

**Qualified Partnership Application
Seabrook Island Property Owners Association (“SIPOA”)**

Property Address (the “Property”): _____

Property Owner(s): _____

INSTRUCTIONS

A single representative for all of the record owner(s) of the Property (each record owner being a “Property Owner”) must complete the questionnaire included in this application. Multiple applications should not be filed for a Property owned by multiple Property Owners. All Property Owners must be identified in this application regardless of the percentage interest of ownership in the Property, including but not limited to all tenants in commons, joint tenants, life estate holders, etc.

If any Property Owner is an entity or a trust, the applicant must also submit all legal documents related to the organizational structure of such Property Owner (“Organizational Documents”). Examples of Organizational Documents include, but are not limited to, operating agreements for limited liability companies, partnership agreements for general and limited partnerships, trust agreements for trusts, shareholder agreements and bylaws for corporations.

Also, if a Property Owner is an entity or a trust, and if any entities and/or trusts are owners (i.e., members, partners, shareholders, etc.) of such Property Owner (each, an “Entity Sub-Owner”), then the applicant must also submit copies of all Organizational Documents for each Entity Sub-Owner.

Additionally, the applicant must also submit copies of any other documents regarding Use Interests related to the use of the Property for a period of time of less than a full year during any given year, and where such period of time recurs for one or more years, but not necessarily for consecutive years (“Other Use Interest Documents”). For example, Other Use Interest Documents could include leases, licenses, occupancy agreements, etc.

The applicable definitions from SIPOA’s protective covenants related to Qualified Partnerships (including the definition of Use Interests and Timeshare) are included for reference on Exhibit A attached to this application.

CERTIFICATION

The undersigned represents and acknowledges the following:

- (1) the undersigned has the authority to submit this application on behalf of all of the Property Owner(s) and Entity Sub-Owner(s) identified herein;
- (2) the Property Owner(s) identified herein are all of the record Property Owner(s) of the Property;
- (3) the Property Owner(s) intend to meet the definition of “Qualified Partnership” as to the Property pursuant to SIPOA’s protective covenants;
- (4) the undersigned understands SIPOA is relying on this application to determine whether the Property Owner(s) meet the applicable criteria for being a Qualified Partnership;
- (5) the undersigned has submitted with this application all Organizational Documents and Other Use Interest Documents regarding the Property and the Property Owner(s), including all Organizational Documents for all Entity Sub-Owner(s), if any;
- (6) the Property Owner(s) will promptly advise SIPOA of any subsequent changes to the Use Interests and/or Organizational Documents regarding the Property, the Property Owner(s), and/or any Entity Sub-Owner(s); and
- (7) the information provided by the undersigned on and in connection with this application is true, accurate and complete in all respects.

Authorized representative for Property Owner(s):

Print Name: _____

Signature: _____

Contact information for correspondence from SIPOA regarding application:

Email: _____

U.S. Mail: _____

Telephone Number: _____

Questionnaire

1. List below each Property Owner for the Property (i.e., individuals, entities and/or trusts shown on the deed(s) for the Property) and the percentage interest in the Property held by each Property Owner.

<u>Name</u>	<u>Percentage Ownership in Property</u>
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

2. If an entity and/or trust is a Property Owner, then list below each and all of the partners, members, shareholders, trustees, beneficiaries and/or other owners in such entities and/or trusts, together with their respective percentages of ownership in such entity and/or trust. Attach additional pages if needed.

<u>Name</u>	<u>Percentage Ownership in Property Owner entity/trust</u>
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

3. If any of the Property Owners owners listed above in Item 2 are also entities and/or trusts (“Entity Sub-Owners”), then list below each and all of the partners, members, shareholders, trustees, beneficiaries and/or other owners in such Entity Sub-Owners. Attach additional pages if needed.

Entity Sub-Owner #1

<u>Name</u>	<u>Percentage Ownership in Entity Sub-Owner #1</u>
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

Entity Sub-Owner #2

<u>Name</u>	<u>Percentage Ownership in Entity Sub-Owner #2</u>
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

Entity Sub-Owner #3

Name

Percentage Ownership
in Entity Sub-Owner
#3

_____ %
_____ %
_____ %
_____ %
_____ %

Entity Sub-Owner #4

Name

Percentage Ownership
in Entity Sub-Owner
#4

_____ %
_____ %
_____ %
_____ %
_____ %

4. Are there any Other Use Interest Documents regarding the Property?

(For example, leases, licenses, occupancy agreements, etc. regarding the use of the Property for a period of time of less than a full year during any given year, and where such period of time recurs for one or more years, but not necessarily for consecutive years. See Exhibit A attached for the definitions of Use Interest and Timeshare.)

(mark one selection)

 Yes

 No

If “yes”, then list the holders of such Use Interests and identify the type of applicable Other Use Interest Document for each, below.

Name

Other Use Interest Document Type

(Ex. lease, license, occupancy agreement)

Exhibit “A”
To Qualified Partnership Application

(A) Definitions from SIPOA’s Protective Covenants:

From Restatement and Eleventh Modification of Protective Covenants for Seabrook Island Development Charleston County, South Carolina (Adopted February 18, 2023)

Qualified Partnerships: means any Timeshare (1) where there are four or fewer Use Interests in or for a Property, (2) that is not a Vacation Club Plan, and (3) that is verified as satisfying the preceding requirements by SIPOA pursuant to Section 43(d) herein.

Timeshare: means any arrangement, plan, scheme or similar device, whereby more than one Person has a Use Interest regarding real property for a period of time of less than a full year during any given year, and where such period of time recurs for one or more years, but not necessarily for consecutive years. For avoidance of doubt, but without limitation, a Vacation Club Plan may also meet the definition of a Timeshare.

Vacation Club Plan: means any arrangement, plan, scheme or similar device in which either (1) a Person is entitled to select for use from multiple real properties owned, operated or managed by one or more companies in the business of owning, operating or managing such real properties, for a period of time, or (2) an Entity for the purpose of ownership or use of real property, which real property is used or to be used as non-primary residences, vacation property or other similar temporary or periodic occupancy, is managed by a Person that is in the business of owning, operating or managing such Entities. For avoidance of doubt, but without limitation, a Timeshare may also meet the definition of a Vacation Club Plan.

Use Interest: means any interest or right, whether by, without limitation, contract, tenancy in common, joint tenancy, sale, term for years, deed, lease, installment sale contract, bond for title, membership agreement, rental agreement, license, use agreement, occupancy agreement, security, trust arrangement, partnership interest, limited liability company interest, corporate share, or any other means, in which a Person has the right, either directly or indirectly, to use real property.

(B) Section 43 of SIPOA’s Protective Covenants:

From Restatement and Eleventh Modification of Protective Covenants for Seabrook Island Development Charleston County, South Carolina (Adopted February 18, 2023)

43. TIMESHARES AND VACATION CLUBS

(a) Prohibition. Subject to the exception set forth in Section 43(b) below, no Property within the SID is permitted to be used as or for a Timeshare or a Vacation Club Plan.

(b) Exception. Notwithstanding anything to the contrary herein, Qualified Partnerships are not considered Timeshares for purposes of the prohibition in Section 43(a).

(c) Grandfathering. Any Property within the SID that is used as a Timeshare on February 18, 2023 (the "Timeshare Grandfathering Date") shall not be subject to the prohibition set forth in Section 43(a) for as long as any of the record owner(s) of legal title to such Property on the Timeshare Grandfathering Date as evidenced by the Charleston County Register of Deeds Office's records ("Grandfathered Timeshare Owners") continue to own legal title to such Property. Once all of the Grandfathered Timeshare Owners for a Property transfer their real estate interests in such Property to Persons that are not Grandfathered Timeshare Owners for such Property, then such Property shall be subject to the prohibition set forth in Section 43(a) immediately upon such transfer, and immediately upon such transfer, all Property Owners for such Property, including but not limited to the transferee(s) and all subsequent Property Owners of such Property, shall be bound to the prohibition set forth in Section 43(a). For avoidance of doubt, but without limitation: (i) Grandfathered Timeshare Owners are not grandfathered themselves under this Section 43(c), but instead, the Properties owned by Grandfathered Timeshare Owners on the Timeshare Grandfathering Date are grandfathered under and pursuant to the terms of this Section 43(c), (ii) once a Grandfathered Timeshare Owner transfers all of its interest in a Property to any Person, such Grandfathered Timeshare Owner ceases to be a Grandfathered Timeshare Owner with respect to such Property, (iii) any other Property within the SID acquired by a Grandfathered Timeshare Owner after the Timeshare Grandfathering Date shall not be grandfathered as a result of such acquisition, and the date of any such acquisition shall be determined to be the date that both legal and beneficial title to such other Property has been transferred to such Grandfathered Timeshare Owner, (iv) no form of real estate rights other than fee simple title shall constitute ownership of legal title for purposes of grandfathering pursuant to this Section 43(c), including but not limited to installment sales contracts, bonds for title, mortgages, deeds of trusts, security deeds, liens, security interests, easements, leasehold interests, purchase options, or first rights of refusal.

(d) Qualified Partnerships.

(i) Property Owners whose Properties would be determined as being used as Timeshares on the Timeshare Grandfathering Date absent the exclusion of Qualified Partnerships from the definition of Timeshares may seek to qualify as a Qualified Partnership by submitting to SIPOA for review and consideration a completed application in the form and substance required by SIPOA, including all substantiating materials required by SIPOA (a "Qualified Partnership Application"), no later than May 15, 2023 (the "Existing Qualified Partnership Application Cutoff Date"). If SIPOA determines that the Property Owner is not a Qualified Partnership, or if any such Property Owner does not submit a Qualified Partnership Application by the Existing Qualified Partnership Application Cutoff Date, then such Property Owner's

Property will be deemed as being used as a Timeshare and will be subject to the grandfathering provision in Section 43(c).

(ii) Acquirers of any Property after the Existing Qualified Partnership Application Cutoff Date that seek to qualify as a Qualified Partnership shall submit to SIPOA for review and consideration a Qualified Partnership Application no later than ten (10) days prior to the proposed acquisition closing date. SIPOA will review the Qualified Partnership Application as soon as practical after submission, and will use commercially reasonable efforts to complete its review and inform the applicant(s) of SIPOA's approval or disapproval of the qualification of the Qualified Partnership prior to the proposed acquisition closing date; provided, however, SIPOA shall have no liability to any party associated with the transaction, including, but not limited to, the acquirers(s), transferor(s), seller(s) and/or any real estate agents, in connection with any aspect SIPOA's review process for qualifying Qualified Partnerships.

(iii) If after qualification a Qualified Partnership ceases to maintain the requirements for qualification, it shall no longer be a Qualified Partnership. In order to verify that Qualified Partnerships have maintained the requirements for qualification, SIPOA shall have the right to require Qualified Partnerships to periodically requalify through the submission of updated Qualified Partnership Applications, provided that SIPOA shall not require requalification more frequently than once annually.

(iv) Any approval of a Qualified Partnership Application must be in writing and signed by either the SIPOA's Executive Director or another person to whom such authority has been delegated by either SIPOA's Executive Director or the Board.

(v) As part of the qualification of Qualified Partnerships (including any requalifications), the Principals of any Entity that qualifies after the Existing Qualified Partnership Application Cutoff Date as a Qualified Partnership shall agree to be jointly and severally personally liable for all obligations of the Qualified Partnership under these Protective Covenants.

(e) Inspection Rights. In the event the SIPOA Board determines that a Property Owner may be using its Property as a Timeshare, then SIPOA shall have the right to require such Property Owner to submit to SIPOA for review any and all substantiating materials requested by SIPOA to determine whether such Property is being used as a Timeshare.

This section for SIPOA Use Only:

Date application received: _____

Date all required supporting materials received: _____

Notes:

Application Decision:

Application approved _____ or denied _____

Decision Date: _____

Signature of Authorized SIPOA Representative

Print Name of Authorized SIPOA Representative