

DRAFT ONLY

To be approved at the next annual meeting.

BAHAMA SANDS HOMEOWNERS' ASSOCIATION, INC

SECOND ANNUAL MEETING MINUTES

JANUARY 29, 2010

The second annual meeting of the Bahama Sands Homeowners' Association (HOA) was held on Friday, January 29, 2010 at 10 A.M. at BayWatch Resort and Conference Center in North Myrtle Beach, South Carolina.

Mr. Paul Lohman of Resort Association Management Inc. (RAM), the property management company, welcomed all to the meeting and called the meeting to order. Due to the small number of attendees, Mr. Lohman asked everyone to go around the room and introduce themselves. Board members Loyd Daniel, Patrick Lowe, and Charles Daniel were in attendance as well as Aaron Harrison CPA, Mr. Robert Kerr, court appointed receiver, and Mr. Robb Imbus, the Wells Fargo insurance representative.

Mr. Lohman presented the "Proof of Notice" of the mailing of the notice to the membership of the annual meeting. The "Proof of Notice" will be maintained in the HOA's corporate records. Mr. Lohman stated that there was a quorum based on the presence of Mr. Kerr who represented the 72 unsold units as well as the 3 homeowners in attendance and the 4 proxies; and therefore it was a certified official meeting.

Mr. Lohman proposed an approval of last year's minutes and an owner had a correction to the 2nd paragraph on the last page regarding rental signage in the elevator which was requested by an owner to be "removed" as opposed to "repaired". Mr. Lohman asked for a motion for the minutes to be approved pending that revision. A motion was granted, seconded, and passed.

Mr. Lohman turned the floor over to the independent auditor, Aaron Harrison, for his presentation of the audit of the financial statements as of December 31, 2009 and December 31, 2008. An owner asked a

question about the equity rollover and Mr. Loyd Daniel explained that the equity rolls over to the reserve fund for future expenditures. Mr. Harrison concluded his presentation.

Mr. Lohman stated that the board would discuss the comparative budget sheet. An owner asked why there seemed to be 30%-40% higher dues at Bahama Sands than other properties in Myrtle Beach. Mr. Lohman stated that various amenities on properties can account for different dues. Mr. Lowe disagreed with the statement regarding dues and cited a recent comparative study to a similar project that he and Charles Daniel completed along with help from another owner. He stated however that one major difference in annual expenses relates to the insurance cost based on the flood zone that Bahama Sands is located in. Mr. Charles Daniel stated that special flood zone insurance can cost significantly more but that the coverage purchased is substantially lower than what is available from the Federal Flood Program. Mr. Loyd Daniel stated that dues are to remain the same for 2010 and there is approximately \$50,000 in capital improvements planned to be funded from the capital reserves budget item.

The floor was offered to Mr. Imbus of Wells Fargo to comment on the property insurance and answer any questions owners may have. Mr. Imbus stated that before the captive was put in place the maximum that the government flood pool insurance covered was \$250,000 per unit which would have been about a 6 million dollar shortfall in the event of a catastrophic flood. Mr. Imbus stated that with the current coverage that Bahama Sands was fully covered and that they sample 52 markets for coverage. Mr. Imbus distributed a summary booklet with information on all carriers who were approached to bid on insuring Bahama Sands.

Mr. Kerr presented his receiver's report. He stated that he was appointed by a judge with regard to the foreclosure action in order to look for the best interest of the property. Mr. Kerr stated that he was pleased with the very positive internet comments about the Bahama Sands property. Mr. Kerr also stated that he was given permission by a July 2009 court order that he could now sell units. He stated that 3 units had sold in this time and that 4-5 more units are in various stages of negotiation.

Mr. Kerr also stated that the 72 units did not fund their portion of the HOA fees for a period of time before the foreclosure took place and that monies generated from the rentals of those units was being paid

to the HOA. Mr. Kerr said that he is interested in keeping the building in shape as well as hearing owners' comments.

Mr. Lohman gave a property report:

| A new general manager has been hired: Mr. Lee Lear.

RAM does administrative work and property inspections. Mr. Paul Carsh inspects the mechanical aspects of the building and Mrs. Natalie Waters inspects the aesthetics of the buildings. Deficiencies and problems are noted and corrected.

2009 property report:

1. Installed landscaping retaining wall
2. Replaced elevator flooring
3. Replaced 9 palm trees
4. Replaced pool heater and pump.
5. Installed pool controls that allow for better chemical distribution and online monitoring by the pool company.
6. Installed foot washes.
7. Replaced water fountains.
8. A new cable contract has been negotiated which will significantly reduce the annual cable expense going forward.
9. Elevator service contract savings.
10. Changed security program to 8 hours per night.
11. Fire equipment inspection.
12. Installed bike rack.
13. New signage.
14. Installed 16 mirrors in parking garage.
15. Replaced main breaker
16. Installed 100 amp lighting.

An owner asked how this was funded, and Mr. Lohman stated that these items were charged to the general maintenance account or the landscaping account.

Mr. Lohman then stated that there would be about \$50,000 of work done on the property in 2010:

1. Pool heater for pool and lazy rivers. No enclosed pool due to the prohibitive price (approximately \$300,000)
2. Pressure washing the garage (already completed)
3. Landscaping on the 5th floor pool area.
4. Window treatments on the commercial side.

5. Lobby seating
6. 5th floor pool seating
7. Building of a pool pit to fix the problem of stagnant water in the lazy river.

An owner clarified the earlier problem with last year's minutes about other rental properties being advertised in the elevator. Mr. Lear, the GM, stated that the advertisement was currently displaying an ad for the BayWatch restaurant. Mr. Lohman stated that the board would study the issue.

Mr. Lohman moved on to Old and New Business.

Mr. Loyd Daniel reported on owners' requests to appoint a homeowner to the Board. Mr. Loyd Daniel stated that the Board had identified a candidate: Mr. Ron McCauley of Unit 502. Mr. Loyd Daniel stated that the Board had passed along Mr. McCauley's qualifications to Mr. Kerr. Mr. Kerr stated that Mr. McCauley would be a good addition to the board. Mr. Loyd Daniel stated that the Board did not have Mr. McCauley's resume available for distribution at the meeting, but that the Board would circulate his resume to the owners in the future.

Mr. Lohman stated that the minutes from this meeting would be available on the RAM website (www.ramresorts.com). Mr. Lohman stated that the minutes posted would be a draft copy until they are approved at the next annual meeting. Mr. Lohman stated that the financial statement would also be available on the website. Mr. Lohman stated that the RAM website will have owner content such as insurance information and the master deed as well. Mr. Lohman stated that next year's annual meeting can not be scheduled yet but that a notice would appear on the website 30-45 days prior to the next meeting.

As there was no other business to discuss the meeting adjourned at 10:58 A.M.

Respectfully submitted:

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Secretary

Acknowledged:

X _____