

**CAROLINIAN RESORT HOMEOWNERS' ASSOCIATION, INC.
ANNUAL MEETING
FEBRUARY 9, 2007**

MINUTES

The third annual meeting of the Carolinian Resort Homeowner's Association, Inc. ("HOA") was held on February 9, 2007 at 10:00 AM at Magnolia's Restaurant Conference Center at 2605 North Ocean Blvd., Myrtle Beach, South Carolina.

All present received an agenda, minutes from the last annual meeting and copies of the annual audit report for the period ending December 31, 2006.

Mr. Bert Anderson, Director and President of the HOA, called the meeting to order and introduced the following:

Lloyd Daniel, Director and Vice President of the HOA
Patrick Lowe, Director and Secretary/Treasurer of the HOA

Lee Rawcliffe and Paul Lohman of Resort Association Management, Inc., the property management company

Frans Mustert, President of Patricia Resorts, the rental management Company
Michael Campbell, General Manager of the Resort and also with Patricia Resorts
Aaron Harrison, CPA, the HOA's independent auditor

Mr. Anderson explained that this is an HOA meeting dealing with the common areas of the resort. Any rental questions or matters dealing with the interior of the units should be discussed after the HOA meeting. Representatives of the Patricia Resorts rental group will be available after the meeting and at the reception this evening.

Mr. Lohman presented a Proof of Notice certifying that the notice of the meeting was properly mailed in accordance with the HOA Bylaws. He also stated that there was a quorum for the meeting.

The minutes of the last annual meeting held on February 10, 2006 were presented. An owner asked if the exercise room was going to be expanded. Mr. Daniel explained that we were looking at the breakfast room, but it is used for meetings and gatherings. He also stated that a cover for the walkways is not the best use of funds at this time. A motion was made and seconded to accept the minutes as presented. The motion passed unanimously.

Mr. Harrison presented the audit report and financial statements as of 12-31-06. His audit report contained an unqualified opinion on the financial statements as of 12-31-06. The report noted that the HOA had \$29,399 in its reserve account. This amount represents approximately 38% of the required funding as depicted in the reserve schedule in the supplemental schedule in the audit report. Mr. Daniel cited that additional funds were allotted in the 2007 budget to increase the percentage funded. An owner requested that comparative numbers be presented in the statement of operations for the previous year. Mr. Daniel instructed Mr. Lohman to place them on the internet web site and that future audit reports include comparative numbers to the previous year. The audit report was accepted as presented.

Mr. Rawcliffe gave a property report. He gave a detail explanation of the reasons for the increase in insurance cost. He also commented that because of the uncertainty of insurance cost, the Board has taken this cost out of the budget and it will be assessed separately. The replacement cost of the building has risen dramatically and thus premiums have skyrocketed.

He expanded on the fact that covering the walk-way would be nice, but very expensive. Awnings are a potential, but are hard to maintain without incurring ongoing significant costs. In general, property conditions are good. Significant funds have been expended in maintaining and improving the pool areas.

An owner questioned the high cost of security and in particular the cost of security paid by the hotel. Mr. Daniel cited the need for security including the extra cost of security incurred during biker weeks. He explained that the portion that the hotel pays is indicated in the master deed based on the percentage owned. (15%). Another question arose regarding the use of security personnel and in particular the garage area. Mr. Daniel mentioned that Bluegreen is paying for separate security. A meeting has taken place with Bluegreen to consider combining their security with that of the HOA's. They were not interested. Mr. Lowe indicated that we will be getting equipment for the security team to scan the perimeter and at certain points they have to scan in. This will keep us updated on the working habits of the security guards. Mr. Campbell indicated that this procedure was in the process of being completed.

An owner questioned how the budget was determined and how allocations were made to the commercial unit, the hotel and the owners. Mr. Daniel again explained the ownership percentage factor as depicted in the master deed. He further explained that the hotel was considered as a unit. All the hotels interior costs are absorbed by them just like any other unit. He referred to the budget that is placed on the web site. Mr. Lowe explained that certain costs outside the commercial unit are also paid directly by the hotel.


An owner asked if better cable with high definition could be purchased. Mr. Rawcliffe mentioned that high definition is not available at this time. Mr. Anderson said they would look into this matter. An owner affiliated with Comcast offered his services to work with the HOA in this endeavor.

The meeting continued with old and new business.

An owner inquired into permanent sticker decals. Mr. Rawcliffe said that it could be done. Mr. Anderson indicated that the HOA could not commit to two stickers per unit. Mr. Rawcliffe suggested not sticking the tag to your car so that you could move it from one of your cars to another. Parking will still be available without a decal. An owner asked about the pet policy. According to the master deed, no pets are allowed. Mr. Anderson stated that in order to change the master deed it would require a certain percentage of the members to approve a change in the master deed. (67% is required to change the master deed.) An owner stated that he has seen dogs on the property and that stricter enforcement of the pet policy needs to be implemented.

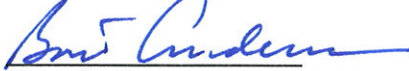
There being no other business to conduct, it was unanimously agreed to adjourn at 11:40 A.M.

Respectfully submitted:



Patrick Lowe
Secretary/Treasurer

Acknowledged:



Bert Anderson
President