

10-25-1999



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MRO
10-22-99

**RECORDATION FORM COVER SHEET
TRADEMARKS ONLY**

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID #
- Correction of PTO Error
Reel # Frame #
- Corrective Document
Reel # Frame #

Conveyance Type

- Assignment License
 - Security Agreement Nunc Pro Tunc Assignment
 - Merger Change of Name
 - Other
- Effective Date
Month Day Year

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year
10 18 1999

Name

Formerly

- Individual General Partnership Limited Partnership Corporation Association
- Other
- Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKATA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

- Individual General Partnership Limited Partnership

- Corporation Association

Other

Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

10/25/1999 DCOATES 00000019 1947876

FOR OFFICE USE ONLY

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40.00 OP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK
REEL: 001978 FRAME: 0470

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages Enter the total number of pages of the attached conveyance document including any attachments. #

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1,947,876"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Number of Properties Enter the total number of properties involved. #

Fee Amount Fee Amount for Properties Listed (37 CFR 3.41): \$

Method of Payment: Enclosed Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number: #

Authorization to charge additional fees: Yes No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

John C. Stewart, Jr., Esquire

Name of Person Signing

Signature

Date Signed

Attorney for Branch Banking and Trust Company of South Carolina

10/20/99

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") is made and given as of this 15th day of October, 1999, by **Sands Properties, Inc.**, a South Carolina corporation whose address is 201 74th Avenue North, Myrtle Beach, South Carolina 29577 (the "Debtor") to **Branch Banking and Trust Company of South Carolina**, a South Carolina bank with an address at 601 21st Avenue North, Myrtle Beach, South Carolina 29577 (the "Secured Party"), pursuant to that certain Loan Agreement of even date herewith between the Debtor and the Secured Party (herein, as amended and modified from time to time, called the "Loan Agreement"). All terms not otherwise defined herein are used with the same meaning as set forth in the Loan Agreement or the South Carolina Uniform Commercial Code (the "UCC").

WITNESSETH:

WHEREAS, pursuant to the Loan Agreement, the Secured Party has loaned to the Debtor and Sands Resorts Holding, LLC, the sum of Thirty Eight Million and No/100 (\$38,000,000.00) Dollars evidenced by a Promissory Note of even date herewith (the "Note"); and

WHEREAS, in accordance with the Loan Agreement, the Debtor is obligated to secure the Note and other Obligations, as defined below, with this Security Agreement and such other Loan Documents set forth in the Loan Agreement; and

WHEREAS, the Debtor desires to induce the Secured Party to enter into the Loan Agreement and to extend credit to the Debtor as described therein.

NOW, THEREFORE, for and in consideration of the promises hereof, the sum of Three Dollars (\$3.00) in hand well and truly paid by Secured Party to Debtor, the mutual promises contained hereinafter and as set forth in the Loan Agreement and other valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Debtor does hereby grant unto the Secured Party the security interests hereinafter described in accordance with the terms and conditions hereinafter set forth.

1. **Security Interest.** For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Debtor pledges, conveys, assigns and grants to Secured Party a security interest and lien in the Collateral (hereinafter defined in Section 2) to secure the payment and the performance of the Obligations (hereinafter defined in Section 3).

2. **Collateral.** A security interest is granted in the collateral (the "Collateral") described in this Section 2:

A. **Types of Collateral.** The Collateral includes the following types of property:

(1) **Accounts:** All accounts and other rights of Debtor to the payment for goods sold or leased or for services rendered whether or not earned by performance, contract rights, book debts, checks, notes, drafts, instruments, chattel paper, acceptances, and any and all amounts due to Debtor from a factor or other forms of obligations and receivables, now existing or hereafter arising out of the business of Debtor;

(2) **Chattel Paper:** Any and all chattel paper, now owned or hereafter acquired by Debtor and wherever located;

(3) **Documents:** All documents now owned or hereafter acquired by Debtor and wherever located;

(4) **Inventory:** All of Debtor's goods held as inventory, whether now owned or hereafter acquired, including without limitation, any and all such goods held for sale or lease or being processed for sale or lease in Debtor's business, as now or hereafter conducted, including all materials, goods and work in process, finished goods and other tangible property held for sale or lease or furnished or to be furnished under contracts of service or used or consumed in Debtor's business, along with all documents (including documents of title) covering such inventory;

(5) **Equipment:** All of Debtor's goods held as equipment, including, without limitation, all machinery, apparatus, equipment fittings, furniture, motor vehicles, tools, dies, furnishings, fixtures, and other tangible personal property related to the foregoing of every kind and description wherever located, whether now owned or hereafter acquired, together with all increases, parts, fittings, accessories, equipment, and special tools now or hereafter affixed to any part thereof or used in connection therewith;

(6) **Instruments and/or Securities:** All of Debtor's instruments, certified securities, and other writings of any type, which evidence a right to the payment of money and which are of a type that is transferred in the ordinary course of business by delivery with any necessary endorsement or assignment, whether now owned or hereafter acquired, including, without limitation, negotiable instruments, promissory notes, stock certificates, shares, bonds, debentures, and documents of title owned or to be owned by Debtor, certificates of deposit, and all liens, security agreements, leases and other contracts securing or otherwise relating to any of said instruments or documents;

(7) **Inventory:** All of Debtor's inventory, whether now owned or hereafter acquired by Debtor and wherever located, including, but not limited to, all goods intended for sale or lease by Debtor or to be furnished under contracts of service; all work in process; and all raw materials and other materials and supplies of every nature and description used or which might be used in connection with the manufacture, printing, packing, shipping, advertising, selling, leasing or furnishing of such goods or otherwise used or consumed in Debtor's business; and

(8) **General Intangibles:** All of Debtor's general intangible property, whether now owned or hereafter acquired by Debtor or used in Debtor's business currently or hereafter and wherever located, including, without limitation: all choses in action; causes of action; corporate or other business records; deposit accounts; customer lists; guest lists; computer programs; Internet Websites, Web Pages, Internet Website addresses, domain names, or Uniform Resource Locators (URL); operational manuals; claims; patents; trademarks; service marks, trade names and business names and the goodwill of the business relating thereto; trade secrets and other proprietary information; copyrights (including without limitation copyrights for computer programs) and all tangible property embodying the copyrights and all exclusive licenses (whether issued or pending); literary rights; contract rights and all documents, applications, materials and

other matters related thereto; unpatented inventions, whether or not patentable; patents of the Debtor including any divisions, renewals, or reissues thereof, and variations or modifications and new applications of the technology covered by the patents; all modifications, renewals, reissues or additions to any trademarks or tradenames; books; records; computer tapes or discs; flow programs; specification sheets; source codes; object codes and any physical manifestations; all manufacturing, engineering and production plans, drawings, specifications, processes and systems; goodwill; any license agreements related to any of the foregoing; and any proceeds or payments received or resulting from the foregoing, including accounts, instruments, documents, chattel paper, or other general intangibles. The foregoing shall include, without limitation, those certain trademarks or servicemarks shown or described on the attached "Schedule of Servicemarks", found at Exhibit A and incorporated by reference herein.

B. Substitutions, Proceeds, Accessions and Related Items. All substitutes and replacements for, accessions, attachments and other additions to, tools, parts and equipment now or hereafter added to or used in connection with, and all cash or non-cash proceeds and products of, the Collateral (including, without limitation, all income, benefits and property receivable, received or distributed which results from any of the Collateral, such as dividends payable or distributable in cash, property or stock; insurance distributions of any kind related to the Collateral, including, without limitation, returned premiums, interest, premium and principal payments; redemption proceeds and subscription rights; and shares or other proceeds of conversions or splits of any securities in the Collateral); any and all choses in action and causes of action of Debtor, whether now existing or hereafter arising, relating directly or indirectly to the Collateral (whether arising in contract, tort or otherwise and whether or not currently in litigation); all certificates of title, manufacturer's statements of origin, other documents, accounts and chattel paper, whether now existing or hereafter arising directly or indirectly from or related to the Collateral; all warranties, wrapping, packaging, advertising and shipping materials used or to be used in connection with or related to the Collateral; all of Debtor's books, records, data, plans, manuals, computer software, computer tapes, computer systems, computer disks, computer programs, source codes and object codes containing any information, pertaining directly or indirectly to the Collateral and all rights of Debtor to retrieve data and other information pertaining directly or indirectly to the Collateral from third parties, whether now existing or hereafter arising; and all returned, refused, stopped in transit, or repossessed Collateral, any of which, if received by Debtor, upon request shall be delivered immediately to Secured Party.

C. Balances and Other Property. The balance of every deposit account of Debtor maintained with Secured Party and any other claim of Debtor against Secured Party, now or hereafter existing, liquidated or unliquidated, and all money, instruments, securities, documents, chattel paper, credits, claims, demands, income, and any other property, rights and interests of Debtor which at any time shall come into the possession or custody or under the control of Secured Party or any of its agents or affiliates for any purpose, and the proceeds of any thereof. Secured Party shall be deemed to have possession of any of the Collateral in transit to or set apart for it or any of its agents or affiliates.

3. Description of Obligations. The following Obligations ("Obligations") are secured by this Agreement: (a) All debts, obligations, liabilities and agreements of Debtor to Secured Party, now or hereafter existing, arising directly or indirectly between Debtor and Secured Party

whether absolute or contingent, joint or several, secured or unsecured, due or not due, contractual or tortious, liquidated or unliquidated, arising under the Note, Loan Agreement, the Interest Rate Agreements as defined in the Mortgage, Leasehold Mortgage and Security Agreement, or any of the Loan Documents, and all renewals, extensions or rearrangement of any of the above; (b) All costs incurred by Secured Party to obtain, preserve, perfect and enforce this Agreement and maintain, preserve, collect and realize upon the Collateral.

4. **Debtor's Warranties.** Debtor hereby represents and warrants to Secured Party as follows:

A. **Financing Statements.** Except as may be set forth in the Loan Agreement, no financing statement covering the Collateral is or will be on file in any public office, except the financing statements relating to this security interest and no security interest, other than the one herein created, has attached or been perfected in the Collateral or any part thereof.

B. **Ownership.** Debtor owns, or will use portions of the proceeds of any loans by Secured Party to become the owner of, the Collateral free from any setoff, claim, restriction, lien, security interest or encumbrance except liens for taxes not yet due and the security interest hereunder and the security interest permitted under the Loan Agreement.

C. **Claims of Debtors on the Collateral.** All account debtors and other obligors whose debts or Obligations are part of the Collateral have no right to setoffs, counterclaims or adjustments, and no defenses in connection therewith.

D. **Power and Authority.** Debtor has full power and authority to make this Agreement, and all necessary consents and approvals of any persons, entities, governmental or regulatory authorities and securities exchanges have been obtained to effectuate the validity of this Agreement.

5. **Debtor's Covenants.** Until full payment and performance of all of the Obligations, unless Secured Party otherwise consents in writing:

A. **Obligations and This Agreement.** Debtor shall perform all of its agreements herein and in any other agreements between it and Secured Party.

B. **Ownership and Maintenance of the Collateral.** Debtor shall keep all tangible Collateral in good condition. Debtor shall defend the Collateral against all claims and demands of all persons at any time claiming any interest therein adverse to Secured Party. Except as permitted under the Loan Agreement, Debtor shall keep the Collateral free from all liens and security interests except those for taxes not yet due and the security interest hereby created.

C. **Insurance.** Debtor shall insure the Collateral with companies acceptable to Secured Party. Such insurance shall be in an amount not less than the fair market value of the Collateral and shall be against such casualties, with such deductible amounts as Secured Party shall approve. All insurance policies shall be written for the benefit of Debtor and Secured Party as their interests may appear, payable to Secured Party as loss payee, or in other form satisfactory to Secured Party, and such policies or certificates evidencing the same shall be

furnished to Secured Party. All policies of insurance shall provide for written notice to Secured Party at least thirty (30) days prior to cancellation. Risk of loss or damage is Debtor's to the extent of any deficiency in any effective insurance coverage.

D. Secured Party's Costs. Debtor shall pay all costs necessary to obtain, preserve, perfect, defend and enforce the security interest created by this Agreement, collect the Obligations, and preserve, defend, enforce and collect the Collateral, including but not limited to taxes, assessments, insurance premiums, repairs, rent, storage costs and expenses of sales, legal expenses, reasonable attorney's fees and other fees or expenses for which Debtor is obligated to reimburse Secured Party in accordance with the terms of the Loan Documents. Whether the Collateral is or is not in Secured Party's possession, and without any Obligations to do so and without waiving Debtor's default for failure to make any such payment, Secured Party at its option may pay any such costs and expenses, discharge encumbrances on the Collateral, and pay for insurance of the Collateral, and such payments shall be a part of the Obligations and bear interest at the rate set out in the Obligations. Debtor agrees to reimburse Secured Party on demand for any costs so incurred.

E. Information and Inspection. Debtor shall (i) promptly furnish Secured Party any information with respect to the Collateral requested by Secured Party; (ii) allow Secured Party or its representatives to inspect the Collateral, at any time and wherever located, and to inspect and copy, or furnish Secured Party or its representatives with copies of, all records relating to the Collateral and the Obligations; (iii) promptly furnish Secured Party or its representatives such information as Secured Party may request to identify the Collateral, at the time and in the form requested by Secured Party; and (iv) deliver upon request to Secured Party shipping and delivery receipts evidencing the shipment of goods and invoices evidencing the receipt of, and the payment for, the Collateral.

F. Additional Documents. Debtor shall sign and deliver any papers deemed necessary or desirable in the judgment of Secured Party to obtain, maintain, and perfect the security interest hereunder and to enable Secured Party to comply with any federal or state law in order to obtain or perfect Secured Party's interest in the Collateral or to obtain proceeds of the Collateral.

G. Parties Liable on the Collateral. Debtor shall preserve the liability of all obligors on any Collateral, shall preserve the priority of all security therefor, and shall deliver to Secured Party the original certificates of title on all motor vehicles or other titled vehicles constituting the Collateral. Secured Party shall have no duty to preserve such liability or security, but may do so at the expense of Debtor, without waiving Debtor's default.

H. Records of the Collateral. Debtor at all times shall maintain accurate books and records covering the Collateral. Debtor immediately will mark all books and records with an entry showing the absolute assignment of all Collateral to Secured Party, and Secured Party is hereby given the right to audit the books and records of Debtor relating to the Collateral at any time and from time to time. The amounts shown as owed to Debtor on Debtor's books and on any assignment schedule will be the undisputed amounts owing and unpaid.

I. **Disposition of the Collateral.** If disposition of any Collateral gives rise to an account, chattel paper or instrument, Debtor immediately shall notify Secured Party, and upon request of Secured Party shall assign or indorse the same to Secured Party. No Collateral may be sold, leased, manufactured, processed or otherwise disposed of by Debtor in any manner without the prior written consent of Secured Party, except the Collateral sold, leased, manufactured, processed or consumed in the ordinary course of business.

J. **Accounts.** Each account held as Collateral will represent the valid and legally enforceable Obligations of third parties and shall not be evidenced by any instrument or chattel paper.

K. **Notice/Location of the Collateral.** Debtor shall give Secured Party written notice of each office of Debtor in which records of Debtor pertaining to accounts held as Collateral are kept, and each location at which the Collateral is or will be kept, and of any change of any such location. If no such notice is given, all records of Debtor pertaining to the Collateral and all Collateral of Debtor are and shall be kept at the address of Debtor set forth herein and/or on the property described in the attached Exhibit B, incorporated by reference herein.

L. **Change of Name/Status and Notice of Changes.** Without the written consent of Secured Party, Debtor shall not change its name, change its corporate status, use any trade name or engage in any business not reasonably related to its business as presently conducted. Debtor shall notify Secured Party immediately of (i) any material change in the Collateral, (ii) a change in Debtor's residence or location, (iii) a change in any matter warranted or represented by Debtor in this Agreement, or in any of the Loan Documents or furnished to Secured Party pursuant to this Agreement, and (iv) the occurrence of an Event of Default (hereinafter defined).

M. **Use and Removal of the Collateral.** Debtor shall not use the Collateral illegally. Debtor shall not, unless previously indicated as a fixture, permit the Collateral to be affixed to real or personal property without the prior written consent of Secured Party. Debtor shall not permit any of the Collateral to be removed from the locations specified herein without the prior written consent of Secured Party, except for the sale of inventory in the ordinary course of business.

N. **Possession of the Collateral.** Debtor shall deliver all investment securities and other instruments, documents and chattel paper which are part of the Collateral and in Debtor's possession to Secured Party immediately, or if hereafter acquired, immediately following acquisition, appropriately indorsed to Secured Party's order, or with appropriate, duly executed powers. Debtor waives presentment, notice of acceleration, demand, notice of dishonor, protest, and all other notices with respect thereto.

O. **Consumer Credit.** If any Collateral or proceeds includes Obligations of third parties to Debtor, the transactions giving rise to the Collateral shall conform in all respects to the applicable state or federal law including but not limited to consumer credit law. Debtor shall hold harmless and indemnify Secured Party against any cost, loss or expense arising from Debtor's breach of this covenant.

P. **Power of Attorney.** Debtor appoints Secured Party and any officer thereof as Debtor's attorney-in-fact with full power in Debtor's name and behalf to do every act which Debtor is obligated to do or may be required to do hereunder; however, nothing in this paragraph shall be construed to obligate Secured Party to take any action hereunder nor shall Secured Party be liable to Debtor for failure to take any action hereunder. This appointment shall be deemed a power coupled with an interest and shall not be terminable as long as the Obligations is outstanding and shall not terminate on the disability or incompetence of Debtor.

Q. **Waivers by Debtor.** Debtor waives notice of the creation, advance, increase, existence, extension or renewal of, and of any indulgence with respect to, the Obligations; waives presentment, demand, notice of dishonor, and protest; waives notice of the amount of the Obligations outstanding at any time, notice of any change in financial condition of any person liable for the Obligations or any part thereof, notice of any Event of Default, and all other notices respecting the Obligations; and agrees that maturity of the Obligations and any part thereof may be accelerated, extended or renewed one or more times by Secured Party in its discretion, without notice to Debtor. Debtor waives any right to require that any action be brought against any other person or to require that resort be had to any other security or to any balance of any deposit account. Debtor further waives any right of subrogation or to enforce any right of action against any other Debtor until the Obligations is paid in full.

R. **Other Parties and Other Collateral.** No renewal or extension of or any other indulgence with respect to the Obligations or any part thereof, no release of any security, no release of any person (including any maker, indorser, guarantor or surety) liable on the Obligations, no delay in enforcement of payment, and no delay or omission or lack of diligence or care in exercising any right or power with respect to the Obligations or any security therefor or guaranty thereof or under this Agreement shall in any manner impair or affect the rights of Secured Party under the law, hereunder, or under any other agreement pertaining to the Collateral. Secured Party need not file suit or assert a claim for personal judgment against any person for any part of the Obligations or seek to realize upon any other security for the Obligations, before foreclosing or otherwise realizing upon the Collateral. Debtor waives any right to the benefit of or to require or control application of any other security or proceeds thereof, and agrees that Secured Party shall have no duty or Obligations to Debtor to apply to the Obligations any such other security or proceeds thereof.

S. **Collection and Segregation of Accounts and Right to Notify.** Secured Party hereby authorizes Debtor to collect the Collateral, subject to the direction and control of Secured Party, but Secured Party may curtail or terminate said authority at any time after the occurrence of an Event of Default. Upon notice by Secured Party, whether oral or in writing, to Debtor, Debtor shall forthwith upon receipt of all checks, drafts, cash, and other remittances in payment of or on account of the Collateral, deposit the same in one or more special accounts maintained with Secured Party over which Secured Party alone shall have the power of withdrawal. The remittance of the proceeds of such Collateral shall not, however, constitute payment or liquidation of such Collateral until Secured Party shall receive good funds for such proceeds. Funds placed in such special accounts shall be held by Secured Party as security for all Obligations secured hereunder. These proceeds shall be deposited in precisely the form received, except for the endorsement of Debtor where necessary to permit collection of items, which endorsement Debtor agrees to make, and which endorsement Secured Party is also hereby

authorized, as attorney-in-fact, to make on behalf of Debtor. In the event Secured Party has notified Debtor to make deposits to a special account, pending such deposit, Debtor agrees that it will not commingle any such checks, drafts, cash or other remittances with any funds or other property of Debtor, but will hold them separate and apart therefrom, and upon an express trust for Secured Party until deposit thereof is made in the special account. Secured Party will, from time to time, apply the whole or any part of the Collateral funds on deposit in this special account against such Obligations as are secured hereby as Secured Party may in its sole discretion elect. At the sole election of Secured Party, any portion of said funds on deposit in the special account which Secured Party shall elect not to apply to the Obligations, may be paid over by Secured Party to Debtor. At any time after the occurrence of an Event of Default, Secured Party may notify persons obligated on any Collateral to make payments directly to Secured Party and Secured Party may take control of all proceeds of any Collateral. Until Secured Party elects to exercise such rights, Debtor, as agent of Secured Party, shall collect and enforce all payments owed on the Collateral.

6. **Rights and Powers of Secured Party.**

A. **General.** Secured Party, after an Event of Default, without liability to Debtor may: require Debtor to give possession or control of any Collateral to Secured Party; indorse as Debtor's agent any instruments, documents or chattel paper in the Collateral or representing proceeds of the Collateral; contact account debtors directly to verify information furnished by Debtor; take control of proceeds, including stock received as dividends or by reason of stock splits; release the Collateral in its possession to any Debtor, temporarily or otherwise; take control of funds generated by the Collateral, such as cash dividends, interest and proceeds or refunds from insurance, and use same to reduce any part of the Obligations and exercise all other rights which an owner of such Collateral may exercise, including the right to vote or dispose of the Collateral; at any time transfer any of the Collateral or evidence thereof into its own name or that of its nominee; and demand, collect, convert, redeem, receipt for, settle, compromise, adjust, sue for, foreclose or realize upon the Collateral, in its own name or in the name of Debtor, as Secured Party may determine. Secured Party shall not be liable for failure to collect any account or instruments, or for any act or omission on the part of Secured Party, its officers, agents or employees, except for its or their own willful misconduct or gross negligence. The foregoing rights and powers of Secured Party will be in addition to, and not a limitation upon, any rights and powers of Secured Party given by law, elsewhere in this Agreement, the Loan Agreement, the Loan Documents, or otherwise.

B. **Convertible Collateral.** Secured Party may present for conversion any Collateral which is convertible into any other instrument or investment security or a combination thereof with cash, but Secured Party shall not have any duty to present for conversion any Collateral unless it shall have received from Debtor detailed written instructions to that effect at a time reasonably far in advance of the final conversion date to make such conversion possible.

7. **Default.**

A. **Event of Default.** An event of default ("Event of Default") shall occur if Debtor or any other obligor on all or part of the Obligations shall fail to timely and properly pay or observe, keep or perform any term, covenant, agreement or condition in the Note, this

Agreement, the Loan Agreement, or in any other agreement between Debtor and Secured Party or between Secured Party and any other obligor on the Obligations, including, but not limited to, any other instrument, loan agreement, security agreement, mortgage, promissory note, guaranty, certificate, assignment, instrument, document or other agreement concerning or related to the Obligations (collectively, the "Loan Documents").

B. Rights and Remedies. If any Event of Default shall occur, then, in each and every such case, Secured Party may, without presentment, demand, or protest; notice of default, dishonor, demand, non-payment, or protest; notice of intent to accelerate all or any part of the Obligations; notice of acceleration of all or any part of the Obligations; or notice of any other kind, all of which Debtor hereby expressly waives, (except for any notice required under this Agreement, any other Loan Document or applicable law); at any time thereafter exercise and/or enforce any of the following rights and remedies at Secured Party's option:

i. **Acceleration.** The Obligations shall, at Secured Party's option, become immediately due and payable, and the Obligations, if any, of Secured Party to permit further borrowings under the Obligations shall at Secured Party's option immediately cease and terminate.

ii. **Possession and Collection of the Collateral.** At its option: (a) take possession or control of, store, lease, operate, manage, sell, or instruct any Agent or Broker to sell or otherwise dispose of, all or any part of the Collateral; (b) notify all parties under any account or contract right forming all or any part of the Collateral to make any payments otherwise due to Debtor directly to Secured Party; (c) in Secured Party's own name, or in the name of Debtor, demand, collect, receive, sue for, and give receipts and releases for, any and all amounts due under such accounts and contract rights; (d) indorse as the agent of Debtor any check, note, chattel paper, documents, or instruments forming all or any part of the Collateral; (e) make formal application for transfer to Secured Party (or to any assignee of Secured Party or to any purchaser of any of the Collateral) of all of Debtor's permits, licenses, approvals, agreements, and the like relating to the Collateral or to Debtor's business; (f) take any other action which Secured Party deems necessary or desirable to protect and realize upon its security interest in the Collateral; and (g) in addition to the foregoing, and not in substitution therefor, exercise any one or more of the rights and remedies exercisable by Secured Party under any other provision of this Agreement, under any of the other Loan Documents, or as provided by applicable law (including, without limitation, the Uniform Commercial Code as in effect in South Carolina (hereinafter referred to as the "UCC")). In taking possession of the Collateral Secured Party may enter Debtor's premises and otherwise proceed without legal process, if this can be done without breach of the peace. Debtor shall, upon Secured Party's demand, promptly make the Collateral or other security available to Secured Party at a place designated by Secured Party, which place shall be reasonably convenient to both parties.

Secured Party shall not be liable for, nor be prejudiced by, any loss, depreciation or other damages to the Collateral, unless caused by Secured Party's willful and malicious act. Secured Party shall have no duty to take any action to preserve or collect the Collateral.

iii. **Receiver.** Obtain the appointment of a receiver for all or any of the Collateral, Debtor hereby consenting to the appointment of such a receiver and agreeing not to oppose any such appointment.

iv. **Right of Set Off.** Without notice or demand to Debtor, set off and apply against any and all of the Obligations any and all deposits (general or special, time or demand, provisional or final) and any other indebtedness, at any time held or owing by Secured Party or any of Secured Party's agents or affiliates to or for the credit of the account of Debtor or any guarantor or indorser of Debtor's Obligations.

Secured Party shall be entitled to immediate possession of all books and records evidencing any Collateral or pertaining to chattel paper covered by this Agreement and it or its representatives shall have the authority to enter upon any premises upon which any of the same, or any Collateral, may be situated and remove the same therefrom without liability. Secured Party may surrender any insurance policies in the Collateral and receive the unearned premium thereon. Debtor shall be entitled to any surplus and shall be liable to Secured Party for any deficiency. The proceeds of any disposition after default available to satisfy the Obligations shall be applied to the Obligations in such order and in such manner as Secured Party in its discretion shall decide.

Debtor specifically understands and agrees that any sale by Secured Party of all or part of the Collateral pursuant to the terms of this Agreement may be effected by Secured Party at times and in manners which could result in the proceeds of such sale as being significantly and materially less than might have been received if such sale had occurred at different times or in different manners, and Debtor hereby releases Secured Party and its officers and representatives from and against any and all Obligations and liabilities arising out of or related to the timing or manner of any such sale.

If, in the opinion of Secured Party, there is any question that a public sale or distribution of any Collateral will violate any state or federal securities law, Secured Party may offer and sell such Collateral in a transaction exempt from registration under federal securities law, and any such sale made in good faith by Secured Party shall be deemed "commercially reasonable".

8. **General.**

A. **Parties Bound.** Secured Party's rights hereunder shall inure to the benefit of its successors and assigns. In the event of any assignment or transfer by Secured Party of any of the Obligations or the Collateral, Secured Party thereafter shall be fully discharged from any responsibility with respect to the Collateral so assigned or transferred, but Secured Party shall retain all rights and powers hereby given with respect to any of the Obligations or the Collateral not so assigned or transferred. All representations, warranties and agreements of Debtor if more than one are joint and several and all shall be binding upon the personal representatives, heirs, successors and assigns of Debtor.

B. **Waiver.** No delay of Secured Party in exercising any power or right shall operate as a waiver thereof; nor shall any single or partial exercise of any power or right preclude other or further exercise thereof or the exercise of any other power or right. No waiver

by Secured Party of any right hereunder or of any default by Debtor shall be binding upon Secured Party unless in writing, and no failure by Secured Party to exercise any power or right hereunder or waiver of any default by Debtor shall operate as a waiver of any other or further exercise of such right or power or of any further default. Each right, power and remedy of Secured Party as provided for herein or in any of the Loan Documents, or which shall now or hereafter exist at law or in equity or by statute or otherwise, shall be cumulative and concurrent and shall be in addition to every other such right, power or remedy. The exercise or beginning of the exercise by Secured Party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by Secured Party of any or all other such rights, powers or remedies.

C. **Agreement Continuing.** This Agreement shall constitute a continuing agreement, applying to all future as well as existing transactions, whether or not of the character contemplated at the date of this Agreement, and if all transactions between Secured Party and Debtor shall be closed at any time, shall be equally applicable to any new transactions thereafter. Provisions of this Agreement, unless by their terms exclusive, shall be in addition to other agreements between the parties. Time is of the essence of this Agreement.

D. **Definitions.** Unless the context indicates otherwise, definitions in the UCC apply to words and phrases in this Agreement; if UCC definitions conflict, Article 9 definitions apply.

E. **Notices.** Notice shall be deemed reasonable if mailed postage prepaid at least five (5) days before the related action (or if the UCC elsewhere specifies a longer period, such longer period) to the address of Debtor given above, or to such other address as any party may designate by written notice to the other party. Each notice, request and demand shall be deemed given or made, if sent by mail, upon the earlier of the date of receipt or five (5) days after deposit in the U.S. Mail, first class postage prepaid, or if sent by any other means, upon delivery.

F. **Modifications.** No provision hereof shall be modified or limited except by a written agreement expressly referring hereto and to the provisions so modified or limited and signed by Debtor and Secured Party. The provisions of this Agreement shall not be modified or limited by course of conduct or usage of trade.

G. **Applicable Law and Partial Invalidity.** This Agreement has been delivered in the State of South Carolina and shall be construed in accordance with the laws of that State. Wherever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement. The invalidity or unenforceability of any provision of any Loan Document to any person or circumstance shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

H. **Financing Statement.** To the extent permitted by applicable law, a carbon, photographic or other reproduction of this Agreement or any financing statement covering the Collateral shall be sufficient as a financing statement.

I. **Controlling Document.** To the extent that this Security Agreement conflicts with or is in any way incompatible with any other Loan Document concerning the Obligations, the Note shall control over any other document, and if such Note does not address an issue, then each other document shall control to the extent that it deals most specifically with an issue.

J. **Execution Under Seal.** This Agreement is being executed under seal by Debtor(s).

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed under seal by their duly authorized representatives as of the date first above written.

Witnesses:

Monty D. Lyman
Jose Saban

Monty D. Lyman
Jose Saban

Debtor:

Sands Properties, Inc

By: [Signature]

Larry W. Brumfield
Its: President

Secured Party:









**Branch Banking and Trust Company of
South Carolina**





By: [Signature]

Its: [Signature]

EXHIBIT A
SCHEDULE OF SERVICEMARKS

SCHEDULE OF SERVICEMARKS

<u>SERVICEMARK</u>	<u>LABEL</u>	<u>DATE FILED WITH SOUTH CAROLINA SECRETARY OF STATE</u>
Topper's Ocean Front Restaurant		June 23, 1993
Team Spirits Sports Bar		June 15, 1993
Ocean Dunes Resort & Villas		June 15, 1993
Sand Dunes Resort Hotel		June 15, 1993
Ocean Annie's Beach Bar		June 15, 1993
Brass Anchor Restaurant & Lounge		June 15, 1993
Flying Machine Restaurant		June 15, 1993
Sandy the Sea Gull		May 5, 1992

Sands Kids Club		October 12, 1994
Sands Littl' Kids	SANDS LITTL' KIDS	October 12, 1994
Ocean Forest Villa Resort		June 15, 1993
Sands Beach Club All-Suite Resort Hotel		June 15, 1993
Sands Ocean Club Resort Hotel		June 15, 1993

<u>SERVICEMARK</u>	<u>LABEL</u>	<u>DATE FILED WITH THE UNITED STATES PATENT AND TRADEMARK OFFICE</u>
Sands Oceanfront Resorts	SANDS OCEANFRONT RESORTS	January 16, 1996 Registration No. 1,947,876

EXHIBIT B
REAL PROPERTY

EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL I-A:

Dwelling No. C-101 of A Place at the Beach-Ocean Forest, Phase II, a Horizontal Property Regime established pursuant to the South Carolina Horizontal Property Act, Sections 27-31-10, et seq., South Carolina Code of Laws, 1976, as amended and submitted by Master Deed recorded February 11, 1980, in Deed Book 668 at Pages 138-196, amended by Amendment dated April 24, 1980, recorded in Deed Book 674 at Page 35, records of Horry County, and exhibits to all of the foregoing, as shown upon plans by Timbes & Clark architects (Robert Wiland), said plans certified April 14, 1980, and recorded in the Office of the Clerk of Court for Horry County, in Condominium Plat Book 1 at Page 76, and as said Master Deed may be further amended. The real estate upon which the said Dwelling is situate is more fully described on a survey prepared by L.M. Coleman, III, R.L.S. recorded in Condominium Plat Book 1 at Page 76, records of Horry County.

THIS BEING the same property conveyed to Mortgagor herein by deed from Tom E. Baugh, Jr. to Sands Resorts Holding, LLC, a South Carolina Limited Liability Company, dated October 15, 1999, and recorded in Deed Book 2198, at Page 1263, records of Horry County, South Carolina.

TMS No. 174-06-09-103

PARCEL I-B:

Dwelling No. C-102 of A Place at the Beach-Ocean Forest, Phase II, a Horizontal Property Regime established pursuant to the South Carolina Horizontal Property Act, Sections 27-31-10, et seq., South Carolina Code of Laws, 1976, as amended and submitted by Master Deed recorded February 11, 1980, in Deed Book 668 at Pages 138-196, amended by Amendment dated April 24, 1980, recorded in Deed Book 674 at Page 35, records of Horry County, and exhibits to all of the foregoing, as shown upon plans by Timbes & Clark architects (Robert Wiland), said plans certified April 14, 1980, and recorded in the Office of the Clerk of Court for Horry County, in Condominium Plat Book 1 at Page 76, and as said Master Deed may be further amended. The real estate upon which the said Dwelling is situate is more fully described on a survey prepared by L.M. Coleman, III, R.L.S. recorded in Condominium Plat Book 1 at Page 76, records of Horry County.

THIS BEING the same property conveyed to Mortgagor herein by deed from Leslie M. Morris, Jr. to Sands Resorts Holding, LLC, a South Carolina Limited Liability Company, dated October 15, 1999, and recorded in Deed Book 2198, at Page 1263, records of Horry County, South Carolina.

TMS No. 174-06-09-104

PARCEL II:

ALL AND SINGULAR, that certain piece, parcel or lot of land, lying, being and situate in Horry County, South Carolina, being more particularly described as the Commercial Unit of Ocean Dunes Tower I, a Horizontal Property Regime, established by Master Deed dated March 5, 1985, and recorded March 6, 1985, in Deed Book 939 at Pages 615-653, and all exhibits thereto, records of Horry County.

THIS BEING the property conveyed to Mortgagor herein, described as Parcel VIII, in deed from Ocean Dunes, LLC, a South Carolina Limited Liability Company to Sands Resorts Holding, LLC, a South Carolina Limited Liability Company, dated October 15, 1999, and recorded in Deed Book 2198, at Page 1273, records of Horry County, South Carolina.

TMS No. 165-16-08-154

PARCEL III:

ALL AND SINGULAR, that certain piece, parcel or lot of land, together with improvements thereon, lying, being and situate in Horry County, South Carolina, being more particularly described as the "Commercial Unit" of Ocean Dunes Tower II, a Horizontal Property Regime established by Master Deed dated January 15, 1986, and recorded January 22, 1986, in Deed Book 1021 at Page 281, records of Horry County, and re-recorded to add Exhibit A-1 on April 21, 1986, and exhibits to all of the foregoing, in Deed Book 1040 at Page 115, records of Horry County, South Carolina.

THIS BEING the property conveyed to Mortgagor herein, described as Parcel IX, in deed from Ocean Dunes, LLC, a South Carolina Limited Liability Company to Sands Resorts Holding, LLC, a South Carolina Limited Liability Company, dated October 15, 1999, and recorded in Deed Book 2198, at Page 123, records of Horry County, South Carolina.

TMS No. 165-16-08-240

PARCEL IV-A:

ALL AND SINGULAR, that certain piece, parcel or lot of land, together with improvements thereon, situate, lying and being in the City of Myrtle Beach, County of Horry, State of South Carolina, and being more particularly described as Lot Four (4), Block Twelve (12), of the Long Bay Section, as shown on a map prepared by T.M. Jordan, C.E., dated May, 1947, and recorded April 8, 1949, in Plat Book 8, at Page 26-A, in the Office of the Clerk of Court for Horry County, South Carolina.

TMS No. 165-16-09-004

PARCEL IV-B:

ALL AND SINGULAR, that certain piece, parcel or lot of land, together with improvements thereon, situate, lying and being in Dogwood Neck Township, Horry County, South Carolina, in the City of Myrtle Beach, and being more particularly described as Lot 15, of Block 12, of the Long Bay Section, as shown on a map prepared by T.M. Jordan, C.E., dated May, 1947, and recorded April 8, 1949 in Plat Book 8, at Page 26-A, in the Office of the Clerk of Court for Horry County, South Carolina.

TMS No. 165-16-09-006

PARCEL IV-C:

ALL AND SINGULAR, that certain piece, parcel or lot of land, together with improvements thereon, situate, lying and being in Dogwood Neck Township, County of Horry, State of South Carolina, and being more particularly described as Parcel "A" on a map of Lots 1, 2, 3, 4, 14 and 15 of Block 12, of the Long Bay Section, prepared by Robert L. Bellamy and Associates, Engineers and Land Surveyors, dated June 16, 1971, and revised June 28, 1971, to show Parcel "A"; the said Parcel "A" being described by metes and bounds as follows:

BEGINNING at a pipe corner located on the northwestern most corner of Lot 4, of Block 12, of the Long Bay Section, which point is also located on the northeastern margin of a 20 foot alleyway and running thence, south 45° 00 minutes west, 20 feet to a pipe corner; thence, turning and running south 45° 00 minutes east 160 feet to a pipe corner; thence, turning and running north 45° 00 minutes east 20 feet to a pipe corner; thence, turning and running north 45° 00 minutes west 160 feet to the point of beginning; the said Parcel "A" being bounded on the northwest by the remaining portion of a 20 foot alleyway; bounded on the southeast by a portion of Lot 2; bounded on the southwest by Lots 14 and 15 and a portion of Lot 1, of Block 12, of the Long Bay Section.

No separate TMS No.

PARCEL IV-D:

ALL AND SINGULAR, that certain piece, parcel or lot of land, together with improvements thereon, situate, lying and being in Dogwood Neck Township, County of Horry, State of South Carolina, and being more particularly described as a portion of Parcel "A" on a map of Lots 1, 2, 3, 4, 5 and Lots 13, 14 and 15 of Block 12, of the Long Bay Section, prepared by Robert L. Bellamy and Assoc., dated September 15, 1983, and revised October 19, 1983, to show Parcel "A". The portion of Parcel "A" conveyed hereunder is described as follows:

BEGINNING at a pipe corner located on the northwestern most corner of Lot 5 of Block 12 of the Long Bay Section, which point is also located on the northeastern margin of a 20 foot alleyway and running thence, 45° 00' West 20 feet to a pipe corner; thence, turning and running south 45° 00' East 80 feet to a point; thence, turning and running north 45° 00' East 20 feet to a point; thence, turning and running north 45° 00' West 80 feet to the point of beginning.

No separate TMS No.

PARCEL IV-E:

ALL AND SINGULAR, that certain piece, parcel or lot of land, together with improvements thereon, situate, lying and being in Dogwood Neck Township, County of Horry, State of South Carolina, more particularly described as Lot Thirteen (13) of Block Twelve (12) of the Long Bay Section of Myrtle Beach, as shown on map of Long Bay Section, made by T.M. Jordan, C.E., dated May, 1947, and recorded April 8, 1949 in Plat Book 8, at Page 26-A in the Office of the Clerk of Court for Horry County, South Carolina.

TMS No. 165-16-09-008

PARCELS IV-A THROUGH IV-E BEING the same property conveyed to the Mortgagor herein, described as Parcels I, II, III, IV and V, in deed from Ocean Dunes, LLC, a South Carolina Limited Liability Company to Sands Resorts Holding, LLC, a South Carolina Limited Liability Company, dated October 15, 1999, and recorded in Deed Book 2198, at Page 1233, records of Horry County, South Carolina.

PARCEL IV-F:

Leasehold estate in and to the following described property created by Lease of Real Estate, dated November 4, 1970, with short form lease recorded in Deed Book 440 and Page 195; as modified by Modification of Lease Agreement dated November 4, 1970, and recorded in Deed Book 449 at Page 56; as amended by Amendment to Lease Agreement dated April 11, 1984, recorded in Deed Book 862 at Page 86, all in the records of Horry County:

ALL AND SINGULAR, those certain pieces, parcels or lots of land, together with the improvements thereon, situate, lying and being in Dogwood Neck Township, Horry County, South Carolina, in the City of Myrtle Beach, being more particularly described as Lots 1, 2, 3, and 14 in Block 12, of the Long Bay Section, as shown on map prepared by T.M. Jordan, C.E., dated May, 1947, and recorded April 8, 1949 in Plat Book 8, at Page 26-A, in the Office of the Clerk of Court for Horry County, South Carolina.

THIS BEING the leasehold conveyed to Mortgagor herein, described as Parcel VI, by Assignment from Ocean Dunes, LLC, a South Carolina Limited Liability Company to Sands Resorts Holding, LLC, a South Carolina Limited Liability Company, dated October 15, 1999, and recorded in Deed Book 2198, at Page 1233, records of Horry County, South Carolina.

Lots 1,2 & 3 – TMS No. 165-16-09-005

Lot 14 – TMS No. 165-16-09-007

PARCEL IV-G:

Leasehold estate in and to the following described property created by Lease Agreement between Ray B. Johnston and Gladys M. Johnston, Lessors, and Ocean Dunes, Inc., Lessee, dated May 29, 1973, and recorded in Deed Book 493 at Page 248, records of Horry County:

ALL AND SINGULAR, All that certain piece, parcel or lot of land situate, lying and being in Dogwood Neck Township, County and State aforesaid, and being more particularly described as Lot Five (5) of Block Twelve (12) of Long Bay Section, of Myrtle Beach, as shown on a map prepared by T. M. Jordan, C.E., dated May, 1947, recorded in Plat Book 8, at Page 26-A, in the Office of the Clerk of Court for Horry County, South Carolina.

THIS BEING the leasehold conveyed to Mortgagor herein, described as Parcel VII, by Assignment from Ocean Dunes, LLC, a South Carolina Limited Liability Company (formerly Ocean Dunes, Inc.), to Sands Resorts Holding, LLC, a South Carolina Limited Liability Company, dated October 15, 1999, recorded in Deed Book 2198, at Page 123, records of Horry County, South Carolina.

TMS No. 165-16-09-003

PARCEL V:

DWELLINGS C-1 of the Sands Beach Club, Phase I and C-2 of Sands Beach Club, Phase II, a Horizontal Property Regime established by Master Deed recorded June 29, 1982, in Deed Book 752 at Page 703, records of Horry County, South Carolina, with all exhibits thereto.

LESS AND EXCEPTING and subject to the terms and provisions of that certain Deed from Sands Development South Carolina, Inc. to Sands Beach Club Homeowners' Association, Inc. dated February 4, 1994, recorded in Deed Book 1702 at Page 752, records of Horry County.

THIS BEING a portion of the property conveyed from Sands Development South Carolina, Inc. to Sands Properties, Inc., by deed dated December 30, 1992, recorded December 31, 1992, in Deed Book 1603, at Page 173, and re-recorded December 15, 1993, in Deed Book 1688, at Page 645, records of Horry County, South Carolina.

C-1 Beach Club – TMS No. 166-00-09-061

C-2 Beach Club – TMS No. 166-00-10-166

PARCEL VI:

Leasehold estate in and to the following described property created by Lease between N. B. Baroody Beverage Co. (Inc.), Lessor, and Sands Properties, Inc., Lessee, dated June 5, 1996, evidenced by Short Form Lease Agreement dated June 5, 1996, recorded September 11, 1998 in Deed Book 2070 at Page 980, records of Horry County, South Carolina:

THAT CERTAIN warehouse space located at 1012 8th Avenue North Extension in Myrtle Beach, South Carolina, containing 15,000 square feet, more or less, and measuring 150 x 100. Property was formerly leased by Al Nichols of Superior Linen Company.

THIS BEING the leasehold conveyed from N.B. Baroody Beverage Co., to Sands Properties, Inc. by Lease dated June 5, 1996, a Short Form of which is recorded in Deed Book 2070 at Page 980, records of Horry County.

TMS No. 181-06-06-001

PARCEL VII:

ALL AND SINGULAR, that certain piece, parcel or lot of land, together with improvements thereon, situate, lying and being at Myrtle Beach, County of Horry, State of South Carolina, being more particularly described as Lot Number Eight (8), of Block Seven (7) of the Long Bay Section of

Myrtle Beach, as shown on a map of Long Bay Section, prepared by T.M. Jordan, C.E., dated May, 1947, recorded April 8, 1949, in Plat Book 8 at Page 26-A, records of Horry County, South Carolina.

THIS BEING the property conveyed to Mortgagor herein, described as Parcel 8, by Deed from Sand Dunes Ocean Front Resort, LLC, a South Carolina Limited Liability Company to Sands Resorts Holding, LLC, a South Carolina Limited Liability Company, dated October 15, 1999, and recorded in Deed Book 2198, at Page 124, records of Horry County.

TMS No. 174-04-01-001

PARCEL VIII:

Parcel A: ALL AND SINGULAR, that certain piece, parcel or tract of land, together with improvements thereon, situate, lying and being northwest of Myrtle Beach, Dogwood Neck Township, County of Horry, State of South Carolina, and being more particularly described as follows:

BEGINNING at an iron on the southeastern margin of a 66 foot street and being located 600 feet southwest from the southwestern margin of 33rd Avenue North, said iron being the point of beginning; thence, proceeding South 38 degrees 46 minutes East 357 feet to an iron; thence, turning and running South 51 degrees 14 minutes West 156.6 feet to an iron; thence, turning and running North 38 degrees 46 minutes West 357 feet to an iron on the Southeastern margin of a 66 foot street; thence, turning and running with said street North 51 degrees 14 minutes East 156.6 feet to an iron at the point of beginning, with all measurements being a little more or a little less. This property is more particularly shown on a map by Robert L. Bellamy and Associates, Engineers and Surveyors, dated September 11, 1979, and recorded in Deed Book 655, at Page 555, in the office of the RMC for Horry County, South Carolina.

This property contains 1.28 acres, more or less, and is bounded on the Northwest by a 66 foot street; on the Northeast by property now or formerly of Myrtle Beach Farms Company, Inc.; on the Southwest by property now or formerly of A.E. Jackson, Jr.; and on the Southeast by the following described Parcel B.

THIS BEING the same property conveyed to the Mortgagor herein by deed from Tom E. Baugh, Jr. and Leslie M. Morris, Jr. to Sands Resorts Holding, LLC, a South Carolina Limited Liability Company, dated October 15, 1999, and recorded in Deed Book 2198, at Page 125, records of Horry County.

TMS No. 173-11-01-008

Parcel B: ALL AND SINGULAR, that certain piece, parcel or tract of land situate, lying and being Northwest of Myrtle Beach, Dogwood Neck Township, County of Horry and State of South Carolina, being more particularly described as follows:

BEGINNING at an iron corner on the Northern margin of US Highway 17 Bypass (also known as Mark Garner Highway) and being located 600 feet Southwest of the western margin of 33rd Avenue North, said iron being the point of beginning, thence proceeding along the boundary of US Highway 17 Bypass South 51 degrees 14 minutes West, 156.6 feet to an iron, thence turning and running North 38 degrees 46 minutes West, 66 feet to an iron, thence turning and running North 51 degrees 14 minutes East, 156.6 feet to an iron, thence turning and running South 38 degrees 46 minutes 00 seconds East, 66 feet to an iron at the point of beginning, with all measurements being a little more or a little less. This property is more particularly shown as Parcel "E" on that certain map by Robert L. Bellamy & Associates, Engineers and Surveyors, dated March 18, 1992, and recorded October 9, 1992, in Plat Book 121, at Page 189, in the office of the RMC for Horry County, South Carolina.

Said property is bounded on the Northeast by property now or formerly of Myrtle Beach Farms Company, Inc., on the Northwest by the foregoing Parcel A, on the Southwest by property now or formerly of Myrtle Beach Farms Company, Inc., and on the Southeast by US Highway 17 Bypass.

THIS BEING the same property conveyed to the Mortgage herein by deed from Tom E. Baugh, Jr. and Leslie M. Morris, Jr. to Sands Resorts Holding, LLC, a South Carolina Limited Liability Company, dated October 15, 1999, and recorded in Deed Book 2192, at Page 1245, records of Horry County.

TMS No. 173-11-01-025

PARCEL IX:

Unit C-1, Phase I of Sand Dunes Condominium Horizontal Property Regime established by Master Deed dated January 30, 1996, recorded January 30, 1996, and recorded in Deed Book 1846 at Page 192, records of Horry County, South Carolina, and all exhibits thereto.

THIS BEING the property conveyed to Mortgage herein, described as Parcel 5, by deed from Sand Dunes Ocean Front Resort, LLC, a South Carolina Limited Liability Company to Sands Resorts Holding, LLC, a South Carolina Limited Liability Company, dated October 15, 1999, and recorded in Deed Book 2198, at Page 1241, records of Horry County.

TMS No. 174-04-01-077

PARCEL X-A

Parcel 1: THOSE CERTAIN Units known and designated as "Commercial Unit", Unit No. 12-A, Unit No. 12-B, Unit No. 12-C and Unit No. 12-D, of Long Bay Apartments, a Horizontal Property Regime, established by the grantor pursuant to the South Carolina Horizontal Property Act, Sections 27-31-10, et.seq., South Carolina Code of Laws, 1976, as amended and submitted by Master Deed dated June 15, 1979 and recorded June 20, 1979, in Deed Book 645 at pages 917-969, and exhibits to all of the foregoing, and as shown upon plans by Timbes/Wilund/Usry/Architects, Inc., recorded in the office of the Clerk of Court for Horry County, in Condominium Plat Book 1 at page 52. The real estate upon which the said Dwelling is situate is more fully described on a survey prepared by L.M. Coleman, III, R.L.S., dated June 15, 1979 and recorded in Condominium Plat Book 1 at page 52, records of Horry County.

THIS BEING the property conveyed to Mortgage herein, described as Parcel 1, by Deed from Sand Dunes Ocean Front Resort, LLC, a South Carolina Limited Liability Company to Sands Resorts Holding, LLC, a South Carolina Limited Liability Company, dated October 15, 1999, and recorded in Deed Book 2198, at Page 1241, records of Horry County.

Commercial Unit TMS No. 174-04-01-014; Unit 12-A TMS No. 174-04-01-006; Unit 12-B Tms No. 174-04-01-005; Unit 12-C TMS No. 174-04-01-003; Unit 12-D TMS No. 174-04-01-004

PARCEL X-B

Parcel 2: ALL AND SINGULAR, that certain piece, parcel or tract of land, situate, lying and being in Myrtle Beach, Horry County, South Carolina, containing 2.24 acres and being more particularly described as "REVISED PARCEL A" on that certain map entitled "MAP SHOWING REVISED PARCEL A & REVISED PARCEL B, BLOCK 7, LONG BAY SECTION, MYRTLE BEACH, HORRY COUNTY, SOUTH CAROLINA PREPARED FOR: SAND DUNES RESORT HOTEL" by Robert L. Bellamy & Associates, Inc. dated January 8, 1996, recorded January 30, 1996, in Plat Book 139, at Page 27, records of Horry County, South Carolina.

Less and excepting from Parcel 2 as described above, the following described property:

Those certain Units known and designated as "Commercial Unit", Unit No. 12-A, Unit No. 12-B, Unit No. 12-C and Unit No. 12-D, of Long Bay Apartments, a Horizontal Property Regime, established by the grantor pursuant to the South Carolina Horizontal Property Act, Sections 27-31-10, et.seq. South Carolina Code of Laws, 1976, as amended and submitted by Master Deed dated June 15, 1979 and recorded June 20, 1979, in Deed Book 645 at pages 917-969, and exhibits to all of the foregoing, as shown upon plans by Timbes/Wilund/Usry/Architects, Inc., recorded in the office of the Clerk of Court for Horry County, in Condominium Plat Book 1 at page 52. The real estate upon which the said Dwelling is situate is more fully described on a survey prepared by L.M. Coleman, III, R.L.S., dated June 15, 1979 and recorded in Condominium Plat Book 1 at page 52, records of Horry County

THIS BEING the property conveyed to Mortgagor herein, described as Parcel 2, by Deed from Sand Dunes Ocean Front Resort, LLC, a South Carolina Limited Liability Company to Sands Resorts Holding, LLC, a South Carolina Limited Liability Company, dated October 15, 1999, and recorded in Deed Book 2198, at Page 124, records of Horry County.

TMS No. 174-04-01-004

PARCEL X-C

TOGETHER WITH the Easements set forth in that certain Restated and Revised Reciprocal Easement Agreement between Long Bay Apartments Management Association, Inc., Thomas E. Baugh, Jr., Leslie M. Morris, Sr., Leslie M. Morris, Jr., Long Bay Apartments, a South Carolina Limited Partnership, and Sand Dunes Resort Phase II, L.L.C. dated January 30, 1996 and recorded January 30, 1996 in Deed Book 1846 at Page 149, records of Horry County, South Carolina and that certain Reciprocal Easement Agreement for Parking between Long Bay Apartments Management Association, Inc., Thomas E. Baugh, Jr., Leslie M. Morris, Sr., Leslie M. Morris, Jr., Long Bay Apartments, a South Carolina Limited Partnership and Sand Dunes Resort Phase II, L.L.C. dated January 30, 1996 and recorded January 30, 1996 in Deed Book 1846 at Page 174, records of Horry County, South Carolina.

THIS BEING the property conveyed to Mortgagor herein, described as Parcel 3, by Deed from Sand Dunes Ocean Front Resort, LLC, a South Carolina Limited Liability Company to Sands Resorts Holding, LLC, a South Carolina Limited Liability Company, dated October 15, 1999, and recorded in Deed Book 2198, at Page 124, records of Horry County.

Reciprocal Easements – No separate TMS No.

PARCEL X-D

Leasehold estate of Long Bay Apartments, a South Carolina Limited Partnership, as Lessee, created by Lease Agreement, dated September 26, 1983, a memorandum of which is recorded in Deed Book 831, at Page 355, and re-recorded in Deed Book 837 at Page 765, records of Horry County, South Carolina:

THIS BEING the leasehold assigned to Mortgagor herein, described as Parcel 4, by Assignment of Lease from Sand Dunes Ocean Front Resort, LLC, a South Carolina Limited Liability Company to Sands Resorts Holding, LLC, a South Carolina Limited Liability Company, dated October 15, 1999, and recorded in Deed Book 2198, at Page 124, records of Horry County.

No separate TMS No.

PARCEL XI:

Unit 1451, Phase I of Sand Dunes Condominium Horizontal Property Regime established by Master Deed dated January 30, 1996, recorded January 30, 1996, and recorded in Deed Book 1846 at Page 192, records of Horry County, South Carolina, and all exhibits and Amendments thereto.

SUBJECT to a life estate held by Jane H. McGuire as evidenced by that certain Indenture Deed of Sand Dunes Resort Phase II, LLC, a South Carolina Limited Liability Company, to Jane H. McGuire, recorded February 12, 1996, in Deed Book 1848, at Page 637, records of Horry County, South Carolina.

THIS BEING the property conveyed to Mortgagor herein, described as Parcel 6, by Deed of Sand Dunes Ocean Front Resort, LLC, a South Carolina Limited Liability Company to Sands Resorts Holding, LLC, a South Carolina Limited Liability Company, dated October 15, 1999, and recorded in Deed Book 2198, at Page 124, records of Horry County.

TMS No. 174-04-01-076

PARCEL XII:

Unit No. P-1, Sand Dunes Villas, a Horizontal Property Regime, together with all appurtenances thereto, established by Master Deed recorded March 5, 1985, in Deed Book 939, at Page 375, records of Horry County, South Carolina, and exhibits thereto.

THIS BEING the property conveyed to Mortgagor herein, described as Parcel 7, by Deed of Sand Dunes Ocean Front Resort, LLC, a South Carolina Limited Liability Company to Sands Resorts Holding, LLC, a South Carolina Limited Liability Company, dated October 15, 1999, and recorded in Deed Book 2198, at Page 124, records of Horry County.

TMS No. 165-16-09-078

PARCEL XIII:

Units No. C-1, C-2 and C-3 of Sands Ocean Club, a Horizontal Property Regime established by Master Deed recorded March 13, 1984, in Deed Book 855 at Page 448, records of Horry County, South Carolina, and all Exhibits and that certain Amendment filed in Deed Book 858 at Page 322, records of Horry County; that certain Amendment recorded in Deed Book 858 at Page 669, records of Horry County; that certain Amendment recorded in Deed Book 863 at Page 962, records of Horry County; that certain Amendment recorded August 28, 1985 in Deed Book 985 at Page 487; and that certain Amendment recorded in Deed Book 1689 at Page 780, records of Horry County, South Carolina, and exhibits to all of the foregoing.

THIS BEING a portion of the property conveyed to Sands Properties, Inc. by Deed of Sands Development South Carolina, Inc. dated December 30, 1992, and recorded December 31, 1992, in Deed Book 1603, at Page 173, and re-recorded December 15, 1993, in Deed Book 1688, at Page 645, and by Indenture Deed of Sands Development South Carolina dated June 1, 1994, and recorded July 28, 1994, in Deed Book 1744, at Page 835, all records of Horry County, South Carolina.

C-1 TMS No. 166-06-28-238

C-2 TMS No. 166-06-28-497

C-3 TMS No. 166-06-28-549

PARCEL XIV:

Leasehold estate in and to the following described property created by Lease and Agreement from Sand Dunes Ocean Front Resort, LLC to Sands Resorts Holding, LLC, dated October 15, 1999, recorded in Deed Book 2198 at Page 1336 records of Horry County:

ALL AND SINGULAR, that certain piece, parcel or lot of land, situate, lying and being in Dogwood Neck Township, County of Horry and State of South Carolina, being Lot Seven (7) of Block Seven (7) of the Long Bay Section of Myrtle Beach as shown on map of Long Bay Section made by T.M. Jordan, C.E., dated May, 1947, recorded April 8, 1949 in Plat Book 8, Page 26-A, records of Horry County, South Carolina.

THIS leasehold conveyed to Mortgagor herein by Lease and Agreement of Sand Dunes Ocean Front Resort, LLC, a South Carolina Limited Liability Company to Sands Resorts Holding, LLC, a South Carolina Limited Liability Company, dated October 15, 1999, and recorded in Deed Book 2198, at Page 1336, records of Horry County.

TMS No. 165-16-10-007

PARCEL XV:

Leasehold estate in and to the following described property created by Lease Purchase Agreement between Ocean Dunes, LLC, a South Carolina Limited Liability Company and Beverly S. Mesimer, dated August 31, 1999, and recorded September 24, 1999 in Deed Book 2191 at Page 508, records of Horry County, South Carolina:

ALL AND SINGULAR, that certain piece, parcel or lot of land situate, lying and being in Dogwood Neck Township, Horry County, South Carolina, and being described as Lot Ten (10) of Block

Twelve (12) of the Long Bay Section of Myrtle Beach, on a map prepared by T.M. Jordan C.E., dated May 1947 and recorded April 8, 1949 in Plat Book 8 at Page 26-A, in the Clerk's Office for Horry County, South Carolina.

THIS BEING the leasehold conveyed to Mortgagor herein, by Assignment of Lease Purchase Agreement of Ocean Dunes, LLC, a South Carolina Limited Liability Company to Sands Resorts Holding, LLC, a South Carolina Limited Liability Company, dated October 15, 1999, and recorded in Deed Book 2198, at Page 130, records of Horry County.

TMS No. 165-16-09-011