planned along the highlands above the marshes and **waters of Hobcaw Creek,** together with other best management practices will serve a dual purpose of providing storm water control and **serving as an amenity for residents."** This, and other references, gives reason to believe that the current parcel of land, Civic site 6, which is the location of the Creek Club, is actually the "Creekside Park" listed in the Property Report.

In light of the pending sale of the Creek Club -- along with its accompanying sale of multiple docks, a parking lot on the property, and a boat ramp on the property -- I would request your representing me, as a member of the Assembly, regarding the HUD Property Report and, in particular, the Community Dock and the Creekside Park, (and whether the present owner has the right to sell these properties to another owner if these properties are to be transferred to the Assembly as documented in the Property Report.) I requested an opportunity to attend the meeting today to witness your observations and hear your thoughts about this issue but was told I was not allowed to attend, through a statement issued by the President of the I'On Assembly Board of Trustees. Therefore, I would appreciate being provided access to your written opinion regarding this matter at its earliest availability.

Lea Ann Adkins

**TOWN OF MOUNT PLEASANT, SOUTH CAROLINA**
**BOARD OF ZONING APPEALS**
**FEBRUARY 23, 2009**
**MINUTES**

Present: Brian Garris, Chair, Robert Hollings, Saila Smyly, Scott Lane, Dave Wilcox, Charles Moore.
Absent: Ann Dovre-Coker (excused)
Staff: Christiane Farrell, Allen Young, Kent Prause, Lynnette Lynes

Mr. Garris called the meeting to order at 6:12 p.m. He reviewed the procedure with the public and administered the oath to those wishing to speak.

**Roll Call**

Mr. Garris stated that Ms. Dovre-Coker was absent due to illness. Mr. Garris introduced Ms. Saila Toropainen-Smyly as the newest member and welcomed her to the Board.

**Approval of Minutes**

*Mr. Lane moved to approve the minutes from the previous meeting. Mr. Wilcox seconded the motion. All in favor, with Ms. Smyly abstaining.*

**Approval of Agenda**

Mr. Prause suggested election of officers, adoption of rules and procedure, and an update on Code of Ordinances should be added to the agenda in order to take care of some administrative actions.

*The Commission agreed to amend the agenda and add the items Mr. Prause recommended.*

**Correspondence**

Mr. Prause stated that a statement from Mr. William Hamilton was received, which was e-mailed to the Board as well as the attorneys for both sides.

**New Business**

1. **Case A-01-09. Appeal from the decision of the Zoning Administrator that the use of the I'On Creek Club property located at 44 Saturday Road, I'On subdivision, TMS No. 535-06-00-230 as a venue for weddings, receptions, meetings and other special events is a permitted use pursuant to the provisions of Mount Pleasant Ordinance No. 97010.**

Mr. Lane recused himself due to a conflict of interest in being a member of the I'On Club and long-time resident of the subdivision.

Mr. Prause reviewed staff comments as follows:

- Please refer to the letter from Mr. Joel P. Ford of December 8, 2008 and referenced attachments for an explanation of the zoning administrator's interpretation of the Creek Club use.

- Also, please refer to the appeal documents filed by Ms. Catherine Templeton of 34 Saturday Road, I'On subdivision on January 7, 2009 for an explanation of how this decision is incorrect and the relief she seeks.
- The Town's position is that Ordinance No.07010 expressly designates the Creek Club site for a civic building and neighborhood clubhouse use. Civic uses may include those uses which are "strongly vested with public or social importance." One could certainly posit that a wedding, for example, or the Mount Pleasant Cotillion gala, which recently occurred there, are obvious examples of uses vested with public or social importance.
- However, the Town's main interest in this matter is not being placed in the position of being the arbiter in issues of neighborhood clubhouse use. There are many, many neighborhoods that have these clubhouses and virtually all are used to a certain degree for these types of activities by a variety of entities. The Town has no desire to dictate to any neighborhood; neither I'On, Hobcaw, Creekside, Belle Hall, Dunes West, Charleston National, Snee Farm, Rivertown, Hamlin Plantation or any of numerous others with neighborhood clubhouses, to whom they may rent their facilities, for what purpose, for what remuneration, if any, or in what frequency.
- The courts in SC and elsewhere have consistently determined that controlling ownership of property is not a legitimate exercise of the local government police power; i.e. zoning. In fact, all neighborhood clubhouses are privately owned, even those owned by homeowner or neighborhood associations. Therefore, ownership by a private entity should not be an issue for zoning control.

Mr. Paul Dominick, attorney for Catherine Templeton, reviewed the request with the Board. He stated that Ms. Templeton takes issue with the Creek Club being a civic use. He stated that the opinion is based on the fact that the Creek Club is a neighborhood clubhouse, which Ms. Templeton takes issue with as the I'On Creek Club is a privately owned business. He read a portion of Mr. Ford's letter as follows:

Therefore, there is no question that the Creek Club building is a neighborhood clubhouse, which the ordinance specifically identifies as a civic building...some are owned by neighborhood associations and used solely for the enjoyment of residents of the neighborhood.

Mr. Dominick stated that the Creek Club does not fit the definition outlined in Mr. Ford's letter as it is used for hosting events for profit and primarily for individuals and organizations outside of the neighborhood. He stated that the Creek Club does not have any members and does not fit the definition of the I'On Code defines "civic realm" not civic use as follows:

Those spaces in the neighborhood shared by all residents...they include thoroughfares, greens, parks, and squares.

Mr. Dominick stated that the Creek Club has a business license for commercial use, which is similar to the Cottage on the Creek. He stated that the Cottage on the Creek is privately owned and rents the facilities and does not have memberships. He stated that they are requesting that the Board overturn the decision of the Zoning Administrator.

Ms. LeAnn Adkins, [redacted], stated that her first reaction to Mr. Ford's letter was that the letter was in error as the facility is not used as a neighborhood clubhouse. She stated that 2007 HOA minutes says that the lack of a community center is an issue and that they inquired

about using the Montessori School for meetings, but this did not come to fruition. Another meeting in 2007 indicates that there is no neighborhood center. In 2007, Chad Besenfelder indicated that the I'On Group is working on options for a neighborhood community center and could purchase the Creek Club for use as neighborhood center or rent the building as a community center for approximately $50,000. She stated that she wondered why the HOA would do this if the Creek Club was their neighborhood clubhouse. She stated that the Creek Club has been referred to as several things such as an event venue, a perfect venue, a conference and event site, a quintessential lowcountry option, etc. She stated that while you can say that the Creek Club is anyone of those things, it cannot be said that the Creek Club is a neighborhood clubhouse and the only one that does is Mr. Ford. She suggested that the basis of the ruling is in error.

Ms. Catherine Templeton, stated that civic uses does not have to be redefined. She stated that there is no control over what occurs at the Creek Club whatsoever. She stated that there is no access to the Creek Club by the I'On residents unless it is paid for. She stated that only recently have there been negotiations to sell the Creek Club. She stated Saturday Road continues through the middle of the subdivision and expressed concern with child safety. She expressed concern with parking as well and took exception with the overflow parking and stated that the parking area referred to is personally owned by the Grahams and not part of the Creek Club. She stated that there are few parking spaces available at any given night in the subdivision. She stated that Mr. Ford relying on the fact that it looks like a neighborhood club and looks like a neighborhood club then it is a club. She suggested that this is incorrect and erroneous and should be repealed.

Ms. Susan Simpson, 38 Saturday Road, stated that she lives next door to the Creek Club. She stated that the Creek Club was to be built for the I'On residents for civic use, but it is not being use for civic uses for I'On residents.

Mr. William Hamilton, stated that he has scheduled some meetings and events at the Creek Club during the week, but not on weekends because of not being able to afford the rental fee. He stated that the Creek Club fails to be a civic club. The Creek Club is not a part of the civic fabric of the community and the members of the club do not have control or vote over the club activities either. He stated that other clubhouses require a percentage of the members to live in the neighborhood, but not the Creek Club. He suggested that there should be a clear definition of the uses for the Creek Club. He stated that the Creek Club also controls the boat ramp and boat landing. He suggested that there needs to be a solid definition of civic uses to protect the civic buildings before they are lost. He asked that his affidavit be entered into the record in full. Mr. Garris stated that the affidavit would be entered into the record.

Mr. Bruce Kinney, 94 Saturday Road, president of the board of trustees (HOA Board) stated that the current use of the Creek Club includes a recorded easement to allow use of the boat landing and boat ramp for all residents and that there are days throughout the year for annual uses such as annual and semi-annual meetings, events, etc. He stated that since the potential sale of the club became public there has been more interest in the uses at the Creek Club. He stated that there was a misconception that the I'On board owned the club. He stated that the board has reviewed the documents and stated that the vast majority of homeowners fear that the current use of the club will change after it is sold, but do not have many objections with the current uses. He stated that the I'On board voted to ensure that it is used in the future as in the past. Mr. Kinney stated that Ms. Templeton asked for an agreement with the new owner to have weddings and receptions

and keep the use for meetings. He stated that the board agreed to amend the agreement that includes the following points:

- Agreement to have exclusive right to use the club building for one day a year
- Rules adopted by the club owner for use of the boat facilities would apply to all users
- Boating facilities would only be closed for repairs and would remain open during private functions at the Creek Club
- Acknowledge use for weddings, receptions, and other uses would be allowed as in the past
- Agreement could only be cancelled by the HOA assembly and the perpetual easement would be recorded and have continued civic use as well as provide a revenue source for upkeep of facilities.

Mr. Kinney stated that the board has agreed to enter into an agreement with the new owner to be used as has been used in past and is consistent with Dec 2008 letter from the Town of Mount Pleasant. He stated that a portion of the annual assessment is sent to the Creek Club owner to reserve for use of the club for up to 52 days a year.

Mr. Dan Orvin, attorney representing the I'On Creek Club, and Tom Graham, owner of club is present. Mr. Orvin stated that the property for the Creek Club includes the building, boat ramp and boat landing. He stated that the operation of boat ramp and landing built in 2000 with building constructed in 2001. He stated that the facility is used for numerous events such as Piccolo Spoleto, I'Onissimo, community oyster roasts, Charleston Animal Society, Muscular Dystrophy Association, etc. He stated that the building has also been used for HOA meetings. He stated that the Creek Club is a benefit to the community and adds marketing value to the neighborhood. He stated that the operation of the Creek Club has been consistent with the zoning designation of civic use. He stated that just because the civic uses have economic value does not invalidate the civic use. He stated that a 2003 Court of Appeals defined as a civic use the private school under the planned development. Thus, a private school, making a profit was a permissible civic use. Mr. Orvin stated that they understand that there is concern over change of ownership, but the use will remain the same as in the past seven years. A 1983 Court of Appeals case in Sullivan's Island cites that the use is the factor, not the ownership. It is a neighborhood clubhouse and when the planned development was established, the property was zoned for a civic use with the intention to have a clubhouse. He stated that it does meet the requirements for a civic use. He suggested that there is not a civic building in the area that does not have a rental or economic component. Mr. Orvin stated that only when the contract for sale of the property was announced was there any opposition raised regarding the use of the Creek Club. He stated that there has not been any opposition for seven years. He stated that the State vs. Sweat states that when interpreting an ordinance must receive a practical, reasonable interpretation of the language of the ordinance. He stated that the civic club a permissible use and this purpose is consonant with other clubhouses in the surrounding community. He stated that the Town must be allowed to interpret its own law.

Mr. Tom Graham, father of Vince and Jeff Graham who built I'On stated that the I'On Club owns the Creek Club and envisioned that it would be similar to the Sea Island Yacht Club. He stated that it was built to be a rental venue for all sorts of uses as an amenity to I'On. He stated that the rental has been advertised for private events on weekends with community, civic events and activities for the remainder of the week. He stated that it has been run this way since 2001

without incident. He stated that this is a legal use and have been consistent with the use since beginning.

Ms. Templeton stated that while she appreciates Mr. Graham and Mr. Kinney's efforts to negotiate with the potential owners, what is missing is the neighborhood component. She suggested that there is no control over the use of the club. She stated that the concern was raised when it was found that the neighborhood would not have any control over the events held and is now not an option. She suggested that the definition of Mr. Ford is not met by the Creek Club. She took issue with Mr. Donovan's statement that the HOA board unanimously agrees and stated that she has e-mails to the contrary. She stated that she wants the property to continue to be used as civic property and for the Town to enforce that use.

Mr. Hamilton clarified that the Montessori School is a public school.

Mr. Orvin further clarified that at the time the case was heard, the Montessori School was a private school and had not applied for charter school status and that this was what the case law referred to. He stated that while he understands the concern, the issue is the current use of the building and not the possibility of a future violation.

Mr. Matt Walsh, 57 Saturday Road, stated that he is vice-president and clarified that they approved to use the easement for perpetual use of the residents and did not vote for the current use.

Mr. Hollings asked Mr. Kinney how many days are allocated to civic uses for I'On residents. Mr. Kinney answered that the I'On residents negotiate for approximately one day a week for community events. He stated that approximately 26 of the 50 days for this year have been booked. Mr. Walsh stated that they have 52 dates at $150/day or $600 a month. Mr. Hollings asked if the dates are pre-assigned. Mr. Kinney answered that the dates are pre-arranged. Mr. Hollings asked if it is a partial day or full day. Mr. Walsh answered that it is usually a full day unless re-negotiated differently. He stated that this is negotiated annually. Mr. Hollings asked how many parking spaces are in the overflow parking. Mr. Kinney answered that he is unsure and that it is rarely used by assembly members. Mr. Hollings asked if use of the clubhouse facility is consistent with the zoning. Mr. Kinney answered that his opinion is that the use is desirable for the neighborhood. He stated that they are trying to have the right of the clubhouse once a week as a right instead of being negotiated on an annual basis. He stated that this would preserve the existing use. He stated that his opinion is that it would be consistent today.

Ms. Smyly asked about the parking on the club property. Mr. Chad Besenfelder, general manager, answered that the overflow has 50 parking spaces. Ms. Smyly asked what the designation was for the overflow. Mr. Besenfelder answered that he was unsure. Ms. Smyly asked how many spaces are at the club. Mr. Besenfelder answered that there are approximately 20-22 spaces, with 36 spaces of on-street parking. Ms. Smyly asked who holds the liquor license for the Creek Club. Mr. Besenfelder answered that the I'On Club does not hold the liquor license. Ms. Smyly asked about the impact assessment and how the traffic impact was discerned for civic uses. Mr. Prause answered that he was unsure. Ms. Smyly asked if the impact assessment specifically depicts traffic impact for civic uses. Mr. Prause answered that there is some consideration for uses and stated that it is beyond his expertise. Ms. Smyly asked if the potential for additional outside traffic was a consideration in the impact assessment for that use at the time of approval of the impact assessment and if sufficient parking was determined at that

time. Mr. Prause answered that the traffic impact study shows the ITE codes, but it does not specifically note the civic use. He stated that in regard to the overflow parking, it is designated as a civic use lot. He stated that the parking was not felt to be a town issue as to whether it is used for weddings or boat landing parking. Ms. Smyly asked if the zoning designates the types of uses such as to facilitate weddings, etc. Mr. Prause answered that there are certain zonings that allow those types of uses, including residential zoning. He stated that most of the golf communities are zoned R-1 including Rivertowne Country Club, Hobcaw Yacht Club, Snee Farm, Hamlin Planatation, Charleston National Country Club, etc. He stated that the code does not specifically address who can use the facility; that is between the residents and the person that runs the facility.

The Board convened for a short break at 7:53 p.m. The Board reconvened at 7:59 p.m.

Mr. Garris stated that the zoning map shows the property as a civic use and are common in other communities and quoted a portion of Mr. Ford's letter. He stated that based on the testimony he has heard, it is difficult to say that Mr. Ford has not done his job. He stated that there may be some things that must be done between the HOA and the owners of the club, but it is not a Town responsibility. He stated that it was zoned for a civic building and is being used for that, with the HOA having to pay for that use, which is not a violation of the determination.

Mr. Wilcox asked for a showing of those present that that lived in I'On prior to 1999 and have not called 911.

Mr. Morgan Templeton, stated that he has called 911 on several occasions and the response has been that nothing could be done and that it is a neighborhood matter, not a police matter. He stated that it is the board's duty is to uphold the law and they should do so. He stated that it is not a civic use on a civic lot.

Mr. Wilcox asked how one becomes a member of the HOA.. Mr. Templeton answered that an owner of property is a member of HOA. Mr. Wilcox asked about one of the photos reviewed by staff earlier and what the sign meant. Ms. Templeton answered that this refers to use of the docks, which are deeded to HOA through quit-claim deed. Mr. Orvin answered that these points are irrelevant to the issue. He stated that there is an easement allowing access to the docks.

Mr. Moore asked what the consequence would be for supporting the application. Mr. Prause answered that it could be appealed to the circuit court, appellate court, and then the supreme court as both parties do not appear to be near a resolution. Mr. Moore suggested that the definition of a club is not the issue, but the use of the club. He suggested that over the years it has satisfied the use as a civic building. He suggested that the building would not be built and approved if it did not comply with the zoning. He suggested that the building, by design, satisfied the civic building and clubhouse function. He suggested that the Board is not in the position to resolve the differences. He stated that it was unfortunate that there are neighbors in close proximity, but that this does not affect the use of the building.

Mr. Wilcox asked for clarification on the meeting time. Mr. Prause answered it was advertised that the meeting starts at 6:00 p.m. in the newspaper and on the property.

Ms. Smyly asked Mr. Graham about the ownership of the overflow parking. Mr. Graham answered that the civic lots are owned by the I'On Company with a civic lot zoning designation

to support the events, etc. He stated that it is a necessary component with the construction of the building in order to have the civic use and is part of the contract for sale. Ms. Smyly suggested that the ownership as determined by the Zoning Administrator is correct and that it is a zoning and land use matter, regardless of the owner. She stated that a civic organization in the code includes a description that a civic organization operates for the benefits of its members and not the general public. She stated that the planned development regulations impose a geographical limitation relative to it being a neighborhood clubhouse. She stated that the limitation relates to the internal capture of traffic and has a lesser impact on the surrounding neighborhoods. She suggested that the definition in the planned development regulations imposes this geographical limitation. She stated that the unpublished order refers to a planned development statement that civic buildings are to be cited to be visual landmarks and symbols of identity within the community and ties to the definition of a civic use. She stated that she is conflicted on the mechanism used to regulate these types of clubs, understanding that there is allowance for outside neighborhood uses. She stated that there is no control by the HOA over use of the property, which does not fit in this definition as it is not a controlling aspect.

Ms. Smyly further stated that she believes this is a commercial use and if necessary the Town needs to endeavor to define the boundary of uses for civic uses. She stated that it appears from the impact assessment perspective, the overflow parking is utilizing another civic area that may be appropriate, but expressed concern that the general traffic impact from what seems to be a commercial use should more properly be allowed in a commercial district or perhaps an economic development district that is a tourism related use, particularly if this is a regional destination for events. She stated that she does not believe the current zoning is correct for the existing uses and should be better defined. She stated that regarding the neighborhood's ability to obtain the use of a clubhouse, the Board does not have the authority to dictate this.

*Mr. Moore moved to uphold the Zoning Administrator's findings with the findings that there is a valid use under the zoning code and that it does perform its function and support the findings of the Zoning Administrator's letter dated December 8, 2008. Further, based on 156.411(A)(1) the decision of the Zoning Administrator is affirmed. Mr. Wilcox seconded the motion.*

Mr. Garris read Mr. Ford's letter, dated December 8, 2008 for the record as follows:

> To Whom It May Concern:
>
> Please be advised that the current use of the I'On Creek Club as a venue for weddings, receptions, meetings and other similar special events is a permitted use pursuant to the provisions of Mount Pleasant Ordinance No. 97010.
>
> Mount Pleasant Ordinance No. 97010 is a planned development ordinance consisting primarily of three separate documents: the "I'On Impact Assessment", "The I'On Code" and a sketch plan map entitled "I'On Technical Plan." Page three of the impact assessment document provides that, "Throughout the community, specific sites are designated for civic buildings – *neighborhood clubhouses,* a scout den hut, churches and other civic uses" (Emphasis added). The I'On Technical Plan map specifically identifies the Creek Club parcel as a civic building site. Page seven of the impact assessment document contains two photographs of the Sea Island Yacht Club in Rockville, SC with the notation that "*Clubhouses* in I'On will be modeled after traditional

structures like the Sea Island Yacht Club in Rockville, SC." (Emphasis added, again) The Creek Club building is a very close architectural replica of the Sea Island Yacht Club building. Therefore, there can be no question that the Creek Club building is a neighborhood clubhouse, which the ordinance specifically identifies as a type of civic building.

Such neighborhood clubhouses are common throughout the Town of Mount Pleasant and other communities. Some are owned by neighborhood associations and used primarily for the enjoyment of the residents of the neighborhood. Others are privately owned and offer memberships not only for those living in the neighborhood but to the general public also. Virtually all are rented at different times for various functions to a variety of different folks: neighborhood residents and non-residents, members and non-members. The town does not regulate these aspects of neighborhood clubhouse use, believing these matters are best handled privately between those involved.

Please also be advised that Sections 156.411(A)(1) and (5) of the Mount Pleasant Zoning Code provide a mechanism to appeal this determination to the Mount Pleasant Board of Zoning Appeals.

Sincerely,
Joel P. Ford, Director

*Mr. Garris called for a vote on the motion. Motion passed on a 4 to 1 vote, with Ms. Smyly opposed and Mr. Lane abstaining.*

The Board convened for short break at 8:26 p.m. and reconvened at 8:30 p.m.

**Election of Officers**

*The Board voted by acclamation for Mr. Garris to serve as chair and Mr. Lane to serve as vice-chair.*

**Adoption of Rules of Procedure**

*Mr. Lane moved to approve the rules of procedure. Mr. Moore seconded the motion. All in favor.*

**Update of Code of Ordinances**

Mr. Prause asked that the Board ensure that their Code of Ordinance books are updated and asked that they bring them to the next meeting so that they can be updated.

There being no further business, *Mr. Lane moved for adjournment at 8:34 p.m. Mr. Wilcox seconded the motion. All in favor.*

Submitted by,
L. Lynes
BOZA02232009

# I'On Lot Purchase Agreement

**Purchaser:** BRAD J. WALBECK [redacted]

[redacted]

**Seller:** I'On Company, LLC

(Name(s)) Phone - Office Phone - Home

159 Civitas Street Mt. Pleasant, SC 29464

(Mailing Address) Fax Number

**Property:** Lot 224, 114 N. Shelmore Blvd as shown on the plat by Thomas & Hutton dated August 11, 1999, having a latest revision date of _____, 19____, and recorded in Plat Book _____, at Page(s) _____ in the RMC Office for Charleston County, South Carolina (the "Plat")

1. **Agreement to Buy and Sell:** In consideration of Five and no/100 Dollars ($5.00), the mutual covenants and agreements contained herein, and other good and valuable consideration, the Purchaser identified above ("Purchaser") agrees to buy and the Seller identified above ("Seller") agrees to sell, the Property described above ("Property), subject to the matters herein provided.

2. **Purchase Price:** In consideration for the Property, the Purchaser agrees to pay to the Seller the sum of Sixty One Thousand Five Hundred Dollars ($ 61,500.00 ) (the "Purchase Price") as follows: Three Thousand Seventy Five Dollars ($ 3075.00 ) (5% of Purchase Price) is paid by Purchaser upon execution of this Agreement as earnest money (the "Earnest Money"), to be held and disbursed in accordance with Paragraph 3 below.

(b) Fifty Eight Thousand Four Hundred Twenty Five Dollars ($ 58,425.00 ) shall be paid in cash or immediately available funds at Closing. All amounts due hereunder shall be paid in United States dollars by certified or cashier's check, or in such other form as is acceptable to Seller. All deposits and other payments hereunder shall be made payable to Seller or an agent designated by Seller.

3. **Earnest Money:** The Earnest Money shall be deposited into an escrow account maintained by the Listing Broker identified on the signature page of this Agreement. Such account is not interest bearing. The Earnest Money shall be credited to Purchaser at Closing, as defined in Paragraph 4 below, or otherwise disbursed in accordance with the terms of this Agreement upon default of either party prior to Closing.

(a) Purchaser hereby acknowledges that the Earnest Money deposit shall be forfeited at the end of the sixtieth (60th) day following execution of this agreement unless Purchaser notifies Seller in writing of their intent to withdraw from this agreement prior to such date.

4. [redacted]

(a) The closing of the purchase and sale transaction contemplated by this Agreement ("Closing") shall not be later than [redacted] the execution hereof, at the Seller's attorney's office in Charleston, South Carolina, or such other time, date and place as the parties mutually agree in writing, the time of closing being of the essence. In the event of closing not taking place within aforementioned time, Seller shall have the option of (a) extending this agreement and require a 1% payment of the lot purchase price, which is non refundable and non applicable or (b) Purchaser shall forfeit the earnest money to Seller and Seller have no further obligation to Purchaser under this agreement.



DEFENDANT'S EXHIBIT 34 I'on

Creek Club - Plaintiff
Walbeck 000038

a. Purchaser shall submit to the I'On Design Committee (IDC), conceptual drawings, rendering or photographs illustrating the Architectural intent planned for the property, within forty fi[redacted]on hereof. Failure to do so will make this agreement terminable by the Seller and Purchaser shall receive a full refund of all Earnest monies paid to date.

b. Purchaser shall submit to the IDC [redacted]on hereof, Preliminary Design documents for approval and comments. Failure to submit such drawings will be considered default and at the Seller's option, this contract shall be terminable and Purchaser shall forfeit all earnest monies paid to date. Approval of Preliminary Design must be obtained prior to closing.

c. Purchaser acknowledges receipt of the Design Review Procedures and agrees to submit drawings and specifications in accordance with these Guidelines.

Purchaser's Initial BW

(b) At or prior to Closing, each party shall, upon the request of the other, deliver to the other party appropriate evidence to establish the authority of such party to enter into and close the transaction and any other documents reasonably necessary or appropriate to complete and evidence the transaction contemplated by this Agreement. Seller shall also deliver to Purchaser a non-foreign (FIRPTA) affidavit and, in consideration thereof, Purchaser covenants not to withhold any tax pursuant to Section 1445 of the Internal Revenue Code, as amended.

5. Conveyance of Title. At Closing, Seller shall deliver to Purchaser a properly executed general warranty deed conveying good and marketable title to the Property, free and clear of all liens and encumbrances except for zoning and other applicable laws, and other matters provided herein. The Property shall also be conveyed subject to:

(a) all covenants, restrictions, conditions, easements, rights, reservations, limitations, limitations on use, architectural and landscape approvals, and affirmative obligations to pay all assessments and charges as set forth on the Plat and in the Declaration of Covenants, Conditions and Restrictions for I'On, recorded or to be recorded prior to Closing in the RMC Office for Charleston County, South Carolina (the "Declaration") and all documents referenced therein;

(b) a reservation of non-exclusive easements along the boundary lines of the Property for the installation and maintenance of utilities;

(c) the restriction that the Property shall not be used for any type of Vacation Time Sharing Plan as defined by Section 27-32-10 et. seq., S.C. Code (1976), as amended, without the express, written consent of Seller, its successors and assigns;

(d) ad valorem property taxes and governmental assessments not due prior to Closing;

(e) a covenant that construction of the dwelling on the Property shall be performed only by a builder approved by The I'On Company, LLC, a South Carolina limited liability company;

(f) other matters approved or waived by Purchaser as provided for in this Agreement.

Purchaser acknowledges and agrees that the Property is also subject to federal and state stormwater management laws and regulations currently administered by the Office of Ocean and Coastal Resource Management ("OCRM") of the South Carolina Department of Health and Environmental Control ("DHEC") and agrees to abide by them.

6. **Closing Costs and Prorations:** Seller shall pay for the preparation of the deed, recording of any lien releases, and Seller's legal fees. Purchaser shall pay the deed recording fee required pursuant to §12-24-10 *et seq.* of the S.C. Code of Laws, 1976, as amended and all other closing costs. Property taxes shall be pro-rated between the parties as of the date of Closing. Any annual assessments by I'On Assembly, Inc. (the "Assembly") which have been paid in advance shall be prorated quarterly between Seller and Purchaser as of the date of Closing. The Purchaser shall pay when due all assessments applicable to the Property coming due after the date of Closing as provided in the Declaration and Bylaws referenced in Paragraph 7, as the same may be amended.

7. **Possession:** Seller shall deliver possession of the Property to Purchaser upon Closing.

8. **Disclosures:**

(a) **Assembly Documents:** The real property which is the subject matter of this Agreement is part of the planned community known as I'On, and is subject to the Declaration of Covenants, Conditions and Restrictions of I'On, as it may be amended and supplemented from time to time, as well as the Bylaws, and the Codes of the I'On Assembly, an owners association responsible for administering I'On in accordance with the Declaration. By initialing below in the space provided, Purchaser acknowledges receipt of the foregoing documents and agrees to be bound by the terms and provisions thereof.

_____ _____
initials initials

(b) **Membership in Assembly:** Upon conveyance of title to the Purchaser, Purchaser shall automatically become a member of the Assembly and shall remain a member so long as Purchaser holds title to the Property. Purchaser acknowledges that the Assembly is authorized to levy annual assessments against the Property for Purchaser's pro rata share of the common expenses of the Assembly as more fully set forth in the Declaration, and that such assessments are the personal obligation of each member.

(c) **Neighborhood Improvements:** Purchaser acknowledges that in as much as Purchaser may be purchasing the Property prior to the completion of construction on other lots and streets in the Neighborhood, there may be certain inconveniences until all such construction is completed, and Purchaser waives all claims with respect thereto. Purchaser agrees that if Purchaser, his family, guests, employees, agents or invitees enter onto any area of construction, they do so at their own risk, and neither The I'On Company, LLC, Builder, or their respective contractors, agents, or employees, shall be liable for any damage, loss or injury to such person.

(d) **Use and Development Restrictions:** Purchaser acknowledges that the Property is subject to various restrictions on use and development as set forth in the Declaration and I'On Code.

(e) **Plan Approval Pursuant to Declaration:** Purchaser acknowledges that all construction and landscaping on the Property and any modifications thereof affecting the exterior appearance of the Property are subject to prior approval in accordance with the Declaration and the I'On Code.

(f) **Approved Builder:** Purchaser acknowledges that only builders approved by The I'On Company, LLC, the developer of I'On, may construct homes in I'On. Such approval requirement is for the protection of The I'On Company, LLC, only and shall not be construed to create any duty or liability to Purchaser on the part of The I'On Company, LLC. Purchaser agrees that Purchaser shall not permit any person other than a builder approved by The I'On Company, LLC to engage in any construction on the Property.

9. **No Reliance:** Purchaser acknowledges that Purchaser or his or her spouse has made a personal, on-the-lot inspection of the Property prior to signing this Agreement. Purchaser acknowledges that this Agreement is entered into by Purchaser without reliance on any warranties, statements or representations, either written or oral, express or implied, by Seller, or by any agent, employee or representative of Seller, or by any broker or other person purporting to represent Seller, relating to the marketability or investment potential of the Property, the legal or tax consequences of this Agreement and the purchase or ownership of the Property, or other matters, except as set forth

in this Agreement between Seller and Purchaser. Purchaser warrants and represents that if such matters are of concern to him, Purchaser has sought and obtained independent advice relative thereto.

10. **Subdivision Improvements and Amenities:** Purchaser and Seller agree that no representations regarding the provision or completion by the Seller of roads, sewer, gas, or electric services, or recreational amenities have been made by or on behalf of Seller, or relied upon by Purchaser, except as specifically set forth in this Agreement and the Property Report delivered to Purchaser prior to execution of this Agreement. At or prior to Closing, Seller shall complete, or shall post a bond with the Town of Mount Pleasant, South Carolina or Charleston County, South Carolina, as appropriate, to provide financial assurances for completion of paved access from a public street or highway, central water and sewer service, and electricity to serve the Property. Seller agrees to construct the following recreational facilities within or adjacent to the subdivision in which the Property is located, and to complete such construction within 180 days of the estimated date specified below, subject to such contingencies which otherwise excuse any delay in performance under the terms of this Agreement.

| Facility | Estimated Date Available for Use |
|---|---|
| Eastlake lake | 11/1998 |
| Eastlake Boathouse | 9/1998 |
| Canals | 11/1998 |
| Sidewalks, paths and trails - Phase 1 | 11/1998 |
| Parks and Open Space - Phase 1 | 11/1998 |
| Creekside Park | 9/1999 |
| Community Dock | 9/1999 |
| Sidewalks, paths and trails - Phase 2 | 10/1999 |
| Parks and Open Space - Phase 2 | 10/1999 |

11. **Construction of Improvements:** Purchaser shall cause construction of a residential dwelling to commence on the Property within 180 days after closing and shall cause such construction to be substantially completed and a certificate of occupancy issued within 12 months thereafter, subject only to delays occasioned by acts of God, material or labor shortages, or other conditions beyond the reasonable control of Seller.

12. **Default and Remedies:**

(a) **By Purchaser:**

(i) In the event of Purchaser's default in the performance of any obligation or covenant under this Agreement prior to Closing, Seller may elect to terminate this Agreement by written notice to Purchaser and retain the Earnest Money as Seller's full and complete liquidated damages for such default, the parties hereby acknowledging and agreeing that the amount of Seller's actual damages in such circumstance would be difficult, if not impossible, to determine. The parties further agree that such amount is a reasonable estimate of damages and is not a penalty.

(ii) In the event of Purchaser's default in the performance of any obligation or covenant hereunder after Closing, then in addition to the remedies set forth for specific events of default in this Agreement, Seller may elect to pursue any and all remedies available to it at law or in equity.

(iii) If Purchaser loses rights and interest in the Property because of Purchaser's default or breach of contract after 15% of the purchase price, exclusive of interest, has been paid, Seller shall refund to Purchaser any amount which remains from the payments made after subtracting 15% of the purchase price, exclusive of interest, or the amount of Seller's actual damages, whichever is greater.

(b) **By Seller:** Except as otherwise specifically provided below, Purchaser's sole remedies in the event of Seller's default in the performance of its obligations and covenants under this Agreement shall be as follows:

(i) If Seller defaults under this Agreement prior to Closing, Purchaser, at its election, may (i) avail itself of the equitable remedy of specific performance; or (ii) terminate this Agreement by written notice to Seller, whereupon Seller shall immediately refund to Purchaser all monies paid by Purchaser to Seller under this Agreement and the parties shall be relieved of any further obligations hereunder.

(ii) If Seller defaults under this Agreement in performance of any obligation to be performed after Closing and which expressly survives Closing, Purchaser may either seek specific performance of Seller's obligations hereunder or pursue any and all other remedies or actions at law or in equity available against Seller.

(c) **Notice of Default; Costs:** Notwithstanding anything to the contrary in this Paragraph 12, neither Seller nor Purchaser shall be entitled to exercise its remedies hereunder until the non-defaulting party has given the defaulting party at least 20 days written notice of such default, specifying the action necessary to cure such default, and if such default is cured during such 20-days, this Agreement shall continue in full force and effect. In any action at law or in equity between the parties occasioned by a default hereunder, the prevailing party shall be entitled to collect its reasonable attorney's fees and paralegal's fees actually incurred in the action from the non-prevailing party.

13. **Construction and Modification of Agreement:** The parties covenant and agree that this Agreement, together with any exhibit(s) or attachments referenced herein, (i) supersedes any and all other agreements of the parties and constitutes and expresses the entire agreement between the parties; (ii) may be amended only by a written instrument executed by both parties; (iii) shall be governed, construed, and enforced in accordance with the laws of the State of South Carolina. Should any provision of this Agreement be void or become unenforceable at law or in equity, the remaining provisions shall remain in full force and effect and shall not in any manner be thereby affected or impaired. The provisions of this Agreement which contemplate performance after Closing shall survive the Closing. Time is of the essence for this Agreement.

14. **Successors and Assigns; Transfer of Title:** This Agreement shall be binding upon and inure to the benefit of the heirs, personal representatives, successors, and assigns of the parties. Purchaser shall not transfer title to the Property after Closing unless such transfer is accompanied by an assignment to and assumption by the transferee of Purchaser's obligations under this Agreement.

15. **Notice:** Any communication under this Agreement shall be deemed duly given if in writing and either deposited, postage prepaid in the United States mail, certified mail with a return receipt requested, delivered personally, or via overnight air courier, to the address stated herein or such other address as may have previously been designated by either party by written notice to the other in accordance with this section.

16. **Force Majeure:** Either party hereto shall be excused for the period of delay in the performance of any obligations hereunder when such delay is occasioned by cause or causes beyond the control of the party whose performance is so delayed and the time for performance shall be automatically extended for a like period. Such causes shall include, without limitation, all labor disputes; civil commotion; war; war-like operations; sabotage; governmental or judicial regulations, legislation, or controls; inability to obtain any necessary materials or services; or acts of God.

17. **No Waiver:** Failure of either party to insist upon compliance with any provision hereof shall not constitute a waiver of the rights of such party to subsequently insist upon compliance with that provision or any other provision of this Agreement.

18. **Brokers:** Seller and Purchaser each represent to the other that neither has dealt with a real estate broker or agent in connection with the purchase and sale contemplated by this Agreement, other than the broker(s), if any,

whose name(s) and address(es) appear on the signature page of this Agreement. By initialing below, Purchaser and Seller acknowledge that (i) the Listing Broker, if any, identified on the signature page of this Agreement has acted as the agent of Seller in this transaction and Seller shall pay any real estate commission to which such Listing Broker may be entitled; and (ii) the Selling Broker, if any, identified on the signature page of this Agreement has acted as the agent of the Purchaser in this transaction and I'On Realty shall pay any real estate commission to which such Selling Broker may be entitled.

19. Commission: Purchaser hereby acknowledges that Builder has agreed to pay Broker a commission of six (6%) of the Gross Sales Price, of the improvements to be constructed by Builder on Purchasers lot. Said commission shall be paid upon closing of the construction loan or commencement of construction, whichever next occurs after Builder enters into the contract for which commission is payable hereunder.

Seller's Initials _____ Purchaser's Initials BJW

IN WITNESS WHEREOF, the parties have set their hands and seals, to be effective as of the date of execution by Seller below.

**YOU HAVE THE OPTION TO CANCEL YOUR CONTRACT OR AGREEMENT OF SALE BY NOTICE TO THE SELLER UNTIL MIDNIGHT OF THE SEVENTH DAY FOLLOWING THE SIGNING OF THE CONTRACT OR AGREEMENT.**

**IF YOU DID NOT RECEIVE A PROPERTY REPORT PREPARED PURSUANT TO THE RULES AND REGULATIONS OF THE OFFICE OF INTERSTATE LAND SALES REGISTRATION, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, IN ADVANCE OF YOUR SIGNING THE CONTRACT OR AGREEMENT, THE CONTRACT OR AGREEMENT OF SALE MAY BE CANCELED AT YOUR OPTION FOR TWO YEARS FROM THE DATE OF SIGNING.**

Signed, sealed and delivered in the presence of:

William H. Quarles
William H. Quarles (Printed Name)

_____ (Printed Name)

PURCHASER:

By: B.J.W.
Brad J. Walbeck (Printed Name)

By: _____
_____ (Printed Name)

Date: 11/27/99

Signed, sealed and delivered in the presence of:

_____ (Printed Name)

SELLER: The I'On Company, L.L.C., a South Carolina limited liability company

By: _____
_____ (Printed Name)

Its: _____

Date: _____

| LISTING BROKER: | SELLING BROKER: |
|---|---|
| Name: 1 On Realty<br>Address: 159 Civitas Street<br>Mt. Pleasant, SC 29464<br>Phone: (843)884-3080 | Name: 1 On Realty<br>Address: 159 Civitas St<br>Mt. Pleasant, SC<br>Agent: William H. Obaugh<br>Phone: (843) ~~884~~ 884-3080 |

Rev.6-7-99

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**ADDENDUM "A"**

***Special Stipulations***

The following special stipulations shall be added to and become a part of the Lot Purchase Agreement by and between The I'On Company, L.L.C. ("Seller") and BRAD S. WALBECK ("Purchaser") dated 27 November 1999 (the "Agreement"), and shall control over any inconsistent provisions in the body of such Agreement.

1. Purchaser shall grant to Seller the right to re-purchase the Property at Purchaser's original Purchase Price, in the event that Purchaser defaults on the provision in Paragraph 11, fails to commence construction of residential dwelling on the Property within six (6) months following closing and default remains uncured after 30 day written notice of default. Purchaser shall execute a repurchase option as shown on Addendum "B" of this agreement at closing.

Signed, sealed and delivered in the presence of:

_____ (Printed Name)

_____ (Printed Name)

**PURCHASER:**

By: [signature]
BRAD S. WALBECK (Printed Name)

By: _____
(Printed Name)

Date: 11/27/99

Addendum "B"

Option to Purchase

This Agreement is entered into this 27 day of NOVEMBER 1999, by and between The I'On Company, LLC, (hereinafter referred to as "Grantor") and BRAD J. WALBECK (hereinafter referred to as "Grantee").

WHEREAS, of even date herewith Grantor has conveyed to Grantee the property more particularly described on Exhibit "A" attached hereto and by this reference incorporated here (the "Property");

WHEREAS, the Lot Purchase Agreement (herein the "Agreement") pursuant to which Grantee acquired the Property from Grantor provided that in the event Grantee, within six (6) months from the date of the acquisition of the Property fails to commence construction of a properly approved residence on the Property, Grantor shall have the right to purchase the Property from the Grantee at the purchase price paid by Grantee upon the acquisition of the Property from Grantor;

NOW THEREFORE, for and in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Grantee does hereby grant and convey unto Grantor a right and option to repurchase the Property for a period commencing on the date hereof and terminating on the third anniversary of the date hereof, or the earlier date when a certificate of occupancy is issued for a residential dwelling on such Property (the "Term"). This option to repurchase is subordinate to any first mortgage or other security instrument of first priority securing a bona fide construction loan on the property. Grantor's election not to exercise its option to repurchase the Property shall not be deemed a waiver of the right to exercise such option.

If Grantor elects to exercise its option to repurchase, it shall do so by delivering written notice of such election to Grantee during the Term. Grantee shall convey the Property to Grantor by general warranty deed (subject to the same exceptions to title set forth in the deed of conveyance to Grantee within thirty (30) days after the date of receipt of Grantor's notice (the exact date, time, and location of closing of the repurchase to be selected by Grantor), for a purchase price which is equal to the amount paid by Grantee to Grantor for the lot. Such purchase price shall be paid in immediately available funds. If the title proposed to be conveyed is subject to any lien, encumbrance or defect which is not permitted, Grantor, in addition to all other rights and remedies which it may have at law or in equity, may remove any such lien, encumbrance or defect and deduct all costs and expenses incurred by Grantor (including, but not limited to, attorney's fees) from the amount of the purchase price otherwise payable as provided herein. Ad valorem taxes and assessments shall be prorated in the same manner as prorated with

respect to the original conveyance of the Property by grantor to Grantee.

The option to purchase set forth in this Instrument shall automatically terminate upon the issuance of a certificate of occupancy by the appropriate governmental authorities for a residential dwelling on the property, and Grantor shall, upon receipt of a written request from Grantee or a successor-in-title to the Property, execute a release of such option to purchase in recordable form.

IN WITNESS WHEREOF, the parties hereto have executed this agreement under seal on the date first above written

**The I'On Company, LLC**, a South Carolina limited liability company

By: _____

Name: _____

Title: _____

Signed, sealed, and delivered in the Presence of:

_____

WITNESS

_____

NOTARY PUBLIC

My Commission Expires:

[AFFIX NOTARY SEAL]

Grantee: _____

By: _____

Name: _____

Title: 4/27/09

Signed, sealed, and delivered in the presence of:

WITNESS

NOTARY PUBLIC

My Commission Expires:

[AFFIX NOTARY SEAL]

APPENDIX 3669

**I'ON ASSEMBLY**
**PROPOSED 2004 BUDGET (December 3, 2003)**

| ACCOUNT | REVENUES | Actual 2001 | Actual 2002 | Actual 2003 YTD Thru 9/30/03 | Budget 2003 | Budget 2004 | % Chg. | % of Total | Comments |
|---|---|---|---|---|---|---|---|---|---|
| 0301-A | Regular Assessments | $ 125,207 | $ 192,998 | | $ 240,963 | $ 260,000 | 14% | 94% | %Change includes |
| 0301-B | Expected New Assessments | | | YTD | | $ 15,000 | | | this new assessments. |
| 0307 | Interest Income | | $ 326 | Revenues | $ 350 | $ 25 | -93% | 0.01% | |
| 03070001 | Interest Income Reserves | $ 1,308 | | Not Included | $ 120 | $ 75 | -38% | 0.03% | |
| 0318 | Fines & Late Charges | $ 512 | $ 1,137 | At This | $ 600 | $ 1,000 | 67% | 0.36% | |
| 0320 | Developer | | $ 16,000 | Time | $ 5,000 | | | | |
| 0328 | Shared Service Reimbursement | $ (2,022) | | | | | | | |
| 0351 | Advertising Income | 30 | | | | | | | |
| | **Total Revenues** | **$ 125,035** | **$ 210,461** | | **$ 247,033** | **$ 276,100** | **12%** | **100%** | |
| | | | | | | | | | |
| | | | | | | | | | |
| | **Repairs & Maintenance** | | | | | | | | |
| 0430 | Maintenance & Repairs | $ 10,008 | $ 14,263 | $ 2,132 | $ 20,000 | $ 9,563 | -52% | 3% | |
| 0440 | Landscape Maint. & Supplies | $ 11,982 | $ 4,036 | $ 21,944 | $ 17,250 | $ 10,000 | -42% | 4% | |
| 0443 | Contract Landscape Maint. | $ 44,914 | $ 64,907 | $ 42,800 | $ 59,904 | $ 59,400 | -1% | 22% | |
| 0446 | Tree Maint. & Supplies; Fertilizer | $ 9,314 | $ 250 | $ 3,675 | $ 4,000 | $ 4,000 | 0% | 1% | Incl. Arborist consult. |
| 0445 | Lake Maintenance | $ 890 | $ 11,455 | $ 8,136 | $ 14,800 | $ 6,000 | -59% | 2% | |
| 0447 | Irrigation Maintenance | $ 168 | $ 1,492 | $ 1,303 | $ 1,200 | $ 2,000 | 67% | 1% | |
| 04400006 | Mulch | | | | | $ 18,000 | | 6% | |
| 0454 | Dock Maintenance | | $ 4,115 | $ 3,033 | $ 4,044 | $ 4,044 | 0% | 1% | |
| 0493 | Sign Maintenance | $ 3 | $ 926 | $ 299 | | | | 0% | |
| | **Total** | **$ 77,289** | **$ 101,444** | **$ 83,322** | **$ 121,198** | **$ 111,007** | **-8%** | **40%** | |
| | | | | | | | | | |
| | **General & Administrative** | | | | | | | | |
| 0510 | Office Supplies | $ 516 | $ 238 | $ 71 | $ 700 | $ 300 | -57% | 0% | |
| 0511 | Printing | $ 1,627 | $ 2,565 | $ 1,508 | $ 500 | $ 2,000 | 300% | 1% | |
| 0512 | Postage | $ 1,662 | $ 2,271 | $ 812 | $ 1,200 | $ 1,200 | 0% | 0% | |
| 0513 | Directory/Newsletter | | | $ 60 | $ 1,200 | $ 2,000 | 67% | 1% | |
| 0515 | Internet Home Page | $ 5,414 | $ 2,750 | $ 615 | $ 900 | $ 900 | 0% | 0% | 10% less if pd Jan.1 |
| 0520 | Legal Services | $ - | $ 8,148 | $ (3,280) | $ 2,500 | $ 2,500 | 0% | 1% | |
| 0521 | Audit Services | $ 1,200 | $ 1,325 | $ 60 | $ 1,400 | $ 3,500 | 150% | 1% | |
| 0522 | Management Services | $ 22,800 | $ 36,960 | $ 27,720 | $ 39,960 | $ 42,000 | 5% | 15% | |



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| ACCOUNT | [redacted] | Actual 2001 | Actual 2002 | Actual 2003 YTD Thru 9/30/03 | Budget 2003 | Budget 2004 | % Chg. | % of Total | Comments |
|---|---|---|---|---|---|---|---|---|---|
| 0523 | Professional Services | | | | | | | 0% | |
| 0529 | Community Manager | | $ 8,000 | $ 546 | $ 9,104 | | -100% | 0% | |
| 0530 | Insurance Expense | $ 3,866 | $ 5,502 | $ 4,363 | $ 6,540 | $ 7,250 | 11% | 3% | |
| 0540 | Annual Meeting Exp. | | | | | | | 0% | |
| | Loan Repayment | | | | | $ 16,000 | | 6% | |
| | Boroughs Committee | | | | | $ 500 | | 0% | |
| | Other | $ 869 | | | | | | 0% | |
| | **Total** | **$ 37,954** | **$ 67,759** | **$ 32,476** | **$ 64,004** | **$ 78,150** | **22%** | **28%** | |
| | | | | | | | | | |
| | **Utilities** | | | | | | | | |
| 0600 | Electricity | $ 15,019 | $ 2,073 | $ 2,044 | $ 2,185 | $ 3,200 | 46% | 1% | See Note 2, below |
| 06001 | Street Lights | $ 298 | $ 38,661 | $ 35,353 | $ 39,063 | $ 55,000 | 41% | 20% | See Note 2, below |
| 0601 | Water & Sewer | $ 5,297 | $ 5,242 | $ 511 | $ 6,000 | $ 5,000 | -17% | 2% | |
| 0606 | Telephone | $ 1,109 | $ 175 | $ 116 | $ 360 | $ 200 | -44% | 0% | |
| | **Total** | **$ 21,723** | **$ 46,151** | **$ 38,024** | **$ 47,608** | **$ 63,400** | **33%** | **23%** | |
| | | | | | | | | | |
| | **Other Expenses** | | | | | | | | |
| 0910 | Replacement Reserves | | | $ 12,375 | $ 16,500 | $ 16,500 | 0% | 6% | |
| 0930 | Operating Contingency | | | | | | | 0% | |
| | Bad Debt Allowance, Uncollectables | | | | | $ 6,828 | | | 2.5% of Reg. & New Assess. |
| 0920 | Federal Income Tax | $ 370 | $ 6 | $ 90 | $ 90 | $ 90 | 0% | 0% | Used 03 data for 04 |
| 0921 | State Income Tax | $ 27 | $ 62 | $ 15 | $ 15 | $ 15 | 0% | 0% | Used 03 data for 04 |
| 0924 | C/A Prop. Tax | $ 81 | $ 23 | | $ 59 | $ 110 | 86% | 0% | |
| | **Total** | **$ 478** | **$ 91** | **$ 12,480** | **$ 16,664** | **$ 23,543** | **41%** | **9%** | |
| | | | | | | | | | |
| | **Expenses, Grand Total** | **$ 137,444** | **$ 215,445** | **$ 166,301** | **$ 249,474** | **$ 278,100** | **11%** | **100%** | |
| | | | | 12/31/02: 406 Homes | In 2003: 481 Homes | In 2004: 520 Homes | | | |

Note 1: "New Assessments" amount based on prorated new sales; % change includes the New Assessments estimate.
Note 2: 2003 Power cost split, streetlights vs all other, was estimated using the ratios obtained using the 2002 Actual and 2004 Estimated numbers. (The ratios for 2002 and 2004 agreed within 1%.)

DEFENDANT'S EXHIBIT 35 I'On

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| I'On Assembly | | UNITS: | 644 | | | |
|---|---|---|---|---|---|---|
| 2005 BUDGET | | | Actual | | Variance btw. | |
| Revised 10/10/04 | 2005 Budget | $/Unit/Yr | 1/04thru8/04 | 2004 Budget | 2004 & 2005 | % of |
| | | | (8 months) | | Budgets | Total |
| REVENUE | | | | | | |
| Gross Regime Fees | 418600 | 650 | 260000 | 260000 | 158600 | 97% |
| Expected new assessments(40) | 15000 | 0 | 35886 | 15000 | 0 | 3% |
| Misc. Income | 0 | 0 | 0 | 1100 | -1100 | 0% |
| TOTAL REVENUE | 433600 | 650 | 295886 | 276100 | 157500 | 100% |
| | | | | | | |
| ADMINISTRATION | | | | | | |
| 6311 Office Supplies | 3000 | 5 | 1825 | 3500 | -500 | 1% |
| 6320 Mgmt Fee | 42000 | 65 | 24500 | 42000 | 0 | 10% |
| 6311 Legal Fees | 3000 | 5 | not billed yet | 2500 | 500 | 1% |
| 6350 Accounting | 350 | 1 | not billed yet | 300 | 50 | 0% |
| Audit | 1500 | 2 | 5900 | 3500 | -2000 | 0% |
| 6360 Telephone | 0 | 0 | 0 | 2000 | -2000 | 0% |
| 6370 Bad Debt-1% | 3040 | 5 | 0 | 6828 | -3788 | 1% |
| 6390 Creek Club Rental Fee | 1800 | 3 | 400 | 50 | 1750 | 0% |
| Directory/Newsletter | 2500 | 4 | not billed yet | 2000 | 500 | 1% |
| Website | 1050 | 2 | 0 | 900 | 150 | 0% |
| Loan repayment | 0 | 0 | 16000 | 16000 | -16000 | 0% |
| Boroughs committee | 300 | 0 | 0 | 500 | -200 | 0% |
| Creek Club Dock usage Fee | 4044 | 6 | 2696 | 4044 | 0 | 1% |
| TOTAL ADMIN | 62584 | 97 | 51321 | 84122 | -21538 | 14% |
| | | | | | | |
| OPERATING EXP | | | | | | |
| 6456 Electricity | 7000 | 11 | 3602 | 3200 | 3800 | 2% |
| Street Lights | 56000 | 87 | 36792 | 55000 | 1000 | 13% |
| Water & Sewer | 16000 | 25 | 8036 | 5000 | 11000 | 4% |
| TOTAL OPERATING | 79000 | 123 | 48430 | 63200 | 15800 | 18% |
| | | | | | | |
| MAINTENANCE | | | | | | |
| Power washing | 1000 | 2 | 150 | 0 | 1000 | 0% |
| Signs | 500 | 1 | 306 | 0 | 500 | 0% |
| 6521 Grounds Supplies | 8687 | 13 | 7702 | 10000 | -1313 | 2% |
| Fountain Maintenance | 1750 | 3 | 0 | 0 | 1750 | 0% |
| Seasonal Flowers | 5000 | 8 | 2260 | incl. in Grnd. Supplies | | 1% |
| Plant/Tree Replacement | 20000 | 31 | 4375 | incl. in Grnd. Supplies | | 5% |
| Pet Stations | 2407 | 4 | 320 | 0 | 2407 | 1% |
| Mulch | 11000 | 17 | 15160 | 16000 | -5000 | 3% |
| 6522 Grounds Contractor | 110000 | 171 | 39600 | 59400 | 50600 | 25% |
| Tree Maintenance | 13520 | 21 | 1475 | 4000 | 9520 | 3% |
| 6542 Repairs | 10000 | 16 | 1320 | 9563 | 437 | 2% |
| 6686 Lake Maintenance | 13680 | 21 | 3487 | 6000 | 7680 | 3% |
| Irrigation Maintenance | 3500 | 5 | 2432 | 2000 | 1500 | 1% |
| Parking/Traffic Improvements | 10000 | 16 | 0 | | 10000 | 2% |
| TOTAL MAINT | 211044 | 328 | 78587 | 106963 | 104081 | 49% |
| | | | | | | |
| TAXES & INS | | | | | | |
| TAX/ IRS | 200 | 0 | 67 | 215 | -15 | 0% |
| Hazard Insurance | 10000 | 16 | 6705 | 7250 | 2750 | 2% |
| TOTAL TAX & INS | 10200 | 16 | 6772 | 7465 | 2735 | 2% |
| | | | | | | |
| TOTAL EXPENSES | 362828 | 563 | | 261750 | 101078 | 84% |
| CAPITAL EXPENSES | | | | | | |
| Replacement Reserves | 32320 | 50 | 11000 | 16500 | 15820 | 7% |
| extra from expected assessments | 15000 | 23 | 0 | 0 | 15000 | 3% |
| Repayment of unfunded reserves | 23452 | 36 | 0 | 0 | 23452 | 5% |
| TOTAL CAPITAL EXP | 70772 | 110 | 11000 | 16500 | 54272 | 16% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| *NET CASH FLOW* | | 0 | 0 | | -2150 | 0 | 0% |
| | | | | | | | |
| | | | | | | | |

**Notes:**

The landscape committee recommends $11,000 for mulch, $16,000 for landscape supplies(seasonal flowers, pre emergent, ants, fountain maintenance, etc.) and $110,000 for the landscape contract. The landscape contract will include service
2X per week in Jan., Feb., March, Nov., and Dec.; 3X per week in April, May and Oct.; 5X per week in June, July, Aug., and Sept.
The lakes committee recommends using Estate management and their monthly price is $1090.
The finance committee has reviewed the insurance policy on the common areas and the premium will be $10,000.
A reserve study was done and the recommended and accepted figure is $31,320. The finance committee also asks to budget an additional $1000 for the reserve study to be updated in 5 years.
The reserve study shows the reserves are currently underfunded. $22852 is budgeted to start repaying this amount in 2005.
The traffic committee has asked for $10,000 to help with parking/ road issues.
There is a tentative usage agreement for the Club. The Assembly would pay $200 per month/$2400 per year.
Pet Stations: There are currently 6. It has been suggested to add an additional 8 in 2005.
They are $279 each. Bags included in the budgeted amount.
The Creek Club rental fee expense is $1800 per year. This is the amount the Creek Club is chargeing the HOA for use of the Club for homeowner meetings. Biznet and The Trust are also paying a rental fee.

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| I'On Assembly | | | UNITS: | 682 | | |
|---|---|---|---|---|---|---|
| 2006 BUDGET | | | | Actual | | Variance btw |
| | | 2006 Budget | $/Unit/Yr | 1/05thru8/05 | 2005 Budget | 2005 & 2006 |
| | | | | (8 months) | | Budgets |
| REVENUE | | | | | | |
| 4120 | Gross Regime Fees | 443300 | 650 | 430600 | 418600 | 24700 |
| | Expected new assess.(20) | 8125 | 0 | incl. in gross fees | 15000 | -6875 |
| | Misc. Income | 0 | 0 | 0 | 0 | 0 |
| TOTAL REVENUE | | 451425 | 650 | 430600 | 433600 | 17825 |
| | | | | | | |
| ADMINISTRATION | | | | | | |
| 6311 | Office Supplies | 5000 | 7 | 3232 | 3000 | 2000 |
| 6320 | Mgmt Fee | 44100 | 65 | 2800 | 42000 | 2100 |
| 6341 | Legal Fees | 7000 | 10 | 3616 | 3000 | 4000 |
| 6350 | Accounting | 400 | 1 | 350 | 350 | 50 |
| 6375 | Audit | 1500 | 2 | 0 | 1500 | 0 |
| 6360 | Telephone | 0 | 0 | 0 | 0 | 0 |
| 6370 | Bad Debt 1% | 4622 | 7 | 0 | 3040 | 1582 |
| 6390 | Creek Club Rental Fee | 3250 | 5 | 1050 | 1800 | 1450 |
| 6209 | Directory/Newsletter | 5000 | 7 | 541 | 2500 | 2500 |
| 6212 | Website | 650 | 1 | 644 | 1050 | -400 |
| 6213 | Boroughs committee | 1000 | 1 | 0 | 300 | 700 |
| 6688 | Creek Club Dock usage Fee | 4044 | 6 | 2696 | 4044 | 0 |
| 6373 | Neighborhood Watch | 10000 | 15 | 2840 | 0 | 10000 |
| 6323 | Comm. Events | 2000 | 3 | 500 | 0 | 2000 |
| TOTAL ADMIN | | 88566 | 112 | 18269 | 62584 | 25982 |
| | | | | | | |
| OPERATING EXP | | | | | | |
| 6456 | Electricity | 5000 | 7 | 2484 | 7000 | -2000 |
| 6445 | Street Lights | 60000 | 88 | 35181 | 56000 | 4000 |
| 6451 | Water & Sewer | 16000 | 23 | 8319 | 16000 | 0 |
| | Street light installation | 6500 | 10 | 0 | 0 | 6500 |
| TOTAL OPERATING | | 87500 | 128 | 45984 | 79000 | 8500 |
| | | | | | | |
| MAINTENANCE | | | | | | |
| 6519 | Power washing & Painting | 5000 | 7 | 150 | 1000 | 4000 |
| 6440 | Signs | 3000 | 4 | 1100 | 500 | 2500 |
| 6521 | Grounds Supplies | 9190 | 13 | 10118 | 8687 | 503 |
| 6534 | Fountain Maintenance | 1995 | 3 | 546 | 1750 | 245 |
| 6535 | Seasonal Flowers | 5300 | 8 | 2475 | 5000 | 300 |
| 6533 | Plant/Tree Replacement | 5000 | 7 | 10165 | 20000 | -15000 |
| 6529 | Pet Stations | 2000 | 3 | 332 | 2407 | -407 |
| 6532 | Mulch | 13110 | 19 | 9210 | 11000 | 2110 |
| 6522 | Grounds Contractor | 125820 | 184 | 76248 | 114372 | 11448 |
| 6531 | Tree Maintenance/trimming | 2000 | 3 | 8437 | 13520 | -11520 |
| 6542 | Repairs | 10000 | 15 | 11984 | 10000 | 0 |
| 6686 | Lake Maintenance | 14035 | 21 | 10023 | 13680 | 355 |
| 6455 | Irrigation Maintenance | 6000 | 9 | 3403 | 3500 | 2500 |
| 6689 | Parking/Traffic Improvemen | 0 | 0 | 0 | 10000 | -10000 |
| 6526 | Walking Path Refurbishment | 3500 | 5 | 0 | 0 | 3500 |
| 6527 | Landscape Lighting | 2500 | 4 | 0 | 0 | 2500 |
| 6525 | East bank of East Lake | 3680 | 5 | | 0 | 3680 |

Page 1

DEFENDANT'S EXHIBIT 90 - 1000

| | | | | | | |
|---|---|---|---|---|---|---|
| TOTAL MAINT | | 212130 | 311 | 144191 | 215416 | -3286 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| TAXES & INS | | | | | | |
| 6715 | TAX/ IRS | 750 | 1 | 722 | 200 | 550 |
| 6719 | Hazard Insurance | 12000 | 18 | 9841 | 10000 | 2000 |
| TOTAL TAX & INS | | 12750 | 19 | 10563 | 10200 | 2550 |
| | | | | | | |
| *TOTAL EXPENSES* | | 400946 | 588 | 219007 | 367200 | 33746 |
| Reserve set a side | | | | | | |
| | Replacement Reserves * | 31000 | 45 | 50180 | 32320 | -1320 |
| | extra from expected assessme | 8125 | 12 | 0 | 15000 | -6875 |
| | Repayment of unfunded rese | 0 | 0 | 0 | 23452 | -23452 |
| 6870 | Contingency ** | 11354 | 17 | 0 | 0 | 11354 |
| TOTAL Reserve set aside | | 50479 | 74 | 50180 | 70772 | -20293 |
| *NET CASH FLOW* | | 0 | 0 | 161413 | -4372 | 0 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| *Notes:* | | | | | | |
| * | The replacement reserves are based on the reserve study prepared by Falcon Engineering in 2004. | | | | | |
| | | | | | | |
| ** | The contingency account in the "Reserve set aside" could be used for neighborhood watch, | | | | | |
| | expenses associated with the Town parking plan, | | | | | |
| | unforeseen repairs and/or storm clean up, and road corner cuts etc., and any other unforeseen exper | | | | | |

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| | | | | | | | |
|---|---|---|---|---|---|---|---|
| ION Assembly | Units: | 702 | (2006 Based on 682 Units) | | | | |
| 2007 BUDGET | | | 2006 | | Variance btw. | | |
| | | 2007 Budget | Projected | 2006 Budget | 2006 & 2007 Budgets | $/Unit/Yr | % of Total |
| REVENUE | | | | | | | |
| 4120 | Gross Regime Fees | 526500 | 450798 | 451425 | 75075 | 750 | 98.14% |
| | Operating Interest Income | 10000 | 6000 | 0 | 10000 | 0 | 1.86% |
| TOTAL REVENUE | | 536500 | 456798 | 451425 | 85075 | 750 | 100% |
| | | | | | | | |
| ADMINISTRATION | | | | | | | |
| 6312 | Office Supplies-Off Site | 7200 | 7196 | 5000 | 2200 | 10 | 1.34% |
| 6320 | Mgmt Fee | 45864 | 43838 | 44100 | 1764 | 65 | 8.55% |
| 6340 | Legal Fees*** | 3500 | 4188 | 0 | 3500 | 5 | 0.65% |
| 6341 | Legal Fees-Liens | 3500 | 3321 | 7000 | -3500 | 5 | 0.65% |
| 6375 | Accounting | 0 | 0 | 400 | -400 | 0 | 0.00% |
| 6350 | CPA - Tax Return/Audit | 1900 | 1840 | 1500 | 400 | 3 | 0.35% |
| 6370 | Bad Debt 1% | 0 | 0 | 4622 | -4622 | 0 | 0.00% |
| 6364 | Bank Charges *** | 90 | 88 | 0 | 90 | 0 | 0.02% |
| 6326 | Creek Club Rental Fee | 4719 | 2531 | 3250 | 1469 | 7 | 0.88% |
| 6392 | Directory | 3000 | 2500 | 5000 | -2000 | 4 | 0.56% |
| 6328 | Newsletter | 4000 | 1178 | 0 | 4000 | 6 | 0.75% |
| 6212 | Website | 702 | 750 | 650 | 52 | 1 | 0.13% |
| 6327 | Boroughs Committee | 200 | 96 | 1000 | -800 | 0 | 0.04% |
| 6329 | Creek Club Dock usage Fee | 4044 | 4044 | 4044 | 0 | 6 | 0.75% |
| 6361 | Neighborhood Watch | 10000 | 10170 | 10000 | 0 | 14 | 1.86% |
| 6325 | Social/Comm. Events | 750 | 227 | 2000 | -1250 | 1 | 0.14% |
| 6220 | Community Support*** | 5000 | 0 | 0 | 5000 | 7 | 0.93% |
| 6319 | Sound Equipment*** | 1500 | 0 | 0 | 1500 | 2 | 0.28% |
| 6391 | Reserve Study Expense | 0 | 4325 | 0 | 0 | 0 | |
| TOTAL ADMIN | | 95969 | 86291 | 88566 | 7403 | 137 | 17.89% |
| | | | | | | | |
| OPERATING EXP | | | | | | | |
| 6450 | Electricity | 0 | 0 | 5000 | -5000 | 0 | 0.00% |
| 6495 | Street Lights | 40000 | 39423 | 60000 | -20000 | 57 | 7.46% |
| 6451 | Water & Sewer | 0 | 0 | 16000 | -16000 | 0 | 0.00% |
| 6453 | Chas Cnty Strm Swg Fees | 75 | 54 | 0 | 75 | 0 | 0.01% |
| 6454 | Water-Eastlake-00491296 | 37 | 35 | 0 | 37 | 0 | 0.01% |
| 6455 | Water-Frogmore-00491821 | 36 | 35 | 0 | 36 | 0 | 0.01% |
| 6456 | Water-Ionsborough-119-004923 | 305 | 291 | 0 | 305 | 0 | 0.06% |
| 6457 | Water-Ionsborough-167-00492345 | 403 | 384 | 0 | 403 | 1 | 0.08% |
| 6458 | Water-Isle of Hope-00491391 | 142 | 135 | 0 | 142 | 0 | 0.03% |
| 6459 | Water-Jogg/Sanib-00492486 | 179 | 170 | 0 | 179 | 0 | 0.03% |
| 6460 | Water-MF516 00490000-0008758 | 1621 | 1544 | 0 | 1621 | 2 | 0.30% |
| 6461 | Water-MF516 00490001-0008758 | 27 | 25 | 0 | 27 | 0 | 0.00% |
| 6463 | Water-MF518 00490020-0009678 | 3972 | 3783 | 0 | 3972 | 6 | 0.74% |
| 6464 | Water-McDaniel 00492248 | 4927 | 4693 | 0 | 4927 | 7 | 0.92% |
| 6465 | Water-Moultrieville-00491381 | 63 | 60 | 0 | 63 | 0 | 0.01% |
| 6466 | Water-N. Shelmore-00492249 | 62 | 59 | 0 | 62 | 0 | 0.01% |
| 6467 | Water-N. Shelmore-00491371 | 34 | 33 | 0 | 34 | 0 | 0.01% |
| 6480 | Elec-Boathouse Close-0273-2265 | 677 | 645 | 0 | 677 | 1 | 0.13% |
| 6481 | Elec-Civitas St 5502-826 | 210 | 200 | 0 | 210 | 0 | 0.04% |
| 6482 | Elec-Eastlake-0273-3036 | 338 | 322 | 0 | 338 | 0 | 0.06% |
| 6483 | Elec-Faye/Lati-5618-1074 | 308 | 294 | 0 | 308 | 0 | 0.06% |
| 6484 | Elec-Frogmore-5625-8898 | 208 | 198 | 0 | 208 | 0 | 0.04% |
| 6485 | Elec-Hospita Tr 5611-5015 | 291 | 277 | 0 | 291 | 0 | 0.05% |
| 6486 | Elec-Ionsborough-6071-3304 | 519 | 494 | 0 | 519 | 1 | 0.10% |
| 6487 | Elec-Isle of Hope-5607-858 | 207 | 197 | 0 | 207 | 0 | 0.04% |
| 6488 | Elec-Jogging-6438-0159 | 188 | 179 | 0 | 188 | 0 | 0.04% |
| 6489 | Elec-Low Country-5617-2161 | 207 | 198 | 0 | 207 | 0 | 0.04% |





DEFENDANT'S EXHIBIT 4

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 6490 | Elec-Math Fer Irr-5607-8852 | 337 | 321 | 0 | 337 | 0 | 0.06% |
| 6491 | Elec-McDaniel/Star-5822-867 | 219 | 208 | 0 | 219 | 0 | 0.04% |
| 6492 | Elec-Sanibel/W Shi-6131-6993 | 811 | 772 | 0 | 811 | 1 | 0.15% |
| 6493 | Elec-Saturday Irr-5611-504 | 222 | 212 | 0 | 222 | 0 | 0.04% |
| 6494 | Elec-Saturday Lts-5611-496 | 207 | 197 | 0 | 207 | 0 | 0.04% |
| 6496 | Elec-W Shipy Irr-5618-1021 | 1080 | 1029 | 0 | 1080 | 2 | 0.20% |
| 6441 | Street Light Installation | 0 | 0 | 6500 | -6500 | 0 | 0.00% |
| TOTAL OPERATING | | 57914 | 56467 | 87500 | -29586 | 82 | 10.79% |
| | | | | | | | |
| MAINTENANCE | | | | | | | |
| 6533 | Power Washing & Painting | 7150 | 3618 | 5000 | 2150 | 10 | 1.33% |
| 6440 | Signs | 4700 | 3386 | 3000 | 1700 | 7 | 0.88% |
| 6521 | Grounds Supplies | 9190 | 9190 | 9190 | 0 | 13 | 1.71% |
| 6515 | Fountain Maintenance | 0 | 375 | 1995 | -1995 | 0 | 0.00% |
| 6516 | Seasonal Flowers | 10000 | 7113 | 5300 | 4700 | 14 | 1.86% |
| 6524 | Plant/Tree Replacement | 4000 | 9375 | 5000 | -1000 | 6 | 0.75% |
| 6520 | Landscaping Enhancement/Maint. | 37722 | 18720 | 0 | 37722 | 54 | 7.03% |
| 6519 | East bank of East Lake | 0 | 0 | 3680 | -3680 | 0 | 0.00% |
| 6564 | Pet Stations | 200 | 385 | 2000 | -1800 | 0 | 0.04% |
| 6526 | Pine straw/Mulch | 15695 | 15170 | 13110 | 2585 | 0 | 2.93% |
| 6522 | Grounds Contractor | 129600 | 125700 | 125820 | 3780 | 0 | 24.16% |
| 6525 | Tree Maintenance/Trimming | 3681 | 5522 | 2000 | 1681 | 0 | 0.69% |
| 6542 | Repairs | 10000 | 9410 | 10000 | 0 | 0 | 1.86% |
| 6686 | Lake Maintenance | 14736 | 13660 | 14035 | 701 | 0 | 2.75% |
| 6687 | Lake Equip. Maint.*** | 2500 | 0 | 0 | 2500 | 0 | 0.47% |
| 6684 | Fish and Wildlife*** | 3089 | 0 | 0 | 3089 | 0 | 0.58% |
| 6530 | Irrigation Maintenance | 7000 | 8459 | 6000 | 1000 | 0 | 1.30% |
| 6517 | Walking Path Refurbishment | 3500 | 1965 | 3500 | 0 | 2 | 0.65% |
| 6518 | Landscape Lighting | 1500 | 2605 | 2500 | -1000 | 1 | 0.28% |
| 6689 | Playground Maint/Rpr.*** | 1500 | 2550 | 0 | 1500 | 1 | 0.28% |
| TOTAL MAINT | | 265764 | 237202 | 212130 | 53634 | 108 | 49.54% |
| | | | | | | | |
| TAXES & INS | | | | | | | |
| 6711 | TAX/ IRS | 3085 | 973 | 750 | 2335 | 4 | 0.58% |
| 6719 | Hazard Insurance | 10200 | 9584 | 12000 | -1800 | 15 | 1.90% |
| 6715 | Property Taxes | 125 | 113 | 0 | 125 | 0 | 0.02% |
| 6722 | Workers Comp Ins.*** | 959 | 799 | 0 | 959 | 5 | 0.18% |
| TOTAL TAX & INS | | 14369 | 11469 | 12750 | 1619 | 24 | 2.68% |
| | | | | | | | |
| *TOTAL EXPENSES* | | 434016 | 391429 | 400946 | 33070 | 351 | 80.90% |
| | | | | | | | |
| *NET BEFORE RESERVES* | | 102484 | 65369 | 50479 | 52005 | 146 | 0 |
| | | | | | | | |
| Reserve Set Aside | | | | | | | |
| | Capital Reserves * | 104027 | 42354 | 31000 | 73027 | 148 | 19.39% |
| | Less Interest on Funds | -10000 | 0 | 0 | 10000 | | |
| | Contribution From Budget | 94027 | 0 | 0 | | | |
| | extra from expected assessments | 0 | 0 | 8125 | -8125 | 0 | 0.00% |
| | Contingency/Oper. Reserve.** | 8457 | 23015 | 11354 | -2897 | 12 | 1.58% |
| TOTAL | | 102484 | 65369 | 50479 | 72005 | 160 | 19.10% |
| *NET CASH FLOW* | | 0 | 0 | 0 | 0 | 0 | 0.00% |

*Notes:*

* The contribution to the Capital Replacement Reserve account is based on the recommendations in the revised Capital Reserve report prepared by Miller-Dodson & Associates dated November 29, 2006.

** Contingency/Operating Reserves account can be used for expenses associated with use of off-duty police for security patrols, $3000 in tax reserves to pay taxes in 2008 on incurred 2007 earnings, unforeseen repair expenses and/or storm cleanup, and other unbudgeted expenses. Any balance remaining at year end will be applied to the Capital Reserve account.

*** New Account for 2007 Budget

| I'On Assembly | Units: | 708 | (2007 Based on 702 Units) | | | | |
|---|---|---|---|---|---|---|---|
| 2008 BUDGET | | | Actuals | | Variance btw. | | |
| | | 2008 Budget | 1/01/07-10/31/07 | 2007 Budget | 2007 & 2008 Budgets | $/Unit/Yr | % of Total |
| REVENUE | | | | | | | |
| 4120 | Gross Regime Fees | 637200 | 527,303.39 | 526500 | 110700 | 900 | 98.45% |
| | Operating Interest Income | 10000 | | 10000 | 0 | 14 | 1.55% |
| TOTAL REVENUE | | 647200 | 527,303.39 | 536500 | 110700 | 914 | 100% |
| | | | | | | | |
| ADMINISTRATION | | | | | | | |
| 6212 | Website | 702 | 0.00 | 702 | 0 | 1 | 0.11% |
| 6220 | I'On Trust Expense | 7700 | 5,000.00 | 5000 | 2700 | 11 | 1.19% |
| 6312 | Office Supplies-Off Site | 4500 | 3,577.31 | 7200 | -2700 | 6 | 0.70% |
| 6319 | Sound Equipment | 0 | 1,368.14 | 1500 | -1500 | 0 | 0.00% |
| 6320 | Mgmt Fee | 45864 | 38,073.00 | 45864 | 0 | 65 | 7.09% |
| 6325 | Social/Comm. Events | 850 | 466.20 | 750 | 100 | 1 | 0.13% |
| 6326 | Creek Club Rental Fee | 4719 | 3,432.00 | 4719 | 0 | 7 | 0.73% |
| 6327 | Boroughs Committee | 200 | 0.00 | 200 | 0 | 0 | 0.03% |
| 6328 | Newsletter | 4000 | 840.22 | 4000 | 0 | 6 | 0.62% |
| 6329 | Creek Club Dock usage Fee | 6665 | 3,370.00 | 4044 | 2621 | 9 | 1.03% |
| 6340 | Legal Fees | 13500 | 1,389.50 | 3500 | 10000 | 19 | 2.09% |
| 6341 | Legal Fees-Liens | 3500 | -1,675.36 | 3500 | 0 | 5 | 0.54% |
| 6350 | CPA - Tax Return/Audit | 5350 | 400.00 | 1900 | 3450 | 8 | 0.83% |
| 6351 | Membership/Association Expense | 1200 | 872.85 | 0 | 1200 | 2 | 0.19% |
| 6361 | Neighborhood Watch | 7500 | 6,485.00 | 10000 | -2500 | 11 | 1.16% |
| 6364 | Bank Charges | 25 | 3.00 | 90 | -65 | 0 | 0.00% |
| 6370 | Bad Debt 1% | 6372 | 0.00 | 0 | 6372 | 9 | 0.98% |
| 6375 | Professional Fees | 0 | 31.61 | 0 | 0 | 9 | 0.98% |
| 6392 | Directory Expense | 4400 | 0.00 | 3000 | 1400 | 6 | 0.68% |
| 6393 | Reserve Study Expense | 0 | 810.00 | 0 | 0 | 0 | 0.00% |
| TOTAL ADMIN | | 117047 | 64,443.47 | 95969 | 21078 | 165 | 18.09% |
| | | | | | | | |
| OPERATING EXP | | | | | | | |
| 6440 | Signs | 4700 | 1,964.58 | 4700 | 0 | 7 | 0.73% |
| 6453 | Chas Cnty Strm Swg Fees | 75 | 36.00 | 75 | 0 | 0 | 0.01% |
| 6454 | Water-Eastlake-00491296 | 32 | 25.70 | 37 | -5 | 0 | 0.00% |
| 6455 | Water-Frogmore-00491821 | 229 | 188.54 | 36 | 193 | 0 | 0.04% |
| 6456 | Water-Ionsborough-119-004923 | 548 | 461.68 | 305 | 243 | 1 | 0.08% |
| 6457 | Water-Ionsborough-167-00492345 | 165 | 139.76 | 403 | -238 | 0 | 0.03% |
| 6458 | Water-Isle of Hope -00491391 | 68 | 53.14 | 142 | -74 | 0 | 0.01% |
| 6459 | Water-Jogg/Sanib-00492486 | 668 | 560.87 | 179 | 489 | 1 | 0.10% |
| 6460 | Water-MF516 00490000-00087584 | 555 | 440.36 | 1621 | -1066 | 1 | 0.09% |
| 6461 | Water-MF516 00490001-0008758 | 4050 | 2,926.15 | 27 | 4023 | 6 | 0.63% |
| 6463 | Water-MF518 00490020-0009678 | 6397 | 4,762.69 | 3972 | 2425 | 9 | 0.99% |
| 6464 | Water-McDaniel 00492248 | 5618 | 4,575.19 | 4927 | 691 | 8 | 0.87% |
| 6465 | Water-Moultrieville-00491381 | 55 | 44.40 | 63 | -8 | 0 | 0.01% |
| 6466 | Water-N. Shelmore-00492249 | 54 | 43.50 | 62 | -8 | 0 | 0.01% |
| 6467 | Water-N. Shelmore-00491371 | 32 | -437.26 | 34 | -2 | 0 | 0.00% |
| 6468 | Water-Saturday RD-00491401 | 54 | 43.50 | 0 | 54 | 0 | 0.01% |
| 6469 | Water-Georgetown 00092314 | 1790 | 178.27 | 0 | 1790 | 3 | 0.28% |
| 6480 | Elec-Boathouse Close-0273-7265 | 2008 | 1,593.32 | 677 | 1331 | 3 | 0.31% |
| 6481 | Elec-Civilas St Shed 5502-826 | 218 | 171.37 | 210 | 8 | 0 | 0.03% |
| 6482 | Elec-Eastlake-0273-3036 | 237 | 184.85 | 338 | -101 | 0 | 0.04% |
| 6483 | Elec-Faye/Latt-5618-1074 | 330 | 260.00 | 308 | 22 | 0 | 0.05% |
| 6484 | Elec-Frogmore-5625-8898 | 210 | 165.14 | 208 | 2 | 0 | 0.03% |
| 6485 | Elec-Hospita Irr.5611-5015 | 430 | 338.11 | 291 | 139 | 1 | 0.07% |
| 6486 | Elec-Ionsborough-6071-3304 | 606 | 473.01 | 519 | 87 | 1 | 0.09% |
| 6487 | Elec-Isle of Hope-5607-858 | 210 | 165.14 | 207 | 3 | 0 | 0.03% |

DEFENDANT'S EXHIBIT 1100

| l'On Assembly | Units: | 708 | (2007 Based on 702 Units) | | | | |
|---|---|---|---|---|---|---|---|
| 2008 BUDGET | | | Actuals | | Variance btw. | | |
| | | 2008 Budget | 1/01/07-10/31/07 | 2007 Budget | 2007 & 2008 | $/Unit/Yr | % of |
| 6488 | Elec-Jogging 6438-0159 | 308 | 247.13 | 188 | 120 | 0 | 0.05% |
| 6489 | Elec-Low Country-5617-2161 | 210 | 165.14 | 207 | 3 | 0 | 0.03% |
| 6490 | Elec-Main Fee Irr-5607-8852 | 421 | 333.73 | 337 | 84 | 1 | 0.07% |
| 6491 | Elec-McDaniel/Star-5822-867 | 286 | 230.45 | 219 | 67 | 0 | 0.04% |
| 6492 | Elec-Sanibel/W.Shi-6131-6993 | 697 | 547.55 | 811 | -114 | 1 | 0.11% |
| 6493 | Elec-Saturday Irr-5611-504 | 241 | 202.74 | 222 | 19 | 0 | 0.04% |
| 6494 | Elec-Saturday Lts-5611-496 | 210 | 165.14 | 207 | 3 | 0 | 0.03% |
| 6495 | Elec-Street Lights | 41002 | 32,323.85 | 40000 | 1002 | 58 | 6.34% |
| 6496 | Elec-W Shipy Irr-5618-1021 | 3013 | 2,365.40 | 1080 | 1933 | 4 | 0.47% |
| TOTAL OPERATING | | 75727 | 55,939.14 | 62612 | 13115 | 107 | 10.96% |
| | | | | | | | |
| MAINTENANCE | | | | | | | |
| 6516 | Seasonal Flowers | 10000 | 4,150.00 | 10000 | 0 | 14 | 1.55% |
| 6517 | Walking Path Refurbishment | 3500 | 2,150.00 | 3500 | 0 | 5 | 0.54% |
| 6518 | Landscape Lighting | 1500 | 5,729.58 | 1500 | 0 | 2 | 0.23% |
| 6520 | Landscaping Enhancement/Maint. | 20000 | 7,317.50 | 37722 | -17722 | 28 | 3.09% |
| 6521 | Grounds Supplies | 35850 | 19,470.00 | 9190 | 26660 | 51 | 5.54% |
| 6522 | Grounds Contract/Landscaping | 139200 | 108,250.00 | 129600 | 9600 | 197 | 21.51% |
| 6524 | Plant/Tree Replacement | 4000 | 0.00 | 4000 | 0 | 6 | 0.62% |
| 6525 | Tree Maintenance/Trimming | 15800 | 10,871.50 | 3681 | 12119 | 22 | 2.44% |
| 6526 | Pine straw/Mulch | 18450 | 17,346.50 | 15695 | 2755 | 26 | 2.85% |
| 6530 | Irrigation Repairs | 5000 | 14,630.00 | 7000 | -2000 | 7 | 0.77% |
| 6533 | Power Washing & Painting | 9175 | 8,385.00 | 7150 | 2025 | 13 | 1.42% |
| 6542 | Repairs | 17000 | 22,770.39 | 10000 | 7000 | 24 | 2.63% |
| 6543 | Mailbox Repairs | 3500 | 0.00 | 0 | 3500 | 5 | 0.54% |
| 6564 | Pet Stations | 3710 | 3,710.00 | 200 | 3510 | 5 | 0.57% |
| 6684 | Fish and Wildlife | 4685 | 3,246.32 | 3089 | 1596 | 7 | 0.72% |
| 6686 | Lake Maintenance | 14736 | 11,799.50 | 14736 | 0 | 21 | 2.28% |
| 6687 | Lake Equip. Maint. | 2500 | 583.58 | 2500 | 0 | 4 | 0.39% |
| 6689 | Playground Maint/Rpr | 10000 | 0.00 | 1500 | 8500 | 14 | 1.55% |
| TOTAL MAINT | | 318606 | 240,409.87 | 261063 | 57543 | 450 | 47.68% |
| | | | | | | | |
| TAXES & INS | | | | | | | |
| 6711 | Income Taxes | 3000 | 2,351.00 | 3085 | -85 | 4 | 0.46% |
| 6715 | Property Taxes | 500 | 0.00 | 125 | 375 | 1 | 0.08% |
| 6719 | Hazard Insurance | 15000 | 9,982.00 | 10200 | 4800 | 21 | 2.32% |
| 6722 | Workers Comp Ins. | 625 | 456.54 | 959 | -334 | 1 | 0.10% |
| TOTAL TAX & INS | | 19125 | 12,789.54 | 14369 | 4756 | 27 | 2.96% |
| | | | | | | | |
| TOTAL EXPENSES | | 530505 | 373582 | 434013 | 96492 | 749 | 81.97% |

| l'On Assembly | Units: | 708 | (2007 Based on 702 Units) | | | | |
|---|---|---|---|---|---|---|---|
| 2008 BUDGET | | | Actuals | | Variance btw. | | |
| | | 2008 Budget | 1/01/07-10/31/07 | 2007 Budget | 2007 & 2008 | $/Unit/Yr | % of |
| *NET BEFORE RESERVES* | | 116695 | 153721 | 102487 | 14208 | 165 | 0 |
| | | | | | | | |
| Reserve Set Aside | | | | | | | |
| | Capital Reserves * | 0 | 94027 | 104027 | -104027 | 0 | 0.00% |
| | Less Interest on Funds | 0 | 296 | -10000 | 10000 | 0 | 0.00% |
| | Contribution From Budget | 94027 | 0 | 94027 | 0 | 133 | 14.53% |
| | extra from expected assessments | 3750 | 0 | 0 | 3750 | 5 | 0.58% |
| | Contingency/Oper. Reserve ** | 18918 | 0 | 8457 | 10461 | 27 | 2.92% |
| TOTAL | | 116695 | 94323 | 196511 | -79816 | 165 | 18.03% |
| *NET CASH FLOW* | | 0 | 59398 | -94024 | 94024 | 0 | 0.00% |

*Notes:*

* The contribution to the Capital Replacement Reserve account is based on the recommendations in the revised Capital Reserve report prepared by Miller Dodson & Associates dated November 29, 2006.

** Contingency/Operating Reserves account can be used for expenses associated with use of off-duty police for security patrols, $5000 in tax reserves to pay taxes in 2008 on incurred 2007 earnings, unforeseen repair expenses and/or storm cleanup and other unbudgeted expenses. Any balance remaining at year end will be applied to the Capital Reserve account.

*** New Account for 2008 Budget

I'ON
2009 BUDGET

| | 2009 Budget | 2008 Budget | 2008 Estmated | 09 Budget to 08 Budget | | 09 Budget to 08 Estimated | |
|---|---|---|---|---|---|---|---|
| Prepaid Fees | $ - | $ - | $ (45) | $ - | 0% | $ 45 | -100% |
| Gross Regime Fees | 663,172 | 637,200 | 631,669 | 25,972 | 4% | 31,503 | 5% |
| Reserve Contribution | (100,000) | (116,695) | (120,000) | 16,695 | -14% | 20,000 | -17% |
| Operating Interest Income | 4,800 | 10,000 | 5,900 | (5,200) | -52% | (1,100) | -19% |
| Income - Late Fees | - | - | 1,500 | - | 0% | (1,500) | -100% |
| Income - NSF Fees | - | - | 50 | - | 0% | (50) | -100% |
| Other | - | - | 19 | - | 0% | (19) | -100% |
| | 567,972 | 530,505 | 519,093 | 37,467 | 7% | 48,879 | 9% |
| Website | 1,200 | 702 | 130 | 498 | 71% | 1,070 | 823% |
| I'On Trust Expense | 6,000 | 7,700 | 7,700 | (1,700) | -22% | (1,700) | -22% |
| Office Supplies-Off Site | 6,000 | 4,500 | 6,500 | 1,500 | 33% | (500) | -8% |
| Sound Equipment | - | - | - | - | 0% | - | 0% |
| Mgmt Fee | 45,864 | 45,864 | 45,864 | - | 0% | - | 0% |
| Social/Comm. Events | 3,000 | 850 | 2,000 | 2,150 | 253% | 1,000 | 50% |
| Creek Club Rental Fee | 6,200 | 4,719 | 6,000 | 1,481 | 31% | 200 | 3% |
| Boroughs Committee | - | 200 | - | (200) | -100% | - | 0% |
| Newsletter | - | 4,000 | - | (4,000) | -100% | - | 0% |
| Creek Club Dock usage Fee | 6,720 | 6,665 | 6,660 | 55 | 1% | 60 | 1% |
| Legal Fees | 9,996 | 13,500 | 8,000 | (3,504) | -26% | 1,996 | 25% |
| Legal Fees-Liens | 3,000 | 3,500 | 2,500 | (500) | -14% | 500 | 20% |
| CPA - Tax Return/ Audit | 100 | 5,350 | - | (5,250) | -98% | 100 | 0% |
| Membership/Association Expense | 700 | 1,200 | 632 | (500) | -42% | 68 | 11% |
| Neighborhood Watch | 9,000 | 7,500 | 7,500 | 1,500 | 20% | 1,500 | 20% |
| Bank Charges | - | 25 | - | (25) | -100% | - | 0% |
| Bad Debt | 20,004 | 6,372 | 6,372 | 13,632 | 214% | 13,632 | 214% |
| Professional Fees | - | - | - | - | 0% | - | 0% |
| Directory Expense | 4,000 | 4,400 | 6,700 | (400) | -9% | (2,700) | -40% |
| Reserve Study Expense | - | - | - | - | 0% | - | 0% |
| | 121,784 | 117,047 | 106,558 | 4,737 | 4% | 15,226 | 14% |
| Signs | 2,400 | 4,700 | 1,000 | (2,300) | -49% | 1,400 | 140% |
| Water | - | - | - | - | 0% | - | 0% |
| Chas Cnty Strm Swg Fees | 85 | 75 | 80 | 10 | 13% | 5 | 6% |
| Water-Eastlake-00491296 | - | 32 | (1) | (32) | -100% | 1 | -100% |

DEFENDANT'S EXHIBIT
43 (10)

5/17/2012

APPENDIX 3681

I'ON
2009 BUDGET

| | 2009 Budget | 2008 Budget | 2008 Estimated | 09 Budget to 08 Budget | | 09 Budget to 08 Estimated | |
|---|---|---|---|---|---|---|---|
| Water-Frogmore-00491821 | 252 | 229 | 230 | 23 | 10% | 22 | 10% |
| Water-Ionsborough-119-004923 | 876 | 548 | 810 | 328 | 60% | 66 | 8% |
| Water-Ionsborough-167-00492345 | 192 | 165 | 183 | 27 | 16% | 9 | 5% |
| Water-Isle of Hope -00491391 | 1,140 | 68 | 1,047 | 1,072 | 1576% | 93 | 9% |
| Water-Jogg/Sanib-00492486 | 1,692 | 688 | 1,576 | 1,024 | 153% | 116 | 7% |
| Water-MF516 00490000-00087584 | 432 | 555 | 396 | (123) | -22% | 36 | 9% |
| Water-MF516 00490001-0008758 | 996 | 4,050 | 938 | (3,054) | -75% | 58 | 6% |
| Water-MF518 00490020-0009678 | 5,424 | 6,397 | 5,055 | (973) | -15% | 369 | 7% |
| Water-McDaniel 00492248 | 13,452 | 5,618 | 12,500 | 7,834 | 139% | 952 | 8% |
| Water-Moultrieville-00491381 | 36 | 55 | 25 | (19) | -35% | 11 | 46% |
| Water-N Shelmore-00492249 | 24 | 54 | 23 | (30) | -56% | 1 | 3% |
| Water-N Shelmore-00491371 | 33 | 32 | 31 | 1 | 3% | 2 | 7% |
| Water-Saturday RD-00491401 | 24 | 54 | 19 | (30) | -56% | 5 | 24% |
| Water-Georgetown 00092314 | 312 | 1,790 | 284 | (1,478) | -83% | 28 | 10% |
| Elec-Boathouse Close-0273-2265 | 1,632 | 2,008 | 1,523 | (376) | -19% | 109 | 7% |
| Elec-Civitas St Shed 5502-826 | 240 | 218 | 219 | 22 | 10% | 21 | 10% |
| Elec-Eastlake-0273-3036 | 228 | 237 | 218 | (9) | -4% | 10 | 5% |
| Elec-Faye/Latt-5618-1074 | 348 | 330 | 322 | 18 | 5% | 26 | 8% |
| Elec-Frogmore-5625-8898 | 228 | 210 | 217 | 18 | 9% | 11 | 5% |
| Elec-Hospita Irr 5611-5015 | 456 | 430 | 418 | 26 | 6% | 38 | 9% |
| Elec-Ionsborough-6071-3304 | 504 | 606 | 466 | (102) | -17% | 38 | 8% |
| Elec-Isle of Hope-5607-858 | 228 | 210 | 217 | 18 | 9% | 11 | 5% |
| Elec-Jogging-6438-0159 | 348 | 308 | 324 | 40 | 13% | 24 | 8% |
| Elec-Low Country-5617-2161 | 228 | 210 | 217 | 18 | 9% | 11 | 5% |
| Elec-Math Fer Irr-5607-8852 | 648 | 421 | 593 | 227 | 54% | 55 | 9% |
| Elec-McDaniel/Star-5822-867 | 384 | 286 | 360 | 98 | 34% | 24 | 7% |
| Elec-Sanibel/W Shi-6131-6993 | 684 | 697 | 636 | (13) | -2% | 48 | 8% |
| Elec-Saturday Irr-5611-504 | 432 | 241 | 409 | 191 | 79% | 23 | 6% |
| Elec-Saturday Lts-5611-495 | 228 | 210 | 217 | 18 | 9% | 11 | 5% |
| Elec-Street Lights | 37,980 | 41,002 | 35,479 | (3,022) | -7% | 2,501 | 7% |
| Elec-W Shipy Irr-5618-1021 | 2,880 | 3,013 | 2,682 | (133) | -4% | 198 | 7% |
| | 75,046 | 75,727 | 68,712 | (681) | -1% | 6,334 | 9% |
| Seasonal Flowers | 15,000 | 10,000 | 10,000 | 5,000 | 50% | 5,000 | 50% |
| Walking Path Refurbishment | 2,400 | 3,500 | 1,000 | (1,100) | -31% | 1,400 | 140% |

I'ON
2009 BUDGET

| | 2009 Budget | 2008 Budget | 2008 Estmated | 09 Budget to 08 Budget | | 09 Budget to 08 Estimated | |
|---|---|---|---|---|---|---|---|
| Landscape Lighting | 2,004 | 1,500 | 2,000 | 504 | 34% | 4 | 0% |
| Landscaping Enhancement/Maint. | 25,000 | 20,000 | 30,000 | 5,000 | 25% | (5,000) | -17% |
| Grounds Supplies | 38,004 | 35,850 | 40,000 | 2,154 | 6% | (1,996) | -5% |
| Grounds Contract/Landscaping | 151,200 | 139,200 | 132,200 | 12,000 | 9% | 19,000 | 14% |
| Plant/Tree Replacement | 4,000 | 4,000 | 3,000 | - | 0% | 1,000 | 33% |
| Tree Maintenance/Trimming | 16,464 | 15,800 | 17,125 | 664 | 4% | (661) | -4% |
| Pine straw/Mulch | 20,000 | 18,450 | 18,450 | 1,550 | 8% | 1,550 | 8% |
| Irrigation Repairs | 7,500 | 5,000 | 7,000 | 2,500 | 50% | 500 | 7% |
| Power Washing & Painting | 9,500 | 9,175 | 9,175 | 325 | 4% | 325 | 4% |
| Repairs | 25,200 | 17,000 | 17,000 | 8,200 | 48% | 8,200 | 48% |
| Mailbox Repairs | 2,400 | 3,500 | 1,500 | (1,100) | -31% | 900 | 60% |
| Pet Stations | 2,600 | 3,710 | 3,000 | (1,110) | -30% | (400) | -13% |
| Fish and Wildlife | 3,000 | 4,685 | 1,000 | (1,685) | -36% | 2,000 | 200% |
| Lake Maintenance | 14,520 | 14,736 | 14,736 | (216) | -1% | (216) | -1% |
| Lake Equip. Maint. | 3,000 | 2,500 | 2,000 | 500 | 20% | 1,000 | 50% |
| Playground Maint/Rpr. | 10,000 | 10,000 | 16,000 | - | 0% | (6,000) | -38% |
| | 351,992 | 318,606 | 325,186 | 33,386 | 10% | 26,806 | 8% |
| Income Taxes | 6,000 | 3,000 | 7,270 | 3,000 | 100% | (1,270) | -17% |
| Property Taxes | 750 | 500 | 500 | 250 | 50% | 250 | 50% |
| Hazard Insurance | 11,000 | 15,000 | 9,667 | (4,000) | -27% | 1,333 | 14% |
| Umbrella | | | | | | | |
| Workers Comp Ins. | 1,400 | 625 | 1,200 | 775 | 124% | 200 | 17% |
| | 19,150 | 19,125 | 18,637 | 25 | 0% | 513 | 3% |
| Total Expenses | 567,972 | 530,505 | 519,093 | 37,467 | 7% | 48,878 | 9% |
| Net Income | $ 0 | $ - | $ (0) | $ 0 | | $ 1 | |
| HOA Fee | $ 910 | $ 900 | | $ 10 | 1% | | |
| Number of Homes | 729 | 708 | | | | | |

# I'ON 2010 PROPOSED BUDGET

| | 2010 Budget | 2009 Budget | 2009 Projected | 10 Budget to 09 Budget | | 10 Budget to 09 Projected | |
|---|---|---|---|---|---|---|---|
| **REVENUE** | | | | | | | |
| Gross Regime Fees | $ 656,035 | $ 663,172 | $642,000 | $ (7,137) | -1% | $ 14,035 | -2% |
| Reserve Contribution net of transfer fee | (94,334) | (100,000) | (100,000) | 5,666 | -6% | 5,666 | -6% |
| Operating Interest Income | 1,700 | 4,800 | 1,700 | (3,100) | -65% | - | 0% |
| Income - Late Fees | | | 3,600 | - | #DIV/0! | (3,600) | -100% |
| Other | | | 65 | - | #DIV/0! | (65) | -100% |
| | 563,401 | 567,972 | 547,365 | (4,571) | -1% | 16,036 | 3% |
| **EXPENSE** | | | | | | | |
| Website | 1,000 | 1,200 | 1,000 | (200) | -17% | - | 0% |
| I'On Trust Expense | 6,000 | 6,000 | 6,000 | - | 0% | - | 0% |
| Office Supplies-Off Site | 4,000 | 6,000 | 4,000 | (2,000) | -33% | - | 0% |
| Mgmt Fee | 45,864 | 45,864 | 45,864 | - | 0% | - | 0% |
| Social/Comm. Events | 2,000 | 3,000 | 2,000 | (1,000) | -33% | - | 0% |
| Creek Club Rental Fee | 7,680 | 6,200 | 7,680 | 1,480 | 24% | - | 0% |
| Creek Club Dock usage Fee | 8,080 | 6,720 | 6,660 | 1,360 | 20% | 1,420 | 21% |
| Legal Fees | 12,000 | 9,996 | 11,000 | 2,004 | 20% | 1,000 | 9% |
| Legal Fees-Liens | 4,000 | 3,000 | 4,000 | 1,000 | 33% | - | 0% |
| CPA - Tax Return/Audit | 3,000 | 100 | 3,000 | 2,900 | 2900% | - | 0% |
| Membership/Association Expense | 1,000 | 700 | 1,000 | 300 | 43% | - | 0% |
| Neighborhood Watch | 6,000 | 9,000 | 5,000 | (3,000) | -33% | 1,000 | 20% |
| Bank Charges | | | 15 | - | #DIV/0! | (15) | -100% |
| Bad Debt | 25,000 | 20,004 | - | 4,996 | 25% | 25,000 | #DIV/0! |
| Directory Expense | 4,000 | 4,000 | 4,000 | - | 0% | - | 0% |
| Reserve Study Expense | 4,325 | | | 4,325 | #DIV/0! | 4,325 | #DIV/0! |
| | 133,949 | 121,784 | 101,219 | 12,165 | 10% | 32,730 | 32% |
| | | | | | | | |
| Signs | 500 | 2,400 | 300 | (1,900) | -79% | 200 | 67% |
| Chas Cnty Strm Swg Fees | 80 | 85 | 80 | (5) | -6% | - | 0% |
| Water-Frogmore-00491821 | 180 | 252 | 170 | (72) | -29% | 10 | 6% |
| Water-Ionsborough-119-004923 | 590 | 876 | 586 | (286) | -33% | 4 | 1% |
| Water-Ionsborough-167-00492345 | 210 | 192 | 205 | 18 | 9% | 5 | 2% |
| Water-Isle of Hope -00491391 | 175 | 1,140 | 168 | (965) | -85% | 7 | 4% |
| Water-Jogg/Sanib-00492486 | 550 | 1,692 | 546 | (1,142) | -67% | 4 | 1% |
| Water-MF516 00490000-00087584 | 1,280 | 432 | 1,276 | 848 | 196% | 4 | 0% |
| Water-MF516 00490001-0008758 | 120 | 996 | 105 | (876) | -88% | 15 | 14% |
| Water-MF518 00490020-0009678 | 5,850 | 5,424 | 5,751 | 426 | 8% | 99 | 2% |
| Water-McDaniel 00492248 | 40 | 13,452 | 1,839 | (13,412) | -100% | (1,799) | -98% |
| Water-Moultrieville-00491381 | | 36 | | (36) | -100% | - | #DIV/0! |
| Water-N. Shelmore-00492249 | | 24 | | (24) | -100% | - | #DIV/0! |
| Water-N. Shelmore-00491371 | | 33 | 14 | (33) | -100% | (14) | -100% |

DEFENDANT'S EXHIBIT 44 - I'On

I'ON 2010 PROPOSED BUDGET

| | 2010 Budget | 2009 Budget | 2009 Projected | 10 Budget to 09 Budget | | 10 Budget to 09 Projected | |
|---|---|---|---|---|---|---|---|
| Water-Saturday RD-00491401 | | 24 | | (24) | -100% | - | #DIV/0! |
| Water-Georgetown 00092314 | 500 | 312 | 491 | 188 | 60% | 9 | 2% |
| MF Circle | 700 | | | 700 | #DIV/0! | 700 | #DIV/0! |
| Elec-Square | 150 | | | 150 | #DIV/0! | 150 | #DIV/0! |
| Elec-Boathouse Close-0273-2265 | 1,700 | 1,632 | 1,684 | 68 | 4% | 16 | 1% |
| Elec-Civitas St Shed 5502-826 | 150 | 240 | 245 | (90) | -38% | (95) | -39% |
| Elec-Eastlake-0273-3036 | 160 | 228 | 252 | (68) | -30% | (92) | -37% |
| Elec-Faye/Latl-5618-1074 | 430 | 348 | 427 | 82 | 24% | 3 | 1% |
| Elec-Frogmore-5625-8898 | 250 | 228 | 247 | 22 | 10% | 3 | 1% |
| Elec-Hospita Ir-5611-5015 | 485 | 456 | 480 | 29 | 6% | 5 | 1% |
| Elec-Ionsborough-6071-3304 | 700 | 504 | 671 | 196 | 39% | 29 | 4% |
| Elec-Isle of Hope-5607-858 | 250 | 228 | 244 | 22 | 10% | 6 | 2% |
| Elec-Jogging-6438-0159 | 415 | 348 | 409 | 67 | 19% | 6 | 1% |
| Elec-Low Country-5617-2161 | 250 | 228 | 245 | 22 | 10% | 5 | 2% |
| Elec-Math Fer Irr-5607-8852 | 405 | 648 | 399 | (243) | -38% | 6 | 2% |
| Elec-McDaniel/Star-5822-867 | 410 | 384 | 405 | 26 | 7% | 5 | 1% |
| Elec-Sanibel/W Shi-6131-6993 | 890 | 684 | 877 | 206 | 30% | 13 | 1% |
| Elec-Saturday Irr-5611-504 | 450 | 432 | 443 | 18 | 4% | 7 | 2% |
| Elec-Saturday Lts-5611-496 | 250 | 228 | 244 | 22 | 10% | 6 | 2% |
| Elec-Street Lights | 43,000 | 37,980 | 42,049 | 5,020 | 13% | 951 | 2% |
| Elec-W Shipy Irr-5618-1021 | 2,400 | 2,880 | 2,373 | (480) | -17% | 27 | 1% |
| | 63,520 | 75,046 | 63,225 | (11,526) | -15% | 295 | 0% |
| Seasonal Flowers | 15,000 | 15,000 | 15,000 | - | 0% | - | 0% |
| Walking Path Refurbishment | 4,000 | 2,400 | 4,000 | 1,600 | 67% | - | 0% |
| Landscape Lighting | 2,100 | 2,004 | 2,200 | 96 | 5% | (100) | -5% |
| Landscaping Enhancement/Maint | 27,500 | 25,200 | 42,500 | 2,300 | 9% | (15,000) | -35% |
| Grounds Supplies | 36,735 | 38,004 | 38,000 | (1,269) | -3% | (1,265) | -3% |
| Grounds Contract/Landscaping | 152,643 | 151,200 | 151,200 | 1,443 | 1% | 1,443 | 1% |
| Plant/Tree Replacement | 4,000 | 4,000 | 4,000 | - | 0% | - | 0% |
| Tree Maintenance/Trimming | 24,000 | 16,464 | 22,000 | 7,536 | 46% | 2,000 | 9% |
| Pine straw/Mulch | 21,000 | 20,000 | 21,000 | 1,000 | 5% | - | 0% |
| Irrigation Repairs | 5,000 | 7,500 | 4,000 | (2,500) | -33% | 1,000 | 25% |
| Power Washing & Painting | 8,000 | 9,500 | 4,000 | (1,500) | -16% | 4,000 | 100% |
| Repairs | 20,000 | 25,200 | 19,000 | (5,200) | -21% | 1,000 | 5% |
| Mailbox Repairs | 500 | 2,400 | 1,500 | (1,900) | -79% | (1,000) | -67% |
| Pet Stations | 4,000 | 2,600 | 5,000 | 1,400 | 54% | (1,000) | -20% |
| Fish and Wildlife | 600 | 3,000 | 550 | (2,400) | -80% | 50 | 9% |
| Lake Maintenance | 15,000 | 14,520 | 15,000 | 480 | 3% | - | 0% |
| Lake Equip. Maint. | 4,000 | 3,000 | 4,000 | 1,000 | 33% | - | 0% |

I'ON 2010 PROPOSED BUDGET

| | 2010 Budget | 2009 Budget | 2009 Projected | 10 Budget to 09 Budget | | 10 Budget to 09 Projected | |
|---|---|---|---|---|---|---|---|
| Playground Maint/Rpr | 5,000 | 10,000 | 7,000 | (5,000) | -50% | (2,000) | -29% |
| | 349,078 | 351,992 | 359,950 | (2,915) | -1% | (10,873) | -3% |
| Income Taxes | 5,000 | 6,000 | 6,660 | (1,000) | -17% | (1,660) | -25% |
| Property Taxes | 750 | 750 | 750 | - | 0% | - | 0% |
| Hazard Insurance | 10,000 | 11,000 | 9,408 | (1,000) | -9% | 592 | 6% |
| Workers Comp Ins. | 1,000 | 1,400 | 1,000 | (400) | -29% | - | 0% |
| | 16,750 | 19,150 | 17,818 | (2,400) | -13% | (1,068) | -6% |
| Total Expenses | 563,297 | 567,972 | 542,212 | (4,676) | -1% | 21,085 | 7% |
| Net Income | $ 105 | $ - | $ 5,153 | $ 842 | #DIV/0! | $ (5,049) | -0.020699 |
| HOA Fee | $ 895 | $ 910 | | $ (16) | -2% | | |
| Number of Homes | 733 | 729 | | | | | |

## CERTIFICATE OF OCCUPANCY

Mt. Pleasant
Building Inspection Service

Permit No. 2-8190
Tax Map No.

Tor Clubhouse

The building located at 47 Saturday Rd.
having been inspected and found to be in accord with the Mt. Pleasant building code and other applicable regulations may be occupied as a
provided the following limitations are met

April 10, 2001
Date

Building Official

Original: Owner
Copies to: Board of Assessment
Town File

Phillip W. Smith Christ

DEFENDANT'S EXHIBIT
49 Tor

148Civitas 700

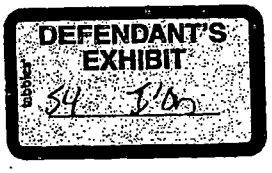
CONFIDENTIAL

# FIRST AMENDED AND RESTATED

# OPERATING AGREEMENT

# OF

# THE I'ON GROUP, LLC



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CONFIDENTIAL

**FIRST AMENDED AND RESTATED**

**OPERATING AGREEMENT**

**OF**

**THE I'ON GROUP, LLC**

This First Amended and Restated Operating Agreement of THE I'ON GROUP, LLC ("Company") dated August 22, 2005 amends and restates the Operating Agreement of the Civitas, LLC dated January __, 1999 and is (a) adopted by the Manager (as defined below) and (b) executed and agreed to, for good and valuable consideration, by the Member (as defined below).

**ARTICLE I**
**DEFINITIONS**

As used in this Operating Agreement, the following terms have the following meanings:

A. **"Act"** means the Uniform Limited Liability Company Act of 1996 and any successor statute as amended from time to time.

B. **"Articles"** means the Articles of Organization filed with the Secretary of State of South Carolina by which CIVITAS, L.L.C. was organized as a South Carolina Limited Liability Company under and pursuant to the Act which were amended by Articles of Amendment dated May 31, 2005 changing the name of the Company to The I'On Group, LLC.

C. **"Business Day"** means any day other than a Saturday, a Sunday, or a holiday on which national banking associations in the State of South Carolina are closed.

D. **"Capital Contribution"** means any contribution by a Member to the capital of the Company.

E. **"Code"** means the Internal Revenue Code of 1986 and any successor statute, as amended from time to time.

F. **"Company"** means THE I'ON GROUP, LLC, a South Carolina Limited Liability Company.

G. **"Company Liability"** means any enforceable debt or obligation for which the Company is liable or which is secured by any Company Property.

H. **"Distributional Interest"** means all of a Member's interest in distributions by the Company.

I. **"Dispose," "Disposing," or "Disposition"** means a sale, assignment, transfer, exchange, mortgage, pledge, grant of a security interest, or other disposition or encumbrance (including, without limitation, by operation of law), or the acts thereof.

J. **"Manager or Managers"** means LeGrand Elebash or any Person hereafter elected as a Manager of the Company as provided in this Operating Agreement, but does not include any Person who has ceased to be a Manager of the Company.

K. **"Member"** means Vincent G. Graham.

L. **"Net Losses"** means the losses and deductions of the Company determined in accordance with accounting principles consistently applied from year to year employed under the method of accounting adopted by the Company and as reported separately or in the aggregate, as appropriate, on the tax return of the Company filed for federal income tax purposes.

M. **"Net Profits"** means the income and gains of the Company determined in accordance with accounting principles consistently applied from year to year employed under the method of accounting adopted by the Company and as reported separately or in the aggregate as appropriate on the tax return of the Company filed for federal income tax purposes.

N. **"Operating Agreement"** has the meaning given that term in the introductory paragraph.

O. **"Person"** includes an individual, partnership, limited partnership, limited liability company, foreign limited liability company, trust, estate, corporation, custodian, trustee, executor, administrator, nominee or entity in a representative capacity.

P. **"Proceeding"** means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative.

Other terms defined herein have the meanings so given them.

## ARTICLE II
## ORGANIZATION

**2.1 Formation.**

The Company has been organized as a South Carolina Limited Liability Company by the filing of Articles pursuant to the Act and the issuance of a certificate of organization for the Company by the Secretary of State of South Carolina.

**2.2 Name.**

The name of the Company is THE I'ON GROUP, LLC. and all Company business must be conducted in that name or such other names that comply with applicable law as the Managers may select from time to time.

**2.3 Designated Office.**

The designated office of the Company required by the Act to be maintained in the State of South Carolina shall be the office of the initial registered agent named in the Articles or such other office (which need not be a place of business of the Company) as the Managers, or Member if there is no Manager, may designate from time to time in the manner provided by law.

**2.4 Registered Agent.**

The registered agent of the Company in the State of South Carolina shall be the initial registered agent named in the Articles or such other Person or Persons as the Managers, or Member if there is no Manager, may designate from time to time in the manner provided by law.

**2.5 Principal Office In The United States Other Offices.**

The principal office of the Company in the United States shall be at such place as the Managers, or Member if there is no Manager or the management of the Company is reserved to the Member, may designate from time to time, which need not be in the State of South Carolina. The Company may have such other offices as the Managers, or Member if there is no Manager, may designate from time to time.

**2.6 Purposes.**

The purposes of the Company are to own and operate a full service real estate development company offering a continuum of services for the creation of new places and the improvement of existing towns and cities and engage in any lawful business activities.

**2.7 Foreign Qualification.**

Prior to the Company's conducting business in any jurisdiction other than South Carolina, the Manager shall cause the Company to comply, to the extent procedures are available and those matters are reasonably within the control of the Manager or Member, with all requirements necessary to qualify the Company as a foreign limited liability company in that jurisdiction. At the request of the Manager or Member, the Member shall execute, acknowledge, swear to, and deliver all certificates and other instruments conforming with this Operating Agreement that are necessary or appropriate to qualify, continue, and terminate the Company as a foreign limited liability company in all such jurisdictions in which the Company may conduct business.

**2.8 Term.**

The Company commenced on the date the Articles were filed with the Secretary of State of South Carolina for the Company and shall continue in existence for the period fixed in the Articles for the duration of the Company, or such earlier time as this Operating Agreement may specify.

**2.9 Mergers.**

The Company may merge with another business entity subject to the requirements of Sections 33-44-904 through 33-44-907 of the Act.

## ARTICLE III
## MEMBERS

**3.1 Additional Members.**

Additional Persons may be admitted to the Company as a Member and Memberships may be created and issued to those Persons and to the Member at the direction of the Member, on such terms and conditions as the Member may determine at the time of admission. The terms of admission or issuance must specify the percentage of Net Profit, Net Loss, allocable to such Person and the Capital Contribution applicable thereto and may provide for the creation of different classes or groups of Members and having different rights, powers, and duties. The Member shall reflect the creation of any new class or group in an amendment to this Operating Agreement indicating the different rights, powers, and duties. Any such admission also must comply with the requirements described elsewhere in this Operating Agreement and is effective only after the new Member has executed and delivered to the Company, as appropriate, a document including the new Member's notice address, its agreement to be bound by the terms of an Operating Agreement which reflects the existence of at least two Members, and its representation and warranty that the representation and warranties required of new Members are true and correct with respect to the new Member.

**3.2 Liabilities to third parties.**

Except as otherwise expressly agreed in writing, no Member shall be liable for the debts, obligations or liabilities of the Company, including under a judgment decree or order of a court.

**3.3 Withdrawal.**

No Member may withdraw from the Company as a Member prior to the date specified in the Articles of Organization for dissolution of the Company.

**3.4 Place and manner of meeting.**

All meetings of the Member shall be held at such time and place, within or without of the State of South Carolina, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

**3.5 Special meetings.**

Special meetings of the Member may be called at any time by the Member.

**3.6 Action without meeting.**

Any action required by the Act to be taken at a meeting of the Member, or any action which may be taken at a meeting of the Member, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall have been signed by the Member.

**3.7 Assignment of distributional interest.**

Unless otherwise provided by this Operating Agreement:

**A.** a Distributional Interest is assignable in whole or in part;

**B.** an assignment of a Distributional Interest does not entitle the assignee to become, or to exercise rights or powers of, a Member;

**C.** an assignment entitles the assignee to receive distributions, to which the assignor was entitled, to the extent those items are assigned and allocates to the assignee the assignors allocable share of Net Profit and Net Loss; and

**D.** until the assignee becomes a Member, the assignor Member continues to be a Member and to have the power to exercise any rights or powers of a Member.

**3.8 Right to distribution.**

Subject to the Act, at the time that a Member becomes entitled to receive a distribution, with respect to a distribution, that Member has the status of and is entitled to all remedies available to a creditor of the Company.

**3.9 Limitation on distribution.**

No distribution may be made if, after giving effect to the distribution:

**A.** the Company would not be able to pay its debts as they become due in the usual course of business; or

**B.** the Company's assets would be less than the sum of its liabilities plus, the amount that would be needed, if the Company were to be dissolved, wound up, and terminated at the time of the distribution, to satisfy the preferential rights upon dissolution, winding up and termination of Member whose preferential rights are superior to those receiving the distribution. The Company may base a determination that a distribution is not prohibited upon the provisions of Section 33-44-406(b) and (c) of the Act.

**3.10 Redemption of Member's Financial Rights Subjected to Charging Order.**

In the event a Member's interest in the Company is subjected to a charging order as provided from under Section 33-44-504 of the Act, the Company may redeem the Member's interest so charged, with the Company property, at any time prior to foreclosure of said financial rights in accordance with Section 33-44-504(c).

**3.11 Buyout of Disassociating Member.**

Except as otherwise provided herein, if, following the death, retirement, resignation, expulsion, bankruptcy or dissolution of a Member or the occurrence of any event which terminates the continued Membership of a Member in the Company, the disassociating Member shall be entitled to receive any distribution which the disassociating Member was entitled to receive prior to the death, retirement, resignation, expulsion, bankruptcy or dissolution of a Member or the occurrence of any event which terminates the continued Membership of a Member in the Company. The Company shall have no obligation to purchase a disassociating Member's Membership until the date of the expiration of the specified term of the Company that existed on the date of the disassociation. The date of payment and fair market value, if any, of the Disassociating Members Membership shall be determined by the Company. The death of a Member or the appointment of a guardian or general conservator shall not constitute an event of disassociation and the Member's Membership shall (i) in the case of death pass to and may be voted by the Member's estate (Personal Representative) and subsequent beneficiary under the terms of the Member's will or (ii) in the case of disability, be voted by such Members guardian or general conservator.

## ARTICLE IV
## CAPITAL CONTRIBUTIONS

**4.1 Initial Contributions.**

The Member's Capital Contribution is described in Exhibit A. The value of the Capital Contributions is set forth on Exhibit A. No interest shall accrue on any Capital Contribution and the Member shall have the right to withdraw or be repaid any Capital Contribution except as provided in this Operating Agreement.

**4.2 Return Of Contributions.**

The Member is not entitled to the return of any part of its Capital Contributions or to be paid interest in respect of either its capital account, or its Capital Contributions. An unrepaid Capital Contribution is not a liability of the Company or of any Member. The Member is not required to contribute or to lend any cash or property to the Company.

**4.3 Advanced By Members.**

If the Company does not have sufficient cash to pay its obligations, the Member may advance all or part of the needed funds to or on behalf of the Company. An advance described in this section constitutes a loan from the Member to the Company from the date of the advance until the day of payment, and is not a Capital Contribution.

## ARTICLE V
## MANAGER

**5.1 Management By Manager.**

Except for situations in which the approval of the Members is required by this Operating Agreement or by nonwaivable provisions of applicable law, and subject to the provisions of Section 5.2, (i) the powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Manager; and (ii) the Manager may make all decisions and take all actions for the Company not otherwise provided for in this Operating Agreement, including, without limitation, the following:

**A.** entering into, making, and performing contracts, agreements, leases, loans, management contract and other undertakings binding the Company that may be necessary, appropriate, or advisable in furtherance of the purposes of the Company and making all decisions and waivers thereunder;

**B.** opening and maintaining bank and investment accounts and arrangements, drawing checks and other orders for the payment of money and designating individuals with authority to sign or give instructions with respect to those accounts and arrangements;

**C.** maintaining the assets of the Company in good order;

**D.** collecting sums due the Company;

**E.** to the extent that funds of the Company are available therefore, paying debts and obligations of the Company;

F. acquiring, utilizing for Company purposes, and disposing of any asset of the Company;

G. selecting, removing, and changing the authority and responsibility of lawyers, accountants, and other advisers and consultants;

H. obtaining insurance for the Company;

**5.2 Actions By Managers; Delegation Of Authority And Duties.**

A. In Managing the business and affairs of the Company and exercising its powers, the Managers shall act (i) through meetings and written consents as may be provided or limited in other provisions of this Operating Agreement.

B. Any Person dealing with the Company, other than a Member, may rely on the authority of any Manager in taking any action in the name of the Company without inquiry into the provisions of this Operating Agreement or compliance herewith, regardless of whether that action actually is taken in accordance with the provisions of this Operating Agreement.

C. The Manager may, from time to time, designate one or more persons to act as Assistant Manager(s). Any Assistant Manager so designated shall have such authority and perform such duties as the Manager may, from time to time, delegate. Each Assistant Manager shall hold office until his or her successor shall be duly designated and shall qualify or until his or her death or until he or she shall resign or shall have been removed by the Manager.

**5.3 Powers Of Managers.**

The Managers are an agent of this Company for the purpose of its business or affairs and the act of the Managers, including, but not limited to, the execution in the name of the Company of any instrument for apparently carrying on in the usual way the Company business or businesses of the kind carried on by the Company, binds the Company, unless the Managers so acting have, in fact, no authority to act for this Company in the particular matter, and the person with whom the Managers are dealing has knowledge of the fact that the Managers have no such authority.

**5.4 Number And Term Of Office**

The Manager of the Company shall be LeGrand Elebash. He shall serve as Manager of the Company until removal or upon resignation. Unless otherwise provided in the Articles, the Manager need not be a Member or resident of the State of South Carolina.

**5.5 Removal.**

The Manager may be removed, with or without cause, at any meeting of the Member.

**5.6 Resignations.**

Any Manager may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or , if no time be specified then at the time of its receipt by the other Managers, if any. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

**5.7 Vacancies.**

Any vacancy occurring in the Manager due to the death or legal incompetency of LeGrand Elebash shall be filled by Vincent G. Graham. A Manager elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any Manager position to be filled by reason of an increase in the number of Managers shall be filled by the Member.

**5.8 Place And Manner Of Meetings.**

Meeting of the Managers, regular or special, may be held either within or without the State of South Carolina. Managers may participate in such meetings by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting as provided herein shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

**5.9 First Meetings.**

The first meeting of the newly elected Managers shall be held without further notice immediately following the annual meeting of Member, and at the same place, unless by unanimous consent of the Managers then elected and serving, such time or place shall be changed.

**5.10 Regular Meeting Of Managers.**

A regular meeting of the Managers may be held at such time as shall be determined from time to time by resolution of the Managers.

**5.11 Special Meeting Of Managers.**

The Managers may call a special meeting of the Managers at any time.

**5.12 Action Without Meeting.**

Any action required by statute to be taken at a meeting of the Managers, or any action which may be taken at a meeting of the Managers, may be taken without a meeting if a consent in writing,

setting forth the action so taken, shall be signed by all the Managers. Such consent shall have the same force and effect as a unanimous vote at a meeting.

**5.13 Approval Or Ratification Or Acts Or Contracts By Members.**

The Managers in their discretion may submit any act or contract for approval or ratification to the Member.

**5.14 Interested Managers, Officers And Members.**

**A.** INTERESTED MANAGERS. No contract or transaction between this Company and one or more of its Managers or officers, or between this Company and any other limited liability company, corporation, partnership, association, or other organization in which one or more of its Managers or officers are managers or officers or have a financial interest, shall be void or voidable solely for this reason, solely, because the Manager is present at or participates in the meeting of Managers or of a committee of Managers which authorizes the contract or transaction, or solely because such Manager's or Managers' votes are counted for such purpose, if:

**(1)** The material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Managers, and the Managers in good faith authorizes the contract or transaction by the affirmative vote of a majority of the Managers; or

**(2)** The material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Member; or

**(3)** The contract or transaction is fair as to this Company as of the time it is authorized, approved, or ratified by the Managers or the Member.

**B.** This provision shall not be construed to invalidate any contract or transaction which would be valid in the absence of this provision.

**5.15 Compensation.**

By resolution of the Member, the Manager may be paid his expenses, if any, of attendance at each meeting of the Managers and may be paid a fixed sum for attendance at each meeting of the Managers or a stated salary as Manager. No such payment shall preclude any Manager from serving the Company in any other capacity and receiving compensation therefor.

## ARTICLE VI
## INDEMNIFICATION

**6.1 Indemnification.**

The Company shall indemnify the Members, Managers, and agents for all costs, losses, liabilities, and damages paid or accrued by such Members, Managers or agents in connection with the business of the Company, to the fullest extent provided or allowed by the laws of the State; provided, however, the Company shall not indemnify a Member or Manager as a result of any Member or Manager's violation of his duty of care or loyalty to the Company or another Member or willful dishonesty towards, fraud upon, or deliberate injury or attempted injury to the Company and/or a Member. The Company shall not indemnify a Member or Manager for any cost, loss, liability or damage paid or accrued by such Member, Manager or agent in connection with any action, suit or proceeding, threatened or pending against such Member or Manager by the Company or the other Member or Manager.

## ARTICLE VII
## DISSOLUTION, LIQUIDATION, AND TERMINATION

**7.1 Dissolution.**

The Company shall dissolve and its affairs shall be wound up only upon the first to occur of the following:

A. the written consent of the Member;

B. the expiration of the period fixed for the duration of the Company set forth in the Articles; or

C. administrative dissolution as provided in Section 33-44-809 of the Act.

**7.2 Winding Up And Termination.**

On dissolution of the Company, the Managers shall act as liquidator. If there is no Manager, then the Member will act as Liquidator. The Liquidator shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Act. The costs of liquidation shall be borne as a Company expense. Until final distribution, the Liquidator shall continue to operate the Company properties with all of the power and authority of the Manager. The steps to be accomplished by the liquidator are as follows:

A. as promptly as possible after dissolution and again after final liquidation, the liquidator shall cause a proper accounting to be made of the Company's assets, liabilities, and

operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed as applicable.

**B.** the liquidator shall cause the notice described in Section 33-44-807 of the Act to be mailed to each known creditor of and claimant against the Company in the manner described in such Section 33-44-808 of the Act;

**C.** the liquidator shall pay, satisfy or discharge from Company funds all of the debts, liabilities and obligations of the Company (including, without limitation, all expenses incurred in liquidation and any advances) or otherwise make adequate provision for payment and discharge thereof (including, without limitation, the establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine); and

**D.** all remaining assets of the Company shall be distributed to the Member.

**7.3 Articles Of Termination.**

After the dissolution of the limited liability company pursuant to Section 33-44-801 of the Act, the Managers or the Member shall file Articles of Termination with the Secretary of State of South Carolina and take such other actions as may be necessary to terminate the Company.

## ARTICLE VIII
## GENERAL PROVISIONS

**8.1 Books And Records.**

**A.** The Company shall maintain those books and records as it may deem necessary or desirable.

**B.** The Company shall keep its books on the cash method of accounting.

**8.2 Amendment Or Modification.**

The Operating Agreement may be amended and modified from time to time by the Member. No Member or Manager shall have any vested rights in the Operating Agreement.

**8.3 Checks, Notes, Drafts, Etc.**

All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Company shall be signed or endorsed by the Manager or a designated person which may be appointed by the Manager. The designated person may be a Manager(s) or other person(s) as may from time be designated.

**8.4 Headings.**

The headings used in this Operating Agreement have been inserted for convenience only and do not constitute matter to be construed in interpretation.

**8.5 Construction.**

Whenever the context so requires, the gender of all words used in this Operating Agreement includes the masculine, feminine, and neuter, and the singular shall include the plural, and conversely. All references to Articles and Sections refer to articles and sections of this Operating Agreement, and all references to Exhibits, if any, are to Exhibits attached hereto, if any, each of which is made a part hereof for all purposes. If any portion of this Operating Agreement shall be invalid or inoperative, then, so far as is reasonable and possible:

**A.** The remainder of this Operating Agreement shall be considered valid and operative; and

**B.** Effect shall be given to the intent manifested by the portion held invalid or inoperative.

**8.6 Entire Agreement; Supersedure.**

This Operating Agreement constitutes the entire agreement of the Member and the Managers relating to the Company and supersedes all prior contracts or agreements with respect to the Company, whether oral or written.

**8.7 Effect Of Waiver Or Consent.**

A waiver or consent, express or implied, to or of any breach or default by any Person in the performance by that Person of its obligations with respect to the Company is not a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person with respect to the Company. Failure on the part of a Person to complain of any act of any Person or to declare any Person in default with respect to the Company, irrespective of how long that failure continues, does not constitute a waiver by that Person of its rights with respect to that default until the applicable statute-of-limitations period has run.

**8.8 Binding Effect.**

This Operating Agreement is binding on and inures to the benefit of the Member and its successors, and assigns.

**8.9 Governing Law; Severability.**

THIS OPERATING AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF SOUTH CAROLINA EXCLUDING ANY CONFLICT-OF-LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THIS OPERATING AGREEMENT TO THE LAW OF ANOTHER JURISDICTION. In the event of a direct conflict between the provisions of this Operating Agreement and (a) a mandatory provision of the Articles, or (b) any mandatory provision of the Act, the applicable mandating provision of the Articles or the Act shall control. If any provision of this Operating Agreement or the application thereof to any Person or circumstance is held invalid or unenforceable to any extent, the remainder of this Operating Agreement and the application of that provision to other Persons or circumstances is not affected thereby and that provision shall be enforced to the greatest extent permitted by law.

**8.10 Further Assurances.**

In connection with this Operating Agreement and the transactions contemplated hereby, the Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Operating Agreement and those transactions.

**8.11 Counterparts.**

This Operating Agreement may be executed in any number of counterparts with the same effect as if all signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

**8.12 Conflicting Provisions.**

To the extent that one or more provisions of this Operating Agreement appear to be in conflict with one another, then the Member shall have the right to choose which of the conflicting provisions are to be enforced. Wide latitude is given to the Member, in interpreting the provision of this Operating Agreement to accomplish the purposes and objectives of the Company, and the Member, in interpreting the provisions of this Operating Agreement to accomplish the purposes and objectives of the Company, and the Member may apply this Operating Agreement in such a manner as to be in the best interest of the Company, in his sole discretion, even if such interpretation or choice of conflicting provisions to enforce is detrimental to the Member or Managers.

CONFIDENTIAL

The undersigned, being the Member and Manager, hereby certify that the foregoing First Amended and Restated Operating Agreement was unanimously adopted by the Manager, and the Members, effective as of the 22nd day of August, 2005, TO WITNESS WHICH we have hereunto affixed our signatures.

WITNESSES:

_____

**MEMBER**

_____(SEAL)
Vincent G. Graham

WITNESSES:

_____

**MANAGER**

_____(SEAL)
LeGrand Elebash

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CONFIDENTIAL

**EXHIBIT A**
**Initial Capital Contributions**

| MEMBER | CAPITAL CONTRIBUTION | FAIR MARKET VALUE |
|---|---|---|
| Vincent G. Graham | Cash | $_____ |

**FIFTH AMENDED AND RESTATED**

**OPERATING AGREEMENT**

**OF**

**THE I'ON COMPANY, L.L.C.**

This Fifth Amended and Restated Operating Agreement of The I'On Company, L.L.C. (the "Company"), dated August 22, 2005, amending and restating the Fourth Amended and Restated Operating Agreement of the Company dated as of April 2, 2002 which amended and restated the Third Amended and Restated Operating Agreement dated December ___, 2001, , is (a) adopted by the Manager (as defined below) and (b) executed and agreed to, for good and valuable consideration, by the Members (as defined below).

ARTICLE I
DEFINITIONS

As used in this Operating Agreement, the following terms have the following meanings:

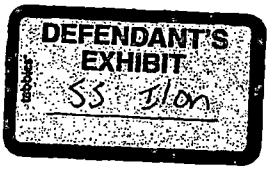
A. "Act" means the Uniform Limited Liability Company Act of 1996 and any successor statute as amended from time to time.

B. "Adjusted Invested Capital" means, as of any time, all Capital Contributions of a Member, less all amounts distributed to that Member by the Company pursuant to Section 5.5, except for distributions pursuant to Sections 5.5(B)(1) or (B)(2) in payment of the Cumulative Preferred Return of that Member; provided, however, that the Adjusted Invested Capital shall not be reduced below zero.

C. "Annual Business Plan and Budget" means the business plan and budget described in Section 3.8 of this Operating Agreement

D. "Articles" means the Articles of Organization filed with the Secretary of State of South Carolina by which The Graham Company, a Georgia General Partnership, converted to a South Carolina limited liability company and in conjunction with that conversion, The I'On Company, L.L.C. was organized as a South Carolina Limited Liability Company under and pursuant to the Act.

E. "Bankrupt Member" means a Member who is the subject of an order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application or a comparable order under federal, state, or foreign law governing insolvency and has the same meeting as the term "Debtor in Bankruptcy" defined in § 33-44-101(4) of the Act.



F. "Business Day" means any day other than a Saturday, a Sunday, or a holiday on which national banking associations in the State of South Carolina are closed.

G. "Capital Contribution" means any contribution by a Member to the capital of the Company.

H. "Cash Flow" means, for any fiscal year, all cash receipts of the Company (other than Capital Contributions and loan proceeds), plus excess reserves, less all cash expenditures and such reasonable reserves as the Manager shall determine from time to time.

I. "Code" means the Internal Revenue Code of 1986 and any successor statute, as amended from time to time.

J. "Company" means The I'On Company, L.L.C., a South Carolina Limited Liability Company.

K. "Company Liability" means any enforceable debt or obligation for which the Company is liable or which is secured by any of the Company's property.

L. "Company Minimum Gain" means an amount determined by first computing for each Company Nonrecourse Liability any gain the Company would realize if it disposed of the Company's property subject to that liability for no consideration other than full satisfaction of the liability, and then aggregating the separately computed gains. The amount of Company Minimum Gain includes such minimum gain arising from a conversion, refinancing, or other change to a debt instrument, only to the extent a Member is allocated a share of that minimum gain. For any taxable year, the net increase or decrease in Company Minimum Gain is determined by comparing the Company Minimum Gain on the last day of the immediately preceding taxable year with the Minimum Gain on the last day of the current taxable year. Notwithstanding any provision to the contrary contained herein, Company Minimum Gain and increases and decreases in Company Minimum Gain are intended to be computed in accordance with § 704 of the Code and the Regulations issued thereunder, as the same may be issued and interpreted from time to time. A Member's share of Company Minimum Gain at the end of any taxable year equals; the sum of Nonrecourse Deductions allocated to that Member (and to that Member's predecessors in interest) up to that time and the distributions made to that Member (and to that Member's predecessors in interest) up to that time of proceeds of a nonrecourse liability allocable to an increase in Company Minimum Gain minus the sum of that Member's (and that Member's predecessors' in interest) aggregate share of the net deceases in Company Minimum Gain plus their aggregate share of decreases resulting from revaluations of the Company's property subject to one or more Company Nonrecourse Liabilities.

M. "Company Nonrecourse Liability" means a Company Liability to the extent that no Member or related person bears the economic risk of loss (as defined in § 1.752-2 of the Regulations) with respect to the liability.

N. [redacted]

O. "Default Interest Rate" means a rate per annum equal to the lesser of (1) five percent (5.0%) plus a varying rate per annum that is equal to the *Wall Street Journal* prime rate as quoted in the money rates section of the *Wall Street Journal*, from time to time as its prime commercial or similar reference interest rate, with adjustments in that varying rate to be made on the same date as any change in that rate, and (2) the maximum rate permitted by applicable law.

P. "Delinquent Member" means a Member who does not contribute by the time required all or any portion of a Capital Contribution that Member is required to make as provided in this Operating Agreement.

Q. "Distributional Interest" means all of a Member's interest in distributions by the Company.

R. "Dispose," "Disposing," or "Disposition" means a sale, assignment, transfer, exchange, mortgage, pledge, grant of a security interest, or other disposition or encumbrance (including, without limitation, by operation of law), or the acts thereof.

S. "General Interest Rate" means a rate per annum equal to the lesser of (1) the *Wall Street Journal* prime rate as quoted in the money rates section of the Wall Street Journal, from time to time as its prime commercial or similar reference interest rate, with adjustments in that varying rate to be made on the same date as any change in that rate, and (2) the maximum rate permitted by applicable law.

T. "Graham Group" means Graham Development, Inc., Vincent G. Graham and Geoffrey D. Graham, collectively.

U. "Lending Member" means those Members, whether one or more, who advance the portion of the Delinquent Member's Capital Contribution that is in default.

V. "Manager" means any Person elected as a Manager of the Company as provided in this Operating Agreement, but does not include any Person who has ceased to be a Manager of the Company.

W. "Member" means any Person executing this Operating Agreement, or hereafter admitted to the Company as a Member as provided in this Operating Agreement, but does not include any Person who has ceased to be a Member in the Company.

X. "Member Minimum Gain" means an amount determined by first computing for each Member Nonrecourse Liability any gain the Company would realize if it disposed of the

Company's property subject to that liability for no consideration other than full satisfaction of the liability, and then aggregating the separately computed gains. The amount of Member Minimum Gain includes such minimum gain arising from a conversion, refinancing, or other change to a debt instrument, only to the extent a Member is allocated a share of that minimum gain. For any taxable year, the net increase or decrease in Member Minimum Gain is determined by comparing the Member Minimum Gain on the last day of the immediately preceding taxable year with the Minimum Gain on the last day of the current taxable year. Notwithstanding any provision to the contrary contained herein, Member Minimum Gain and increases and deceases in Member Minimum Gain are intended to be computed in accordance with § 704 of the Code or the Regulations issued thereunder, as the same may be issued and interpreted from time to time.

Y. "Member Nonrecourse Liability" means any Company Liability to the extent of liability is nonrecourse under state law, and on which a Member or related person bears the economic risk of loss under § 1.752-2 of the Regulations because, for example, the Member or related person is the creditor or a guarantor.

Z. "Membership Interests" means any Member's ownership interest in the Company, including, without limitation, rights to distributions (as provided in Section 5.5 of this Operating Agreement), allocations (as provided in Section 5.1 of this Operating Agreement), information, and to consent or approve.

AA. "Net Losses" means the losses and deductions of the Company determined in accordance with accounting principles consistently applied from year to year employed under the method of accounting adopted by the Company and as reported separately or in the aggregate, as appropriate, on the tax return of the Company filed for federal income tax purposes.

BB. "Net Profits" means the income and gains of the Company determined in accordance with accounting principles consistently applied from year to year employed under the method of accounting adopted by the Company and as reported separately or in the aggregate as appropriate on the tax return of the Company filed for federal income tax purposes.

CC. "Nonrecourse Liabilities" means Company Nonrecourse Liabilities and Member Nonrecourse Liabilities.

DD. "Offsettable Decrease" means any allocation that unexpectedly causes or increases a deficit in the Member's Capital Account as of the end of the taxable year to which the allocation relates attributable to depletion allowances under § 1.704(b)(2)(iv)(k) of the Regulations, allocations of loss and deductions under §§ 704(e)(2) or 706 of the Code or under § 1.751-1 of the Regulations, or distributions that, as of the end of the year, are reasonably expected to be made to the extent they exceed the offsetting increases to such Member's Capital Account that reasonably are expected to occur during or (prior to) the taxable years in which such distributions are expected to be made (other than increases pursuant to a Minimum Gain Chargeback).

EE. "Operating Agreement" means this Fourth Amended and Restated Operating Agreement.

FF. "Person" includes an individual, partnership, limited partnership, limited liability company, foreign limited liability company, trust, estate, corporation, custodian, trustee, executor, administrator, nominee or entity in a representative capacity.

GG. "Proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative.

HH. "Property" means the property described in Exhibit A attached hereto.

II. "Required Interest" means seventy (70%) percent of all Membership Interests.

Other terms defined herein have the meanings so given them.

## ARTICLE II
## ORGANIZATION

2.1 FORMATION.

The Company has been organized as a South Carolina Limited Liability Company by the filing of Articles pursuant to the Act and the issuance of a certificate of organization for the Company by the Secretary of State of South Carolina.

2.2 NAME.

The name of the Company is The I'On Company, L.L.C. and all Company business must be conducted in that name or such other names that comply with applicable law as the Manager may select from time to time.

2.3 DESIGNATED OFFICE.

The registered office of the Company required by the Act to be maintained in the State of South Carolina shall be the office of the initial registered agent named in the Articles or such other office (which need not be a place of business of the Company) as the Manager, or Members if there is no Manager, may designate from time to time in the manner provided by law.

2.4 REGISTERED AGENT.

The registered agent of the Company in the State of South Carolina shall be the initial registered agent named in the Articles or such other Person or Persons as the Manager, or Members if there is no Manager, may designate from time to time in the manner provided by law.

2.5 PRINCIPAL OFFICE IN THE UNITED STATES; OTHER OFFICES.

The principal office of the Company in the United States shall be at such place as the Manager, or Members if there is no Manager, may designate from time to time, which need not be in the State of South Carolina. The Company may have such other offices as the Manager, or Members if there is no Manager, may designate from time to time.

2.6 PURPOSES.

The purposes of the Company are to acquire that portion of the Property which has not been purchased pursuant to the terms of that certain Option Agreement by and between L-J, Inc., Barbara J. Alford, Trustee, KREPS Investment Company, LLC, David N. Jordan and John R. Jordan, as from time to time amended, and originally dated June 15, 1995 and to hold, lease, sell, rent, develop, improve, operate, transfer, exchange, or otherwise dispose of the Property as a residential master planned community, and to provide management, development and/or management consulting services related to the Property, and to engage in any and all lawful business activities related or incidental to the foregoing.

2.7 FOREIGN QUALIFICATION.

Prior to the Company's conducting business in any jurisdiction other than South Carolina, the Manager shall cause the Company to comply, to the extent procedures are available and those matters are reasonably within the control of the Manager or Members, with all requirements necessary to qualify the Company as a foreign limited liability company in that jurisdiction. At the request of the Manager or Members, each Member shall execute, acknowledge, swear to, and deliver all certificates and other instruments conforming with this Operating Agreement that are necessary or appropriate to qualify, continue, and terminate the Company as a foreign limited liability company in all such jurisdictions in which the Company may conduct business.

2.8 TERM.

The Company commenced on the date the Articles were filed with the Secretary of State of South Carolina for the Company and shall continue in existence for the period fixed in the Articles for the duration of the Company, or such earlier time as this Operating Agreement may specify.

2.9 MERGERS.

The Company may merge with another business entity subject to the requirements of Sections 33-44-904 through 33-44-907 of the Act.

2.10 NO STATE-LAW PARTNERSHIP.

The Members intend that the Company not be a partnership (including, without limitation, a limited partnership) or joint venture, and that no Member or Manager be a partner or

joint venturer of any other Member or Manager, for any purposes other than federal and state tax purposes, and this Operating Agreement may not be construed to suggest otherwise.

ARTICLE III
MEMBERS

3.1 ADMISSION OF MEMBERS.

A. After the formation of the Company, a person becomes a new Member:

(1) in the case of a person acquiring a Membership Interest directly from the Company, on compliance with the provisions of Section 3.2 and 3.6 of this Operating Agreement governing admission of new Members or, if this Operating Agreement contains no relevant admission provisions, on the written consent of all Members; and

(2) in the case of an assignee of a Membership Interest if there is the unanimous consent of the Members to permit the admission of a substituted Member pursuant to § 33-44-503 of the Act.

B. Any person may be admitted as a Member unless the person lacks capacity.

3.2 REPRESENTATIONS AND WARRANTIES.

A. Each Member hereby represents and warrants to the Company and each other Member that (1) if that Member is an individual, he has full power and authority to execute and agree to this Operating Agreement and to perform his obligations hereunder; (2) if that Member is a corporation, it is duly organized, validly existing and in good standing under the law of the state of its incorporation and is duly qualified and in good standing as a foreign corporation in the jurisdiction of its principal place of business (if not incorporated therein); (3) if that Member is a limited liability company, it is duly organized, validly existing, and (if applicable) in good standing under the law of the state of its organization and is duly qualified and (if applicable) in good standing as a foreign limited liability company in the jurisdiction of its principal place of business (if not organized therein); (4) if that Member is a partnership, trust, or other entity, it is duly formed, validly existing, and (if applicable) in good standing under the law of the state of its formation, and if required by law is duly qualified to do business and (if applicable) in good standing in the jurisdiction of its principal place of business (if not formed therein), and the representations and warranties in clause (2), (3), or (4), as applicable, are true and correct with respect to each partner (other than limited partners), trustee, or other Member thereof, (5) that Member has full corporate, limited liability company, partnership, trust, or other applicable power and authority to execute and agree to this Operating Agreement and to perform obligations hereunder and all necessary actions by the board of directors, shareholders, manager, members, partners, trustees, beneficiaries, or other Persons necessary for the due authorization, execution, delivery, and performance of this Operating Agreement by that Member have been duly taken; (6) that Member has duly executed and delivered this Operating Agreement; and (7) that Member's authorization, execution, delivery, and performance of this Operating Agreement

do not conflict with any other agreement or arrangement to which that Member is a party or by which it is bound.

3.3 RESTRICTIONS ON THE DISPOSITION OF A MEMBERSHIP INTEREST.

A. Membership and transferability of Membership Interests are substantially restricted. An unauthorized transfer of a Membership Interest could create a substantial hardship to the Company, jeopardize its capital base, and adversely affect its tax structure. These restrictions upon ownership and transfer are not intended as a penalty, but as a method to protect and preserve existing relationships based upon trust and the Company's capital and its financial ability to continue. Except as provided in Section 3.4 of this Operating Agreement, a Disposition of a Membership Interest in the Company may be effective only with the unanimous consent of the Members, which consent may be withheld by any Member for any reason or for no reason.

B. An assignee who becomes a Member has, to the extent assigned, the rights and powers and is subject to the restrictions and liabilities of a Member under this Operating Agreement and the Act. Unless otherwise provided by this Operating Agreement, an assignee who becomes a Member also is liable for the obligations of the assignor to make contributions but is not obligated for any such obligations unknown to the assignee at the time the assignee became a Member and which could not be ascertained from this Operating Agreement. Whether or not an assignee of a Membership Interest becomes a Member, the assignor is not released from the assignor's liability to the Company.

C. Subject to the provisions of the following Section 3.3(D), a Person to whom a Membership Interest in the Company is transferred has the right to be admitted to the Company as a Member with the interest in Net Profits, Net Losses, and capital so transferred to such Person, if (1) the Member making such transfer grants the transferee the right to be so admitted, and (2) such transfer is consented to in accordance with this Section 3.3.

D. The Company may not recognize for any purpose any purported Disposition of a Membership Interest unless and until the other applicable provisions of this Section 3.3 have been satisfied and the Manager has received, on behalf of the Company, a document (1) executed by both the Member effecting the Disposition (or if the transfer is on account of the death, incapacity, or liquidation of the transferor, his representative) and the Person to which the Membership Interest is Disposed, (2) including the notice address of any Person to be admitted to the Company as a Member and its agreement to be bound by this Operating Agreement in respect of the Membership Interest being obtained, (3) setting forth the Person's interest in Net Profits, Net Losses and capital after the Disposition by the Member affecting the Disposition and the Person to which the Membership Interest is Disposed (which together must total the Person's interest in Net Profits, Net Losses and capital of the Member affecting the Disposition before the Disposition), and (4) containing a representation and warranty that the Disposition was made in accordance with all applicable laws and regulations (including securities laws) and, if the Person to which the Membership Interest is Disposed is to be admitted to the Company, its representation and warranty that the representations and warranties in this Operating Agreement are true and correct with respect to that Person.

E. For the right of a Member to Dispose of a Membership Interest or of any Person to be admitted to the Company in connection therewith to exist or be exercised, (1) either (A) the Membership Interest subject to the Disposition or admission must be registered under the Securities Act of 1933, as amended, and any applicable state securities laws or (B) the Company must receive a favorable opinion of the Company's legal counselor or other legal counsel acceptable to the Manager to the effect that the Disposition or admission is exempt from registration under those laws and (2) the Company must receive a favorable opinion of the Company's legal counsel or of other legal counsel acceptable to the Manager to the effect that the Disposition or admission, when added to the total of all other sales, assignments, or other Dispositions within the preceding twelve (12) months, would not result in the Company's being considered to have terminated within the meaning of the Code. The Manager, however, may waive the requirements of this sub-part of this Section 3.3.

F. The Member effecting a Disposition and any Person admitted to the Company in connection therewith shall pay, or reimburse the Company for, all costs incurred by the Company in connection with the Disposition or admission (including, without limitation, the legal fees incurred in connection with the legal opinions referred above) on or before the tenth day after the receipt by that Person of the Company's invoice for the amount due. If payment is not made by the date due, the Person owing that amount shall pay interest on the unpaid amount from the date due until paid at a rate per annum equal to the Default Interest Rate.

3.4 RIGHT OF FIRST REFUSAL.

A. Except as otherwise provided in this Operating Agreement, if a Member shall desire to sell all of its Membership Interests (the "Offered Interests"), such Member shall first offer to sell the Offered Interests to the Company and the other Members by delivering to the Company and the other Members a written notice of the proposed sale. Such notice shall state the Membership Interests offered, the price and terms upon which the Offered Interests are proposed to be sold and the name and address of the person or entity desiring to purchase the Offered Interests (and if the proposed buyer is an entity, the principals and parents of the proposed buyer). The Company shall have the right to elect within thirty (30) days thereafter to purchase all, but not less than all, of the Offered Interests at the same price and upon the same terms and conditions as those contained in such offer by giving notice to the selling Member within the 30-day period.

B. If the Company does not accept an offer made in accordance with Section 3.4(A) above within the 30-day period, then the non-selling Members shall have the right, within five (5) days following the earlier of either (1) the expiration of the 30-day period or (2) the giving of written notice by the Company to the selling Member and the non-selling Members that it will not purchase the Offered Interests, to elect to purchase all of the Offered Interests at the same price and upon the same terms and conditions as those contained in such offer by giving written notice to Member and the Company within the five-day period. Each non-selling Member shall have the right to purchase that number of Offered Interests not elected to be purchased by the Company as shall equal the number of Offered Interests so remaining multiplied by a fraction,

the numerator of which is such Member's Membership Interests in the Company and the denominator of which shall be the total of each of the non-selling Members' Membership Interests in the Company (the "Pro Rata Amount"). The non-selling Members shall have a right of oversubscription, such that if any Member electing to purchase the Offered Interests elects to purchase less than the Member's Pro Rata Amount, the other Members electing to purchase the Offered Interests shall have the right to purchase the balance of any Offered Interests on a pro rata basis in accordance with their respective Pro Rata Amount.

C. If the Company and the non-selling Members do not elect, or elect and subsequently fail, to purchase all of the Offered Interests in accordance with this Section 3.4, then, subject to the other provisions of this Operating Agreement, the selling Member shall be free to sell all of the Offered Interests to the proposed purchaser at not less than the price and on the same terms and conditions within ninety (90) days following, as the case may be, (x) the failure of the non-selling Members to make such purchase of the Offered Interests, or (y) the earlier of either (1) the expiration of the period within which the non-selling Members may elect to purchase the Offered Interests or (2) the giving of written notice by the non-selling Members to the selling Member that they do not elect to purchase all of the Offered Interests.

D. If the selling Member does not sell all of the Offered Interests within the 90-day period specified in Section 3.4(C) above, then the rights of the Company or the non-selling Members under this Section 3.4 shall be fully restored and reinstated as if such offer had never been made

E. With respect to sale of Offered Interests pursuant to this Section 3.4, unless the parties agree otherwise, the closing date shall be the date thirty (30) days after the selling Member and the Company and any Member electing to purchase the Offered Interests provided written notice of its intent to purchase the Offered Interests. The closing shall occur at the Company's offices, or at any other place as the parties shall agree.

3.5 INTENTIONALLY LEFT BLANK.

3.6 ADDITIONAL MEMBERS.

Additional Persons may be admitted to the Company as Members and Membership Interests may be created and issued to those Persons and to existing Members at the direction of all of the Members. The terms of admission or issuance must specify the portion of Net Profit, Net Loss, allocable to such person and the Capital Contribution applicable thereto and may provide for the creation of different classes or groups of Members and having different rights, powers, and duties. The Members shall reflect the creation of any new class or group in an amendment to this Operating Agreement indicating the different rights, powers, and duties, and such an amendment need be executed only by the Members. Any such admission also must comply with the requirements described elsewhere in this Operating Agreement and is effective only after the new Member has executed and delivered to each of the Members a document, including the new Member's notice address, its agreement to be bound by this Operating Agreement, and its representation and warranty that the representation and warranties required of

new Members are true and correct with respect to the new Member. The provisions of this section shall not apply to Dispositions of a Membership Interest.

Notwithstanding the foregoing, the Members shall have a preemptive right to acquire additional, newly created Membership Interests of the Company, or securities of the Company convertible into or carrying a right to subscribe to or acquire Membership Interests, except to the extent limited or denied by the Articles.

3.7 INTERESTS IN A MEMBER.

A Member that is not a natural person may not cause or permit an interest, direct or indirect, in itself to be Disposed of such that after the Disposition the Company would be considered to have terminated within the meaning of section 708 of the Code. No Member that is not a natural person may cause or permit an interest, direct or indirect, in itself to be Disposed, without the consent of a Required Interest that Member shall cease to be controlled by substantially the same Persons who control it as of the date of its admission to the Company. On any breach of the provisions of the immediately preceding sentence, the Company shall have the option to buy, and on exercise of that option the breaching Member shall sell, the breaching Member's Membership Interests all in accordance with Section 3.2.

3.8 INFORMATION.

A. The Manager shall prepare annually, on or before November 1, an Annual Business Plan and Budget for the following year, and shall present such Annual Business Plan and Budget to the Members as soon as these documents are prepared. The Manager shall prepare and present to the Members, monthly, a progress report which will include a financial statement for the previous six (6) months, a comparison of the benchmarks established in the Annual Business Plan and Budget developed by the Manager with the actual performance to date, a cash flow analysis and a comparison of the monthly sales goals with actual sales. The Company shall provide or cause to be provided to the Members, within ninety (90) days after the close of each fiscal year of the Company, reports containing financial statements of the Company for the preceding fiscal year, including a balance sheet, a statement of income, a statement of Members' equity and a statement of changes in financial position, which financial statements may be audited, in the sole discretion and sole expense of a Member, by a certified public accountant selected by such Member. In addition, within ninety (90) days after the close of each fiscal year, the Company shall provide or cause to be provided to each person who was a holder of a Membership Interest at any time during the calendar year then ended (including any assignee permitted under this Operating Agreement) all Company tax information kept on a tax basis as shall be necessary for the preparation of the holder's U.S. federal and state income or other tax and information return. On request by a Member, the Company shall provide or cause to be provided to the Members copies of all federal, state and local income tax returns or information returns, if any, which the Company is required to file. In the event any Member shall report an item inconsistent with the manner in which the Company reported such item to the Member, such Member shall (1) file all necessary informational statements with the

appropriate taxing authority regarding the inconsistent treatment and (2) disclose the inconsistent treatment to the Company.

B. In addition to the other rights specifically set forth in this Operating Agreement, each Member is entitled to all information to which that Member is entitled to have access pursuant to Section 33-44-408 of the Act under the circumstances and subject to the conditions therein stated.

C. Each Member and the Manager acknowledges that, from time to time, they may receive information from or regarding the Company in the nature of trade secrets or that otherwise is confidential, the release of which may be damaging to the Company or Persons with which it does business. Each Member and the Manager shall hold in strict confidence any information it receives regarding the Company, whether or not it is identified as being confidential, and may not disclose it to any Person other than another Member or the Manager, except for disclosures (1) compelled by law (but the Manager must notify the Members promptly of any request for that information, before disclosing it, if practicable), (2) to advisers or representatives of the Member or Persons to which that Member's Membership Interests may be Disposed as permitted by this Operating Agreement, but only if the recipients have agreed to be bound by the provisions of this Section 3.8(C) or (3) of information that Member also has received from a source independent of the Company that the Member reasonably believes obtained that information without breach of any obligation of confidentially. The Members acknowledge that breach of the provisions of this Section 3.8(C) may cause irreparable injury to the Company and to the other Members for which monetary damages are inadequate, difficult to compute, or both. Accordingly, the Members agree that the provisions of this Section 3.8(C) may be enforced by the Company or the other non-breaching Member(s) by specific performance, without the Company or the other non-breaching Members being required to show any actual damage or to post an injunction bond.

3.9 LIABILITIES TO THIRD PARTIES.

Except as otherwise expressly agreed in writing, no Member or Manager shall be liable for the debts, obligations or liabilities of the Company, including under a judgment decree or order of a court.

3.10 WITHDRAWAL.

No Member may withdraw from the Company as a Member prior to the date specified in the Articles of Organization for dissolution of the Company.

3.11 CLASSES AND VOTING.

There shall be one class of Members. The unanimous written consent of all Members at a duly authorized annual or special meeting may elect to establish two or more classes or groups of one or more Members with such rights and obligations as the Members may unanimously approve.

3.12 PLACE AND MANNER OF MEETING.

All meetings of the Members shall be held at such time and place, within or without the State of South Carolina, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof. Members may participate in such meetings by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting as provided herein shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

3.13 CONDUCT OF MEETINGS.

All meetings of the Members shall be presided over by Vincent G. Graham. The chairman of any meeting of Members shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him in order.

3.14 ANNUAL MEETING.

The annual meeting of the Members for the transaction of all other business which may come before the meeting shall be held on the first Monday in July in each year (if not a legal holiday and, if a legal holiday, then on the next business day following) at the hour specified in the notice of the meeting. If the annual meeting is not held on the date above specified, the Manager shall cause a special meeting of the Members in lieu thereof to be held as soon thereafter as convenient, and any business transacted or election held at the meeting shall be as valid as if held at the annual meeting. Failure to hold the annual meeting at the designated time shall not work a dissolution of the Company.

3.15 VOTING LISTS.

The Manager, officer, or agent having charge of the records reflecting the Membership Interests of each Member of each class, if more than one class, shall make, at least ten (10) days before each meeting of Members, a complete list of the Members, entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order with the address of and Membership Interests of each Member of each class, if more than one class, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office of the Company and shall be subject to inspection by any Member at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member during the whole time of the meeting. The original records reflecting the Membership Interests of each Member of each class, if more than one class, shall be prima-facie evidence as to who are the Members entitled to examine such list or records or to vote at any meeting of Members.

Failure to comply with the requirements of this Article III shall not affect the validity of any action taken at such meeting.

3.16 SPECIAL MEETINGS.

Special meetings of the Members may be called at any time by the holders of at least ten percent (10%) of the Membership Interests. Special meetings of Members may also be called by the Manager upon the written request of the holders of at least twenty-five percent (25%) of the Members or at least ten percent (10%) of the Membership Interests. Such request shall state the purpose or purposes of such meeting and the matters proposed to be acted on there at.

3.17. NOTICE.

A. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting either personally or by mail, or at the direction of the officer or person calling the meeting, to each Member entitled to vote at the meeting, provided that such notice may be waived as provided in this Operating Agreement. Unless notice is waived as provided in this Operating Agreement, failure to provide notice in accordance with this Section to each Member entitled to vote at the meeting shall render all action taken at such meeting null and void and of no force or effect.

B. Any notice required to be given to any Member hereunder or under the Articles of Organization need not be given to the Member if (A) notice of two consecutive annual meetings of the Company and all notices of meetings held during the period between those annual meetings, if any, have been mailed to that person, addressed at his address as shown on the records of the Company, and have been returned undeliverable or (B) all (but in no event less than two) payments (if sent by first class mail) of distributions during a twelve-month period have been mailed to that person, addressed at his address as shown on the records of the Company, and have been returned undeliverable. Any action or meeting taken or held without notice to such person shall have the same force and effect as if the notice had been duly given.

3.18 QUORUM OF MEMBERS.

Unless otherwise provided in the Articles, the holders of eighty (80%) percent of the Membership Interests entitled to vote, represented in person or proxy, shall constitute a quorum at a meeting of Members.

3.19 MAJORITY VOTE; WITHDRAWAL OF QUORUM.

With respect to any matter when a quorum is present at any meeting, the vote of the holders of sixty-five (65%) percent of the Membership Interests, present in person or represented by proxy, having voting power with respect to that matter, shall decide such matter brought before such meeting, unless the matter is one upon which, by express provision of the Articles or

this Operating Agreement, or by any express provision of the statutes which is applicable to such vote unless overridden by the Articles, a different vote is required, in which case such express provision shall govern and control the decision of such matter. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Membership Interests to leave less than a quorum.

3.20 VOTING OF MEMBERSHIP INTEREST.

On each matter submitted to a vote of the Membership Interests (as opposed to a vote of the Members) each Member shall be entitled to vote in proportion to its outstanding Membership Interests. Membership Interests owned by another limited liability company or corporation, the majority of the Membership Interests or voting stock of which is owned or controlled by the Company, and Membership Interests held by the Company in a fiduciary capacity shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total Membership Interests at any given time.

A Member may vote either in person or by proxy executed in writing by the Member or by his duly authorized attorney in fact. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable unless the proxy form conspicuously states that the proxy is irrevocable and the proxy is coupled with an interest.

3.21 ACTION WITHOUT MEETING.

Any action required by the Act to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall have been signed by the holder or holders of all the Membership Interests for each class, if more than one class, entitled to vote with respect to the action that is the subject matter of the consent. Every written consent pursuant to this Section 3.21 shall have the same force and effect as a vote of the Members. Every written consent pursuant to this Section 3.21 shall be signed, dated and delivered in the manner required by, and shall become effective at the time and remain effective for the period specified by, the Act. A photographic, photostatic, facsimile, or similar reproduction of a writing signed by a Member, shall be regarded as signed by the Member for purposes of this section. Prompt notice of the taking of any action by Members without a meeting by less than unanimous written consent shall be given to those Members who did not consent in writing to the action.

For purposes of this Section 3.21, the taking of the action includes amending this Operating Agreement or creating, under provisions of this Operating Agreement, a class of membership that was not previously outstanding.

3.22 ASSIGNMENT OF DISTRIBUTIONAL INTEREST.

A. Unless otherwise provided by this Operating Agreement:

(1) a Distributional Interest is assignable in whole or in part;

(2) an assignment of a Distributional Interest does not entitle the assignee to become, or to exercise rights or powers of, a Member;

(3) an assignment entitles the assignee to receive distributions, to which the assignor was entitled, to the extent those items are assigned and allocates to the assignee the assignors allocable share of Net Profit and Net Loss; and

(4) until the assignee becomes a Member, the assignor Member continues to be a Member and to have the power to exercise any rights or powers of a Member.

3.23 DISTRIBUTION IN KIND.

Except as provided by the Articles or this Operating Agreement, a Member, regardless of the nature of the Member's contribution, may not demand or receive a distribution from the Company in any form other than cash.

3.24 RIGHT TO DISTRIBUTION.

Subject to the Act, at the time that a Member becomes entitled to receive a distribution, with respect to a distribution, that Member has the status of and is entitled to all remedies available to a creditor of the Company.

3.25 LIMITATION ON DISTRIBUTION.

No distribution may be made if, after giving effect to the distribution:

A. the Company would not be able to pay its debts as they become due in the ordinary course of business; or

B. the Company's total assets would be less than the sum of its liabilities plus, the amount that would be needed, if the Company were to be dissolved, wound up, and terminated at the time of the distribution, to satisfy the preferential rights upon dissolution, winding up and termination of Members whose preferential rights are superior to their receiving the distribution. The Company may base a determination that a distribution is not prohibited upon the provisions of Section 33-44-406(b) and (c) of the Act.

3.26 BUYOUT OF DISASSOCIATING MEMBER.

Following the death, retirement, resignation, expulsion, bankruptcy or dissolution of a Member or the occurrence of any other event which terminates the continued membership of a Member in the Company, the disassociating Member shall be entitled to receive any distribution which the disassociating Member was entitled to receive prior to the death, retirement, resignation, expulsion, bankruptcy or dissolution of a Member or the occurrence of any other event which terminates the continued membership of a Member in the Company. The Company shall have no obligation to purchase a disassociating Member's Membership Interests until the date of the expiration of the specified term of the Company that existed on the date of the disassociation. The date of payment and fair market value, if any, of the Disassociating Member's Membership Interests shall be determined by the Manager and a majority of disinterested Members.

The death of a Member or the appointment of a guardian or general conservator shall not constitute an event of dissociation and the Member's Membership Interests shall (i) in the case of death, pass to and may be voted by the deceased's Member's estate and subsequent beneficiary under the terms of the Member's will, or (ii) in the case of disability, be voted by such deceased Member's guardian or general conservator.

3.27 PERSONAL GUARANTIES.

The Graham Group shall, if required by a financial institution extending credit to the Company or by any vendor of the Company, personally guaranty the Company's obligations.

## ARTICLE IV
## CAPITAL CONTRIBUTIONS

4.1 INITIAL CONTRIBUTIONS.

Each initial Member made the Capital Contribution described for that Member on Exhibit B. No interest shall accrue on any Capital Contribution and no Member shall have the right to withdraw or be repaid any Capital Contribution except as provided in this Operating Agreement.

4.2 MEMBERSHIP INTERESTS.

The Members shall have the following Membership Interests:

| | |
|---|---|
| Graham Development, Inc. | 70% |
| Vincent G. Graham | 25% |
| Geoffrey D. Graham | 5% |
| Total: | 100.00% |

4.3 SUBSEQUENT CONTRIBUTIONS.

A. Without creating any rights in favor of any third party, each Member shall contribute to the Company, in cash, on or before the date specified as hereinafter described that Member's prorata share of all monies that a Required Interest determines is necessary to enable the Company to cause the assets of the Company to be properly operated and maintained and to discharge its costs, expenses, obligations and liabilities. The Manager, following the Members' determination of the need for additional capital, shall notify each Member of the need for Capital Contributions pursuant to this Section 4.3 when appropriate, which notice must include a statement in reasonable detail of the proposed uses of the Capital Contributions and a date (which date may be no earlier than the fifth Business Day following each Member's receipt of its notice) before which the Capital Contributions must be made.

B. If in accordance with Section 6.2, the Manager determines that additional capital is necessary for any purpose related to the business of the Company, then such additional capital shall be contributed by the Members in the following percentages: 70% Graham Development, Inc.; 25% Vincent G. Graham; and 5% to Geoffrey D. Graham.

C. The Manager, following his/her determination of the need for additional capital, shall notify each of the Members of the need for Capital Contributions pursuant to this Section 4.3 when appropriate, which notice must include a statement in reasonable detail of the proposed uses of the Capital Contributions and a date (which date may be no earlier than the thirtieth (30th) Business Day following each Member's receipt of its notice) before which the Capital Contributions must be made.

4.4 FAILURE TO CONTRIBUTE.

A. If a Member does not contribute, by the time required, all or any portion of a Capital Contribution that Member is required to make as provided in this Operating Agreement, the Company may exercise, on notice to that Member (the "Delinquent Member"), one or more of the following remedies:

(1) taking such action (including, without limitation, court proceedings) as the Manager may deem appropriate to obtain payment by the Delinquent Member of the portion of the Delinquent Member's Capital Contribution that is in default together with interest thereon at the Default Interest Rate from the date that the Capital Contribution was due until the date that it is made, all at the cost and expense of the Delinquent Member;

(2) permitting the non-delinquent Graham Group Members on a pro rata basis or in such other percentages as they may agree (the "Lending Member," whether one or more), to advance the portion of the Delinquent Member's Capital Contribution that is in default, with the following results:

(a) the sum advanced constitutes a loan from the Lending Member to the Delinquent Member and a Capital Contribution of that sum to the Company by the Delinquent Member pursuant to the applicable provisions of this Operating Agreement,

(b) the principal balance of the loan and all accrued unpaid interest thereon is due and payable in whole on the tenth day after written demand therefor by the Lending Member to the Delinquent Member,

(c) the amount loaned bears interest at the Default Interest Rate from the day that the advance is deemed made until the date that the loan, together with all interest accrued on it, is repaid to the Lending Member,

(d) all distributions from the Company that otherwise would be made to the Delinquent Member (whether before or after dissolution of the Company) instead shall be paid to the Lending Member until the loan and all interest accrued on it have been paid in full to the Lending Member (with payments being applied first to accrued and unpaid interest and then to principal),

(e) the payment of the loan and interest accrued on it is secured by a security interest in the Delinquent Member's Membership, as more fully set forth in this section, and

(f) the Lending Member has the right, in addition to the other rights and remedies granted to it pursuant to this Operating Agreement or available to it at law or in equity, to take any action (including without limitation, court proceedings) that the Lending Member may deem appropriate to obtain payment by the Delinquent Member of the loan and all accrued and unpaid interest on it, at the cost and expense of the Delinquent Member;

(3) exercising the rights of a secured party under the Uniform Commercial Code of the State of South Carolina, as more fully set forth in this Section; or

(4) exercising any other rights and remedies available at law or in equity.

B. Each Member grants to the Company, and to each Lending Member with respect to any loans made by the Lending Member to that Member as a Delinquent Member pursuant to this Section, as security, equally and ratably, for the payment of all Capital Contributions that Member has agreed to make and the payment of all loans and interest accrued on them made by Lending Members to that Member as a Delinquent Member pursuant to this Section, a security interest in and a general lien on its Membership Interests and the proceeds thereon, all under the Uniform Commercial Code of the State of South Carolina. On any default in the payment of a Capital Contribution or in the payment of such a loan or interest accrued on it, the Company or the Lending Member, as applicable, is entitled to all the rights and remedies of a secured party under the Uniform Commercial Code of the State of South Carolina with respect to the security interest granted in this Section. Each Member shall execute and deliver to the Company and the other Members all financing statements and other instruments that the Manager or the Lending

Member, as applicable, may request to effectuate and carry out the preceding provisions of this Section. At the option of the Manager or a Required Interest, as appropriate, or a Lending Member, this Operating Agreement or a carbon, photographic, or other copy hereof may serve as a financing statement.

4.5 RETURN OF CONTRIBUTIONS.

A Member is not entitled to the return of any part of its Capital Contributions or to be paid interest in respect of either its Capital Account, or its Capital Contributions. An unrepaid Capital Contribution is not a liability of the Company or of any Member. A Member is not required to contribute or to lend any cash or property to the Company to enable the Company to return any Member's Capital Contributions.

4.6 ADVANCED BY MEMBERS.

If the Company does not have sufficient cash to pay its obligations, any Member(s) that may agree to do so may advance all or part of the needed funds to or on behalf of the Company. An advance described in this section constitutes a loan from the Member to the Company, bears interest at the General Interest Rate from the date of the advance until the day of payment, and is not a Capital Contribution.

4.7 MAINTENANCE OF CAPITAL ACCOUNTS.

The Company shall establish and maintain Capital Accounts for each Member.

Each Member's Capital Accounts shall be increased by (A) the amount of any money actually contributed by the Member to the capital of the Company, (B) the fair market value of any property contributed, as determined by the Manager, a majority of disinterested Members and such Member at arm's length at the time of contribution (net of liabilities assumed by the Company or subject to which the Company takes such property, within the meaning of § 752 of the Code), (C) the Member's share of Net Profits and of any separately allocated items of income or gain (D) such other adjustments required by the Code.

Each Member's Capital Account shall be decreased by (A) the amount of Money actually distributed by the Company to the Member, (B) the fair market value of any property distributed to the Member, as determined by the Manager, a majority of disinterested Members and such Member at arm's length at the time of distribution (net of liabilities of the Company assumed by the Member or subject to which the Member takes such property within the meaning of § 752 of the Code), (C) the Member's share of Net Losses and of any separately allocated items of deduction or loss and (D)such other adjustments required by the Code.

4.8 DISTRIBUTION OF ASSETS.

If the Company, at any time, distributes any of its assets in-kind to any Member, the Capital Account of each Member shall be adjusted in accordance with Section 704(c) of the

Code to account for that Member's allocable share of the Net Profits or Net Losses that would have been realized by the Company had it sold the assets that were distributed at their respective fair market value immediately prior to their distribution. The fair market value of such assets shall be determined by the Manager and a majority of disinterested Members.

4.9 SALE OR EXCHANGE OF INTEREST.

In the event of a sale or exchange of some or all of the Member's Membership Interests, the Capital Account of the transferring Member shall become the Capital Account of the assignee, to the extent it relates to the portion of the interest transferred.

4.10 COMPLIANCE WITH SECTION 704(b) OF THE CODE.

The provisions of this Article IV as they relate to the maintenance of Capital Accounts are intended, and shall be construed, and, if necessary, modified to cause the allocations of profits, losses, income, gain and credit pursuant to Article V to have substantial economic effect under the Regulations promulgated under § 704(b) of the Code, in light of the distributions made pursuant to Articles V and XI and the Capital Contributions made pursuant to this Article IV. In cases where § 704(c) and § 1.704-3 of the Regulations apply to the Company's property, Members' Capital Accounts shall be adjusted in accordance with § 1.704-1(b)(2)(iv)(g) of the Regulations for allocations to them of income, gain, loss, and deduction (including depreciation), depletion, amortization, or other cost recovery) as computed for book purposes, with respect to property. Notwithstanding anything herein to the contrary, this Operating Agreement shall not be construed as creating a deficit restoration obligation.

## ARTICLE V
## ALLOCATIONS AND DISTRIBUTIONS

5.1 ALLOCATIONS OF NET PROFITS AND NET LOSSES FROM OPERATIONS.

Except as may be required by § 704(c) of the Code, and Sections 5.2, 5.3, and 5.4 of this Article V, Net Profits, Net Losses, and other items of income, gain, loss, deduction and credit shall be apportioned among the Members as follows:

A. After giving effect to the special allocations set forth in Sections 5.2, 5.3 and 5.4 of this Operating Agreement, Net Losses for each fiscal year of the Company shall be allocated:

(1) among the Graham Group in proportion to positive balances in their Capital Accounts (if any), until all Capital Accounts have been reduced to zero (0); and

(2) any remaining Net Losses shall be allocated to the Graham Group, 70% to Graham Development, Inc., 20% to Vincent G. Graham and 5% to Geoffrey D. Graham.

B. Net Profits for each fiscal year of the Company shall be allocated as follows:

(1) First, to the Members until the cumulative Net Profits allocated pursuant to this Section are equal to the cumulative Net Losses allocated to Members for all prior fiscal years;

(2) Second, to the Graham Group in an amount equal to its accrued Cumulative Preferred Return, reduced by prior allocations pursuant to this sub-section (2); and

(3) Finally, the remaining Net Profits, if any, shall be allocated to the Members in proportion to their respective Membership Interests.

C. All Net Profits and Net Losses allocated to the Graham Group shall be allocated among the Graham Group Members as follows: 70% to Graham Development, Inc.; 25% to Vincent G. Graham; and 5% to Geoffrey D. Graham.

5.2 COMPANY MINIMUM GAIN CHARGEBACK.

If there is a net decrease in Company Minimum Gain for a taxable year, each Member must be allocated items of income and gain for that taxable year equal to that Member's share of the net decrease in Company Minimum Gain. A Member's share of the net decrease in Company Minimum Gain is the amount of the total net decrease multiplied by the Member's percentage share of the Company Minimum Gain at the end of the immediately preceding taxable year. A Member's share of any decrease in Company Minimum Gain resulting from a revaluation of Company's property equals the increase in the Member's Capital Account attributable to the revaluation to the extent the reduction in minimum gain is caused by the revaluation. A Member is not subject to the Company Minimum Gain Chargeback Requirement to the extent the Member's share of the net decrease in Company Minimum Gain is caused by a guarantee, refinancing, or other change in the debt instrument causing it to become partially or wholly a Recourse Liability or a Member Nonrecourse Liability, and the Member bears the economic risk of loss (within the meaning of § 1.752-2 of the Regulations) for the newly guaranteed, refinanced, or otherwise changed liability.

5.3 MEMBER MINIMUM GAIN CHARGEBACK.

If during a taxable year there is a net decrease in Member Minimum Gain, any Member with a share of that Member Minimum Gain (as determined under § 1.704-2(i)(5) of the Regulations) as of the beginning of that taxable year must be allocated items of income and gain for that taxable year (and, if necessary, for succeeding taxable years) equal to that Member's share of the net decrease in the Company Minimum Gain. A Member's share of the net decrease in Member Minimum Gain is determined in a manner consistent with the provisions of § 1.704-2(g)(2) of the Regulations. A Member is not subject to this Member Minimum Gain Chargeback, however, to the extent the net decrease in Member Minimum Gain arises because the liability ceases to be Member Nonrecourse Liability due to a conversion, refinancing, or other change in the debt instrument that causes it to become partially or wholly a Company

Nonrecourse Liability. The amount that would otherwise be subject to the Member Minimum Gain Chargeback is added to the Member's share of Company Minimum Gain. In addition, rules consistent with those applicable to Company Minimum Gain shall be applied to determine the shares of Member Minimum Gain and Member Minimum Gain Chargeback to the extent provided under the Regulations issued pursuant to § 704(b) of the Code.

5.4 QUALIFIED INCOME OFFSET.

In the event any Member, in such capacity, unexpectedly received an Offsettable Decrease, such Member will be allocated items of income and gain (consisting of a pro rata portion of each item of partnership income and gain for such year) in an amount and manner sufficient to offset such Offsettable Decrease as quickly as possible.

5.5 DISTRIBUTIONS.

A. From time to time, but no less than annually, the Manager shall determine to what extent, if any, the Company's cash on hand, and Cash Flow, exceeds the current and anticipated needs, including, without limitation, needs for operating expenses, debt service, acquisitions, reserves, and mandatory distributions, if any. To the extent such excess exists, the Manager shall cause to be made distributions to the Members. Such distributions shall be in cash. Cash Flow and other excess cash on hand will be distributed pursuant to Section 5.5(B).

B. Distributions of Cash Flow and other cash on hand in excess of current and anticipated needs, including, without limitation, needs for operating expenses, debt service, acquisitions, reserves, and mandatory distributions, if any, shall be made in the following order of priorities:

(1) [redacted] (except for distributions pursuant to Section 5.5 in payment of the Cumulative Preferred Return of the Graham Group) plus their Cumulative Preferred Return (distributions to the Graham Group shall be made 70% to Graham Development, Inc., 20% to Vincent G. Graham and 5% to Geoffrey D. Graham); and

(2) Finally, the balance shall be distributed in proportion to the Member's respective Membership Interests.

Any distribution in liquidation shall be made in accordance with Section 10.2

The Manager shall endeavor to make distributions to the Members, with respect to each fiscal year of the Company, as soon as practicable after the end of the fiscal year.

ARTICLE VI
MANAGER

6.1 MANAGEMENT BY MANAGER.

The Manager will be nominated and elected by a Required Interest. The Manager is designated in Exhibit C to this Operating Agreement.

All decisions made by the Manager with respect to the management and control of the Company shall be binding on the Company and each of the Members. In no event may the Manager delegate his or her decision-making authority to any other Person.

The Manager shall not take, without the prior necessary approval set forth in this Operating Agreement, any action on behalf of, or in the name of, the Company, or enter into any contract, agreement, commitment or obligation binding upon the Company, or, in its capacity as a Member or Manager, as the case may be, perform any act in any way relating to the Company or the Company's assets, except for (A) actions expressly provided for in this Operating Agreement and (B) actions authorized in the manner set forth in this Operating Agreement.

6.2 RIGHTS AND POWERS OF THE MANAGER.

A. Except for situations in which the approval of the Members is required by this Operating Agreement or by nonwaivable provisions of applicable law or as otherwise provided in this Operating Agreement, and subject to the provisions of Section 6.2(B), (i) the powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Manager; and (ii) the Manager may make all decisions and take all actions for the Company not otherwise provided for in this Operating Agreement, including, without limitation, the following:

(1) hold, lease, sell, rent, develop, operate, transfer, exchange, otherwise dispose of and market the Property in accordance with the Annual Business Plan and Budget;

(2) entering into, making, and performing contracts, agreements, leases, management contract and other undertakings binding the Company that may be necessary, appropriate, or advisable in furtherance of the purposes of the Company and making all decisions and waivers thereunder;

(3) opening and maintaining bank and investment accounts and arrangements, drawing checks and other orders for the payment of money;

(4) maintaining the assets of the Company in good order;

(5) collecting sums due the Company;

(6) to the extent that funds of the Company are available therefore, paying debts and obligations of the Company;

(7) subject to Section 6.2(A)(1), acquiring, utilizing for Company purposes, and disposing of any asset of the Company;

(8) obtaining insurance for the Company;

(9) establishing a development loan with Wachovia Bank, or other such banking institution acceptable to the Members and drawing upon such loan at any time and from time to time, borrowing money or otherwise committing the credit of the Company for Company activities, and voluntary prepayments or extensions of debt;

(10) executing any bond, note or debenture in the Company's name; and

(11) selecting, hiring or firing the Company's accountants, lawyers or other professionals.

B. Notwithstanding anything to the contrary contained in this Operating Agreement, neither the Company nor the Manager shall undertake any of the following acts without the prior written consent of a Required Interest:

(12) amending this Operating Agreement;

(13) creating a class of membership that was not previously existing;

(14) admitting a Person as a new Member, other than as expressly permitted in this Operating Agreement;

(15) increasing or decreasing the number of Managers;

(16) authorizing the Transfer or issuance of Membership Interests, other than as expressly permitted in this Operating Agreement;

(17) authorizing the direct or indirect sale or other transfer of a material portion of the Company's assets;

(18) authorizing any merger, recapitalization or reorganization of the Company;

(19) changing or adding to any of the Company's purposes;

(20) using the Company's funds or capital in any way other than for the business and purpose of the Company as set forth in this Operating Agreement;

(21) commingling any Company funds or capital with the funds of any other Person;

(22) approving transactions with any Member, the Manager or any affiliates or relatives of any Member or the Manager;

(23) forming or acquiring one or more subsidiaries of the Company;

(24) an increase in the amount of compensation established in the Annual Business Plan paid to any Member, the Manager or any affiliates or relatives of any Member or the Manager;

(25) causing or permitting any subsidiary to do any of the foregoing acts; or

(26) selling, transferring, encumbering or granting options in any interest in a subsidiary of the Company.

6.3 ACTIONS BY MANAGER; DELEGATION OF AUTHORITY AND DUTIES.

A. In managing the business and affairs of the Company and exercising its powers, the Manager shall act in accordance with provisions of this Operating Agreement.

B. The Manager may, from time to time, designate one or more Persons to be officers of the Company. No officer need be a resident of the State of South Carolina or a Member. Any officers so designated shall have such authority and perform such duties as the Manager may, from time to time, delegate to them. The Manager may assign titles to particular officers. Unless the Manager decides otherwise, if the title is one commonly used for officers of a business corporation, the assignment of such title shall constitute the delegation to such officer of the authority and duties that are normally associated with that office, subject to any specific delegation of authority and duties made to such officer by the Manager. Each officer shall hold office until his successor shall be duly designated and shall qualify or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. Any number of offices may be held by the same Person. The salaries or other compensation, if any, of the officers and agents of the Company shall be fixed from time to time by the Members.

C. Any officer may resign as such at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the Manager. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation. Any officer may be removed as such, either with or without cause, by the Manager whenever in his/her judgment the best interests of the Company will be served thereby. Designation of an officer shall not of itself create contract rights. Any vacancy occurring in any office of the Company may be filled by the Manager.

D. Any Person dealing with the Company, other than a Member, may rely on the authority of the Manager or officer in taking any action in the name of the Company without

inquiry into the provisions of this Operating Agreement or compliance herewith, regardless of whether that action actually is taken in accordance with the provisions of this Operating Agreement.

6.4 POWERS OF MANAGER.

The Manager is an agent of the Company for the purpose of its business or affairs and the act of the Manager, including, but not limited to, the execution in the name of the Company of any instrument for apparently carrying on in the usual way the Company business or businesses of the kind carried on by the Company, binds the Company, unless the Manager has, in fact, no authority to act for the Company in the particular matter, and, except as provided in Section 33-44-301(c) of the Act, the person with whom the Manager is dealing has knowledge of the fact that the Manager has no such authority. All decisions and determinations of the Manager in connection with this Agreement shall be made in the Manager's good faith and reasonable judgment.

6.5 NUMBER AND TERM OF OFFICE.

The I'On Group, LLC shall serve as Manager of the Company until removal as provided in Section 6.6 of this Agreement or upon resignation as provided in Section 6.7 of this Agreement. Unless otherwise provided in the Articles, the Manager need not be a Member or resident of the State of South Carolina.

6.6 REMOVAL.

Any and all Managers may be removed, either for or without cause by a Required Interest.

6.7 RESIGNATIONS.

The Manager may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified then at the time of its receipt by the Members. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

6.8 VACANCIES.

Any vacancy occurring in the Manager may be filled by a Required Interest.

6.9 PLACE AND MANNER OF MEETINGS.

Meetings of the Manager, regular or special, may be held either within or without the State of South Carolina. The Manager may participate in such meetings by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting as provided herein shall constitute

presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

6.10 REGULAR MEETING OF MANAGER.

A regular meeting of the Manager may be held at such time as shall be determined from time to time by resolution of the Manager.

6.11 SPECIAL MEETING OF MANAGERS.

The Manager may call a special meeting of the Manager at any time. Such special meeting shall be held at the time specified in the notice of meeting. Except as otherwise expressly provided by statute, or by the Articles, or by this Operating Agreement, neither the business to be transacted at, nor the purpose of, any special meeting need be specified in the notice or waiver of notice.

6.12 NOTICE OF MANAGER'S MEETINGS.

All meetings of the Manager (annual, regular or special) shall be held upon at least two (2) days written notice stating the date, place and hour of meeting delivered to the Manager either personally or by mail or at the direction of the President or the Secretary or the officer or person calling the meeting.

In any case where the Manager executes a waiver of notice of the time and place of the meeting, no notice thereof shall be required, and any such meeting (whether annual, regular or special) shall be held at the time and at the place (either within or without the state of South Carolina) specified in the waiver of notice. Attendance of the Manager at any meeting shall constitute a waiver of notice of such meeting, except where the Manager attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

6.13 ACTION WITHOUT MEETING.

Any action required by statute to be taken at a meeting of the Manager, or any action which may be taken at a meeting of the Manager, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by the Manager. Such consent shall have the same force and effect as a unanimous vote at a meeting.

6.14 APPROVAL OR RATIFICATION OF ACTS OR CONTRACTS BY MEMBERS.

Subject to Section 6.2(b), the Manager may unanimously vote to submit any act or contract for approval or ratification at any annual meeting of the Members or at any special meeting of the Members called for the purpose of considering any such act or contract, and any act or contract that shall be approved or be ratified by a Required Interest shall be as valid and as

binding upon the Company and upon all the Members as if it shall have been approved or ratified by every Member of the Company.

6.15 INTERESTED MEMBERS AND OFFICERS.

A. No contract or transaction between the Company and one or more of its Members or officers, or between the Company and any other limited liability company, corporation, partnership, association, or other organization in which one or more of its Members or officers are managers or officers or have a financial interest, shall be void or voidable solely for this reason, solely, because the Member or officer is present at or participates in the meeting of Members or of a committee of Members which authorizes the contract or transaction, or solely because such Member's or Members' votes are counted for such purpose, if:

(1) The material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Members or the committee, and the Members or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Members, even though the disinterested Members be less than a quorum; or

(2) The material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Members entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the Members; or

(3) The contract or transaction is fair as to the Company as of the time it is authorized, approved, or ratified by the Members.

B. Common or interested Members may be counted in determining the presence of a quorum at a meeting of the Members.

C. This Section 6.15 shall not be construed to invalidate any contract or transaction which would be valid in the absence of this Section 6.15.

6.16 COMPENSATION.

Upon the unanimous agreement of the Members, the Members may be paid their expenses, if any, of attendance at each meeting of the Members and may be paid a fixed sum for attendance at each meeting of the Members. No such payment shall preclude any Member from serving the Company in any other capacity and receiving compensation therefor. Members of any special or standing committees may, by the unanimous agreement of the Members, be allowed like compensation for attending committee meetings.

ARTICLE VII
INDEMNIFICATION

7.1 INDEMNIFICATION.

The Company shall indemnify the Members, the Manager, and the Company's agents for all costs, losses, liabilities, and damages paid or accrued by such Members, Manager or agents in connection with the business of the Company, to the fullest extent provided or allowed by the laws of the State of South Carolina.

Each Member (an "Indemnifying Party") hereby indemnifies all other Members, Managers and the Company from and against any and all claims, demands, actions, losses and rights of action (including reasonable attorneys' fees and costs, whether suit is instituted or not, and if instituted, whether at any trial or appellate level) which shall or may arise by virtue of anything done or omitted to be done by the indemnifying Member outside the scope of, or in breach of, the terms of this Operating Agreement. Each other Member and Manager shall be notified promptly of the existence of any such claim, demand, action or cause of action and shall be given reasonable opportunity to participate in the defense thereof.

ARTICLE VIII
TAXES

8.1 "TAX MATTERS MEMBER."

Vincent G. Graham is designated as the "tax matters member" of the Company pursuant to § 6231(a)(7) of the Code.

ARTICLE IX
NOTICE

9.1 NOTICE.

All notices, requests, consents and other communications required or permitted under this Operating Agreement shall be in writing (including electronic transmission) and shall be (as elected by the person giving such notice) hand delivered by messenger or courier service, electronically transmitted, or mailed (airmail if international) by registered or certified mail (postage prepaid), return receipt requested, addressed to:

If to any of the Graham Group:

159 Civitas Street
Mt. Pleasant, SC 29464
Attn: Vincent G. Graham
Facsimile No.: (843) 971-1664

With a copy to:

Warren & Sinkler, L.L.P.
171 Church Street
Suite 340
Charleston, SC 29401
Attn: Scott Y. Barnes, Esq.
Facsimile No.: (843) 577-6843

or to such other address as any party may designate by notice complying with the terms of this Section. Each such notice shall be deemed delivered (i) on the date delivered if by personal delivery; (ii) on the date of transmission with confirmed answer back if by electronic transmission; and (iii) on the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, as the case may be, if mailed.

## ARTICLE X
## DISSOLUTION, LIQUIDATION, AND TERMINATION

10.1 DISSOLUTION.

The Company shall dissolve and its affairs shall be wound up only upon the first to occur of the following:

A. the written consent of all Members;

B. the expiration of the period fixed for the duration of the Company set forth in the Articles;

C. upon an event that makes it unlawful for all or substantially all of the business of the Company to be continued, but any cure of illegality within ninety (90) days after notice to the Company of the event is effective retroactively to the date of the event;

D. upon entry of a judicial decree that:

(1) the economic purpose of the Company is likely to be unreasonably frustrated;

(2) another Member has engaged in conduct relating to the Company's business that makes it not reasonably practicable to carry on the Company's business with that Member;

(3) it is not otherwise reasonably practicable to carry on the Company's business in conformity with the Articles of Organization and this Operating Agreement;

(4) the Company failed to purchase the Member's Distributional interest as required by § 33-44-701 of the Act; or

(5) the Manager or Members in control of the Company have acted, are acting, or will act in a manner that is illegal, oppressive, fraudulent, or unfairly prejudicial to a Member; and

E. entry of a decree of judicial dissolution of the Company under Section 33-44-801 (b) of the Act or administrative dissolution as provided in Section 33-44-809 of the Act.

10.2 WINDING UP AND TERMINATION.

On dissolution of the Company, the Manager shall act as liquidator or may appoint one or more Members as liquidators. If there is no Manager, then a Required Interest of the Members will appoint one or more Members as Liquidators. The liquidator shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Act. The costs of liquidation shall be borne as a Company expense. Until final distribution, the liquidator shall continue to operate the Company properties with all of the power and authority of the Manager. The steps to be accomplished by the liquidator are as follows:

A. as promptly as possible after dissolution and again after final liquidation, the liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities, and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed as applicable.

B. the liquidator shall cause the notice described in Section 33-44-807 of the Act to be mailed to each known creditor of and claimant against the Company in the manner described in such Section 33-44-808 of the Act;

C. the liquidator shall pay, satisfy or discharge from Company funds all of the debts, liabilities and obligations of the Company (including, without limitation, all expenses incurred in liquidation and any advances described in Section 4.6) or otherwise make adequate provision for payment and discharge thereof (including, without limitation, the establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine); and

D. all remaining assets of the Company shall be distributed to Members as follows:

(1) the liquidator may sell any or all Company's property, including to Members, and any resulting gain or loss from each sale shall be computed and allocated to the Capital Accounts of the Members;

(2) with respect to all the Company's property that has not been sold, the fair market value of that property shall be determined and the Capital Accounts of the Members shall

be adjusted to reflect the manner in which the unrealized income, gain, loss, and deduction inherent in property that has not been reflected in the Capital Accounts previously would be allocated among the Members if there were a taxable disposition of that property for the fair market value of that property on the date of distribution; and

(3) the Company's property shall be distributed among the Members as follows:

(i) [redacted] (except for distributions pursuant to Section 5.5 in payment of the Cumulative Preferred Return of the Graham Group) plus their Cumulative Preferred Return (distributions to the Graham Group shall be made 70% to Graham Development, Inc., 20% to Vincent G. Graham and 5% to Geoffrey D. Graham); and

(ii) Finally, the balance shall be distributed in proportion to the Member's respective Membership Interests.

Such distributions shall be made, if possible, by the end of the taxable year of the Company during which the liquidation of the Company occurs.

All distributions in kind to the Members shall be made subject to the Liability of each distributee for costs, expenses, and liabilities theretofore incurred or for which the Company has committed and those costs, expenses, and liabilities shall be allocated to the distributee pursuant to this Section 10.2. To the extent that a Member returns funds to the Company, it has no claim against any other Member for those funds.

10.3 DEFICIT CAPITAL ACCOUNTS.

Notwithstanding anything to the contrary contained in this Operating Agreement, and notwithstanding any custom or rule of law to the contrary, to the extent that the deficit, if any, in the Capital Account of any Member results from or is attributable to deductions and losses of the Company (including non-cash items such as depreciation) or distributions of money pursuant to this Operating Agreement to all Members in proportion to their respective Membership Interests, upon dissolution of the Company such deficit shall not be an asset of the Company and such Members shall not be obligated to contribute such amount to the Company to bring the balance of such Member's Capital Account to zero.

10.4 ARTICLES OF DISSOLUTION.

After the dissolution of the limited liability company pursuant to Section 33-44-801 of the Act, the Manager or the authorized Member shall file Articles of Dissolution with the Secretary of State of South Carolina and take such other actions as may be necessary to terminate the Company. An "Authorized Member" will be a Member or Members appointed by the Manager.

ARTICLE XI
GENERAL PROVISIONS

11.1 EXCLUSIVITY OF RELATIONSHIP; AND OTHER ACTIVITIES.

A. Each Member and any of its affiliates or any person or entity holding a legal or beneficial interest in a Member may engage in or possess an interest in other business ventures of every nature and description, independently or with others. The Members represent and warrant to each other that their engagement in any permitted business venture will not in any way interfere with or limit their ability to adequately perform each of their duties, obligations and responsibilities under this Operating Agreement. Neither the Company nor the other Member(s) (not engaging in such permitted activities) shall have any right by virtue of this Operating Agreement to enter into or participate in such permitted independent ventures or to share the income or profits derived therefrom or any other rights therein, and the Company and each of the Members hereby waives whatever statutory or other rights to the contrary which it may now or hereafter possess.

B. Notwithstanding anything to the contrary contained in Section 11.1(A), all activities associated with the Property, including land development and sales, shall be conducted by the Company and not by the Members separately; provided, however, the commercial area commonly referred to by the Members as "The I'On Square" shall be developed by any or all of the I'On Square L.L.C. and the Graham Group, without the participation of the Company, pursuant to a separate agreement. All land underlying "The I'On Square" shall be sold by the Company to the I'On Square L.L.C. or any or all of the Graham Group at the price agreed to by the Company and I'On Square L.L.C. Except for land underlying "The I'On Square" any portions of the Property sold or leased to Members, the Manager or any affiliate or relative of a Member or the Manager shall be sold or leased at a price at least equal to the fair market value. The fair market value shall be determined by the Manager and a majority of disinterested Members.

11.2 BOOKS AND RECORDS; ACCOUNTING METHOD.

A. The Company shall maintain or cause to be maintained, in accordance with generally accepted accounting principles in the United States of America applied in a consistent manner, proper and complete records and books of account in which shall be entered fully and accurately all transactions and other matters relative to the Company's business as are usually entered into records and books of accounts maintained by persons engaged in business of like character. In addition, the Company shall maintain all other records necessary to file the Company's federal income tax information return and all other records necessary, convenient or incidental to the business of the Company as provided for in this Operating Agreement.

B. The books and records shall upon reasonable notice be made available during regular business hours at the principal office of the Company, or such other place or places as the Manager determines, for the reasonable inspection and examination of any Member or its duly authorized representatives. Each Member shall bear all expenses incurred in connection with

any examination made for such Member's account and shall keep all information obtained during such inspection confidential. In the exercise of their rights under this Section, the Members agree that they shall not cause any unreasonable interference with, or disruption of, the Company's business.

C. The Company's books shall be kept on the accrual accounting method.

11.3 AMENDMENT OR MODIFICATION.

This Operating Agreement may be amended and modified from time to time only by a written instrument adopted and executed by all of the Members.

11.4 CHECKS, NOTES, DRAFTS, ETC.

All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Company shall be signed or endorsed by a designated person which may be appointed by the Manager. The designated person may be a Manager, officer(s), Member(s), or other person(s) as may from time be designated.

11.5 HEADINGS.

The headings used in this Operating Agreement have been inserted for convenience only and do not constitute matter to be construed in interpretation.

11.6 CONSTRUCTION.

Whenever the context so requires, the gender of all words used in this Operating Agreement includes the masculine, feminine, and neuter, and the singular shall include the plural, and conversely. All references to Articles and Sections refer to articles and sections of this Operating Agreement, and all references to Exhibits, if any, are to Exhibits attached hereto, if any, each of which is made a part hereof for all purposes. If any portion of this Operating Agreement shall be invalid or inoperative, then, so far as is reasonable and possible:

A. The remainder of this Operating Agreement shall be considered valid and operative; and

B. Effect shall be given to the intent manifested by the portion held invalid or inoperative.

11.7 ENTIRE AGREEMENT; SUPERSEDURE.

This Operating Agreement constitutes the entire agreement of the Members and their Affiliates relating to the Company and supersedes all prior contracts or agreements with respect to the Company, whether oral or written.

11.8 EFFECT OF WAIVER OR CONSENT.

A waiver or consent, express or implied, to or of any breach or default by any Person in the performance by that Person of its obligations with respect to the Company is not a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person with respect to the Company. Failure on the part of a Person to complain of any act of any Person or to declare any Person in default with respect to the Company, irrespective of how long that failure continues, does not constitute a waiver by that Person of its rights with respect to that default until the applicable statute-of-limitations period has run.

11.9 BINDING EFFECT.

Subject to the restrictions on Dispositions set forth in this Operating Agreement, this Operating Agreement is binding on and inures to the benefit of the Members and their respective heirs, legal representatives, successors, and assigns.

11.10 INTENTIONALLY LEFT BLANK.

11.11 GOVERNING LAW; SEVERABILITY.

THIS OPERATING AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF SOUTH CAROLINA EXCLUDING ANY CONFLICT-OF-LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THIS OPERATING AGREEMENT TO THE LAW OF ANOTHER JURISDICTION. In the event of a direct conflict between the provisions of this Operating Agreement and (A) a mandatory provision of the Articles, or (B) any mandatory provision of the Act, the applicable provision of the Articles or the Act shall control. If any provision of this Operating Agreement or the application thereof to any Person or circumstance is held invalid or unenforceable to any extent, the remainder of this Operating Agreement and the application of that provision to other Persons or circumstances is not affected thereby and that provision shall be enforced to the greatest extent permitted by law.

11.12 FURTHER ASSURANCES.

In connection with this Operating Agreement and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Operating Agreement and those transactions.

11.13 NOTICE TO MEMBERS OF PROVISIONS OF THIS OPERATING AGREEMENT.

By executing this Operating Agreement, each Member acknowledges that it has actual notice of (A) all of the provisions of this Operating Agreement, including, without limitation, the

restrictions on the transfer of Membership Interests set forth in Article III, and (B) all of the provisions of the Articles. Each Member hereby agrees that this Operating Agreement constitute adequate notice of all such provisions, and each Member hereby waives any requirement that any further notice thereunder be given.

11.14 COUNTERPARTS.

This Operating Agreement may be executed in any number of counterparts with the same effect as if all signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

11.15 CONFLICTING PROVISIONS.

To the extent that one or more provisions of this Operating Agreement appear to be in conflict with one another, then Graham Development, Inc. shall have the right to choose which of the conflicting provisions are to be enforced. Subject to the preceding sentence, reasonable business judgment is given to Graham Development, Inc., in interpreting the provision of this Operating Agreement to accomplish the purposes and objectives of the Company, and the Manager or a Required Interest, if there is no Manager, in interpreting the provisions of this Operating Agreement to accomplish the purposes and objectives of the Company and consistent with the interpretation given by Graham Development, Inc.

The undersigned, being all the Members and Manager, hereby certify that the foregoing Fifth Amended and Restated Operating Agreement was unanimously adopted by the Managers, and the Members, effective as of the 22 day of August, 2005, TO WITNESS WHICH we have hereunto affixed our signatures this 22 day of August, 2005.

WITNESS:

MEMBERS:

GRAHAM DEVELOPMENT, INC. (Member)

By: _____
Its: President

Vincent G. Graham (Member)

Geoffrey D. Graham (Member)

MANAGER:

The I'On Group, LLC

By: LeGrand Elebash
Its: Manager

\\Sybil\yUON Company\Fifth Amended and Restated Op Agmt.clean,081005.doc

EXHIBIT "A"

PROPERTY DESCRIPTION

ALL that certain piece, parcel or tract of land, and the improvements thereon, situate, lying and being in Christ Church Parish, in the County of Charleston and State of South Carolina, containing 325.02 acres of highland and 107.1 acres of marshland and pond as shown on a Plat of E. M. Seabrook, Jr., C.E., and L.S., No. 1375, dated January 14, 1964, and recorded in the Office of the R.M.C. for Charleston County, S.C., in Plat Book R, Page 1; said tract measuring and containing and butting and bounding to the South on the right-of-way of the Mathis Ferry Road Three Thousand Two Hundred Ninety-Three and One Tenth (3,293.1') feet, as designated by the lettered line ABCDEF on said Plat; on the West line on lands of various owners in Scanlonville, on Muirhead Road, on Hobcaw Drive and on Hobcaw Point Five Thousand Eight Hundred One and Eight-Tenths (5,801.8') feet, as designated by the lettered broken line ONMLKJIHGF; on the North line on the waters of Hobcaw Creek; and on the East line on lands now or formerly of E. Capers and J. Read Johnson Four Thousand Six Hundred Forty-Five and Seven-Tenths (4,645.7') feet, as designated by the lettered line PQRA on said Plat; all as by reference to said Plat of E. M. Seabrook, Jr., will more fully appear; EXCEPTING THEREFROM the William Read family cemetery of a quarter of an acre in extent on the Read Old Home Tract, with the rights of ingress and egress thereto said cemetery, being designated by a cross mark on the said Plat; ALSO, EXCEPTING THEREFROM, the following described premises: All that piece, or lot of land, in Christ Church Parish, Charleston County, South Carolina, containing ONE (1) ACRE, more or less, bounded on the North and East by lands of Cooper Corporation, formerly Shelmore Oyster Products Company; on the South by lands now or formerly of Benjamin Brown, et al; on the West by Muirhead Road (Molasses Creek Road), with lines and marks as agreed upon by H. G. Leiding and Benjamin Brown, May 21, 1943, said marks being blazed.

SAVING AND EXCEPTING THEREFROM, all that certain piece, parcel or tract of land, and improvements thereon, situate, lying and being in Christ Church Parish, in the County of Charleston, State of South Carolina, containing 78.00 acres highland and 12.4 acres marsh as shown on a Plat by E. M. Seabrook Jr., Inc., dated May 18, 1976, and entitled, "Plat of Tract of Land Situate on Mathis Ferry Road in Christ Church Parish, Charleston County, S. C., and owned by R. E. Mevers," and said Plat was recorded the 8th day of June, 1976, in Plat Book AG, Page 58, R.M.C. Office for Charleston County, South Carolina.

Said parcel of land having such size, shape, dimensions, butting and boundings as will by reference to said Plat more fully appear.

EXHIBIT "B"

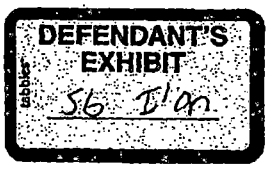
| MEMBER | CONTRIBUTION | FAIR MARKET VALUE |
|---|---|---|
| Graham Development, Inc. | Cash | $ 300,000 |
| Vincent G. Graham | Cash | $ 100,000 |
| Geoffrey D. Graham | | $ 0 |

EXHIBIT "C"

MANAGER

The I'On Group, LLC

# SECOND AMENDED AND RESTATED OPERATING AGREEMENT OF I'ON CLUB, LLC



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# SECOND AMENDED AND RESTATED

# OPERATING AGREEMENT

# OF

# I'ON CLUB, LLC

This Second Amended and Restated Operating Agreement of I'ON CLUB, LLC ("Company") dated June ____, 2005 amends and restates the First Amended and Restated Operating Agreement of the Company dated August 9, 2002, which amended and restated the Operating Agreement of the Company dated October ____, 1999, and is (a) adopted by the Manager (as defined below) and (b) executed and agreed to, for good and valuable consideration, by the Member (as defined below).

## ARTICLE I
## DEFINITIONS

As used in this Operating Agreement, the following terms have the following meanings:

**A.** **"Act"** means the Uniform Limited Liability Company Act of 1996 and any successor statute as amended from time to time.

**B.** **"Articles"** means the Articles of Organization filed with the Secretary of State of South Carolina by which I'ON CLUB, LLC was organized as a South Carolina Limited Liability Company under and pursuant to the Act.

**C.** **"Business Day"** means any day other than a Saturday, a Sunday, or a holiday on which national banking associations in the State of South Carolina are closed.

**D.** **"Capital Contribution"** means any contribution by a Member to the capital of the Company.

**E.** **"Code"** means the Internal Revenue Code of 1986 and any successor statute, as amended from time to time.

**F.** **"Company"** means I'ON CLUB, LLC, a South Carolina Limited Liability Company.

**G.** **"Company Liability"** means any enforceable debt or obligation for which the Company is liable or which is secured by any Company Property.

**H.** **"Distributional Interest"** means all of a Member's interest in distributions by the Company.

**I.** **"Dispose," "Disposing," or "Disposition"** means a sale, assignment, transfer, exchange, mortgage, pledge, grant of a security interest, or other disposition or encumbrance (including, without limitation, by operation of law), or the acts thereof.

J. **"Manager or Managers"** means LeGrand Elebash or any Person hereafter elected as a Manager of the Company as provided in this Operating Agreement, but does not include any Person who has ceased to be a Manager of the Company.

K. **"Member"** means The I'On Company, L.L.C.

L. **"Operating Agreement"** has the meaning given that term in the introductory paragraph.

M. **"Person"** includes an individual, partnership, limited partnership, limited liability company, foreign limited liability company, trust, estate, corporation, custodian, trustee, executor, administrator, nominee or entity in a representative capacity.

N. **"Proceeding"** means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative.

Other terms defined herein have the meanings so given them.

## ARTICLE II
## ORGANIZATION

**2.1 Formation.**

The Company has been organized as a South Carolina Limited Liability Company by the filing of Articles pursuant to the Act and the issuance of a certificate of organization for the Company by the Secretary of State of South Carolina.

**2.2 Name.**

The name of the Company is I'ON CLUB, LLC and all Company business must be conducted in that name or such other names that comply with applicable law as the Managers may select from time to time.

**2.3 Designated Office.**

The designated office of the Company required by the Act to be maintained in the State of South Carolina shall be the office of the initial registered agent named in the Articles or such other office (which need not be a place of business of the Company) as the Managers, or Member if there is no Manager, may designate from time to time in the manner provided by law.

**2.4 Registered Agent.**

The registered agent of the Company in the State of South Carolina shall be the initial registered agent named in the Articles or such other Person or Persons as the Managers, or Member if there is no Manager, may designate from time to time in the manner provided by law.

**2.5 Principal Office In The United States Other Offices.**

The principal office of the Company in the United States shall be at such place as the Managers, or Member if there is no Manager or the management of the Company is reserved to the Member, may designate from time to time, which need not be in the State of South Carolina. The Company may have such other offices as the Managers, or Member if there is no Manager, may designate from time to time.

**2.6 Purposes.**

The purposes of the Company are to own and operate the I'On Club, a proprietary club located within the I'On Development and to engage in any lawful business activities.

**2.7 Foreign Qualification.**

Prior to the Company's conducting business in any jurisdiction other than South Carolina, the Managers shall cause the Company to comply, to the extent procedures are available and those matters are reasonably within the control of the Managers or Member, with all requirements necessary to qualify the Company as a foreign limited liability company in that jurisdiction. At the request of the Managers or Member, the Member shall execute, acknowledge, swear to, and deliver all certificates and other instruments conforming with this Operating Agreement that are necessary or appropriate to qualify, continue, and terminate the Company as a foreign limited liability company in all such jurisdictions in which the Company may conduct business.

**2.8 Term.**

The Company commenced on the date the Articles were filed with the Secretary of State of South Carolina for the Company and shall continue in existence for the period fixed in the Articles for the duration of the Company, or such earlier time as this Operating Agreement may specify.

**2.9 Mergers.**

The Company may merge with another business entity subject to the requirements of Sections 33-44-904 through 33-44-907 of the Act.

## ARTICLE III
## MEMBERS

**3.1 Additional Members.**

**A.** Additional Persons may be admitted to the Company as a Member and Memberships may be created and issued to those Persons and to the Member at the direction of the Member, on such terms and conditions as the Member may determine at the time of admission. The terms of admission or issuance must specify the percentage of Net Profit, Net Loss, allocable to such Person and the Capital Contribution applicable thereto and may provide for the creation of different classes or groups of Members and having different rights, powers, and duties. The Member shall reflect the creation of any new class or group in an amendment to this Operating Agreement indicating the different rights, powers, and duties. Any such admission also must comply with the requirements described elsewhere

in this Operating Agreement and is effective only after the new Member has executed and delivered to the Company, as appropriate, a document including the new Member's notice address, its agreement to be bound by the terms of an Operating Agreement which reflects the existence of at least two Members, and its representation and warranty that the representation and warranties required of new Members are true and correct with respect to the new Member.

**3.2 Liabilities to third parties.**

Except as otherwise expressly agreed in writing, no Member shall be liable for the debts, obligations or liabilities of the Company, including under a judgment decree or order of a court.

**3.3 Withdrawal.**

No Member may withdraw from the Company as a Member prior to the date specified in the Articles of Organization for dissolution of the Company.

**3.4 Place and manner of meeting.**

All meetings of the Member shall be held at such time and place, within or without of the State of South Carolina, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

**3.5 Special meetings.**

Special meetings of the Member may be called at any time by the Member.

**3.6 Action without meeting.**

Any action required by the Act to be taken at a meeting of the Member, or any action which may be taken at a meeting of the Member, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall have been signed by the Member.

**3.7 Assignment of distributional interest.**

Unless otherwise provided by this Operating Agreement:

A. a Distributional Interest is assignable in whole or in part;

B. an assignment of a Distributional Interest does not entitle the assignee to become, or to exercise rights or powers of, a Member;

C. an assignment entitles the assignee to receive distributions, to which the assignor was entitled, to the extent those items are assigned but does not allocate to the assignee the assignors profit or loss; and

D. until the assignee becomes a Member, the assignor Member continues to be a Member and to have the power to exercise any rights or powers of a Member.

**3.8 Right to distribution.**

Subject to the Act, at the time that a Member becomes entitled to receive a distribution, with respect to a distribution, that Member has the status of and is entitled to all remedies available to a creditor of the Company.

**3.9 Limitation on distribution.**

No distribution may be made if, after giving effect to the distribution:

A. the Company would not be able to pay its debts as they become due in the usual course of business; or

B. the Company's assets would be less than the sum of its liabilities plus, the amount that would be needed, if the Company were to be dissolved, wound up, and terminated at the time of the distribution, to satisfy the preferential rights upon dissolution, winding up and termination of Member whose preferential rights are superior to those receiving the distribution. The Company may base a determination that a distribution is not prohibited upon the provisions of Section 33-44-406(b) and (c) of the Act.

**3.10 Buyout of Dissociating Member.**

Except as otherwise provided herein, following the death, retirement, resignation, expulsion, bankruptcy or dissolution of a Member or the occurrence of any event which terminates the continued Membership of a Member in the Company, the dissociating Member shall be entitled to receive any distribution which the dissociating Member was entitled to receive prior to the death, retirement, resignation, expulsion, bankruptcy or dissolution of a Member or the occurrence of any event which terminates the continued Membership of a Member in the Company. The Company shall have no obligation to purchase a dissociating Member's Membership until the date of the expiration of the specified term of the Company that existed on the date of the dissociation. The date of payment and fair market value, if any, of the Dissociating Members Membership shall be determined by the Company.

## ARTICLE IV
## CAPITAL CONTRIBUTIONS

**4.1 Initial Contributions.**

The Member's initial Capital Contribution is described in Exhibit A. The value of the Capital Contributions is set forth on Exhibit A. No interest shall accrue on any Capital Contribution and the Member shall have the right to withdraw or be repaid any Capital Contribution except as provided in this Operating Agreement.

**4.2 Return Of Contributions.**

The Member is not entitled to the return of any part of its Capital Contributions or to be paid interest in respect of either its capital account, or its Capital Contributions. An unrepaid Capital Contribution is not a liability of the Company or of any Member. The Member is not required to contribute or to lend any cash or property to the Company.

**4.3 Advanced By Members.**

If the Company does not have sufficient cash to pay its obligations, the Member may advance all or part of the needed funds to or on behalf of the Company. An advance described in this section constitutes a loan from the Member to the Company from the date of the advance until the day of payment, and is not a Capital Contribution.

## ARTICLE V
## MANAGER

**5.1 Management By Manager.**

Except for situations in which the approval of the Member is required by this Operating Agreement or by nonwaivable provisions of applicable law or as otherwise provided in this Operating Agreement, and subject to the provisions of Section 6.2, (i) the powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Manager; and (ii) the Manager may make all decisions and take all actions for the Company not otherwise provided for in this Operating Agreement, including, without limitation, the following:

A. entering into, making, and performing contracts, agreements, leases, management contract and other undertakings binding the Company that may be necessary, appropriate, or advisable in furtherance of the purposes of the Company and making all decisions and waivers thereunder;

B. opening and maintaining bank and investment accounts and arrangements, drawing checks and other orders for the payment of money up to Ten Thousand and No/100 Dollars ($10,000.00) and amounts over Ten Thousand and No/100 Dollars ($10,000.00) with the co-signature of Thomas C. Graham;

C. maintaining the assets of the Company in good order;

D. collecting sums due the Company;

E. to the extent that funds of the Company are available therefore, paying debts and obligations of the Company;

F. acquiring, utilizing for Company purposes, and disposing of any asset of the Company;

G. establish a line of credit with Wachovia Bank, N.A., or other such banking institution acceptable to the Members and draw upon such line of credit at any time and from time to time with the written approval of Thomas C. Graham, and with the written approval of Thomas C. Graham, borrowing money or otherwise committing the credit of the Company for Company activities and voluntary prepayments or extensions of debt;

H. selecting, removing, and changing the authority and responsibility of lawyers, accountants, and other advisers and consultants; and

I. obtaining insurance for the Company.

**5.2 Actions By Managers; Delegation Of Authority And Duties.**

A. In Managing the business and affairs of the Company and exercising its powers, the Managers shall act (i) through meetings and written consents as may be provided or limited in other provisions of this Operating Agreement.

B. Any Person dealing with the Company, other than a Member, may rely on the authority of LeGrand Elebash as Manager in taking any action in the name of the Company without inquiry into the provisions of this Operating Agreement or compliance herewith, regardless of whether that action actually is taken in accordance with the provisions of this Operating Agreement.

**5.3 Powers Of Managers.**

The Managers are an agent of this Company for the purpose of its business or affairs and the act of the Managers, including, but not limited to, the execution in the name of the Company of any instrument for apparently carrying on in the usual way the Company business or businesses of the kind carried on by the Company, binds the Company, unless the Managers so acting have, in fact, no authority to act for this Company in the particular matter, and the person with whom the Managers are dealing has knowledge of the fact that the Managers have no such authority.

**5.4 Number And Term Of Office.**

The Manager of the Company shall be LeGrand Elebash. He shall serve as Manager of the Company until removal or upon resignation. Unless otherwise provided in the Articles, the Managers need not be a Member or resident of the State of South Carolina.

**5.5 Removal.**

Any and all Managers may be removed, with or without cause, at any meeting of Member.

**5.6 Resignations.**

Any Manager may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified then at the time of its receipt by the other Managers, if any. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

**5.7 Vacancies.**

Any vacancy occurring in the Managers may be filled the Member. A Manager elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any Manager position to be filled by reason of an increase in the number of Managers shall be filled by the Member.

**5.8 Place And Manner Of Meetings.**

Meeting of the Managers, regular or special, may be held either within or without the State of South Carolina. Managers may participate in such meetings by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting as provided herein shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

**5.9 First Meetings.**

The first meeting of the newly elected Managers shall be held without further notice immediately following the annual meeting of Member, and at the same place, unless by unanimous consent of the Managers then elected and serving, such time or place shall be changed.

**5.10 Regular Meeting Of Managers.**

A regular meeting of the Managers may be held at such time as shall be determined from time to time by resolution of the Managers.

**5.11 Special Meeting Of Managers.**

The Managers may call a special meeting of the Managers at any time.

**5.12 Action Without Meeting.**

Any action required by statute to be taken at a meeting of the Managers, or any action which may be taken at a meeting of the Managers, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Managers. Such consent shall have the same force and effect as a unanimous vote at a meeting.

**5.13 Approval Or Ratification Or Acts Or Contracts By Members.**

The Managers in their discretion may submit any act or contract for approval or ratification to the Member.

**5.14 Interested Managers, Officers And Members.**

A. INTERESTED MANAGERS: No contract or transaction between this Company and one or more of its Managers or officers, or between this Company and any other limited liability

company, corporation, partnership, association, or other organization in which one or more of its Managers or officers are managers or officers or have a financial interest, shall be void or voidable solely for this reason, solely, because the Manager is present at or participates in the meeting of Managers or of a committee of Managers which authorizes the contract or transaction, or solely because such Manager's or Managers' votes are counted for such purpose, if:

(1) The material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Managers, and the Managers in good faith authorizes the contract or transaction by the affirmative vote of a majority of the Managers; or

(2) The material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Member; or

(3) The contract or transaction is fair as to this Company as of the time it is authorized, approved, or ratified by the Managers or the Member.

B. This provision shall not be construed to invalidate any contract or transaction which would be valid in the absence of this provision.

**5.15 Compensation.**

By resolution of the Member, the Managers shall be paid their expenses incurred on behalf of the Company and may be paid a stated fee as Manager. No such payment shall preclude any Manager from serving the Company in any other capacity and receiving compensation therefor.

## ARTICLE VI
## INDEMNIFICATION

**6.1 Indemnification.**

The Company shall indemnify the Member, Managers, and agents for all costs, losses, liabilities, and damages paid or accrued by such Member, Managers or agents in connection with the business of the Company, to the fullest extent provided or allowed by the laws of the State.

## ARTICLE VII
## DISSOLUTION, LIQUIDATION, AND TERMINATION

**7.1 Dissolution.**

The Company shall dissolve and its affairs shall be wound up only upon the first to occur of the following:

A. upon the consent of the Member;

B. the expiration of the period fixed for the duration of the Company set forth in the Articles; or

C. administrative dissolution as provided in Section 33-44-809 of the Act.

**7.2 Winding Up And Termination.**

On dissolution of the Company, the Managers shall act as liquidator. If there is no Manager, then the Member will act as Liquidator. The Liquidator shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Act. The costs of liquidation shall be borne as a Company expense. Until final distribution, the Liquidator shall continue to operate the Company properties with all of the power and authority of the Manager. The steps to be accomplished by the liquidator are as follows:

A. as promptly as possible after dissolution and again after final liquidation, the liquidator shall cause a proper accounting to be made of the Company's assets, liabilities, and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed as applicable.

B. the liquidator shall cause the notice described in Section 33-44-807 of the Act to be mailed to each known creditor of and claimant against the Company in the manner described in such Section 33-44-808 of the Act;

C. the liquidator shall pay, satisfy or discharge from Company funds all of the debts, liabilities and obligations of the Company (including, without limitation, all expenses incurred in liquidation and any advances) or otherwise make adequate provision for payment and discharge thereof (including, without limitation, the establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine); and

D. all remaining assets of the Company shall be distributed to the Member.

**7.3 Articles Of Termination**

After the dissolution of the limited liability company pursuant to Section 33-44-801 of the Act, the Managers or the Member shall file Articles of Termination with the Secretary of State of South Carolina and take such other actions as may be necessary to terminate the Company.

## ARTICLE VIII
## GENERAL PROVISIONS

**8.1 Books And Records.**

A. The Company shall maintain those books and records as it may deem necessary or desirable.

B. The Company shall keep its books on the accrual method of accounting.

**8.2 Amendment Or Modification.**

The Operating Agreement may be amended and modified from time to time by the Member.

**8.3 Checks, Notes, Drafts, Etc.**

All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness issued in the name of or payable to the Company shall be signed or endorsed by Vincent G. Graham or by another designated person which may be appointed from time to time by the Member. The designated person may be the Manager, Member, or other person(s) as may from time to time be designed.

**8.4 Headings.**

The headings used in this Operating Agreement have been inserted for convenience only and do not constitute matter to be construed in interpretation.

**8.5 Construction.**

Whenever the context so requires, the gender of all words used in this Operating Agreement includes the masculine, feminine, and neuter, and the singular shall include the plural, and conversely. All references to Articles and Sections refer to articles and sections of this Operating Agreement, and all references to Exhibits, if any, are to Exhibits attached hereto, if any, each of which is made a part hereof for all purposes. If any portion of this Operating Agreement shall be invalid or inoperative, then, so far as is reasonable and possible:

**A.** The remainder of this Operating Agreement shall be considered valid and operative; and

**B.** Effect shall be given to the intent manifested by the portion held invalid or inoperative.

**8.6 Entire Agreement; Supersedure.**

This Operating Agreement constitutes the entire agreement of the Member and the Managers relating to the Company and supersedes all prior contracts or agreements with respect to the Company, whether oral or written.

**8.7 Effect Of Waiver Or Consent**

A waiver or consent, express or implied, to or of any breach or default by any Person in the performance by that Person of its obligations with respect to the Company is not a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person with respect to the Company. Failure on the part of a Person to complain of any act of any Person or to declare any Person in default with respect to the Company, irrespective of how long that failure continues, does not constitute a waiver by that Person of its rights with respect to that default until the applicable statute-of-limitations period has run.

**8.8 Binding Effect.**

This Operating Agreement is binding on and inures to the benefit of the Member and its successors, and assigns.

**8.9 Governing Law; Severability**

THIS OPERATING AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF SOUTH CAROLINA EXCLUDING ANY CONFLICT-OF-LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THIS OPERATING AGREEMENT TO THE LAW OF ANOTHER JURISDICTION. In the event of a direct conflict between the provisions of this Operating Agreement and (a) a mandatory provision of the Articles, or (b) any mandatory provision of the Act, the applicable provision of the Operating Agreement shall control. If any provision of this Operating Agreement or the application thereof to any Person or circumstance is held invalid or unenforceable to any extent, the remainder of this Operating Agreement and the application of that provision to other Persons or circumstances is not affected thereby and that provision shall be enforced to the greatest extent permitted by law.

**8.10 Further Assurances.**

In connection with this Operating Agreement and the transactions contemplated hereby, the Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Operating Agreement and those transactions.

**8.11 Counterparts.**

This Operating Agreement may be executed in any number of counterparts with the same effect as if all signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

**8.12 Conflicting Provisions**

To the extent that one or more provisions of this Operating Agreement appear to be in conflict with one another, then the Manager shall have the right to choose which of the conflicting provisions are to be enforced. Wide latitude is given to the Manager, in interpreting the provision of this Operating Agreement to accomplish the purposes and objectives of the Company, and the Manager, in interpreting the provisions of this Operating Agreement to accomplish the purposes and objectives of the Company, and the Manager may apply this Operating Agreement in such a manner as to be in the best interest of the Company, in their sole discretion, even if such interpretation or choice of conflicting provisions to enforce is detrimental to the Member or Manager.

The undersigned, being the Member and Manager, hereby certify that the foregoing Second Amended and Restated Operating Agreement was unanimously adopted by the Manager, and the Member, effective as of the —— day of June, 2005, TO WITNESS WHICH we have hereunto affixed our signatures.

WITNESSES:

**MEMBER**

**THE I'ON COMPANY, L.L.C.**

**By: Civitas, LLC**
**Its: Manager**

By: _____ (SEAL)
It's Manager

WITNESSES:

**MANAGER**

_____ (SEAL)
LeGrand Elebash

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**EXHIBIT A**
**Initial Capital Contributions**

| MEMBER | CAPITAL CONTRIBUTION | FAIR MARKET VALUE |
|---|---|---|
| The I'On Company, L.L.C. | | $_____ |

# *The State of South Carolina*

## *Office of Secretary of State Mark Hammond*

## Certificate of Existence

**I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:**

I'ON CLUB, LLC, A Limited Liability Company duly organized under the laws of the State of South Carolina on September 10th, 1999, with a duration that is until January 1st, 2100, has as of this date filed all reports due this office, paid all fees, taxes and penalties owed to the Secretary of State, that the Secretary of State has not mailed notice to the company that it is subject to being dissolved by administrative action pursuant to section 33-44-809 of the South Carolina Code, and that the company has not filed articles of termination as of the date hereof.

Given under my Hand and the Great Seal of the State of South Carolina this 29th day of July, 2009.

Mark Hammond

Mark Hammond, Secretary of State

DEFENDANT'S EXHIBIT 59 5/00

# *The State of South Carolina*

## *Office of Secretary of State Mark Hammond*

## Certificate of Existence

**I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:**

I'ON COMPANY, L.L.C. THE, A Limited Liability Company duly organized under the laws of the State of South Carolina on July 25th, 1997, with a duration that is until January 1st, 2047, has as of this date filed all reports due this office, paid all fees, taxes and penalties owed to the Secretary of State, that the Secretary of State has not mailed notice to the company that it is subject to being dissolved by administrative action pursuant to section 33-44-809 of the South Carolina Code, and that the company has not filed articles of termination as of the date hereof.

Given under my Hand and the Great Seal of the State of South Carolina this 29th day of July, 2009.

Mark Hammond

Mark Hammond, Secretary of State

DEFENDANT'S EXHIBIT 60 1 ON

# I'On Lot Purchase Agreement

**Purchaser:** Mendy and Andy Gowder [redacted]
(Names) Home Phone
[redacted]

**Seller:** The I'On Company, L.L.C. 971-1662 971-1664
(Name) Office Phone Office Fax
159 Civitas Street Mount Pleasant, SC 29464
(Mailing Address) (City, State, Zip +)

**Property:** Lot 230, Phase 2B&F, 74 Secession Street and/or 74 Resolution Road, as shown on the plat by Thomas & Hutton Engineering Company dated August 11, 1999, having a latest revision date of _____, 19____, and recorded in Plat Book _____, at Page(s) _____ in the RMC Office for Charleston County, South Carolina (the "Plat")

1. **Agreement to Buy and Sell:** In consideration of Five and no/100 Dollars ($5.00), the mutual covenants and agreements contained herein, and other good and valuable consideration, the Purchaser identified above ("Purchaser") agrees to buy and the Seller identified above ("Seller") agrees to sell, the Property described above ("Property), subject to the matters herein provided.

2. **Purchase Price:** In consideration for the Property, the Purchaser agrees to pay to the Seller the sum of Sixty Nine Thousand Five Hundred Dollars ($69,500.00) (the "Purchase Price") as follows:

(a) Three Thousand Four Hundred Seventy Five Dollars ($3,475.00) is paid by Purchaser upon execution of this Agreement as earnest money (the "Earnest Money"), to be held and disbursed in accordance with Paragraph 3 below.

(b) Sixty Six Thousand Twenty Five Dollars ($66,025.00) shall be paid in cash or immediately available funds at Closing. All amounts due hereunder shall be paid in United States dollars by certified or cashier's check, or in such other form as is acceptable to Seller. All deposits and other payments hereunder shall be made payable to Seller or an agent designated by Seller.

3. **Earnest Money:** The Earnest Money shall be deposited into an escrow account maintained by the Listing Broker identified on the signature page of this Agreement. Such account is not interest bearing. The Earnest Money shall be credited to Purchaser at Closing, as defined in Paragraph 4 below, or otherwise disbursed in accordance with the terms of this Agreement upon default of either party prior to Closing.

(a) Purchaser hereby acknowledges that the Earnest Money deposit shall be forfeited at the end of the sixtieth (60th) day following execution of this agreement unless Purchaser notifies Seller in writing of their intent to withdraw from this agreement prior to such date.

4. **Closing:** ~~WEDNESDAY, DECEMBER 29, 1999~~

(a) The closing of the purchase and sale transaction contemplated by this Agreement ("Closing") shall not be later than one hundred twenty (120) days from the execution hereof, at the Seller's attorney's office in Charleston, South Carolina, or such other time, date and place as the parties mutually agree in writing, the time of closing being of the essence. In the event of closing not taking place within aforementioned time, Seller shall have the option of (a) extending this agreement and require a 1% payment of the lot purchase price, which is non refundable and non applicable or (b) Purchaser shall forfeit the earnest money to Seller and Seller have no further obligation to Purchaser under this agreement.

DEFENDANT'S EXHIBIT 62 5100

a. **Purchaser shall submit to the I'On Design Committee (IDC), conceptual drawings, rendering or photographs, illustrating the Architectural intent planned for the property, within forty five (45) days of the execution hereof.** Failure to do so will make this agreement terminable by the Seller and Purchaser shall receive a full refund of all Earnest monies paid to date.

b. **Purchaser shall submit to the IDC, within ninety (90) days of the execution hereof, Preliminary Design documents for approval and comments.** Failure to submit such drawings will be considered default and at the Seller's option, this contract shall be terminable and Purchaser shall forfeit all earnest monies paid to date. Approval of Preliminary Design must be obtained prior to closing.

c. Purchaser acknowledges receipt of the Design Review Procedures and agrees to submit drawings and specifications in accordance with these Guidelines.

Purchaser's Initial WAG MTG

(b) At or prior to Closing, each party shall, upon the request of the other, deliver to the other party appropriate evidence to establish the authority of such party to enter into and close the transaction and any other documents reasonably necessary or appropriate to complete and evidence the transaction contemplated by this Agreement. Seller shall also deliver to Purchaser a non-foreign (FIRPTA) affidavit and, in consideration thereof, Purchaser covenants not to withhold any tax pursuant to Section 1445 of the Internal Revenue Code, as amended.

5. **Conveyance of Title:** At Closing, Seller shall deliver to Purchaser a properly executed general warranty deed conveying good and marketable title to the Property, free and clear of all liens and encumbrances except for zoning and other applicable laws, and other matters provided herein. The Property shall also be conveyed subject to:

(a) all covenants, restrictions, conditions, easements, rights, reservations, limitations, limitations on use, architectural and landscape approvals, and affirmative obligations to pay all assessments and charges as set forth on the Plat and in the Declaration of Covenants, Conditions and Restrictions for I'On, recorded or to be recorded prior to Closing in the RMC Office for Charleston County, South Carolina (the "Declaration") and all documents referenced therein;

(b) a reservation of non-exclusive easements along the boundary lines of the Property for the installation and maintenance of utilities;

(c) the restriction that the Property shall not be used for any type of Vacation Time Sharing Plan as defined by Section 27-32-10 et. seq., S.C. Code (1976), as amended, without the express, written consent of Seller, its successors and assigns;

(d) ad valorem property taxes and governmental assessments not due prior to Closing;

(e) a covenant that construction of the dwelling on the Property shall be performed only by a builder approved by The I'On Company, LLC, a South Carolina limited liability company;

(f) other matters approved or waived by Purchaser as provided for in this Agreement.

Purchaser acknowledges and agrees that the Property is also subject to federal and state stormwater management laws and regulations currently administered by the Office of Ocean and Coastal Resource Management ("OCRM") of the South Carolina Department of Health and Environmental Control ("DHEC") and agrees to abide by them.

6. **Closing Costs and Prorations:** Seller shall pay for the preparation of the deed., recording of any lien releases, and Seller's legal fees. Purchaser shall pay the deed recording fee required pursuant to §12-24-10 *et seq.* of the S.C. Code of Laws, 1976, as amended and all other closing costs. Property taxes shall be pro-rated between the

parties as of the date of Closing. Any annual assessments by I'On Assembly, Inc. (the "Assembly") which have been paid in advance shall be prorated quarterly between Seller and Purchaser as of the date of Closing. The Purchaser shall pay when due all assessments applicable to the Property coming due after the date of Closing as provided in the Declaration and Bylaws referenced in Paragraph 7, as the same may be amended.

7. **Possession:** Seller shall deliver possession of the Property to Purchaser upon Closing.

8. **Disclosures:**

(a) **Assembly Documents:** The real property which is the subject matter of this Agreement is part of the planned community known as I'On, and is subject to the Declaration of Covenants, Conditions and Restrictions of I'On, as it may be amended and supplemented from time to time, as well as the Bylaws, and the Codes of the I'On Assembly, an owners association responsible for administering I'On in accordance with the Declaration. By initialing below in the space provided, Purchaser acknowledges receipt of the foregoing documents and agrees to be bound by the terms and provisions thereof.

Purchaser's Initials _____ Seller's Initials _____

(b) **Membership in Assembly:** Upon conveyance of title to the Purchaser, Purchaser shall automatically become a member of the Assembly and shall remain a member so long as Purchaser holds title to the Property. Purchaser acknowledges that the Assembly is authorized to levy annual assessments against the Property for Purchaser's pro rata share of the common expenses of the Assembly as more fully set forth in the Declaration, and that such assessments are the personal obligation of each member.

(c) **Neighborhood Improvements:** Purchaser acknowledges that in as much as Purchaser may be purchasing the Property prior to the completion of construction on other lots and streets in the Neighborhood, there may be certain inconveniences until all such construction is completed, and Purchaser waives all claims with respect thereto. Purchaser agrees that if Purchaser, his family, guests, employees, agents or invitees enter onto any area of construction, they do so at their own risk, and neither The I'On Company, LLC, Builder, or their respective contractors, agents, or employees, shall be liable for any damage, loss or injury to such person.

(d) **Use and Development Restrictions:** Purchaser acknowledges that the Property is subject to various restrictions on use and development as set forth in the Declaration and I'On Code.

(e) **Plan Approval Pursuant to Declaration:** Purchaser acknowledges that all construction and landscaping on the Property and any modifications thereof affecting the exterior appearance of the Property are subject to prior approval in accordance with the Declaration and the I'On Code.

(f) **Approved Builder:** Purchaser acknowledges that only builders approved by The I'On Company, LLC, the developer of I'On, may construct homes in I'On. Such approval requirement is for the protection of The I'On Company, LLC, only and shall not be construed to create any duty or liability to Purchaser on the part of The I'On Company, LLC. Purchaser agrees that Purchaser shall not permit any person other than a builder approved by The I'On Company, LLC to engage in any construction on the Property.

9. **No Reliance:** Purchaser acknowledges that Purchaser or his or her spouse has made a personal, on-the-lot inspection of the Property prior to signing this Agreement. Purchaser acknowledges that this Agreement is entered into by Purchaser without reliance on any warranties, statements or representations, either written or oral, express or implied, by Seller, or by any agent, employee or representative of Seller, or by any broker or other person purporting to represent Seller, relating to the marketability or investment potential of the Property, the legal or tax consequences of this Agreement and the purchase or ownership of the Property, or other matters, except as set forth in this Agreement between Seller and Purchaser. Purchaser warrants and represents that if such matters are of concern to him, Purchaser has sought and obtained independent advice relative thereto.

**10. Subdivision Improvements and Amenities:** Purchaser and Seller agree that no representations regarding the provision or completion by the Seller of roads, sewer, gas, or electric services, or recreational amenities have been made by or on behalf of Seller, or relied upon by Purchaser, except as specifically set forth in this Agreement and the Property Report delivered to Purchaser prior to execution of this Agreement. At or prior to Closing, Seller shall complete, or shall post a bond with the Town of Mount Pleasant, South Carolina or Charleston County, South Carolina, as appropriate, to provide financial assurances for completion of paved access from a public street or highway, central water and sewer service, and electricity to serve the Property. Seller agrees to construct the following recreational facilities within or adjacent to the subdivision in which the Property is located, and to complete such construction within 180 days of the estimated date specified below, subject to such contingencies which otherwise excuse any delay in performance under the terms of this Agreement.

| Facility | Estimated Date Available for Use |
|---|---|
| Eastlake lake | 11/1998 |
| Eastlake Boathouse | 9/1998 |
| Canals | 11/1998 |
| Sidewalks, paths and trails – Phase 1 | 11/1998 |
| Parks and Open Space - Phase 1 | 11 /1998 |
| Creekside Park | 9/1999 |
| Community Dock | 9/1999 |
| Sidewalks, paths and trails – Phase 2 | 10/1999 |
| Parks and Open Space - Phase 2 | 10/1999 |

**11. Construction of Improvements:** Purchaser shall cause construction of a residential dwelling to commence on the Property within 180 days after closing and shall cause such construction to be substantially completed and a certificate of occupancy issued within 12 months thereafter, subject only to delays occasioned by acts of God, material or labor shortages, or other conditions beyond the reasonable control of Seller.

**12. Default and Remedies:**

**(a) By Purchaser:**

(i) In the event of Purchaser's default in the performance of any obligation or covenant under this Agreement prior to Closing, Seller may elect to terminate this Agreement by written notice to Purchaser and retain the Earnest Money as Seller's full and complete liquidated damages for such default, the parties hereby acknowledging and agreeing that the amount of Seller's actual damages in such circumstance would be difficult, if not impossible, to determine. The parties further agree that such amount is a reasonable estimate of damages and is not a penalty.

(ii) In the event of Purchaser's default in the performance of any obligation or covenant hereunder after Closing, then in addition to the remedies set forth for specific events of default in this Agreement, Seller may elect to pursue any and all remedies available to it at law or in equity.

(iii) If Purchaser loses rights and interest in the Property because of Purchaser's default or breach of contract after 15% of the purchase price, exclusive of interest, has been paid, Seller shall refund to Purchaser any amount which remains from the payments made after subtracting 15% of the purchase price, exclusive of interest, or the amount of Seller's actual damages, whichever is greater.

(b) **By Seller:** Except as otherwise specifically provided below, Purchaser's sole remedies in the event of Seller's default in the performance of its obligations and covenants under this Agreement shall be as follows:

(i) If Seller defaults under this Agreement prior to Closing, Purchaser, at its election, may (i) avail itself of the equitable remedy of specific performance; or (ii) terminate this Agreement by written notice to Seller, whereupon Seller shall immediately refund to Purchaser all monies paid by Purchaser to Seller under this Agreement and the parties shall be relieved of any further obligations hereunder.

(ii) If Seller defaults under this Agreement in performance of any obligation to be performed after Closing and which expressly survives Closing, Purchaser may either seek specific performance of Seller's obligations hereunder or pursue any and all other remedies or actions at law or in equity available against Seller.

(c) **Notice of Default; Costs:** Notwithstanding anything to the contrary in this Paragraph 12, neither Seller nor Purchaser shall be entitled to exercise its remedies hereunder until the non-defaulting party has given the defaulting party at least 20 days written notice of such default, specifying the action necessary to cure such default, and if such default is cured during such 20-days, this Agreement shall continue in full force and effect. In any action at law or in equity between the parties occasioned by a default hereunder, the prevailing party shall be entitled to collect its reasonable attorney's fees and paralegal's fees actually incurred in the action from the non-prevailing party.

13. **Construction and Modification of Agreement:** The parties covenant and agree that this Agreement, together with any exhibit(s) or attachments referenced herein, (i) supersedes any and all other agreements of the parties and constitutes and expresses the entire agreement between the parties; (ii) may be amended only by a written instrument executed by both parties; (iii) shall be governed, construed, and enforced in accordance with the laws of the State of South Carolina. Should any provision of this Agreement be void or become unenforceable at law or in equity, the remaining provisions shall remain in full force and effect and shall not in any manner be thereby affected or impaired. The provisions of this Agreement which contemplate performance after Closing shall survive the Closing. Time is of the essence for this Agreement.

14. **Successors and Assigns; Transfer of Title:** This Agreement shall be binding upon and inure to the benefit of the heirs, personal representatives, successors, and assigns of the parties. Purchaser shall not transfer title to the Property after Closing unless such transfer is accompanied by an assignment to and assumption by the transferee of Purchaser's obligations under this Agreement.

15. **Notice:** Any communication under this Agreement shall be deemed duly given if in writing and either deposited, postage prepaid in the United States mail, certified mail with a return receipt requested, delivered personally, or via overnight air courier, to the address stated herein or such other address as may have previously been designated by either party by written notice to the other in accordance with this section.

16. **Force Majeure:** Either party hereto shall be excused for the period of delay in the performance of any obligations hereunder when such delay is occasioned by cause or causes beyond the control of the party whose performance is so delayed and the time for performance shall be automatically extended for a like period. Such causes shall include, without limitation, all labor disputes; civil commotion; war; war-like operations; sabotage; governmental or judicial regulations, legislation, or controls; inability to obtain any necessary materials or services; or acts of God.

17. **No Waiver:** Failure of either party to insist upon compliance with any provision hereof shall not constitute a waiver of the rights of such party to subsequently insist upon compliance with that provision or any other provision of this Agreement.

18. **Brokers:** Seller and Purchaser each represent to the other that neither has dealt with a real estate broker or agent in connection with the purchase and sale contemplated by this Agreement, other than the broker(s), if any, whose name(s) and address(es) appear on the signature page of this Agreement. By initialing below, Purchaser and Seller acknowledge that (i) the Listing Broker, if any, identified on the signature page of this Agreement has acted as the agent of Seller in this transaction and Seller shall pay any real estate commission to which such Listing Broker may be entitled; and (ii) the Selling Broker, if any, identified on the signature page of this Agreement has acted as the agent of the Purchaser in this transaction and I'On Realty shall pay any real estate commission to which such Selling Broker may be entitled.

19. **Commission:** Purchaser hereby acknowledges that Builder has agreed to pay Broker a commission of six (6%) of the Gross Sales Price, of the improvements to be constructed by Builder on Purchasers lot. Said commission shall be paid upon closing of the construction loan or commencement of construction, whichever next occurs after Builder enters into the contract for which commission is payable hereunder.

Seller's Initials _____ Purchaser's Initials _____

IN WITNESS WHEREOF, the parties have set their hands and seals, to be effective as of the date of execution by Seller below.

**YOU HAVE THE OPTION TO CANCEL YOUR CONTRACT OR AGREEMENT OF SALE BY NOTICE TO THE SELLER UNTIL MIDNIGHT OF THE SEVENTH DAY FOLLOWING THE SIGNING OF THE CONTRACT OR AGREEMENT.**

**IF YOU DID NOT RECEIVE A PROPERTY REPORT PREPARED PURSUANT TO THE RULES AND REGULATIONS OF THE OFFICE OF INTERSTATE LAND SALES REGISTRATION, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, IN ADVANCE OF YOUR SIGNING THE CONTRACT OR AGREEMENT, THE CONTRACT OR AGREEMENT OF SALE MAY BE CANCELED AT YOUR OPTION FOR TWO YEARS FROM THE DATE OF SIGNING.**

Signed, sealed and delivered in the presence of:

Cheryl D Steadman (Printed Name)

_____ (Printed Name)

**PURCHASER(S):**

By: _____
**Mendy Gowder** (Printed Name)

By: _____
**Andy Gowder** (Printed Name)

**Date: September 1, 1999**

Signed, sealed and delivered in the presence of:

Linda M. Geeman (Printed Name)

**SELLER: The I'On Company, L.L.C., a South Carolina limited liability company**

By: _____
Joseph E. Barnes (Printed Name)

Its: General Manager

Date: 10-4-99

| **LISTING BROKER:** | | **SELLING BROKER:** | |
|---|---|---|---|
| Name: | I'On Realty, L.L.C. | Name: | I'On Realty, L.L.C. |
| Address: | 159 Civitas Street<br>Mt. Pleasant, SC 29464 | Address: | 159 Civitas Street<br>Mt. Pleasant, SC 29464 |
| Agent | William H. Orange | Agent: | William H. Orange |
| Phone: | 843-884-3080, Extension 16 | Phone: | 843-884-3080, Extension 16 |

**ADDENDUM "A"**

**Special Stipulations**

The following special stipulations shall be added to and become a part of the Lot Purchase Agreement by and between The I'On Company, L.L.C. ("Seller") and Mendy and Andy Gowder ("Purchaser") dated September 1, 1999 (the "Agreement"), and shall control over any inconsistent provisions in the body of such Agreement.

1. Purchaser shall grant to Seller the right to re-purchase the Property at Purchaser's original Purchase Price, in the event that Purchaser defaults on the provision in Paragraph 11, fails to commence construction of residential dwelling on the Property within six (6) months following closing and default remains uncured after 30 day written notice of default. Purchaser shall execute a repurchase option as shown on Addendum "B" of this agreement at closing.

Signed, sealed and delivered in the presence of:

Cheryl Steadman
Cheryl Steadman (Printed Name)

_____
_____ (Printed Name)

**PURCHASER(S):**

By: _____
Mendy Gowder (Printed Name)

By: _____
Andy Gowder (Printed Name)

Date: **September 1, 1999**

**Addendum "B"**

**Option to Purchase**

This Agreement is entered into this 1st day of September, 1999, by and between The I'On Company, LLC, (hereinafter referred to as "Grantor") and Mendy and Andy Gowder (hereinafter referred to as "Grantee").

WHEREAS, of even date herewith Grantor has conveyed to Grantee the property more particularly described on Exhibit "A" attached hereto and by this reference incorporated here (the "Property");

WHEREAS, the Lot Purchase Agreement (herein the "Agreement") pursuant to which Grantee acquired the Property from Grantor provided that in the event Grantee, within six (6) months from the date of the acquisition of the Property fails to commence construction of a properly approved residence on the Property, Grantor shall have the right to purchase the Property from the Grantee at the purchase price paid by Grantee upon the acquisition of the Property from Grantor;

NOW THEREFORE, for and in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Grantee does hereby grant and convey unto Grantor a right and option to repurchase the Property for a period commencing on the date hereof and terminating on the third anniversary of the date hereof, or the earlier date when a certificate of occupancy is issued for a residential dwelling on such Property (the "Term"). This option to repurchase is subordinate to any first mortgage or other security instrument of first priority securing a bona fide construction loan on the property. Grantor's election not to exercise its option to repurchase the Property shall not be deemed a waiver of the right to exercise such option.

If Grantor elects to exercise its option to repurchase, it shall do so by delivering written notice of such election to Grantee during the Term. Grantee shall convey the Property to Grantor by general warranty deed (subject to the same exceptions to title set forth in the deed of conveyance to Grantee within thirty (30) days after the date of receipt of Grantor's notice (the exact date, time, and location of closing of the repurchase to be selected by Grantor), for a purchase price which is equal to the amount paid by Grantee to Grantor for the lot. Such purchase price shall be paid in immediately available funds. If the title proposed to be conveyed is subject to any lien, encumbrance or defect which is not permitted, Grantor, in addition to all other rights and remedies which it may have at law or in equity, may remove any such lien, encumbrance or defect and deduct all costs and expenses incurred by Grantor (including, but not limited to, attorney's fees) from the amount of the purchase price otherwise payable as provided herein. Ad valorem taxes and assessments shall be prorated in the same manner as prorated with respect to the original conveyance of the Property by grantor to Grantee.

The option to purchase set forth in this Instrument shall automatically terminate upon the issuance of a certificate of occupancy by the appropriate governmental authorities for a residential dwelling on the property, and Grantor shall, upon receipt of a written request from Grantee or a successor-in-title to the Property, execute a release of such option to purchase in recordable form.

IN WITNESS WHEREOF, the parties hereto have executed this agreement under seal on the date first above written

**The I'On Company, LLC**, a South Carolina limited liability company

By: _____

Name: Joseph E. Barnes

Title: General Manager

Signed, sealed, and delivered in the Presence of:

Linda M. Gerrard
WITNESS

_____
NOTARY PUBLIC

My Commission Expires:

[AFFIX NOTARY SEAL]

Grantee: **Mendy Gowder**

Grantee: **Andy Gowder**

Date: **September 1, 1999**

By: _____

By: _____

Name: _____

Title: _____

Signed, sealed, and delivered in the presence of:

Sue Mullinax
WITNESS

Cheryl Alexander
NOTARY PUBLIC

My Commission Expires: 9/18/99

[AFFIX NOTARY SEAL]

RECEIPT, AGENT CERTIFICATION, AND PURCHASER CANCELLATION PAGE

PURCHASER RECEIPT

*Important -- Read Carefully*

Name of Subdivision: I'ON SUBDIVISION
OILSR Number: 0-07555-46 Date of Report: November 3, 1998

We must give you a copy of this Property Report and give you an opportunity to read it before you sign any contract or agreement. By signing this receipt, you acknowledge that you have received a copy of our Property Report.

Received by: W. Andrew Gruber Jr. Date: 9/30/99
Street Address: [redacted]
City Charleston State SC Zip 29401

If any representations are made to you which are contrary to those in the report, please notify:

Office of Interstate Land Sales Registration
HUD Building, 451 Seventh Street, S.W.
Washington, D.C. 20410

AGENT CERTIFICATION

I certify that I have made no representations to the person(s) receiving this Property Report which are contrary to the information contained in this Property Report.

Lot 230 Block _____ Section _____
Name of Salesperson: William H. Orange
Signature: William H Orange Date: Sept 8 1999

PURCHASER CANCELLATION

If you are entitled to cancel your purchase contract and wish to do so, you may cancel by personal notice or in writing. If you cancel in person or by telephone, it is recommended that you immediately confirm the cancellation by certified mail. You may use the form below:

Name of Subdivision: I'On
Date of Contract: _____

This will confirm that I/we wish to cancel our purchase contract.

Purchaser(s) signature: _____ Date: _____

DEFENDANT'S EXHIBIT 63 110

Monthly Meeting Minutes

I'On Assembly

NOTICE OF FOURTH ANNUAL MEMBERS' MEETING

December 11, 2002

Dear Neighbor,

The annual I'On Assembly meeting will be held January 7, 2003 at 7:00 pm at the Creek Club..

Please take a few minutes to review the materials enclosed in this packet. They include instructions on using the new website, minutes from the 2002 Annual Meeting, agenda for the 2003 Annual Meeting, 2003 budget as approved by the Board, your 2003 assessment bill, slate of candidates for 2003, and the proxy/ballot for the candidates and proposed amendment to the Declaration of CCR's. There are two positions available on the Board. In addition to the candidates listed on the proxy/ballot, we will be taking nominations from the floor at the meeting.

The enclosed proxy/ballot is divided into two portions. Please complete both the proxy and ballot portions, choosing two candidates and voting on the proposed amendment, and return it in the enclosed self-addressed stamped envelope ONLY if you do not plan to attend or if you are not sure you will be able to attend. If you are definitely attending the meeting, please do not return the proxy/ballot. You will be given a ballot when you sign in at the Annual Meeting. There is only one ballot for each lot owned in the Assembly.

The reason that we ask you to return the proxy/ballot if you are not planning to attend the meeting is so a quorum can be established. If a quorum is not met, the meeting will have to be rescheduled, resulting in unnecessary expenses to the Assembly. If you cast your vote with the proxy, make sure you fill out both the proxy portion and the ballot portion correctly. If your vote is indicated on the ballot and the proxy portion is not completed, your ballot will be invalid. If you vote for more than two candidates, your ballot will be invalid.

Thank you for your continued interest and involvement in the Assembly. Should you have any questions regarding anything contained in this Notice, please feel free to contact our office at (843) 849-7062 or jerry_driggers@ccmcnet.com for assistance.

Sincerely,

S. Jerry Driggers, CAM
Community Association Manager
For CCMC, Managing Agent

DEFENDANT'S EXHIBIT
70 1100

AMCS 000002

Monthly Meeting Minutes

I'ON ASSEMBLY
THIRD ANNUAL MEMBERS' MEETING
OCTOBER 30, 2001

MINUTES

I. Calling Meeting to order

Pursuant to call the 2001 Annual Members' meeting of I'On Assembly, commenced at 7:00 P.M. on October 30, 2000 at the Creek Club at I'On , Mount Pleasant, South Carolina.

II. Proof of Notice was provided

III. Welcome

A. Introduction of Board and Management – President introduced Board members and CCMC representatives in attendance.
B. President's Report-Joe Barnes reported on the progress toward completion made during 2001. Status updates were provided including eighty new families, construction of the amphitheater begun, West Lake filled.
C. Developer's report-Vince Graham narrated a slide presentation showing the evolution of the development from its earliest days to the present.
D. Guest Speakers
   1. Mt. Pleasant Fire Department Chief Mike Allen introduced members of his staff and team and discussed fire prevention and EMS issues as they related to the I'On neighborhood.
   2. Mt. Pleasant Police Officer Morrell discussed issues relating to traffic and speeding concerns within the neighborhood.

IV. Managers Report

A. Speeding – Briefed this as an ongoing issue and discussed the graduated steps the Board of Trustees have implemented to address neighborhood concerns.
B. Street lights – The removal and replacement of selected street lights within the neighborhood was briefed.
C. Landscaping
   1. Maintenance responsibilities – Management briefed and addressed concerns about landscaping, scope of the contract, and landscaping responsibilities of the homeowners.
   2. Tree Trimming – Briefed the plans to begin tree trimming in the winter months as well as an intended maintenance program for selected grand trees within the neighborhood.

3. Vines and Ants – Briefed this as an ongoing problem in the Low Country that will receive attention as needed and encouraged homeowners to eradicate and prune their properties as necessary.

D. Delinquencies – The process for collecting unpaid dues was explained.

E. Directory – Issues relating to the recently published directory were discussed and it was briefed that a new directory would be published in the near future that would eliminate some of the problems and concerns generated by the current directory.

F. Rules and Restrictions – General guidelines regarding the expectations for the maintenance of yards and storage of boats were discussed.

V. Treasurer's Report – Chris Fraser briefed the status of the operating account as having a positive variance.

VI. New Business

A. "Lt." Doug Stalnaker, briefed his responsibilities as the Neighborhood Lieutenant for the Emergency Preparedness program in Mt. Pleasant.

B. Julian Smith briefed plans to host the Cooper River Kids Bridge Run in the I'On neighborhood on the day before the scheduled adult run in the spring.

C. Joe Barnes addressed a complaint regarding the size of the postal pavilion mailboxes.

VII. Meeting Adjournment – Meeting was adjourned at 9:00 PM.

Approved _____

Submitted _____

Monthly Meeting Minutes

# I'On Assembly

Fourth Annual Meeting
January 7, 2003, 7:00 pm
Creek Club at I'On
Mt. Pleasant, SC

1. Call Meeting to Order
2. Proof of Notice and Establish Quorum
3. Welcome and Introduction of Board and Management
4. New Business: Amendment
5. Board Nominations from Floor and Election
6. Guest Speakers
   A. Forever Green Inc.
   B. Mt. Pleasant Fire Department
   C. The Very Reverend John Burwell – Church of the Holy Cross
   D. Father John Breck – Holy Ascension Orthodox Church
   E. AtHomeNet
   F. Neighborhood Theater
   G. Mt. Pleasant Police Department
   H. Development Report
7. Committee Reports
   A. Boathouse Committee
   B. Finance Committee
   C. Communication Committee
   D. Landscape Committee
   E. Common Area Use Committee
8. Open Discussion
9. Announcement of New Board Members
10. Adjournment

## I' ON ASSEMBLY
## 2003 BUDGET SUMMARY

| | | | | | |
|---|---|---|---|---|---|
| | **REVENUES** | | | | |
| 0301 | Regular Assessments | | | $ 240,953 | |
| 0307 | Interest Income | | | 350 | |
| 03070001 | Interest Income Reserves | | | 120 | |
| 0318 | Fines & Late Charges | | | 600 | |
| 0320 | Developer Loan | | | 5,000 | |
| 0328 | Shared Service Reimbursement | | | - | |
| | Operating Surplus, 2002 | | | - | |
| | **Total Revenues** | | | | **$247,023** |
| | | | | | |
| | **EXPENSES** | | | | |
| | **Repairs & Maintenance** | | | | |
| 0430 | Maintenance & Repairs | | $ 20,000 | | |
| 0440 | Landscape Maint. & Supplies | | 17,250 | | |
| 0443 | Contract Landscape Maint. | | 59,904 | | |
| 0448 | Tree Maint. & Supplies | | 4,000 | | |
| 0445 | Lake Maintenance | | 14,800 | | |
| 0447 | Irrigation Maintenance | | 1,200 | | |
| 0450 | Interior Pest Control | | - | | |
| 0454 | Dock Maintenance | | 4,044 | | |
| | **Total** | | | **$ 121,198** | |
| | | | | | |
| | **General & Administrative** | | | | |
| 0510 | Office Supplies | | $ 700 | | |
| 0511 | Printing | | 500 | | |
| 0512 | Postage | | 1,200 | | |
| 0513 | Newsletter Expense | | 1,200 | | |
| 0515 | Internet Home Page | | 900 | | |
| 0520 | Legal Services | | 2,500 | | |
| 0521 | Audit Services | | 1,400 | | |
| 0522 | Management Services | | 36,960 | | |
| 0523 | Professional Services | | - | | |
| 0529 | Community Manager | | 9,104 | | |
| 0530 | Insurance Expense | | 7,200 | | |
| 0540 | Annual Meeting Exp | | - | | |
| | **Total** | | | **$ 61,664** | |
| | | | | | |
| | **Utilities** | | | | |
| 0600 | Electricity | | $ 41,250 | | |
| 0601 | Water & Sewer | | 6,000 | | |
| 0606 | Telephone | | 360 | | |
| | **Total** | | | **$ 47,610** | |
| | | | | | |
| | **Other Expenses** | | | | |
| 0910 | Replacement Reserves | | $ 16,500 | | |
| 0930 | Operating Contingency | | - | | |
| 0920 | Federal Income Tax | | 6 | | |
| 0921 | State Income Tax | | 45 | | |
| 0924 | C/A Prop. Tax | | - | | |
| | **Total** | | | **$ 16,551** | |
| | | | | | |
| | **Total Operating Expenses** | | | | **$247,023** |

Monthly Meeting Minutes

**I' ON ASSEMBLY**
**2003 Detailed Budget Worksheet**

| Acct | Description | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | REVENUES | | | | | | | | | | | | | |
| 0301 | Regular Assessments | $ 218,870 | | $ 11,250 | | | $ 6,207 | | | $ 3,717 | | | $ 909 | $ 240,953 |
| 0307 | Interest Income | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 20 | 350 |
| 03070001 | Interest Income Reserves | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 120 |
| 0318 | Fines & Late Charges | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 600 |
| 0320 | Developer Loan | - | | | - | | | - | | | | | 5,000 | 5,000 |
| 0328 | Shared Service Reimbursement | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Operating Surplus, 2002 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Total Revenues | $ 218,960 | $ 90 | $ 11,340 | $ 90 | $ 90 | $ 6,297 | $ 90 | $ 90 | $ 3,807 | $ 90 | $ 90 | $ 5,989 | $ 247,023 |
| | EXPENSES | | | | | | | | | | | | | |
| | Repairs & Maintenance | | | | | | | | | | | | | |
| 0430 | Maintenance & Repairs | 1,667 | 1,667 | 1,667 | 1,667 | 1,667 | 1,667 | 1,667 | 1,667 | 1,667 | 1,667 | 1,667 | 1,667 | 20,000 |
| 0440 | Landscape Maint. & Supplies | 250 | 250 | 250 | 1,000 | 13,000 | 250 | 250 | 250 | 1,000 | 250 | 250 | 250 | 17,250 |
| 0443 | Contract Landscape Maint. | 4,992 | 4,992 | 4,992 | 4,992 | 4,992 | 4,992 | 4,992 | 4,992 | 4,992 | 4,992 | 4,992 | 4,992 | 59,904 |
| 0448 | Tree Maint. & Supplies | - | - | - | 4,000 | - | - | - | - | - | - | - | - | 4,000 |
| 0445 | Lake Maintenance | 995 | 995 | 2,995 | 995 | 995 | 995 | 995 | 995 | 1,855 | 995 | 995 | 995 | 14,800 |
| 0447 | Irrigation Maintenance | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 0450 | Interior Pest Control | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 0454 | Dock Maintenance | 337 | 337 | 337 | 337 | 337 | 337 | 337 | 337 | 337 | 337 | 337 | 337 | 4,044 |
| | Total | $ 8,341 | $ 8,341 | $ 10,341 | $ 13,091 | $ 21,091 | $ 8,341 | $ 8,341 | $ 8,341 | $ 9,951 | $ 8,341 | $ 8,341 | $ 8,341 | $ 121,198 |
| | General & Administrative | | | | | | | | | | | | | |
| 0510 | Office Supplies | $ 58 | $ 58 | $ 58 | $ 58 | $ 58 | $ 58 | $ 58 | $ 58 | $ 58 | $ 58 | $ 58 | $ 58 | $ 700 |
| 0511 | Printing | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 500 |
| 0512 | Postage | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 0513 | Newsletter Expense | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 0515 | Internet Home Page | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 900 |
| 0520 | Legal Services | | | 1,250 | | | | | 1,250 | | | | | 2,500 |
| 0521 | Audit Services | | | - | 1,400 | | | | | | | | | 1,400 |
| 0522 | Management Services | 3,080 | 3,080 | 3,080 | 3,080 | 3,080 | 3,080 | 3,080 | 3,080 | 3,080 | 3,080 | 3,080 | 3,080 | 36,960 |
| 0523 | Professional Services | | | - | - | | | | | | | | | - |
| 0529 | Community Manager | 759 | 759 | 759 | 759 | 759 | 759 | 759 | 759 | 759 | 759 | 759 | 759 | 9,104 |
| 0530 | Insurance Expense | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 7,200 |
| 0540 | Annual Meeting Exp | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Total | $ 4,814 | $ 4,814 | $ 6,064 | $ 6,214 | $ 4,814 | $ 4,814 | $ 4,814 | $ 6,064 | $ 4,814 | $ 4,814 | $ 4,814 | $ 4,814 | $ 61,864 |
| | Utilities | | | | | | | | | | | | | |
| 0600 | Electricity | $ 3,200 | $ 3,200 | $ 3,200 | $ 3,200 | $ 3,250 | $ 4,000 | $ 4,000 | $ 4,000 | $ 3,600 | $ 3,200 | $ 3,200 | $ 3,200 | $ 41,250 |
| 0601 | Water & Sewer | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 |
| 0606 | Telephone | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 360 |
| | Total | $ 3,730 | $ 3,730 | $ 3,730 | $ 3,730 | $ 3,780 | $ 4,530 | $ 4,530 | $ 4,530 | $ 4,130 | $ 3,730 | $ 3,730 | $ 3,730 | $ 47,610 |
| | Other Expenses | | | | | | | | | | | | | |
| 0910 | Replacement Reserves | $ 1,375 | $ 1,375 | $ 1,375 | $ 1,375 | $ 1,375 | $ 1,375 | $ 1,375 | $ 1,375 | $ 1,375 | $ 1,375 | $ 1,375 | $ 1,375 | $ 16,500 |
| 0930 | Operating Contingency | | | | | | | | | | | | | - |
| 0920 | Federal Income Tax | | | | 6 | | | | | | | | | 6 |
| 0921 | State Income Tax | | | | 45 | | | | | | | | | 45 |
| 0924 | C/A Prop. Tax | | | | | | | | | | | | | - |
| | Total | $ 1,375 | $ 1,375 | $ 1,375 | $ 1,426 | $ 1,375 | $ 1,375 | $ 1,375 | $ 1,375 | $ 1,375 | $ 1,375 | $ 1,375 | $ 1,375 | $ 16,551 |
| | Total Expense | $ 18,259 | $ 18,259 | $ 21,509 | $ 24,460 | $ 31,059 | $ 19,059 | $ 19,059 | $ 20,309 | $ 20,269 | $ 18,259 | $ 18,259 | $ 18,259 | $ 247,023 |
| | Net Income | $ 200,701 | $ (18,169) | $ (10,169) | $ (24,370) | $ (30,969) | $ (12,762) | $ (18,969) | $ (20,219) | $ (16,462) | $ (18,169) | $ (18,169) | $ (12,270) | $ - |

AMCS 000007

APPENDIX 3782

Monthly Meeting Minutes

I' ON ASSEMBLY
2003 Detailed Budget Worksheet

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 810 | RESERVE ITEMS: | | | | | | | | | | | | | |
| | *In accordance with the formal* | | | | | | | | | | | | | |
| | *Reserve Study completed 2001.* | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | Fences | | | | | | | | | | | | | |
| | Mathis Ferry barrier | | | | | | | | | | | | | |
| | Wood, Eastlake | | | | | | | | | | | | | |
| | Wire, Friendship Garden | | | | | | | | | | | | | |
| | Creek Club | | | | | | | | | | | | | |
| | Wood, Rumble | | | | | | | | | | | | | |
| | Mail Boxes, 15 | | | | | | | | | | | | | |
| | Retaining Walls, across site | | | | | | | | | | | | | |
| | Boathouse, Eastlake | | | | | | | | | | | | | |
| | Irrigation System | | | | | | | | | | | | | |
| | Pathways | | | | | | | | | | | | | |
| | Bollards & chains | | | | | | | | | | | | | |
| | Eastlake park & canals | | | | | | | | | | | | | |
| | Playground, Eastlake | | | | | | | | | | | | | |
| | Post Pavilion | | | | | | | | | | | | | |
| | Eastlake & Ponsbury | | | | | | | | | | | | | |
| | Seawall | | | | | | | | | | | | | |
| | Eastlake & Westlake | | | | | | | | | | | | | |
| | Bridge, Isle of Hope | | | | | | | | | | | | | |
| | Dock | | | | | | | | | | | | | |
| | Creek Club | | | | | | | | | | | | | |
| | Isle of Hope | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | Annual Assessment | | | | | | | | | | | | | |
| | | 2003 | 2003 | 2002 | 2002 | | 2003 | | | | | | | |
| | | # | Annual | # | Annual | | | | | | | | | |
| | | Lots | Fee | Lots | Fee | | Variance | | | | | | | |
| | | 430 | $ 500 | 385 | $ 500 | | $ - | | | | | | | |

AMCS 000008

APPENDIX 3783

**I'ON ASSEMBLY**
**2003 BUDGET COMPARISON TO 2002 AND 2001**

| Account | Description | 2001 Budget | 2001 Acutal | 2002 Budget | 2002 Projection | 2003 Budget |
|---|---|---|---|---|---|---|
| | | Beg/End Lots | | Beg/End Lots | | Beg/End Lots |
| | | 293/334 | | 334/430 | | 430/494 |
| | **REVENUES** | | | | | |
| 0301 | Regular Assessments | $ 144,000 | $ 125,207 | $ 192,113 | $ 191,381 | $ 240,953 |
| 03010090 | Reserve Fund Contrib | $ - | $ (3,998) | $ (16,500) | $ (16,500) | $ - |
| 0307 | Interest Income | $ 2,496 | $ - | $ 600 | $ 410 | $ 350 |
| 03070001 | Interest Income Reserves | $ - | $ 1,308 | $ 1,200 | $ - | $ 120 |
| 0318 | Fines & Late Charges | $ - | $ 512 | | $ 1,100 | $ 600 |
| 0320 | Developer Loan | $ - | | $ 16,000 | $ 16,000 | $ 6,000 |
| 0328 | Shared Service Reimbursement | $ - | $ (2,022) | $ 780 | $ - | $ - |
| 0351 | Advertising Income | $ - | $ 30 | $ - | $ - | $ - |
| 0 | Operating Surplus, 2002 | $ - | $ - | $ 6,500 | $ - | $ - |
| | **Total Revenues** | **$ 146,496** | **$ 121,039** | **$ 200,693** | **$ 192,391** | **$ 247,023** |
| | **EXPENSES** | | | | | |
| | **Repairs & Maintenance** | | | | | |
| 0410 | Maintenance Staff | $ - | $ - | $ - | $ - | $ - |
| 0430 | Maintenance & Repairs | $ 6,504 | $ 10,008 | $ 20,000 | $ 15,960 | $ 20,000 |
| 0440 | Landscape Maint. & Supplies | $ - | $ 11,992 | $ 5,000 | $ 4,500 | $ 17,250 |
| 0443 | Contract Landscape Maint. | $ 43,188 | $ 44,914 | $ 67,200 | $ 64,907 | $ 69,904 |
| 0448 | Tree Maint. & Supplies | $ - | $ 9,314 | $ 1,200 | $ 300 | $ 4,000 |
| 0445 | Lake Maintenance | $ - | $ 890 | $ 12,000 | $ 10,608 | $ 14,800 |
| 0447 | Irrigation Maintenance | $ 12,360 | $ 168 | $ 1,200 | $ 1,500 | $ 1,200 |
| 0450 | Interior Pest Control | $ 1,200 | $ - | $ - | $ - | $ - |
| 0454 | Dock Maintenance | $ 5,845 | $ - | $ 8,000 | $ 4,160 | $ 4,044 |
| 0493 | Sign Maintenance | $ - | $ 3 | $ - | $ - | $ - |
| | **Total** | **$ 69,097** | **$ 77,289** | **$ 112,800** | **$ 101,935** | **$ 121,198** |
| | **General & Administrative** | | | | | |
| 0510 | Office Supplies | $ 624 | $ 516 | $ 700 | $ 320 | $ 700 |
| 0511 | Printing | $ - | $ 1,627 | $ 500 | $ 2,100 | $ 500 |
| 0512 | Postage | $ 600 | $ 1,662 | $ 1,200 | $ 1,500 | $ 1,200 |
| 0513 | Newsletter Expense | $ 8,004 | $ 420 | $ 2,000 | $ - | $ 1,200 |
| 0515 | Internet Home Page | $ 6,600 | $ 5,414 | $ 3,000 | $ 3,250 | $ 900 |
| 0520 | Legal Services | $ 504 | $ - | $ - | $ 4,000 | $ 2,500 |
| 0521 | Audit Services | $ 1,250 | $ 1,200 | $ 1,325 | $ 1,325 | $ 1,400 |
| 0522 | Management Services | $ 22,800 | $ 22,800 | $ 36,960 | $ 36,960 | $ 36,960 |
| 0523 | Professional Services | $ - | $ - | $ - | $ - | $ - |
| 0529 | Community Manager | $ - | $ - | $ 9,104 | $ 8,500 | $ 9,104 |
| 0530 | Insurance Expense | $ 4,500 | $ 3,866 | $ 6,000 | $ 5,490 | $ 7,200 |
| 0540 | Annual Meeting Exp | | $ - | $ - | $ - | $ - |
| 0541 | Social Activities | $ 2,500 | $ 435 | $ - | $ - | $ - |
| 0598 | Bad Debt Expense | $ - | $ 4 | $ - | $ - | $ - |
| 0599 | Administrative Expense | $ - | $ 10 | $ - | $ - | $ - |
| | **Total** | **$ 47,382** | **$ 37,964** | **$ 60,789** | **$ 63,445** | **$ 61,564** |
| | **Utilities** | | | | | |
| 0600 | Electricity | $ 9,000 | $ 15,019 | $ 15,000 | $ 38,000 | $ 41,250 |
| 06000001 | Electricity - Street | $ - | $ 298 | $ - | $ - | $ - |
| 0601 | Water & Sewer | $ 11,004 | $ 5,297 | $ 6,000 | $ 5,300 | $ 6,000 |
| 0606 | Telephone | $ 300 | $ 1,109 | $ 1,270 | $ 200 | $ 360 |
| | **Total** | **$ 20,304** | **$ 21,723** | **$ 22,270** | **$ 43,500** | **$ 47,610** |
| | **Other Expenses** | | | | | |
| 0910 | Replacement Reserves | $ - | $ - | $ - | | $ 16,500 |
| 0930 | Operating Contingency | $ 5,640 | $ - | $ 5,000 | $ - | $ - |
| 0920 | Federal Income Tax | $ - | $ 370 | $ 7 | $ 8 | $ 8 |
| 0921 | State Income Tax | $ - | $ 27 | $ 27 | $ 62 | $ 45 |
| 0924 | C/A Prop. Tax | $ 100 | $ 81 | $ - | $ 2 | $ - |
| | **Total** | **$ 6,740** | **$ 478** | **$ 5,034** | **$ 70** | **$ 16,551** |
| | **Total Expenses** | **$ 142,523** | **$ 137,444** | **$ 200,693** | **$ 208,950** | **$ 247,023** |
| | **Net Proceeds** | **$ 3,973** | **$ (16,405)** | **$ -** | **$ (16,559)** | **$ -** |

I'On Assembly

## Amendment to the Declaration of Covenants, Conditions, and Restrictions

The I'On Assembly Board of Trustees, upon the recommendation of the Finance Committee, proposes the following Amendment to the Declaration of Covenants, Conditions, and Restrictions.

A Real Estate Transfer Fee of ¼% of the gross sales price of any Lot, Real Property or of any additional property that may in the future be added to I'On will be paid at time of closing. Each present or future Titleholder of any Lot or Real Property, by acceptance of the deed therefore (whether or not it shall be so expressed in any such deed), shall be deemed to covenant and agree for himself, his heirs, representatives, successors and assigns to pay such Real Estate Transfer Fee upon the sale of such Lot or Real Property.

Specifics:

- Only applies to resale of property and not to first time sales.
- Does not apply to transfer of property between spouses or the relatives of any titleholders by gift deed, or court ordered transfer, assents to devisees and/or executors or administrators deeds pursuant to estate planning.
- Collected by the closing attorney or settlement agent at closing and paid to the I'On Assembly, Inc. within 15 days after closing.
- Fees collected shall be used at the discretion of the Board of Trustees in the best interest of the Assembly, such as:
  - Holding down or reducing annual assessments
  - Funding capital reserves
  - Funding operational budget shortfalls
  - Separate special fund set up for emergencies (i.e. hurricanes)
  - Any unpaid Transfer Fee is subject to late charges, interest, costs of collection, and will be a lien against the property.
  - The Transfer Fee will be assessed to the purchaser.

The following neighboring communities currently have Real Estate Transfer Fees:

- Daniel Island ½%
- Long Point ¼%
- Molasses Creek ¼%
- Wild Dunes ½%

## Candidates for the 2003 I'On Assembly Board of Trustees
(two seats available)

**Annie Bonk** lives at [redacted]. "She is a 2+ year resident of I'On and has a degree in mathematics. In addition to her 25+ years of banking experience, Annie has served as a member on various boards (Alumni Board of Governors of Lake Forest College, Quality Initiative Board at Northern Trust Co., Catholic Charities Budget Counseling, Volunteer Pool of Deerfield, and Distributive Education Clubs of America). After moving to Charleston, she was elected treasurer and then president of Charleston Yacht Club Auxiliary. Most recently, she serves on the I'On Boathouse and Finance committees. She has the time, skills and strong desire to work for the homeowners as a member of the Assembly Board."

**Ed Clem** lives at [redacted]. "As someone who has lived in a wide variety of towns and neighborhoods over my lifetime, I love the principles upon which I'On has been established, and would love to see it continue to grow both dynamically and responsibly. I also recognize the need for the Assembly to function, through its Board of Committees, to protect the values inherent in this neighborhood, by managing the assets prudently for the collective benefit of the Owners and Residents. I have attended many meetings of the Assembly Board, and have served on the Finance and Management Committees, giving me some knowledge of the workings of these groups. I would love to see more I'On residents become active in the various committees called for in the Covenants, and, as a Board Member, would encourage such involvement. As an industry executive, I managed multimillion-dollar budgets, so I am very familiar with the need for an organization to practice fiscal responsibility. I also have experience with consensus building among people with diverse interests, ideas, and opinions, and have successfully negotiated agreements between these groups, so I know the importance of dialogue and compromise. Should you entrust me with the responsibility inherent in Board Membership, I promise to work tirelessly and diligently to help the Assembly realize the collective vision of every I'Onian – a beautiful, timeless, and vibrant community which we can all be proud to call Home."

**Joe Halford** lives at [redacted]. "Principal Consultant for Computer-Aided Engineering (retired) for the DuPont Company. Resident of I'On with my wife, Jane. I'On property owner since 1998. Mt. Pleasant resident 1971-80 and 1991-present. We have three children, all grown, and two grandchildren. I am a physicist, a graduate of Univ. of SC, 1966. Jane and I have been supportive of I'On since it was in the planning stages. We love this community and want to see it well maintained and further improved. My interests in the I'On Assembly Board will be to further reduce our costs without degrading the services. I am very strongly motivated toward limiting any increases in annual fees, and avoiding special assessments."

**William Hamilton** "lives on [redacted] Street with Julia, his wife of 16 years (a violinist in I'Onissimo!) and [redacted], his 10-year-old son. He writes a weekly Moultrie News newspaper column called Porches to Sidewalks focusing on community issues. He practices law from his office on I'On Square; convenes with the Pepper Jar Club (a political discussion group which meets at O'Brion's Pub) and created the I'On Village Walk Guide. Hamilton helps organize the annual kayak race in September, is a trained Boy Scout leader, former Sunday school teacher and a former board member of the SC Battleground Preservation Trust. He has been a faculty member at SC Continuing Legal Education Commission programs for three years. Born in 1959 in Charleston, he graduated from Wando High School and grew up in Hobcaw, camping where I'On is now. He was twice President of his former homeowner's association."

**Gaye Joyner** lives at [redacted]. "Two years ago my husband Louis and I moved to I'On because we believe in the concept of traditional neighborhoods. Since the Board has the responsibility to address issues that impact quality of life in I'On, I want to serve on the Board to improve communications and to increase resident participation in Assembly decisions. In my 25 years work experience, I helped establish boards, served on numerous boards, and worked with staff responsible for implementing board decisions. I am willing to commit the time and effort that it takes to serve on this Board."

**Michael Purcell** lives at [redacted]. "I am honored by the nomination to serve on the board of trustees for I'On and excited about the potential opportunity. I am 33 years old, married, have a 22-month-old daughter and another daughter on the way. We have been in the neighborhood since February of 2000, but I am a native to the area since I grew up in another neighborhood on Mathis Ferry Road. I am Currently an owner of a home medical equipment business here and have six other locations throughout the state of South Carolina. I think highly of the neighborhood and its concepts. I do have concerns about children's safety and neighborhood communication. I will work hard to make sure the needs of the neighborhood are met in a fair manner."

**Steve Vermillion** lives at [redacted]. "He is married with two children, ages six and eight. He has been a Mt. Pleasant resident since 1993 and an I'On resident since 2001. Steve is employed at MUSC as a High Risk Obstetrician (Maternal-Fetal Medicine Specialist). He is especially interested in a number of issues affecting residents in I'On, including traffic safety, children's programs, community outreach, grounds preservation and development of community traditions."

**Residents Living in I'On News or Whatever**
RLII...Now (really...now)
**Volume III, No. 12A** December 2002

***FOR IMMEDIATE RELEASE***

## Preview Now Available for *NEW...* IonCommunity.com

**Mt. Pleasant, SC December 10, 2002:** A preview version of the new **ioncommmunity.com** web site was released by the I'On On-Line Team today, ready for you to drop by for a visit. The new web site is now available for preview at www.ioncommunity.com. Like I'On, we're still "under construction", but please browse now to see how it's shaping up.

New Features:

- Easiest access ever to Monthly Neighborhood Newsletter
- I'On Directory with updated and expanded information – can include children's names, ages and schools, Emergency Contact information.
- PhotoGallery – recent neighborhood events and seasonal scenes from I'On.
- One central I'On Events Calendar – Social, Trust, Assembly, Sports, all in one easy location.
- A Map & Directions feature, including MapQuest for detailed maps within I'On – send your visitors here to print out directions to your house!

**WHAT YOU NEED TO DO:** We specifically need you to set up your family's profile now, to make the site more useful to everyone. To do this:

- Login to www.ioncommunity.com, and if need be, click on the link provided to the new web site. Visit the features listed here first (Parks and Places, Map & Directions, etc.). These are things anyone can browse. Only our property owners can go further inside.
- Next, click on "Resident Login". You'll be asked for a Login Name and Password.
- You have been assigned a temporary Login Name and Password:
  Temp Login Name: **YourLastNameStreet#**, e.g. "ulrich110"
  Temp password: **ion**
  Please enter these now to reach the residents-only section of the website.
- Next, click on 'My Profile' (top left corner) to fill out information for you and your family including the Login Name and Password you really want to use (jot this down somewhere safe). Click "Save Changes" at the bottom when you're all done. It is up to you to keep this information accurate. Only property owners and I'On renters will have access to this directory, intended only for personal use. So now you're done with that – thank you!
- Finally, click back on "Residents-only Home" to see all the new features. You're on your own from there. We hope you enjoy your visit to our new community website!
- ***If you don't have a computer or access to the internet,*** call 856-8239 and provide your name and I'On address and we'll get you a paper profile form you can fill out and return.

**Please direct any questions or suggestions to:** Cynthia Rosengren at ioncommunity@comcast.net

Committee Meeting Minutes

## I'On Assembly

### 4th ANNUAL MEMBERS' MEETING

January 7, 2003

***PROOF OF MAILING***

S. Jerry Driggers, being duly sworn, deposed and is of legal age, supervised on December 11, 2002 the mailing of the attached copy of the Notice of the Annual Members' Meeting, Minutes of the 2002 Annual Meeting, Agenda for 2003 Annual Meeting, 2003 Assessment Bill, copy of 2003 Budget, Slate of Candidates for the Board of Trustees, Proxy (prepaid first-class at such address as appears on the books of the Association – copy of mailing list attached), to all the members of the I'On Assembly. Annual Members' Meeting to be held at the place and time specified on the Meeting Notice.

S. Jerry Driggers, CAM
Community Association Manager
For CCMC, Managing Agent

Sworn to and subscribed before me this 11th day of December, 2002

My commission expires
LINDA F. CUMING
NOTARY PUBLIC FOR SOUTH CAROLINA
MY COMMISSION EXPIRES: APRIL 30, 2003

Attachments as noted above

DEFENDANT'S EXHIBIT 71 ION

VOTER REGISTRATION
I'ON ASSEMBLY
MEETING DATE: JANUARY 7, 2003



| ACCT#VOTE % | UNIT ADDRESS/OWNER | SIGNATURE |
|---|---|---|
| [redacted] 0.000000000 | [redacted] CINDY MOSTELLER<br>ELISABETH LENES | Elisabeth M.S. Lenes |
| [redacted] 0.000000000 | [redacted] MARGARET THOMAS | |
| [redacted] 0.000000000 | [redacted] L. ROBERT DEMOURA | |
| [redacted] 0.000000000 | [redacted] C. RONALD COWARD, JR.<br>NANCY COWARD, JR. | |
| [redacted] 0.000000000 | [redacted] BRAD WALBECK | |
| [redacted] 0.000000000 | [redacted] JOSEPH MCDONALD<br>JANET MCDONALD | Proxy ① |
| [redacted] 0.000000000 | [redacted] ALLAN SLOAN, III<br>FLORENCE SLOAN, III | |
| [redacted] 0.000000000 | [redacted] CURTIS MCCALL, JR. | |
| [redacted] 0.000000000 | [redacted] ELIZABETH BAKER<br>CHUCK BAKER | |
| [redacted] 0.000000000 | [redacted] GREGORY COOPER<br>LEIGH COOPER | |
| [redacted] 0.000000000 | [redacted] MITCH HUNT<br>TONI HUNT | |
| [redacted] 0.000000000 | [redacted] ERIC AICHELE | |
| [redacted] 0.000000000 | [redacted] ANITA YANTIS | |
| [redacted] 0.000000000 | [redacted] JENKS WITTE, INC | Proxy ① |
| [redacted] 0.000000000 | [redacted] ANDREW MCLESTER<br>CAROLYN MCLESTER | |

(15)

DEFENDANT'S EXHIBIT
72 I/ON

# I'ON ASSEMBLY

| | | |
|---|---|---|
| STATE OF SOUTH CAROLINA | ) | PROOF OF MAILING |
| | ) ss: | 2003 ANNUAL MEMBERS MEETING |
| | ) | I'ON ASSEMBLY , INC. |
| COUNTY OF CHARLESTON | ) | |

Brett Young, being duly sworn, deposes and says that he is of legal age and that on the 5th day of November 2003, he supervised the enclosure of copies of a Notice of the Annual Members' Meeting of the I'On Assembly , Inc. to be held on Wednesday, December 3, 2003, at the Creek Club at I'On Assembly, Mt. Pleasant, South Carolina. A specimen of which is attached hereto, in envelopes addressed to all members of the I'On Assembly Homeowners Association, Inc. at the close of business. He further deposes and says that, in the usual course of business on the above-mentioned date, the above-described envelopes containing said enclosure was, with the proper postage affixed thereto, duly posted with the United States Post Office Department, Myrtle Beach, South Carolina, all under his direct supervision.

Brett Young

Sworn to and subscribed before me this 5th day of November , 2003.

Notary Public for South Carolina
My Commission Expires: 05/01/13

DEFENDANT'S EXHIBIT 13 1/00

Professionally Managed By

CAPITAL CONSULTANTS MANAGEMENT CORPORATION
222 W. Coleman Blvd., Ste. 222 • Mt. Pleasant, SC 29464 • Telephone 843-849-7062 • Fax 843-849-6972

AMCS 000042

I'On Assembly

NOTICE OF FIFTH ANNUAL MEMBERS' MEETING

November 3, 2003

Dear Neighbor,

The I'On Assembly Annual Members Meeting will be held December 3, 2003 at 7:00 pm at the Creek Club.

Please take a few minutes to review the materials enclosed in this packet. They include minutes from the last Annual Meeting, agenda for this year's Annual Meeting, 2004 Draft Budget, the new Collection Policy for the association, and a proxy for the meeting. The Board roster is complete and there will not be an election for any positions on the Board.

Please complete the proxy and return it to CCMC ONLY if you do not plan to attend or if you are not sure you will be able to attend. If you are definitely attending the meeting, please do not return the proxy. The reason that we ask you to return the proxy if you are not planning to attend the meeting is so a quorum can be established. If a quorum is not met, the meeting will have to be rescheduled, resulting in unnecessary expenses to the Assembly.

The budget enclosed is a DRAFT budget. The Finance Committee will hold an informational meeting about the 2004 Budget and explanation of the Assembly expenses on November 24th at 7:30 p.m. at the Creek Club. This will give homeowners an opportunity to ask questions. The agenda at our Annual Meeting is usually very full and leaves little time for detailed questions and answers on the budget. The final, approved budget will be formally presented at the Annual Meeting. If you plan to attend, please let Libby Eble know so that the committee will know how many handouts to copy. You may contact Libby at [redacted] or [redacted]

Finally, please review the enclosed Collection Policy adopted by the Board in 2003. This policy will go into effect beginning January 1, 2004. The policy is aimed at reducing the delinquencies in the community finances.

As always, thank you for your continued interest and involvement in the Assembly. Should you have any questions regarding anything contained in this Notice, please feel free to contact our office at (843) 849-7062 or byoung@ccmcnet.com for assistance.

Sincerely,

Brett Young, Community Association Manager
For CCMC, Managing Agent

I'ON ASSEMBLY
FOURTH ANNUAL MEETING
January 7, 2003

# MINUTES

Pursuant to call, the Fourth Annual Meeting commenced at 7:00 pm on Tuesday, January 7, 2003, in the Creek Club.

## I. Attendance

Board members in attendance were Lon Shull, Libby Eble, Vince Graham and Andy Gowder.

Also present were Jerry Driggers, Michael Millwood, Jerry Watson and Erin Riggio of Capital Consultants Management Corporation (CCMC), Managing Agent of the Association.

## II. Call to Order

Vince Graham called the meeting to order. Jerry Driggers confirmed that a quorum had been established.

## III. Welcome and Introduction of Board and Management

Vince Graham introduced the Board as well as the managing members from Capital Consultants Management Corporation.

## IV. Amendment

The I'On Assembly Board of Trustees, upon the recommendation of the Finance Committee, proposed the following amendment to the Declaration of Covenants, Conditions and Restrictions (Exhibit 1).

> A Real Estate Transfer Fee of ¼% of the gross sales price of any Lot, Real Property or of any additional property that may in the future be added to I'On will be paid at the time of closing. Each present or future Titleholder of any Lot or Real Property, by acceptance of the deed therefore (whether or not it shall be so expressed in any such deed), shall be deemed to covenant and agree for himself, his heirs, representatives, and successors and assigns to pay such Real Estate Transfer fee upon the sale of such Lot or Real Property.

Andy Gowder presented the Amendment proposal during the meeting. He explained the specifics of the proposal. The Amendment was placed on the ballot and received a vote of 100, yes and 53, no. How to proceed on the Amendment issue will be discussed at the quarterly Meeting to be held on January 21, 2003.

I'On Assembly
Fourth Annual Meeting
January 7, 2003

V. **Board Nominations**

Elections for two seats on the Board were held from the following candidates: Annie Bonk, Ed Clem, Joe Halford, William Hamilton, Gaye Joyner, Michael Purcell and Steve Vermillion (Exhibit 2). Michael Millwood and Erin Riggio from Capital Consultants counted the votes. Joe Halford and Michael Purcell were nominated for the seats on the Board. Gaye Joyner was elected by the Trustees to be seated on the Board.

VI. **Guest Speakers**

A. Forever Green
Forever Green is the new landscape company chosen for the coming year. Michael McAlhaney introduced the company to the meeting. He discussed the procedures that his company would follow in maintenance for I'On.
B. Mt Pleasant Fire Department
Captain Allen addressed the homeowners in reference to the new station on Mathis Ferry Road opening in April of 2003. He went on to discuss the problems with cars parking on the street and how this could cause problems with emergency vehicles trying to get to situations in the neighborhood. He stated that parking guidelines were developed at the onset of the community and the Board can provide them. It was stated that the Board discussed the issue of parking only on one side of the street, painting curbs and issuing tickets for violators.
C. The Very Reverend John Burwell – Church of the Holy Cross
He discussed the proposal of starting a branch of the church on the square. It would be a full service church but on a smaller scale. He gave a website of holycross.net if homeowners would like to get information on the church. Construction is scheduled to begin in August 2003.
D. Father John Breck – Holy Ascension Orthodox Church
He discussed the history of his church and that they were excited to be starting a church in I'On. He stated that the members of his church would build most of the structure themselves.
E. AtHomeNet
Cindy Sanders presented the new website for I'On Assembly. An information sheet was handed out to each homeowner present (Exhibit 3). The communications committee, headed by Cynthia Rosengren, has worked with AtHomeNet to develop the page. It will include community information, the newsletter and upcoming events.
F. Developer's Report
Vince Graham stated that 291 homes were complete, 52 were under construction, 48 were under contract and the average cost was $565,000.00. Phase 5 would be complete by the end of March 2003. He explained about the new roundabout would be started and completed by 2004.

I'On Assembly
Fourth Annual Meeting
January 7, 2003

**VII. Committee Reports**

A. Boathouse Committee
Hugh Wilder, Chairman, gave a brief history on the concerns of the boathouse. The recommendations were agreed on and approved by the Board. The committee agreed to proceed slowly and with a modest approach. They would seek to improve signage, monitor both lakes, and establish a new committee.
B. Finance Committee
Andy Gowder examined the budget and thanked each member of the committee. He stated that the annual fee would remain the same. The committee will meet earlier and compare the budget to actual expenses in order to stay on line. (Exhibit 4)
C. Communication Committee
Previously given under the AtHomeNet segment.
D. Landscape Committee
Allen Coleman was not present to give a report
E. Common Area Use Committee
Lon Shull gave the report.

**VIII. Open Discussion**

1. The contract to Professional Lake Management consists of applications to cover the problems of algae in the lake as well as maintaining the canal problems. This is due to the shallow depths and jets have been recommended. The Board is looking at the cost involved. The developer is to cover the cost of the jets. The contract also allows for monthly inspections and applications to be done accordingly.
2. The issue of Sunday construction came up and the Board will revisit the issue. The homeowners want contractors contacted and be respectful of the hours they begin work.
3. The question was raised in reference to timelines on landscaping, painting, driveways, etc. It was noted by Chris Anderson, I'On Company, that a deposit was held in lieu of these items being done within the guidelines stated.
4. It was suggested that companies doing business in I'On do background checks, i.e. Landscape, etc.
5. The issue on extra lots was brought up in reference to whose responsibility it was to clean the lots. It was stated that the Board decides on when to institute fines on violators.

**IX. Adjournment**

Vince Graham adjourned the meeting at 9:30 pm.

I'On Assembly
Fourth Annual Meeting
January 7, 2003

Submitted by:

_____
Allen Coleman, Secretary

Approved:

_____ _____
Vince Graham, President Date

I'ON ASSEMBLY
2004 BUDGET DRAFT (Prepared October 21, 2003)

| ACCOUNT | REVENUES | Actual 2001 | Actual 2002 | Actual 2003 YTD thru 9/30/03 | Budget 2003 | Budget 2004 | % Chg | % of Total | Comments |
|---|---|---|---|---|---|---|---|---|---|
| 0301-A | Regular Assessments | $ 125,207 | $ 192,998 | | $ 240,963 | $ 260,000 | 13% | 95% | %Change Includes |
| 0301-B | Expected New Assessments | | | YTD | | $ 13,125 | | | the new assessments |
| 0307 | Interest Income | | $ 326 | Revenues | $ 350 | $ 25 | -93% | 0.01% | |
| 03070001 | Interest Income Reserves | $ 1,308 | | Not Included | $ 120 | $ 75 | -38% | 0.03% | |
| 0318 | Fines & Late Charges | $ 512 | $ 1,137 | At This | $ 600 | $ 1,000 | 67% | 0.36% | |
| 0320 | Developer | | $ 16,000 | Time | $ 5,000 | | | | |
| 0328 | Shared Service Reimbursement | $ (2,022) | | | | | | | |
| 0351 | Advertising Income | 30 | | | | | | | |
| | Total Revenues | $ 125,035 | $ 210,461 | | $ 247,033 | $ 274,225 | 11% | 100% | |
| | | | | | | | | | |
| | EXPENSES | | | | | | | | |
| | Repairs & Maintenance | | | | | | | | |
| 0430 | Maintenance & Repairs | $ 10,008 | $ 14,263 | $ 2,132 | $ 20,000 | $ 10,000 | -50% | 3% | |
| 0440 | Landscape Maint. & Supplies | $ 11,992 | $ 4,036 | $ 21,944 | $ 17,250 | $ 10,000 | -42% | 3% | |
| 0443 | Contract Landscape Maint. | $ 44,914 | $ 64,907 | $ 42,800 | $ 59,904 | $ 80,000 | 34% | 27% | Incr. by $5K, 10/16/03 |
| 0448 | Tree Maint. & Supplies, Fertilizer | $ 9,314 | $ 250 | $ 3,675 | $ 4,000 | $ 4,000 | 0% | 1% | Incl. Arborist consult. |
| 0445 | Lake Maintenance | $ 890 | $ 11,455 | $ 8,136 | $ 14,800 | $ 6,000 | -59% | 2% | |
| 0447 | Irrigation Maintenance | $ 168 | $ 1,492 | $ 1,303 | $ 1,200 | $ 2,000 | 67% | 1% | |
| 04400006 | Mulch | | | | | $ 16,000 | | 5% | |
| 0454 | Dock Maintenance | | $ 4,115 | $ 3,033 | $ 4,044 | $ 4,044 | 0% | 1% | |
| 0493 | Sign Maintenance | $ 3 | $ 926 | $ 299 | $ - | $ 300 | 300% | 0% | |
| | Total | $ 77,289 | $ 101,444 | $ 83,322 | $ 121,198 | $ 132,344 | 9% | 44% | |
| | | | | | | | | | |
| | General & Administrative | | | | | | | | |
| 0510 | Office Supplies | $ 516 | $ 238 | $ 71 | $ 700 | $ 300 | -57% | 0% | |
| 0511 | Printing | $ 1,627 | $ 2,565 | $ 1,508 | $ 500 | $ 2,000 | 300% | 1% | |
| 0512 | Postage | $ 1,662 | $ 2,271 | $ 812 | $ 1,200 | $ 1,200 | 0% | 0% | |
| 0513 | Directory/Newsletter | | | $ 60 | $ 1,200 | $ 2,000 | 67% | 1% | |
| 0515 | Internet Home Page | $ 5,414 | $ 2,750 | $ 615 | $ 900 | $ 900 | 0% | 0% | 10% less if pd Jan.1 |
| 0520 | Legal Services | $ - | $ 8,148 | $ (3,280) | $ 2,500 | $ 2,500 | 0% | 1% | |
| 0521 | Audit Services | $ 1,200 | $ 1,325 | $ 60 | $ 1,400 | $ 3,500 | 150% | 1% | |
| 0522 | Management Services | $ 22,800 | $ 36,960 | $ 27,720 | $ 39,960 | $ 54,144 | 35% | 18% | (Using CCMC amt.) |



AMCS 000048

| ACCOUNT | EXPENSES (Cont'd) | Actual 2001 | Actual 2002 | Actual 2003 YTD Thru 9/30/03 | Budget 2003 | Budget 2004 | % Chg. | % of Total | Comments |
|---|---|---|---|---|---|---|---|---|---|
| 0523 | Professional Services | | | | | | | 0% | |
| 0529 | Community Manager | | $ 8,000 | $ 546 | $ 9,104 | | -100% | 0% | |
| 0530 | Insurance Expense | $ 3,866 | $ 5,502 | $ 4,363 | $ 6,540 | $ 7,250 | 11% | 2% | |
| 0540 | Annual Meeting Exp. | | | | | | | 0% | |
| | Boroughs Committee | | | | | $ 500 | | 0% | |
| | Other | $ 869 | | | | | | 0% | |
| | Total | $ 37,954 | $ 67,759 | $ 32,476 | $ 64,004 | $ 74,294 | 16% | 25% | |
| | | | | | | | | | |
| | Utilities | | | | | | | | |
| 0600 | Electricity | $ 15,019 | $ 2,073 | $ 2,044 | $ 2,185 | $ 3,200 | 46% | 1% | See Note 2, below |
| 06001 | Street Lights | $ 298 | $ 38,661 | $ 35,353 | $ 39,063 | $ 55,000 | 41% | 18% | See Note 2, below |
| 0601 | Water & Sewer | $ 5,297 | $ 5,242 | $ 511 | $ 6,000 | $ 5,000 | -17% | 2% | |
| 0606 | Telephone | $ 1,109 | $ 175 | $ 116 | $ 360 | $ 200 | -44% | 0% | |
| | Total | $ 21,723 | $ 46,151 | $ 38,024 | $ 47,608 | $ 63,400 | 33% | 21% | |
| | | | | | | | | | |
| | Other Expenses | | | | | | | | |
| 0910 | Replacement Reserves | | | $ 12,375 | $ 16,500 | $ 16,500 | 0% | 5% | |
| 0930 | Operating Contingency | | | | | | | 0% | |
| | Bad Debt Allowance, Uncollectables | | | | | $ 13,656 | | | 5% of Reg. & New Assess. |
| 0920 | Federal Income Tax | $ 370 | $ 6 | $ 90 | $ 90 | $ 90 | 0% | 0% | Used '03 data for '04 |
| 0921 | State Income Tax | $ 27 | $ 62 | $ 15 | $ 15 | $ 15 | 0% | 0% | Used '03 data for '04 |
| 0924 | C/A Prop. Tax | $ 81 | $ 23 | | $ 59 | $ 110 | 86% | 0% | |
| | Total | $ 478 | $ 91 | $ 12,480 | $ 16,664 | $ 30,371 | 82% | 10% | |
| | | | | | | | | | |
| | Expenses, Grand Total | $ 137,444 | $ 215,445 | $ 166,301 | $ 249,474 | $ 300,409 | 20% | 100% | |
| | | | | 12/31/02: 406 Homes | In 2003: 481 Homes | In 2004: 520 Homes | | | |

**Note 1:** "New Assessments" amount based on prorated new sales; % change includes the New Assessments estimate.

**Note 2:** 2003 Power cost split, streetlights vs all other, was estimated using the ratios obtained using the 2002 Actual and 2004 Estimated numbers. (The ratios for 2002 and 2004 agreed within 1%.)

APPENDIX 3798

AMCS 000049

I'On Assembly

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Fifth Annual Meeting
December 3, 2003, 7:00 pm
Creek Club at I'On
Mt. Pleasant, SC

1. Call Meeting to Order

2. Proof of Notice and Establish Quorum

3. Welcome and Introduction of Board and Management

4. Approval of previous Annual Meeting Minutes – January 7, 2003

5. New Business:
   A. Collection Policy

6. Guest Speakers
   A. Mt. Pleasant Police Department
   B. Development Report

7. Committee Reports

8. Open Discussion

9. Adjournment

# PROXY

I'On Assembly Annual Meeting
December 3, 2003

The undersigned titleholder of property in I'On Assembly hereby appoints _____, to cast all votes which the undersigned is entitled to cast at the December 3, 2003 Annual Meeting, to be held at the Creek Club in I'On at Mt. Pleasant, South Carolina at 7:00 p.m. and at any and all adjournments thereof, as follows.

I. ASSOCIATION MATTERS - To take action for me / us upon any other matters that properly come before the Meeting.

Each lot is allocated one (1) vote with respect to such matters. Each lot is allocated one (1) vote regardless of the number of owners of such lot. Should the undersigned be present and elect to vote at the Meeting or any adjournment thereof, then the power of said proxy shall be deemed terminated and of no further force and effect.

PROPERTY OWNED DATED: _____, 2003.

Lot(s) or Street Address (es): _____

_____ _____
PRINT NAME OF TITLEHOLDER SIGNATURE OF TITLEHOLDER

_____ _____
PRINT NAME OF TITLEHOLDER SIGNATURE OF TITLEHOLDER

Please return this proxy to the CCMC offices by mail or fax, or present to any active Board Member.

Thank you.

CCMC
222 W. Coleman Blvd., Suite 222
Mt. Pleasant, SC 29464
(843) 849-7062 office
(843) 849-6972 fax

# COLLECTION POLICY RESOLUTION
OF
*I'On Assembly*

WHEREAS, Article III; Section 3-104 of the Bylaws of I'On Assembly provides the Board of Directors with the responsibility for collecting assessments of the members in a fair and uniform manner, and

WHEREAS, Article II, 2-104.; of the Covenants, Conditions, Restrictions and Easements states that the Board shall have the right to adopt procedures for the purpose of collecting assessments, and

WHEREAS, the Association has contracted with a professional management company to provide management service and supervision over certain contract services to the Association;

NOW THEREFORE, be it resolved that the Board of Directors has elected to authorize its managing agent to carry out the following policy with respect to all delinquent accounts, reserving to itself the right to modify or intervene in certain cases, as the Board may see fit.

1. Member assessments which are not received within 60 days of the first day of month, in which the assessment is due, shall be charged a late notice fee of $50.00 and a collection fee of $10.00. The member will receive a notice by mail of the assessment owing.

2. Member assessments, which remain unpaid for 90, 120, and 150 days after the first day of the month they were due, will be sent a monthly delinquency notice of payment and a request for immediate payment. An additional $50.00 late fee and $10.00 collection fee letter charge will be added to the account and will be added each month the assessment remains unpaid through the first 150 days.

3. Member assessments which remain unpaid for 180 days after the first day of the month they were due, will be sent a monthly delinquency notice of payment and a request for immediate payment. An additional $100.00 late fee and $10.00 collection fee letter charge will be added to the account every 30 days.

4. In addition, member assessments, which remain unpaid for 180 days after the first day of the month they were due will also receive a notice that the lien has been filed and be given the time allotted by law to remit payment which in most cases is 15 days. All attorney fees will be assessed to the account. The lien can be foreclosed; upon Board discretion. Every effort will be made to contact the homeowner via telephone or e-mail regarding his/her assessment prior to the preparation of the foreclosure of the lien. It is encouraged that owners contact the association for payment arrangements, if circumstances preclude them from paying their assessments.

5. Member assessments which remain unpaid for 365 days after the first day of the month they were due, will be sent a monthly delinquency notice of payment and a request for immediate payment. An additional $1000.00 late fee and $10.00 collection fee letter charge will be added to the account every 30 days.

6. Further collection efforts to secure Association assessments on those accounts, which have not responded to prior efforts at the conclusion of 365 days, will be contacted by legal counsel, at the direction of the Board of Directors. Specific options may include personal money judgment, foreclosure (judicial or non-judicial) and referral to a collection agency. Based upon the difficulty of collecting personal judgments, the Board of Directors may chose to move to foreclosure on accounts owing in excess of $500.00. The Board of Directors shall direct the attorneys after the review of the Litigation Guarantee.

7. At all stages, the Board may accept reasonable offers to settle the accounts with signed payment agreements executed by both the delinquent owner and the association's agent.

This is to certify that the Board of Directors adopted the foregoing resolution by unanimous consent, effective as of January 1st 2004 until such date as it may be modified, rescinded or revoked.

*Vince Graham*, President

I'ON Annual Meeting
Copy of Labels for
11/5/03 mailing

HAGER BUILDERS
[redacted]

I'ON COMPANY
[redacted]

WILSON & ASSOCIATES
[redacted]

WILSON & ASSOCIATES
[redacted]

WILSON & ASSOCIATES
[redacted]

WILSON & ASSOCIATES
[redacted]

RONALD ABELA
[redacted]

TOM ACKER
[redacted]

WILLIAM ALLEN
[redacted]

SALLY ALTMAN
[redacted]

PHILIP AMBLER
[redacted]

PATRICIA ANDERSON
[redacted]

JIM ANTHONY
[redacted]

MELINDA ARMSTRONG
[redacted]

THOMAS ASHE
[redacted]

ROY AVERA
[redacted]

PHILLIP AYERS
[redacted]

JOANNE AYERS, TRUSTEE
[redacted]

MARK BAILEY
[redacted]

ELIZABETH BAKER
[redacted]

JOHN BALDWIN
[redacted]

MICHAEL BALISTER
[redacted]

EDWARD BALL
[redacted]

ALAN BARBIERI
[redacted]

MARY BARONE
[redacted]

GARY BAUCOM
[redacted]

SUSAN BAUGHN
[redacted]

JASON BELL
[redacted]

BONNIE BELLA
[redacted]

JOHN BIGLER
[redacted]

DEFENDANT'S EXHIBIT 74 for ID

AMCS 000053

JANE BISHOP [redacted]

ROBERT BISHOP [redacted]

ROBERT BLACK [redacted]

DICK BOGGS [redacted]

BARRY BONK [redacted]

KATHLEEN BOONE [redacted]

FRANK BRESCIA [redacted]

MYRA BROOKS [redacted]

DONNA BROWN [redacted]

DR. GENE BROWN [redacted]

NANCY BROWN [redacted]

SHANNON BROWN [redacted]

JOSEPH BROWN, III [redacted]

GARY BRUMLEVE [redacted]

GARY BRUMLEVE [redacted]

LAURA BRYAN [redacted]

MICHAEL BRYAN [redacted]

SIMONINI BUILDERS [redacted]

SIMONINI BUILDERS [redacted]

SOUTHCOAST BUILDERS [redacted]

STRUCTURES BUILDING CO [redacted]

STRUCTURES BUILDING COMPANY [redacted]

STRUCTURES BUILDING COMPANY [redacted]

STRUCTURES BUILDING COMPANY [redacted]

STRUCTURES BUILDING COMPANY [redacted]

STRUCTURES BUILDING COMPANY [redacted]

STRUCTURES BUILDING COMPANY [redacted]

STRUCTURES BUILDING COMPANY [redacted]

SAMI BUTLER [redacted]

PAUL CALHOUN [redacted]



**APPENDIX 3803**

JEFFREY CAMPBELL [redacted]

GREGORY CARLSON [redacted]

CLINTON CARNELL [redacted]

D. GRANT CARWILE [redacted]

STUART CASS [redacted]

STEVE CHANDLER [redacted]

MARLOWE CHANDLER CO., INC. [redacted]

JUDY CHISHOLM [redacted]

STEVEN CLARK [redacted]

PHILIP CLARKE [redacted]

EDWARD CLEM [redacted]

KAREN CLEMENTS [redacted]

DON CLEVER [redacted]

WARREN CONKLIN [redacted]

BRIAN CONNOR [redacted]

ALKA CONSTRUCTION [redacted]

C. RONALD COWARD, JR. [redacted]

STEPHEN COWART [redacted]

DENNIS COYLE [redacted]

ROBERT CRAFT [redacted]

BO CROUCH [redacted]

BOBBY CROUCH [redacted]

LYNN CRYMES [redacted]

CHARLES CUMBAA [redacted]

MATTHEW DAEN [redacted]

LOUIS DARDOZZI [redacted]

L. ROBERT DEMOURA [redacted]

M. MERRITT DEMPSEY [redacted]

GRAHAM DEVELOPMENT [redacted]

TANIS DEVELOPMENT [redacted]

DENNIS DEVINE
[redacted]

PATRICK DICKERSON
[redacted]

ANNE DIXON
[redacted]

PAUL DOOLITTLE
[redacted]

JEFF DOROCIAK
[redacted]

FRED DRESSLER
[redacted]

LUCY DU PRE
[redacted]

JOHN DUCKWORTH
[redacted]

MARK DUDLEY
[redacted]

TIMOTHY EBLE
[redacted]

MARGARET EHRHARDT
[redacted]

M. CLINTON EISENHAUER
[redacted]

LE GRAND ELEBASH
[redacted]

B AND P ENTERPRISES, LLC
[redacted]

JESSIE EUBANK
[redacted]

KEITH EVANS
[redacted]

COURTNEY FALLER
[redacted]

TRIPP FELLABOM
[redacted]

EDWARD FERGUSON
[redacted]

JOLI FERMO
[redacted]

R. BENNETT FIRESTONE, JR.
[redacted]

ATHANASIOS FOKAS
[redacted]

RION FOLEY
[redacted]

JEFFREY FOLK
[redacted]

RONALD FOLLMAN
[redacted]

WILLIAM FORD, JR.
[redacted]

JEFFERSON FORT
[redacted]

EMILY FOSTER
[redacted]

ELIOT FREMONT-SMITH
[redacted]

ROBERT FRY
[redacted]

MICHAEL GAFFNEY [redacted]

CYNTHIA GARRETT [redacted]

ALAN GENTRY [redacted]

JEFF GILLETTE [redacted]

MARK GOEDECKE [redacted]

DONALD GORDON [redacted]

ANDREW, ANDY GOWDER, JR. [redacted]

VINCE GRAHAM [redacted]

RALPH GRANT [redacted]

JOEL GRAZIANO [redacted]

DANIEL GREEN [redacted]

VIRGINIA GREEN [redacted]

JOANNE HACKNEY [redacted]

JOSEPH HALFORD [redacted]

JULIA HAMILTON [redacted]

STELLA HARMAN [redacted]

CHRISTINE HARMEL [redacted]

SUSAN HARP [redacted]

KENNETH HARRELL [redacted]

JEANNA HAVIDICH [redacted]

WESLEY HAYNES [redacted]

DR. GARY HEADDEN [redacted]

GARY HEADDEN [redacted]

NEILL HERRING [redacted]

ROBERT HERVEY [redacted]

EARL HEWLETTE [redacted]

EARL HEWLETTE,JR, TRUSTEE [redacted]

JASON HILE [redacted]

CHARLES HILL [redacted]

MAX HILL [redacted]

DEBORAH HOLDEN [redacted]

GRAHAM HOLDINGS LLC [redacted]

JACKSON HOLLIS [redacted]

RUSSELL HOLSENBACK [redacted]

JOHN HORSMAN [redacted]

JENNIFER HORTON [redacted]

MARK HORTON [redacted]

ANDREW HOWELL [redacted]

THEODORE HUGE' [redacted]

CLAY HUGHES [redacted]

MITCH HUNT [redacted]

MARGARET HURTES [redacted]

TRICIA HUTCHINSON [redacted]

I'ON COMPANY [redacted]

THOMAS JACKSON [redacted]

KAREN JANOFF [redacted]

CINDY JOBE [redacted]

MICHAEL JOHNSON [redacted]

HARRY JOHNSON, II [redacted]

DAVID JORDAN [redacted]

LOUIS JOYNER [redacted]

ROBERT JUNG [redacted]

KEVIN KALMAN [redacted]

WILLIAM KANICH [redacted]

ALEX KASMAN [redacted]

ERIC KRAWCHECK [redacted]

JASON KREUTNER [redacted]

JIM LADY [redacted]

JEFFREY LAMB [redacted]

GAYLE LANE [redacted]

ROBERT LAWSON [redacted]

JANE LEDBETTER [redacted]

STEVEN LENES [redacted]

WILLIAM LEWIS [redacted]

PAUL LOCICERO [redacted]

ROBERT LORISH [redacted]

LORCAN LUCEY [redacted]

JANE LUNN [redacted]

MARK MAGUIRE [redacted]

THEODORE MANOS [redacted]

THOMAS MANOUS [redacted]

MARY MARTIN [redacted]

MICHAEL MATTAR [redacted]

ROMAN MAYER [redacted]

LAUREN MCCLARY [redacted]

JOSEPH MCDONALD [redacted]

JAMES MCINTOSH [redacted]

CHAPPY MCKAY [redacted]

JAMES MCKINNEY [redacted]

JODY MCKNIGHT [redacted]

WILLIARD MCLACHLAN, II [redacted]

RICHARD MCNAUGHTON [redacted]

THOMAS MEDDAUGH [redacted]

JOSEPH MELI [redacted]

THOMAS MEREDITH [redacted]

TRACY MEREDITH [redacted]

ROBERT MEREDITH, JR. [redacted]

H. WOODWARD MIDDLETON, JR. [redacted]

ROBERT MINOR [redacted]

MADELINE MORIN [redacted]

ROBERT MORRIS [redacted]

W R MOSTELLER [redacted]

WILLIAM MOSTELLER [redacted]

DANNY MULLIS [redacted]

JAMES MYATT [redacted]

DANIEL MYERS [redacted]

LUCILLE NAIMAN [redacted]

INA NAU [redacted]

JAMES NEAR, JR. [redacted]

ANDROS NEOCLEOUS [redacted]

CURT NESBITT [redacted]

BETTY ANN NETHERTON [redacted]

CHEREE NICHOLE [redacted]

CHRIS NIELSON [redacted]

LISA NIMMICH [redacted]

BROOKE NIZNIK [redacted]

LIZZY NOLL [redacted]

SONYA NORVELL [redacted]

STEPHEN O'CONNOR [redacted]

GARY O'NEIL [redacted]

KURT OESTERLING [redacted]

TERI OLIVA [redacted]

WILLIAM ORANGE [redacted]

WILLIAM ORANGE [redacted]

DAVID PARDUS [redacted]

DAN PARKER [redacted]

WAHOO PARTNERS [redacted]

H. SCOTT PATTERSON [redacted]

JOHN PAUL [redacted]

JOHN ZENZ PAUL KAAN, JR. [redacted]

JEFFREY PELLEGRINO [redacted]

JEFFREY PELLEGRINO [redacted]

JOHN PELLETIER [redacted]

PETER PERERA [redacted]

B LEE PRINGLE [redacted]

NEIL RABIN [redacted]

RICH RAIFORD [redacted]

RICHARD RAIFORD [redacted]

RICHARD RAIFORD, SR. [redacted]

LOUISE RAINIS [redacted]

WILLIAM RAMBO [redacted]

JOHN RAND [redacted]

SAMUEL RAWLIN [redacted]

DWAIN RAY [redacted]

J. MICHAEL RAY [redacted]

ANNE REGISTER [redacted]

CATHA JANICA REMINGTON [redacted]

WARD REYNOLDS [redacted]

CRAIG RICHARD [redacted]

RICKY RICHARDSON [redacted]

GLENN RICHMOND [redacted]

DONNA ROBERTS [redacted]

CLAUDIA ROBINSON [redacted]

VICTOR RODRIQUEZ [redacted]

EDGAR RUNGE, JR [redacted]

LARS RUNQUIST [redacted]

KELSEY RYAN [redacted]

RICHARD RYAN [redacted]

KRIS SAADEH [redacted]

PAUL SANTRIZOS [redacted]

KATHERINE SCARAFILE [redacted]

FRANK SCHILLING [redacted]

JOHN SCHLEIER [redacted]

RICHARD SCHNEIDER [redacted]

LILLIAN SCHULTEN [redacted]

DEBORA SCHUYLER [redacted]

KENNETH SCHWARZ [redacted]

GERALD SEYLE [redacted]

DAFNEY SHELBOURNE [redacted]

LON SHULL [redacted]

MARSHALL SIMON, JR. [redacted]

ROBERT SIMPSON [redacted]

ALLAN SLOAN, III [redacted]

BEA SMITH [redacted]

CHAD SMITH [redacted]

LARRY SMITH [redacted]

FRED SNYDER [redacted]

LOIS SOKOLOW [redacted]

DAVID SOPER [redacted]

CHRISTOPHER SOUTH [redacted]

R. BRIAN STEPHENSON [redacted]

PAUL STIER [redacted]

CATHY STREETMAN [redacted]

JAMES STREETMAN [redacted]

DANIEL STUCHLAK [redacted]

WILLIAM SWICORD [redacted]

SALLY SYKES [redacted]

THOMAS TANIS [redacted]

KELLY TANT [redacted]

CLAYTON TAYLOR [redacted]

LARRY TAYLOR
[redacted]

CATHERINE TEMPLETON
[redacted]

JAMES THOMAS
[redacted]

MARGARET THOMAS
[redacted]

DAVID THOMPSON
[redacted]

JAMES THOMPSON
[redacted]

JOHN THORNHILL
[redacted]

JOHN THORNHILL
[redacted]

GLEN TIPTON
[redacted]

ORVILLE TYLER, III
[redacted]

JANE USINGER
[redacted]

RICK VALE
[redacted]

RICHARD VALELLY
[redacted]

BRADFORD VAN LIEW
[redacted]

THOMAS VAN TIEM, JR.
[redacted]

KEN VANEK
[redacted]

STEPHEN VERMILLION
[redacted]

BRAD WALBECK
[redacted]

MATTHEW WALSH
[redacted]

ELIZABETH WARNER
[redacted]

STEVE WEAVIL
[redacted]

TED WEBB
[redacted]

CHARLES WEINHEIMER
[redacted]

JAMES WESLEY
[redacted]

JOHN WHITE
[redacted]

MILES WHITFIELD
[redacted]

JUSTIN WHITNEY
[redacted]

JUSTIN WHITNEY
[redacted]

EVERETT WILCOX, JR
[redacted]

EVERETT WILCOX, JR.
[redacted]

HUGH WILDER [redacted]

OSCAR WILKERSON [redacted]

DAVID WILLIAMS [redacted]

RYHS WILLIAMS [redacted]

TIMOTHY WILLIAMS [redacted]

JOHN WILSON [redacted]

RODERICK WOOD [redacted]

JUD WOODDY [redacted]

AUBREY WOODDY, JR [redacted]

BRIGHAM WOODWARD [redacted]

TONY WOODY [redacted]

DAVID YARBOROUGH [redacted]

WILLIAM YOUNG [redacted]

TRACY HOLLIS [redacted]

ELIZABETH MARENAKOS [redacted]

HAGER BUILDERS [redacted]

HEADDEN-HULSEY [redacted]

I'ON COMPANY [redacted]

ERIC AICHELE [redacted]

CORY ALCALA [redacted]

CHRIS ANDERSON [redacted]

THOMAS ANDERSON [redacted]

GLORIA ANGLIN [redacted]

LEA ANN ATKINS [redacted]

CHRISTINA BAILEY [redacted]

ARCHIE BAKER [redacted]

JOHN BENDER [redacted]

BINYA BUILDERS [redacted]

BINYA BUILDERS [redacted]

PAUL BOEHM [redacted]

THOMAS BONGIORNO [redacted]

MICHAEL BRODERICK [redacted]

SYDNEY BROOKS [redacted]

BINYA BUILDERS [redacted]

SIMONINI BUILDERS [redacted]

SIMONINI BUILDERS [redacted]

SIMONINI BUILDERS [redacted]

SIMONINI BUILDERS [redacted]

SIMONINI BUILDERS [redacted]

SIMONINI BUILDERS [redacted]

SIMONINI BUILDERS [redacted]

SIMONINI BUILDERS [redacted]

SIMONINI BUILDERS [redacted]

SIMONINI BUILDERS [redacted]

SIMONINI BUILDERS [redacted]

SOUTHCOAST BUILDERS [redacted]

SOUTHCOAST BUILDERS [redacted]

SOUTHCOAST BUILDERS [redacted]

STRUCTURES BUILDING COMPANY [redacted]

STUART CASS [redacted]

STUART CASS [redacted]

STEVE CHANDLER [redacted]

THE MARLOWE CHANDLER CO., INC. [redacted]

MARLOWE CHANDLER COMPANY [redacted]

MARLOWE CHANDLER COMPANY [redacted]

VESPA CHARLESTON, INC. [redacted]

JDS CHARLESTON, LLC [redacted]

T. EDWARD CHILDRESS, III [redacted]

CHARLES CHITTY [redacted]

CHARLES CHITTY [redacted]

THE BURTON COMPANY

THOMAS CONNOLLY

ALKA CONSTRUCTION

SHEPPARD CONSTRUCTION

SHEPPARD CONSTRUCTION COMPANY

HAGER CONSTRUCTION, INC.

ILDERTON CONTRACTORS

ILDERTON CONTRACTORS

ILDERTON CONTRACTORS

VIKING CONTRACTORS

HEADDEN HULSEY CONTRACTORS, LLC

DAVID COOPER

GREGORY COOPER

STEVEN CORNS

LISA CRAIG

CHARLES CUMBAA

MATTHEW DAEN

BARBARA DAUBY

HOWARD DEAN

FRED DEFILIPPO

FRED DEFILLIPO

TANIS DEVELOPMENT

TANIS DEVELOPMENT

TANIS DEVELOPMENT

TANIS DEVELOPMENT CO., LLC

PATRICK DICKERSON

SHANE DORAN

RITA DUFFY

EDWARD DYCKMAN

JOSEPH FORDNEY

JOE GADDY [redacted]

WILLIAM GARNER [redacted]

KEVIN GARY [redacted]

TODD GORSUCH [redacted]

STANLEY HALL [redacted]

MARTIN HANSEN [redacted]

THOMAS HERRION [redacted]

JASON HILE [redacted]

DARLA HOOD [redacted]

MARK HORTON [redacted]

HEADDEN HULSEY, LLC [redacted]

HELEN HUMINSKY [redacted]

PHILIP HUNTER [redacted]

ILDERTON CONTRACTORS [redacted]

JOSEPH JAFFE [redacted]

KENDALL JOHNSON [redacted]

MARK JOYE [redacted]

TODD JOYE [redacted]

STEVE KENDRICK [redacted]

LOWREY KING [redacted]

ATLANTIC COAST LIFE INSURANCE [redacted]

JAMES LYON, III [redacted]

HAROLD MATHISEN, III [redacted]

MAXINE MAUERHAN [redacted]

FRED MCINTYRE [redacted]

ANDREW MCLESTER [redacted]

DIANA MEDLIN [redacted]

JOSEPH MELI [redacted]

ANDREW MEREDITH [redacted]

THOMAS MERIDITH [redacted]

H. WOODWARD MIDDLETON [redacted]

PHILLIP MINGES [redacted]

KATHRYN NELSON [redacted]

SONYA NORVELL [redacted]

DOUGLAS NOVAK [redacted]

CHRISTOPHER OLSON [redacted]

SUZANNE PACE [redacted]

LARRY PHILPOTT [redacted]

ROBERT PRIDE [redacted]

MEREDITH PROJECTS [redacted]

MEREDITH PROJECTS [redacted]

MEREDITH PROJECTS [redacted]

MICHAEL PURCELL [redacted]

JOHN QUIGLEY, JR. [redacted]

KENDRICK RICHARDSON [redacted]

MIRIAM RICKS [redacted]

NORMAN ROSEBROCK [redacted]

DAVID ROSENGREN [redacted]

HAROLD RUSSELL [redacted]

HAROLD RUSSELL [redacted]

KATHERINE SCARAFILE [redacted]

JEFFREY SCHULMAN [redacted]

GLENN SHERWOOD [redacted]

GLENN SHERWOOD [redacted]

BENJAMIN SMITH [redacted]

STEPHEN SPEERS [redacted]

TREVA STEPHENS [redacted]

GORDON STRAUSS [redacted]

GORDON STRAUSS [redacted]

SOUTHERN STRUCTURES [redacted]

KIRK TANIS [redacted]

JEFFREY THOMAS [redacted]

JOHN THORNHILL [redacted]

BILLY VOLLENWEIDER [redacted]

CHARLES VONROSENBERG [redacted]

BARBARA WADE [redacted]

BRIC WALL [redacted]

MICHAEL WEBB [redacted]

JENNIFER WEST [redacted]

F. C. WICHMANN, JR. [redacted]

JEFFREY WINGATE [redacted]

LAURA WINGATE [redacted]

LAURA WINGATE [redacted]

JENKS WITTE, INC. [redacted]

MICHAEL WOODDY [redacted]

JAMES WYMAN [redacted]

ANITA YANTIS [redacted]

STRUCTURES BUILDING COMPANY [redacted]

STRUCTURES BUILDING COMPANY [redacted]

STRUCTURES BUILDING COMPANY [redacted]

STRUCTURES BUILDING COMPANY [redacted]

MARLOWE CHANDLER COMPANY [redacted]

MARLOWE CHANDLER COMPANY [redacted]

MARLOWE CHANDLER COMPANY [redacted]

MARLOWE CHANDLER COMPANY [redacted]

VIKING CONTRACTORS [redacted]

JOHN EZZELL [redacted]

ROY GREEN [redacted]

CHRISTINE HARMEL [redacted]

HEADDEN ENTERPRISES [redacted]

HEADDEN ENTERPRISES [redacted]

CHARLES HILL [redacted]

LEO QUINN [redacted]

MARTHA READ [redacted]

PATRICIA VILLANO [redacted]

JUSTIN WHITNEY [redacted]

ACCT/

| UNIT | FIRST NAME | LAST NAME | ADDRESS | SIGNATURE | BALLOT | PROXY |
|---|---|---|---|---|---|---|
| 224 | BRAD | WALBECK | [redacted] | | | |
| 74 | BRIC | WALL | [redacted] | | | |
| 291 | MATTHEW | WALSH | [redacted] | | | |
| 95 | ELIZABETH | WARNER | [redacted] | | | |
| 35 | | WDS PROPERTIES | [redacted] | | | |
| 98 | | WDS PROPERTIES | [redacted] | | | |
| 87 | STEVE | WEAVIL | [redacted] | | | |
| 252 | TED | WEBB | [redacted] | | | |
| 142 | MICHAEL | WEBB | [redacted] | | | |
| 215 | CHARLES | WEINHEIMER | [redacted] | | | |
| 111 | JAMES | WESLEY | [redacted] | | | |
| 05-112 | JENNIFER | WEST | [redacted] | | | |
| 170 | JOHN | WHITE | [redacted] | | | |

DEFENDANT'S EXHIBIT 75 ID'D