

THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM GREENWOOD COUNTY
Court of Common Pleas

The Honorable Freank R. Addy, Circuit Court Judge

Appellate Case No. 2021-001400
Case No. 2012-CP-24-00576

IOS, LLC,.....Appellant-Respondent,

v.

Lander University, ...Respondent-Appellant.

AMENDED RECORD ON APPEAL
VOLUME II

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SC Court of Appeals

**AMENDED RECORD ON APPEAL
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EXHIBIT "B-3"

000002398
RECORDED 03/07/2005 03:07:13PM
Bk:00895 Pg:00090 Pages:4
Fee:10.00 State:0.00
County:0.00 Exam:-----
Ingram Moon, Clerk of Court
Greenwood County, SC
TITLE TO REAL ESTATE
2398 Bk=895 Pg=90

STATE OF SOUTH CAROLINA)
COUNTY OF GREENWOOD)

KNOW ALL MEN BY THESE PRESENTS, that Palmetto Inns, LLC [Grantor"], in the State aforesaid, for and in consideration of Five Dollars (\$5.00) and subject to mortgage held by Business Carolina, Inc., to the Grantor in hand paid at and before the sealing of these presents, by IOS, LLC ["Grantee"], the receipt of which is hereby acknowledged, has granted, bargained, sold, and released, and by these presents does grant, bargain, sell, and release unto:

IOS, LLC
its successors and assigns:

All those certain piece, parcels or lots of land, containing approximately 0.547 acres, together with the improvements thereon, situate, lying, and being on the southern side of East Court Street, in the City of Greenwood, County of Greenwood, State of South Carolina and being designated and described as Lots A, B, and C, Abandoned Alley and Addition on a plat made for the III Group, LLC by John H. Welborn, PLS, dated September 15, 1997, and recorded in the Office of the Clerk of Court for Greenwood County in Plat Book 104 at page 11, which plat by reference is made a part hereof for a more complete and accurate description by metes, courses, distances and bounds.

SAID property being more fully described according to said plat as follows:

Beginning at a point located at the southeastern intersection of 104 East Court Avenue and South Main Street, being the point of beginning; thence S 07° 46' 45" E, a distance of 117.49' to a point; thence S 07° 09' 33" E, a distance of 19.20' to a point; thence S 16° 15' 09" E, a distance of 1.01' to a point; thence N 82° 10' 50" E, a distance of 158.40' to a point; thence N 08° 20' 23" W, a distance of 19.19' to a point; thence N 08° 20' 23" W, a distance of 20.10' to a point; thence N 64° 03' 12" E, a distance of 1.39' to a point; thence N 65° 03' 12" E, a distance of 17.87' to a point; thence N 64° 03' 12" E, a distance of 2.66' to a point; thence N 64° 03' 12" E, a distance of 15.78' to a point; thence N 07° 49' 26" W, a distance of 87.09' to a point; thence S 82° 28' 48" W, a distance of 15.0' to a point; thence N 05° 12' 26" W, a distance of 1.08' to a point; thence S 82° 28' 48" W, a distance of 20.72' to a point; thence S 82° 28' 48" W, a distance of 12.45' to a point; thence S 82° 26' 23" W, a distance of 49.72' to a point; thence S 81° 40' 27" W, a distance of 94.0' to a point, being the point of beginning, be all dimensions and measurements a little more or less.

This being the same property conveyed to Palmetto Inns, LLC by deed of Business Carolina, Inc. dated December 31, 2002, and recorded in the Office of the Clerk of Court for Greenwood County on February 13, 2003, in Book 769 at page 218.

TMS: 6845942879

PROPERTY ADDRESS: 104 E. Court Avenue, Greenwood, South Carolina 29646

GRANTEE'S MAILING ADDRESS: c/o John W. Huffman, Inn on the Square,
104 E. Court Avenue, Greenwood, S.C. 29646

This conveyance is made, subject to easements and restrictions of record and otherwise affecting the property.

By: [Signature]
ANGELA WOODHURST
CCL AND GS
GREENWOOD COUNTY
S.C.

Deliver To: LEONARD R JORDAN JR
PO BOX 394
COLUMBIA SC 29202

Deed Bk: 895 Pg: 90

Greenwood County, SC - Doc. ID: 2005-2398

1/4

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TOGETHER with all and singular the Rights, Members, Hereditaments and Appurtenances to the said Premises belonging or in anywise incident or appertaining.

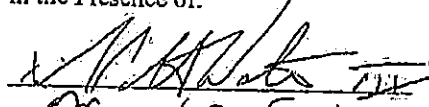
TO HAVE AND TO HOLD, all and singular the said Premises before mentioned unto the said Grantee, Grantee's successors and assigns forever.

And the said Grantor does hereby bind itself and its successors and assigns to warrant and forever defend all and singular the said Premises unto the said Grantee, Grantee's successors and assigns, against Grantor and Grantor's successors and assigns and against every person whomsoever lawfully claiming, or to claim the same, or any part thereof.

IN WITNESS WHEREOF, the Grantor, by its Manager, has hereunto set its hand and seal this 16th day of February, 2005.

Signed, Sealed and Delivered
in the Presence of:

PALMETTO INNS, LLC

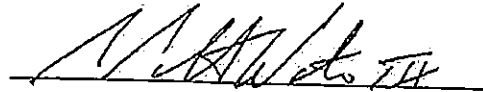

Notary Public

By:


S. Craig White
Manager

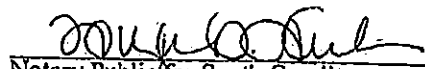
STATE OF SOUTH CAROLINA }
COUNTY OF RICHLAND }

PERSONALLY APPEARED before me the undersigned witness and made oath that (s)he saw the within-named Palmetto Inns, LLC, by S. Craig White, its Manager, sign, seal and, as its act and deed, deliver the within Title to Real Estate, and that (s)he with the other witness whose signature appears above, witnessed the execution thereof.



SWORN to before me this

16th day of February, 2005

 (L.S.)
Notary Public for South Carolina
My Commission Expires: 10/29/2008

F:\Kosa\Huffman-Filer\WOS,LLC\Deed.wpd

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FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT ("Agreement") is made and is effective as of the 29th day of March, 2005, by and between Business Carolina, Inc. ("Lender"), Palmetto Inns, LLC ("Borrower"), and S. Craig White ("Guarantor").

A. The following defined terms and/or reference terms shall be used herein:

1. Lender Loan No.: 11280
2. Loan Documents: Loan (the "Loan") made by Lender to Borrower, evidenced by a Promissory Note dated December 31, 2002, in the amount of \$1,000,000.00 (the "Note"), and secured by that certain Mortgage (as identified below), and any other documents or agreements that have heretofore been executed in conjunction with the Loan are sometimes referred to collectively herein as the "Loan Documents."
3. Collateral: As collateral for the Loan, the Borrower executed and delivered to Lender that certain Mortgage of Real Estate dated December 31, 2002 (the "Mortgage"), covering certain property with improvements thereon and described in the Mortgage (the "Property"), which mortgage was recorded on February 13, 2003 in the Greenwood County Clerk of Court/RMC Office at Book 1453, Page 87; and Assignments of Leases and Rents and other collateral as provided in the Loan Documents.
4. Loan Documents: The term "Loan Documents" as used herein means the Loan Documents and this Agreement and any other document that Borrower or Guarantor are required to execute either in connection with the foregoing or pursuant to any other provision of this Agreement.
5. Definitions and Meaning: All defined terms used herein shall have the meaning set forth either in this Agreement, or, if not defined herein, in the Loan Documents. Any reference to or characterization of any of the Loan Documents is intended to describe certain material aspects of said documents, but is not otherwise intended to amend those documents, except as may be specifically set forth in the operative provisions of this Agreement.

Whereas, Lender is the owner and holder of the Loan Documents; and

Whereas, Borrower expressly acknowledges to Lender that Borrower is in default under the terms of the Loan Documents, and that the principal balance and certain other amounts due thereunder have not been paid (the "Default"); and

Whereas, the Borrower and the Guarantor acknowledge they are obligated under the Loan Documents to bear the expenses, costs and attorney's fees incurred by the Lender in the collection of unpaid monthly installments of principal, interest, escrow, late charges and other payments called for under the Note and/or other Loan Documents; and

Whereas, Guarantor expressly reaffirms the guaranty agreement dated December 31, 2002, by Guarantor in favor of Lender (the "Guarantee"), and Guarantor also expressly agrees that he consents to this Agreement; and

Whereas, as a result of the Default and such other defaults as may exist, Lender is entitled to exercise all of its rights and remedies under the Loan Documents and applicable law; and

Whereas, as a result of the default by Borrower, the Lender has instituted a foreclosure action against the Borrower in Greenwood County, South Carolina, C/A No.: 2004-CP-24-1234 (the "Foreclosure Action"); and

Whereas, Borrower expressly acknowledges that the following amounts are due and payable to Lender as of March 4, 2005:

\$1,061,116.57 based on the components that follow:

Principal	\$ 995,381.94
Unpaid Regular Interest	\$ 50,667.32
Insurance	\$ 2,972.61
Late Fees	\$ 3,594.70
Legal Fees	\$ 8,500.00
Total	\$1,061,116.57

The stipulated amount owing under the Note is therefore \$1,061,116.57, as of March 4, 2005 (the "Indebtedness"); and

Whereas, the Borrower now wishes Lender to forestall or postpone Lender's further exercise of its remedies under the Loan Documents; and

Whereas, the Lender is entering into this Agreement as an accommodation to Borrower, and Borrower remains bound to perform Borrower's obligations under the Loan Documents; and

Whereas, the Borrower and the Guarantor warrant and represent that none of them is currently involved in a bankruptcy proceeding at any place in the United States; and

Whereas, the Borrower, through its representatives, and the Guarantor represent and warrant that they have read this entire Agreement and understand the effects and consequences of the same.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, the adequacy of which is hereby acknowledged, the parties agree as follows:

1. Recitals Incorporated. Lender, Borrower and the Guarantor expressly acknowledge and represent that the Recitals set out hereinabove are true and correct in all material respects and that such Recitals are incorporated by reference in this Agreement.

2. Forbearance and Loan Modification.

(a) Lender agrees that it will dismiss the Foreclosure Action without prejudice after receipt by the Lender of the initial monthly payment of interest paid pursuant to the Modification and will forbear from pursuing any legal or equitable rights or remedies under the Loan Documents in respect of the Default. However, Lender may immediately exercise any or all of Lender's rights and remedies without notice or demand, in the event that Borrower or Guarantor (or any of them) fail to comply with any of the terms of this Agreement, the Loan Documents or the Modification.

(b) Lender and Borrower agree to enter into a Loan Modification Agreement (the "Modification"), dated of even date herewith, in the form of Exhibit "A" attached hereto and made a part hereof, wherein and whereby the Loan shall be modified in accordance with the terms of the Modification.

(c) NOTWITHSTANDING THE FOREGOING, LENDER DOES NOT COMMIT ITSELF TO ENTER INTO ANY ADDITIONAL AGREEMENTS OF ANY KIND WITH BORROWER, INCLUDING, WITHOUT LIMITATION ANY AMENDMENTS, MODIFICATIONS, REINSTATEMENTS, ADDITIONAL FORBEARANCE AGREEMENTS, OR ANY OTHER AGREEMENTS.

3. Discounted Indebtedness. Subject to Borrower timely making the payments in accordance with the terms and conditions of the Modification, Lender hereby agrees to reduce the Indebtedness to \$930,000.00. Borrower acknowledges and agrees that, in the event of a default by Borrower under the terms of the Modification, the Loan Documents or this Agreement, the original amount of the Indebtedness with accrued interest and all costs and fees incurred by Lender shall be immediately reinstated.

4. Time of the Essence. Time is of the essence under the Loan Documents, including but not limited to the dates for Borrower to make all the payments to Lender called for herein. No notice or demand for payment need be given by Lender prior to the due date of such payments, except as provided in the Modification.

5. Dismissal of Counterclaims. Borrower agrees to dismiss with prejudice the Counterclaim against Lender filed in the Foreclosure Action and has delivered to Lender's counsel a Stipulation of Dismissal with Prejudice.

6. Payment of Taxes. Borrower has paid or caused to be paid all past due real property taxes encumbering the Property, including redemption from tax sale, costs, and has provided evidence of that payment to Lender.

7. **Management Agreement and Financial Statement.**

(a) Borrower shall, at the closing, deliver a copy of all management agreements acceptable in form and content to Lender currently in force with regard to the operation of the business at the Property.

(b) Guarantor shall, at the closing, deliver to Lender a complete statement of Guarantor's financial affairs in such form as requested by Lender.

8. **Provisions Related to Borrower Defaults and Cure Rights.** Lender shall give Borrower and Guarantor written notice of the occurrence of any default by Borrower as set forth in the Loan Documents, copies of which are attached hereto and made a part hereof. Provided that Borrower does not cure such a default for which notice is required within the applicable cure period, Lender's agreement to forbear shall immediately terminate, and Lender, without notice to anyone, at its option, and in its sole and absolute discretion, may take any and all actions permitted under the Loan Documents or permitted by law or in equity to collect and satisfy the Indebtedness. It is expressly acknowledged and agreed by the parties that Lender shall have no obligation to first pursue and liquidate the collateral securing the Loan prior to exercising the other rights and remedies available to it upon default.

9. **Stipulation and No Defenses.** The Borrower and the Guarantor hereby stipulate and agree that the Indebtedness is due and owing to Lender by them, and that, effective on the date of this Agreement, neither the Borrower nor the Guarantor has any defenses, claims, counterclaims or rights to recoupment or setoff of any kind or nature whatsoever with respect to the Indebtedness, the Loan, or any other matter related to the Indebtedness, the Loan or the Loan Documents, and that they do not dispute the amount of the Indebtedness. Borrower and Guarantor expressly acknowledge that, effective on the date of this Agreement, neither of them has any defense or affirmative defense of any kind, whether legal or equitable, including, but not limited to, any affirmative defense or denial against any action by Lender to enforce the terms of any and all of the Loan Documents, and they agree that the WAIVER OF JURY TRIAL in Section 16 below shall apply to all claims arising under this Agreement or relating to this Agreement and/or the Loan Documents.

10. **Appointment of Receiver.** Borrower and Guarantor agree that if either of them shall fail to comply with any of the terms of this Agreement, the Loan Documents or the Modification, Borrower and Guarantor shall stipulate, without objection, to the appointment of a Receiver to manage the Collateral.

11. **Release Provisions.** The consideration given by Borrower and Guarantor to Lender for its entry into this Agreement specifically includes Borrower's and Guarantor's full and final release of any claims, demands, causes of action, obligations, damages and liabilities of any kind or character, known or unknown, present or contingent, that Borrower and Guarantor and each of their heirs, personal representatives, successors and assigns, may have against Lender, or any of its respective affiliate, subsidiary and parent corporations, partnerships, and limited liability companies, its successors or assigns, its agents, attorneys, officers, directors, representatives, employees, members, partners or shareholders with respect to or under either any transaction or occurrence arising under any of the Loan Documents, any actions of a party that attempts to collect on the Loan, or any applicable state or federal law, that existed at any time prior to the date of this Agreement only.

12. **No Limitations.** The description herein of the specific rights of the Lender shall not be deemed to limit or exclude any other rights to which Lender may now be or may hereafter become entitled to under the Loan Documents, at law in equity or otherwise.

13. **Waiver-of-Stay.** BORROWER AND GUARANTOR AGREE THAT IN THE EVENT OF A VOLUNTARY OR INVOLUNTARY LIQUIDATION OR REORGANIZATION CASE BY OR AGAINST THE BORROWER UNDER BANKRUPTCY, RECEIVERSHIP OR OTHER INSOLVENCY LAW, THAT LENDER SHALL BE FREE TO PURSUE FORECLOSURE AND OTHER REMEDIES WITH RESPECT TO THE COLLATERAL, WITHOUT OPPOSITION OR INTERFERENCE BY THE BORROWER OR GUARANTOR, THAT LENDER SHALL BE ENTITLED TO SEEK AND OBTAIN RELIEF FROM THE AUTOMATIC STAY UNDER SECTION 362 OF THE BANKRUPTCY CODE WITHOUT OBJECTION BY THE BORROWER OR GUARANTOR, AND THAT ANY RIGHTS TO STAY, ENJOIN, OR OTHERWISE DELAY OR IMPEDE THE LENDER'S REMEDIES AGAINST THE COLLATERAL, INCLUDING FORECLOSURE, WHICH MIGHT BE AVAILABLE TO THE BORROWER OR THE GUARANTOR, INCLUDING ANY RIGHTS UNDER SECTIONS 105 AND 362 OF THE BANKRUPTCY CODE, ARE HEREBY RELEASED AND WAIVED BY BORROWER AND GUARANTOR.

14. **No Refund of Payments.** The Borrower and the Guarantor expressly acknowledge and agree that none of the sums paid by Borrower or Guarantor to the Lender under the Loan Documents shall be refunded to them for any reason.

15. **Notices.** All notices, requests, demands and other communications which relate to or arise of this Agreement shall be in writing and shall be sent by either Federal Express or other reputable overnight carrier or by fax followed by mailing copies to the following persons and addresses:

As to Lender:

BUSINESS CAROLINA, INC.
1441 Main St., Suite 900
Columbia, South Carolina 29201
Attn: Todd Lucas
Fax: _____

with a copy to:

S. Nelson Weston, Jr.
Richardson, Plowden, Carpenter & Robinson, P.A.
P.O. Drawer 7788
Columbia, South Carolina 29202
Fax: 803-779-0016

As to Borrower and Guarantor:

PALMETTO INNS, LLC

Attn: _____
Fax: _____

with a copy to:

S. Craig White
White & White Law Offices, PC
P.O. Box 2511
Columbia, SC 29202

16. **Waiver of Jury Trial.** EACH OF THE BORROWER AND THE GUARANTOR HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY ON ANY CLAIM, COUNTERCLAIM, SETOFF, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING OUT OF OR IN ANY WAY PERTAINING OR RELATING TO THIS AGREEMENT, THE LOAN DOCUMENTS, OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION WITH THIS AGREEMENT OR (B) IN ANY WAY CONNECTED WITH OR PERTAINING OR RELATED TO OR INCIDENTAL TO ANY DEALINGS OF THE PARTIES HERETO WITH RESPECT TO THIS AGREEMENT, THE LOAN DOCUMENTS, THE MODIFICATION OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR IN CONNECTION WITH THE LOAN OR IN CONNECTION WITH THE TRANSACTIONS RELATED HERETO OR THERETO OR CONTEMPLATED HEREBY OR THEREBY OR THE EXERCISE OF RIGHTS AND REMEDIES THEREUNDER, IN ALL OF THE FOREGOING CASES WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. THE BORROWER AND THE GUARANTOR AGREE THAT LENDER MAY FILE A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED AGREEMENT OF BORROWER AND GUARANTOR IRREVOCABLY TO WAIVE TRIAL BY JURY, AND THAT ANY DISPUTE OR CONTROVERSY WHATSOEVER BETWEEN THEM AND LENDER SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

17. **Miscellaneous.**

(a) This Agreement is entered into without force or duress, in the free will of the parties, and in consideration of the receipt of substantial consideration, the legal significance of which is hereby acknowledged by all parties. All parties acknowledge that they have not entered into this Agreement in reliance upon any inducement or promise not otherwise contained herein. The parties have had the opportunity to consult with their respective counsel regarding the terms of this Agreement, and are aware of all legal and other ramifications of the execution of this Agreement.

(b) The parties hereto agree that the terms and language of this Agreement were the result of negotiations between the parties and, as a result, there shall be no presumption that ambiguities, if any, in this Agreement shall be resolved against either party. Any controversy over the construction of this Agreement shall be decided neutrally, in light of its conciliatory

purposes, and without regard to events of authorship or negotiation. The statement of facts beginning on the first page hereof is incorporated herein as a part of this Agreement.

(c) Lender's agreement to accept the payments specified herein, and to forbear from pursuing the Lender's remedies is without prejudice to Lender's rights and remedies under the Loan Documents; it being understood that, under no circumstances shall Lender's acceptance of the payments required herein be deemed to be a waiver of any event of any default currently existing under the Loan or any future event of default, Lender's receipt and application of a payment (by Borrower) shall not in any way waive any other existing events of default or diminish, alter, abrogate or adversely affect the Lender's remedies; all so-called "no waiver" provisions contained in the Loan Documents remain in full force and effect; and Lender shall not be deemed to have waived any of them as a result of entering into this Agreement.

(d) This Agreement and the Modification represent all of the terms and conditions of the agreement between the parties concerning its subject matter. The Agreement supersedes all prior and contemporaneous negotiations, understandings and agreements between the parties hereto with respect to the subject matter hereof. In the event of conflict between this Agreement and any of the other Loan Documents, the provisions of this Agreement and the Modification shall control. There have been no representations, warranties, promises, inducements or considerations of any kind given with respect to the agreements contained herein except as are expressly memorialized in this Agreement and in the Modification. Nothing shall serve to amend or modify any provision hereof in any respect whatsoever unless reduced to writing and signed by each of the parties.

(e) This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of South Carolina without regard to principles of conflicts of law.

(f) Headings, titles and captions preceding the sections hereof are provided for convenience of reference, and shall not be used to explain or to restrict the meaning, purpose or effect of any provision to which they refer.

18. Counterpart Execution By Telecopier. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument, it being understood that delivery of executed signature by telecopier shall be deemed permissible.

19. Execution by Lender. The submission of this document for examination and negotiation does not constitute an offer of forbearance. This document shall become effective and binding only upon the execution and delivery hereof by Lender, by Borrower and by Guarantor.

20. Waiver of Appraisal, Valuation, Stay, Extension, and Redemption Laws. Borrower and Guarantor agree to the full extent permitted by law that in case of a payment default on its part hereunder, neither Borrower nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of the Mortgage, or the absolute sale of the property described in said Mortgage or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereat, and Borrower, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully so do, the benefit of all such laws, and

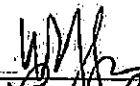
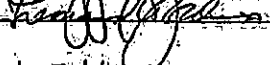
any and all right to have the assets comprising the Property marshaled upon any foreclosure of the lien hereof or appraised for the purpose of reducing any deficiency judgment obtained by Lender against Borrower and/or Guarantor and agrees that Borrower or any court having jurisdiction to foreclose such lien may sell the Property. Borrower further waives, to the full extent permitted by law, the right to petition for the appointment of appraisers following foreclosure for the purpose of seeking to reduce a deficiency judgment or for any other reason.

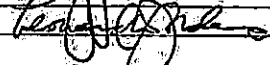
The laws of South Carolina provide that in any real estate foreclosure proceeding a defendant against whom personal deficiency is taken or asked may within thirty days after sale of the mortgaged property apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. BORROWER AND GUARANTOR HEREBY WAIVE AND RELINQUISH THE STATUTORY APPRAISAL RIGHTS WHICH MEANS THE HIGH BID AT THE JUDICIAL FORECLOSURE SALE WILL BE APPLIED TO THE DEBT REGARDLESS OF ANY APPRAISED VALUE OF THE MORTGAGED PROPERTY.

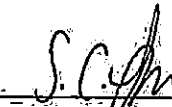
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed, effective as of the date first above written, in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instruments, it being understood that delivery of executed signature pages by telecopy to counsel for the parties to be followed by original delivered by Federal Express shall be deemed permissible.

THE UNDERSIGNED BORROWER AND GUARANTOR ACKNOWLEDGE THAT THIS AGREEMENT CONTAINS A COMPLETE RELEASE OF CLAIMS AND WAIVERS OF CERTAIN RIGHTS, AND THAT WE HAVE READ AND UNDERSTOOD THE AGREEMENT IN ITS ENTIRETY PRIOR TO SIGNING.

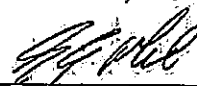
WITNESSES:



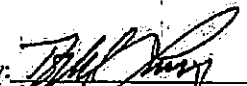

S.C. WHITE

PALMETTO INNS, LLC

By: 
Its: Manager


S. CRAIG WHITE

BUSINESS CAROLINA, INC.

By: 
Its: SVP operations

SCHEDULE A

ALL those certain pieces, parcels or lots of land, containing approximately 0.547 acres, together with the improvements thereon, situate, lying and being on the southern side of East Court Street, in the City of Greenwood, County of Greenwood, State of South Carolina and being designated and described as Lots A, B, and C, Abandoned Alley and Addition on a plat made for the III Group, LLC by John H. Welborn, PLS, dated September 15, 1997 and recorded in the Office of the Clerk of Court for Greenwood County in Plat Book 104, page 11, which plat by reference is made a part hereof for a more complete and accurate description by metes, courses, distances and bounds.

SAID property being more fully described according to said plat as follows:

Beginning at a point located at the southeastern intersection of 104 East Court Avenue and South Main Street, being the point of beginning; thence S 07° 46'45" E, a distance of 117.49' to a point; thence S 07° 09' 33" E, a distance of 19.20' to a point; thence S 16° 15' 09" E, a distance of 1.01' to a point; thence N 82° 10' 50" E, a distance of 158.40' to a point; thence N 08° 20'23" W, a distance of 19.19' to a point; thence N 08° 20' 23" W, a distance of 20.10' to a point; thence N 64° 03' 12" E, a distance of 1.39' to a point; thence N 64° 03' 12" E, a distance of 17.87' to a point; thence N 64° 03' 12" E, a distance of 2.66' to a point; thence N 64° 03' 12" E, a distance of 15.78' to a point; thence N 07° 49'26" W, a distance of 87.09' to a point; thence S 82° 28'48" W, a distance of 15.0' to a point; thence N 05° 12'26" W, a distance of 1.08' to a point; thence S 82° 28'48" W, a distance of 20.72' to a point; thence S 82° 28'48" W, a distance of 12.45' to a point; thence S 82° 26'23" W, a distance of 49.72' to a point; thence S 81° 40'27" W, a distance of 94.0' to a point, being the point of beginning, be all dimensions and measurements a little more or less.

TMS# 6845942879

This being the same property conveyed to Palmetto Inns, LLC by deed of Business Carolina, Inc. dated December 31, 2002 and recorded in Book 769 at page 218 in the Office of the Greenwood County Register of Deeds.

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within named Business Carolina, Inc., by Todd Lucas, its Senior V.P., sign, seal and, as its act and deed, deliver the within written instrument for the uses and purposes therein mentioned and that (s)he, with the other witness whose signature appears above witnessed the execution thereof.

S. C. [Signature]
Witness

SWORN to before me this
30 day of March, 2005

Donna M. Cook
Notary Public of South Carolina
My Commission Expires: 3/30/14

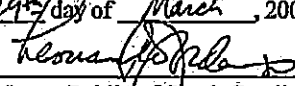
STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within named Palmetto Inns, LLC, by S. Craig White, its MANAGER, sign, seal and, as its act and deed, deliver the within written instrument for the uses and purposes therein mentioned and that (s)he, with the other witness whose signature appears above witnessed the execution thereof.



Witness

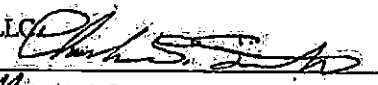
SWORN to before me this
29th day of March, 2005


Notary Public of South Carolina
My Commission Expires: 3/7/13

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

ACKNOWLEDGEMENT

IOS, LLC hereby acknowledges that it purchased the Property secured by the mortgage modified by the attached Loan Modification Agreement and the Property is encumbered with the lien of that mortgage, as modified by the Loan Modification Agreement and the Forebearance Agreement. The terms used in this Acknowledgement have the same meaning as defined in the attached Loan Modification Agreement.

IOS, LLC
By 
Its Manager

SWORN to before me this
29th day of March, 2005


Notary Public of South Carolina
My Commission Expires: 3/7/13

ADDENDUM TO FORBEARANCE AGREEMENT

THIS ADDENDUM TO FORBEARANCE AGREEMENT is made and is effective as of the 29th day of March, 2005, and is intended by the undersigned to be an attachment to and to supplement the Forbearance Agreement (the "Agreement") of the same date by and among Business Carolina, Inc. (the "lender"), Palmetto Inns, LLC and S. Craig White. The defined terms used in the Agreement shall have the same meaning in this Addendum to Forbearance Agreement

FOR VALUE RECEIVED, the undersigned IOS, LLC, which has recently acquired title to and is the fee simple owner of the Property, acknowledges the Forbearance Agreement and the mortgage held by the Lender as described therein, to which said title is subject. The undersigned Business Carolina, Inc. acknowledges and agrees: (1) that the title to the Property has been acquired by IOS, LLC; (2) that IOS, LLC, as owner, may, at its option, perform the payment obligations of Borrower and Guarantee under the Loan Documents as modified by the Forbearance Agreement and the Loan Modification Agreement; and (3) that IOS, LLC will be copied timely with any and all notices sent by Lender to Borrower and Guarantor, to the following persons and addresses:

IOS, LLC
Attention: Mr. Charles L. Smith
Inn on the Square
104 E. Court Avenue
Greenwood, South Carolina 29646

with a copy to:

Leonard R. Jordan, Jr., Esquire
Berry, Quackenbush & Stuart, P.A.
Post Office Box 394
Columbia, South Carolina 29202
Facsimile: 803-255-0179

IOS, LLC has reviewed the Forbearance Agreement and agrees to the terms and conditions thereof as they relate to the payment of the Note and Mortgage. Nothing contained in this addendum to Forbearance Agreement shall be construed to be an endorsement, guaranty or other agreement by IOS, LLC that would make IOS, LLC individually responsible or liable for the payment of the Note or any other obligation contained in the Note, Mortgage or Loan Agreement, as those terms are defined in the Forbearance Agreement. IOS, LLC acknowledges that its fee interest in the Property is subject to the terms and conditions contained in the Loan Modification and Forbearance Agreement.

Effective on the date of this Addendum, IOS, LLC hereby stipulates and agrees that the Indebtedness is due and owing to the Business Carolina, Inc., and that

IOS, LLC has no defense, claim, counterclaim or right of recoupment or a set off of any kind of nature whatsoever with respect to the Indebtedness, the Loan, or any other matter relating to the Indebtedness, the loan or the Loan Documents and it does not dispute the amount of the Indebtedness.

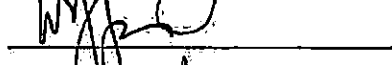
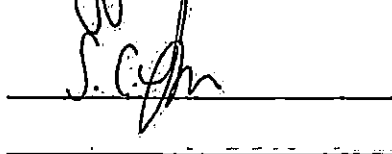
Waiver-of-Stay. IOS, LLC AGREES THAT IN THE EVENT OF A VOLUNTARY OR INVOLUNTARY LIQUIDATION OR REORGANIZATION CASE BY OR AGAINST IOS, LLC UNDER BANKRUPTCY, RECEIVERSHIP OR OTHER INSOLVENCY LAW, THAT LENDER SHALL BE FREE TO PURSUE FORECLOSURE AND OTHER REMEDIES WITH RESPECT TO THE THE PROPERTY, WITHOUT OPPOSITION OR INTERFERENCE BY THE IOS, LLC, THAT LENDER SHALL BE ENTITLED TO SEEK AND OBTAIN RELIEF FROM THE AUTOMATIC STAY UNDER SECTION 362 OF THE BANKRUPTCY CODE WITHOUT OBJECTION BY IOS, LLC, AND THAT ANY RIGHTS TO STAY, ENJOIN, OR OTHERWISE DELAY OR IMPEDE THE LENDER'S REMEDIES AGAINST THE PROPERTY, INCLUDING FORECLOSURE, WHICH MIGHT BE AVAILABLE TO IOS, LLC, INCLUDING ANY RIGHTS UNDER SECTIONS 105 AND 362 OF THE BANKRUPTCY CODE, ARE HEREBY RELEASED AND WAIVED BY IOS, LLC.

Waiver of Jury Trial. IOS, LLC HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY ON ANY CLAIM, COUNTERCLAIM, SETOFF, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING OUT OF OR IN ANY WAY PERTAINING OR RELATING TO THE AGREEMENT, THE LOAN DOCUMENTS, OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION WITH THE AGREEMENT OR (B) IN ANY WAY CONNECTED WITH OR PERTAINING OR RELATED TO OR INCIDENTAL TO ANY DEALINGS OF THE PARTIES HERETO WITH RESPECT TO THE AGREEMENT, THE LOAN DOCUMENTS, THE MODIFICATION OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR IN CONNECTION WITH THE LOAN OR IN CONNECTION WITH THE TRANSACTIONS RELATED HERETO OR THERETO OR CONTEMPLATED HEREBY OR THEREBY OR THE EXERCISE OF RIGHTS AND REMEDIES THEREUNDER, IN ALL OF THE FOREGOING CASES WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. IOS, LLC AGREES THAT LENDER MAY FILE A COPY OF THE AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED AGREEMENT OF IOS, LLC IRREVOCABLY TO WAIVE TRIAL BY JURY, AND THAT ANY DISPUTE OR CONTROVERSY WHATSOEVER BETWEEN IT AND LENDER SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

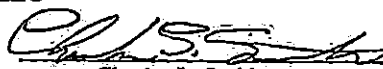
Waiver of Appraisal, Valuation, Stay, Extension, and Redemption Laws. IOS, LLC agrees to the full extent permitted by law that in case of a payment

default on its part hereunder, IOS, LLC and anyone claiming through or under it shall or not will set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of the Mortgage, or the absolute sale of the property described in said Mortgage or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereat, and IOS, LLC, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets comprising the Property marshaled upon any foreclosure of the lien hereof or appraised for the purpose of reducing any deficiency judgment. IOS, LLC further waives, to the full extent permitted by law, the right to petition for the appointment of appraisers following foreclosure for the purpose of seeking to reduce a deficiency judgment or for any other reason. The laws of South Carolina provide that in any real estate foreclosure proceeding a defendant against whom personal deficiency is taken or asked may within thirty days after sale of the mortgaged property apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. IOS, LLC HEREBY WAIVES AND RELINQUISH THE STATUTORY APPRAISAL RIGHTS WHICH MEANS THE HIGH BID AT THE JUDICIAL FORECLOSURE SALE WILL BE APPLIED TO THE DEBT REGARDLESS OF ANY APPRAISED VALUE OF THE MORTGAGED PROPERTY.

WITNESSES:

IOS, LLC

By: 
Charles L. Smith
Manager

BUSINESS CAROLINA, INC.

By: 
Its: 

Addendum to Foreclosure Agm 03-09-05 nrb.vpd

EXHIBIT "B-5"

FILED FOR RECORD 03/31/2005
AT 11:13:50AM BOOK 01833 PAGE 00136
Ingram Moon - Clerk of Court
Greenwood County Courthouse 000003342

STATE OF SOUTH CAROLINA)
)
COUNTY OF GREENWOOD) **LOAN MODIFICATION AGREEMENT**

This Loan Modification Agreement ("Agreement") is effective March 29, 2005, between Palmetto Inns, LLC (the "Borrower") and Business Carolina, Inc. ("Lender"), and amends and supplements (1) the Promissory Note ("Note") made by the Borrower, dated December 31, 2002, in the original principal sum of \$1,000,000.00 (the "Loan"), and (2) the Mortgage of Real Estate ("Security Instrument"), recorded in the office of the Clerk of Court for Greenwood County, South Carolina in Book 1453, Page 87. The Security Instrument, which was entered into as security for the Note, encumbers the real and personal property described in the Security Instrument and defined as the Premises in the Mortgage (the "Property").

The Premises is described in the attached Schedule A:

The Borrower has requested that the Lender modify the terms of the Note and Security Instrument. The Lender has agreed to do so pursuant to the terms and conditions stated in this Agreement and in that certain Forbearance Agreement (the "Forbearance Agreement"), dated of even date herewith, between Lender and Borrower and S. Craig White (the "Guarantor"). A copy of the Forbearance Agreement is attached hereto as Exhibit X and made a part hereof. In consideration of the amendments made in this Agreement, and other good and valuable consideration which the parties agree and acknowledge they have received, the Borrower and Lender agree that the provisions set forth in the Note and Security Instrument are modified as follows:

1. The Borrower acknowledges that interest has accrued but not been paid and the Lender has incurred, paid or incurred expenses necessary to protect or enforce its interest in the Note and Security Instrument. The Borrower and the Lender agree that effective March 29, 2005, the balance due on the Note and Security Instrument ("Unpaid Principal Balance") will be adjusted to \$930,000.00, as provided in the Forbearance Agreement.
2. The Borrower promises to pay the Unpaid Principal Balance, plus future interest as set forth in the Note, to the order of the Note Holder, until the unpaid principal balance has been paid. The Unpaid Principal Balance shall be paid as follows: Twelve (12) payments of interest only in the monthly amount of \$5,231.25, beginning on the 15th day of April, 2005, and continuing thereafter on the same day of each succeeding month for a period of twelve (12) months. Thereafter, the Borrower promises to make monthly payments of principal and interest in the amount of \$7,071.39 beginning on the 15th day of April, 2006, and continuing thereafter on the same day of each succeeding month for a period of fifty nine (59) consecutive months. The final payment of principal and interest, together with all other amounts due, if not sooner paid, shall be due and payable on the 15th day of March, 2011. The Unpaid Principal Balance may be prepaid in whole or in part without penalty.

ATTEST A TRUE COPY
Angela Woodhurst
ANGELA WOODHURST
CLERK AND GS
GREENWOOD COUNTY
S. C.

Mortgage Bk: 1833 Pg: 136 Greenwood County, SC - Doc. ID: 2005-3342

1/6

ELECTRONICALLY FILED - 2018 Sep 18 5:19 PM - GREENWOOD - COMMON PLEAS - CASE#2012CP2400576

ROBINSON

Deliver To: RICHARDSON FLOREN CARPENTER &
PO DRAWER 7788 RT
COLUMBIA SC 29202-7788

ROA_0510

3342 Bk:1833 Pg:137

SCHEDULE A

ALL those certain pieces, parcels or lots of land, containing approximately 0.547 acres, together with the improvements thereon, situate, lying and being on the southern side of East Court Street, in the City of Greenwood, County of Greenwood, State of South Carolina and being designated and described as Lots A, B, and C, Abandoned Alley and Addition on a plat made for the III Group, LLC by John H. Welborn, PLS, dated September 15, 1997 and recorded in the Office of the Clerk of Court for Greenwood County in Plat Book 104, page 11, which plat by reference is made a part hereof for a more complete and accurate description by metes, courses, distances and bounds.

SAID property being more fully described according to said plat as follows:

Beginning at a point located at the southeastern intersection of 104 East Court Avenue and South Main Street, being the point of beginning; thence S 07° 46'45" E, a distance of 117.49' to a point; thence S 07° 09' 33" E, a distance of 19.20' to a point; thence S 16° 15' 09" E, a distance of 1.01' to a point; thence N 82° 10' 50" E, a distance of 158.40' to a point; thence N 08° 20' 23" W, a distance of 19.19' to a point; thence N 08° 20' 23" W, a distance of 20.10' to a point; thence N 64° 03' 12" E, a distance of 1.39' to a point; thence N 64° 03' 12" E, a distance of 17.87' to a point; thence N 64° 03' 12" E, a distance of 2.66' to a point; thence N 64° 03' 12" E, a distance of 15.78' to a point; thence N 07° 49' 26" W, a distance of 87.09' to a point; thence S 82° 28' 48" W, a distance of 15.0' to a point; thence N 05° 12' 26" W, a distance of 1.08' to a point; thence S 82° 28' 48" W, a distance of 20.72' to a point; thence S 82° 28' 48" W, a distance of 12.45' to a point; thence S 82° 26' 23" W, a distance of 49.72' to a point; thence S 81° 40' 27" W, a distance of 94.0' to a point, being the point of beginning, be all dimensions and measurements a little more or less.

TMS# 6845942879

This being the same property conveyed to Palmetto Inns, LLC by deed of Business Carolina, Inc. dated December 31, 2002 and recorded in Book 769 at page 218 in the Office of the Greenwood County Register of Deeds.

3. The Lender shall bill for all accrued interest at least ten (10) days prior to the due date of each monthly payment of interest.
4. Except to the extent modified herein, the Borrower will comply with all of the covenants, agreements, and requirements of the Note and Security Instrument, including without limitation, the Borrower's covenants and agreements to make all payments of taxes, insurance premiums, assessments, escrow items, impounds, and all other payments that the Borrower is obligated to make under the Security Instrument.
5. Nothing in this Agreement shall be understood or construed to be a satisfaction or release in whole or in part of the Note and Security Instrument which will remain unchanged and in full effect except as modified herein, and the Borrower and Lender will be bound by, and comply with, all the terms and provisions thereof, as amended by this Agreement.
6. In the event of a default under the terms of the this Agreement, the Note, the Security Instrument, the Forbearance Agreement, or any other document that Borrower or Guarantor have executed or will execute in connection with the Loan, then the amount due under the Note shall be increased to an amount equal to the indebtedness, as that term is defined in the Forbearance Agreement, with credit given for all payments received by Lender hereafter.

Signed, sealed and delivered
in the presence of:

S.C. [Signature]
WITNESS
Donna Cook
WITNESS

[Signature]
WITNESS
[Signature]
WITNESS

Business Carolina, Inc.

By: [Signature]
Its: SVP operations
Date: 3/30/05

Palmetto Inns, LLC

By: [Signature]
Its: [Signature]
Date: 3/29/05

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

3342 Bk=1833 Pg=139
PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within named Business Carolina, Inc., by Todd Lucas, its owner v.p., sign, seal and, as its act and deed, deliver the within written instrument for the uses and purposes therein mentioned and that (s)he, with the other witness whose signature appears above witnessed the execution thereof.

S. C. [Signature]
Witness

SWORN to before me this
30 day of March, 2005

Donna M. Cook
Notary Public of South Carolina
My Commission Expires: 3/30/14

3342 Bk=1833 Pg=140

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within named Palmetto Inns, LLC, by Craig White, its MANAGER, sign, seal and, as its act and deed, deliver the within written instrument for the uses and purposes therein mentioned and that (s)he, with the other witness whose signature appears above witnessed the execution thereof.

Witness 

SWORN to before me this
29th day of March, 2005

Notary Public of South Carolina
My Commission Expires: 3/7/13

3342 Bk:1833 Ps:141

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

ACKNOWLEDGEMENT

IOS, LLC hereby acknowledges that it purchased the Property secured by the mortgage modified by the attached Loan Modification Agreement and the Property is encumbered with the lien of that mortgage, as modified by the Loan Modification Agreement and the Forebearance Agreement. The terms used in this Acknowledgement have the same meaning as defined in the attached Loan Modification Agreement.

IOS, LLC
By [Signature]
Its MANAGER

SWORN to before me this
29th day of March, 2005

[Signature]
Notary Public of South Carolina
My Commission Expires: 3/7/13

EXHIBIT 12

1 with Craig and haven't had a lot of dealings with
2 him, and the few run-ins we've had have not been
3 pleasant. I keep saying that. It sounds like I
4 don't have many pleasant run-ins, doesn't it?

5 Q I mean things were amicable to start with. I mean
6 you were willing to go, you know, into business
7 with them.

8 A No.

9 Q No?

10 A Craig offered to -- threatened to kill me the first
11 time I talked to him and I offered to meet him
12 halfway. He said I've got a .38. I said I've got
13 a .30-06 with a scope. Where do you want to meet?
14 That was our opening conversation. It never got
15 really better from there.

16 Q You must have been really dedicated to your wife?

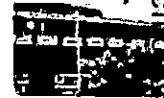
17 A
18 A She's the boss.
19 Q This was her pet project?

20 A She absolutely loved the Inn. She got what you
21 never do with a property, she got emotionally
22 involved. I never got emotionally involved with an
23 employee or a piece of property in my life. She
24 loved the Inn. She worshiped it. She loved those
25 people that we brought in there and trained. She's
still friends with them today. She still

EXHIBIT 13



Greenwood County South Carolina Judicial Department Public Index



[Greenwood County Home Page](#) [South Carolina Judicial Department Home Page](#) [SC.GOV Home Page](#)

Search By... Court Type: **All Courts** Court Agency: **All Agencies**

Case #: _____ Case Type: **All Case Types** Case SubType: **All Case Sub-Types**

Last Name/Business: **emerald inn** First: _____ Middle: _____ Suffix: _____

Party Type: **All**

Action Type: **All Actions**

Date Type: _____ Beginning: _____ Ending: _____

Tax Map# From: _____ Through: _____

Only for Civil Cases... Index Search ☒ All ☐ Lis Pendens ☐ Judgments | Cross Index Search ☐ All ☐ Judgment For

Judgment Against

Search: **Reset Search Fields** | Name Search Option: ☒ Begins With ☐ Contains

Name	Party Type	Case Number	Filed Date	Case Status	Disposition Date	Type	Subtype	Judgment #	Court Agency
Emerald Inn Inc	Defendant	2005CP2400693	05/25/2005	Judgment	05/25/2005	Common Pleas	Magistrate Judg 720	05CP24693	Common Pleas
Emerald Inn Inc	Defendant	2005CP2400782	06/20/2005	Judgment	06/20/2005	Common Pleas	Magistrate Judg 720	05CP24782	Common Pleas
Emerald Inn Inc et al	Defendant	2005CP2400693	05/25/2005	Judgment	05/25/2005	Common Pleas	Magistrate Judg 720	05CP24693	Common Pleas
Emerald Inn Inc et al	Defendant	2005CP2400782	06/20/2005	Judgment	06/20/2005	Common Pleas	Magistrate Judg 720	05CP24782	Common Pleas
Emerald Inn Inc And Stephen Craig W	Defendant	050026	01/06/2005	Judgment	05/16/2005	Civil	Summons & Complaint	050026	Greenwood Magistrate
Emerald Inn Inc Dba	Defendant	2005CP2400686	05/23/2005	Judgment	01/03/2007	Common Pleas	Personal Injury 350	05CP24686	Common Pleas
Emerald Inn Inc Dba	Defendant	2005CP2401389	10/21/2005	Judgment	02/15/2006	Common Pleas	Debt Collection 110	05CP241389	Common Pleas
Emerald Inn Inc Dba et al	Defendant	2005CP2400686	05/23/2005	Judgment	01/03/2007	Common Pleas	Personal Injury 350	05CP24686	Common Pleas
Emerald Inn Inc Dba Inn On The	Defendant	2005CP2401389	10/21/2005	Judgment	02/15/2006	Common Pleas	Debt Collection 110	05CP241389	Common Pleas
Emerald Inns Inc et al	Defendant	2004CP2400829	07/27/2004	Judgment	02/21/2006	Common Pleas	Claim & Delivery 400	04CP24829	Common Pleas
Emerald Inns Inc Dba	Defendant	2004CP2400829	07/27/2004	Judgment	02/21/2006	Common Pleas	Claim & Delivery 400	04CP24829	Common Pleas

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Greenwood County Legacy Website - Document Search - Chastity Copeland - Clerk of Court (1 - 34 of 34)

Federal Tax Liens

Book-Pg	Type	Related	Defendants	Plaintiffs	Description	Amount	Recorded
2-239	FedTaxLien		Emerald Inn Inc	U S of America	71667.46; Federal Tax Lien		3/31/2005
7-176	FedTaxLien		Emerald Inn Inc	U S of America	Federal Tax Lien \$35098.97		10/6/2011

State Tax Liens

Book-Pg	Type	Related	Defendants	Plaintiffs	Description	Amount	Recorded
70-79	SCTaxLien		Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	3160.69; Employer Withholding Tax		10/15/2005
70-87	SCTaxLien		Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	919.73; Sales Tax		10/21/2005
70-100	SCTaxLien		Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	1929.45; Employer Withholding Tax		11/3/2004
71-20	SCTaxLien		Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	1986.43; Employer Withholding Tax		1/31/2005
71-94	SCTaxLien		Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	1441.82; Sales Tax		2/25/2005
71-113	SCTaxLien		Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	1831.18; Employer Withholding Tax		3/2/2005
71-167	SCTaxLien		Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	1403.70; Sales Tax		3/22/2005
71-194	SCTaxLien		Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	916.90; Sales Tax		3/28/2005
71-223	SCTaxLien		Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	825.11; Accommodations Tax--2%		4/12/2005
71-259	SCTaxLien		Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	17454.31; Tax Execution		4/15/2005
71-288	SCTaxLien		Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	786.30; Sales Tax		5/2/2005
72-65	SCTaxLien		Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	613.31; Sales Tax		6/7/2005
72-126	SCTaxLien		Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	541.20; Accommodations Tax--2%		6/17/2005
72-153	SCTaxLien		Emerald Inn Inc,	Department of Revenue South Carolina	717.75; Employer Withholding Tax		6/30/2005

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4/10/2018

Document Index Details

73-199	SCTaxLien	Inn On The Square Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	1717.25; Accommodations Tax --2%	10/11/2005
73-206	SCTaxLien	Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	3490.59; Sales Tax	10/11/2005
73-289	SCTaxSatisfied	Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	3490.59; Satisfied 73/206 Sales Tax	11/2/2005
75-156	SCTaxLien	Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	847.94; Tax Execution	1/27/2006
76-34	SCTaxSatisfied	Emerald Inn, Inn On The Square	Department of Revenue South Carolina	1717.25; Satisfied 73/199 Accommodations Tax -- 2%	3/20/2006
77-246	SCTaxSatisfied	Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	1929.45; Satisfied 70/100 Employer Withholding Tax	8/1/2006
77-247	SCTaxSatisfied	Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	3160.69; Satisfied 70/79 Employer Withholding Tax	8/1/2006
77-248	SCTaxSatisfied	Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	717.75; Satisfied 72/153 Employer Withholding Tax	8/1/2006
77-249	SCTaxSatisfied	Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	1831.18; Satisfied 71/113 Employer Withholding Tax	8/1/2006
77-250	SCTaxSatisfied	Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	1986.43; Satisfied 71/20 Employer Withholding Tax	8/1/2006
77-251	SCTaxSatisfied	Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	613.31; Satisfied 72/65 Sales Tax	8/1/2006
77-256	SCTaxSatisfied	Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	541.20; Satisfied 72/126 Accommodations Tax--2%	8/1/2006
82-161	SCTaxSatisfied	Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	Satisfied Sales Tax \$919.73	6/6/2007
82-162	SCTaxSatisfied	Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	Satisfied Sales Tax \$786.30	6/6/2007
82-163	SCTaxSatisfied	Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	Satisfied Accommodations Tax--2% \$825.11	6/6/2007
82-164	SCTaxSatisfied	Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	Satisfied Sales Tax \$916.90	6/6/2007
82-165	SCTaxSatisfied	Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	Satisfied Sales Tax \$1403.70	6/6/2007

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4/10/2018

Document Index Details

82-166	SCTaxSatisfied	Emerald Inn Inc, Inn On The Square	Department of Revenue South Carolina	Satisfied Sales Tax \$1441.82	6/6/2007

Disclaimer: Greenwood County makes no warranty or guarantee concerning the accuracy or completeness of this information. This information is for reference only.

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<https://www.greenwoodsc.gov/DocSearch/PrintDetails.aspx?name1=Emerald+Inn&name1AllWords=False&name1FromTo=Either%20Party&name1IsID=False&r>

ROA_0522

EXHIBIT 14

STATE OF SOUTH CAROLINA

COUNTY OF GREENWOOD

Allegiant, a division of Telerent Leasing Corp.,
Plaintiff(s)

vs.

Emerald Inns, Inc., d/b/a Innon the Square of
Greenwood, C. Allan Peterson, and S. Craig
White

Defendant(s)

IN THE COURT OF COMMON PLEAS

CIVIL ACTION COVERSHEET

04 - CP - 24 - 829

(Please Print)

Submitted By: Robert W. Cone, Esquire

Address: 414 Main Street, Greenwood, SC 29646

SC Bar #: 15614

Telephone #: 864-229-2511

Fax #: 864-229-5327

Other:

E-mail: rccone@mcdonalpatrick.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for the use of the Clerk of Court for the purpose of docketing. It must be filled out completely, signed, and dated. A copy of this cover sheet must be served on the defendant(s) along with the Summons and Complaint.

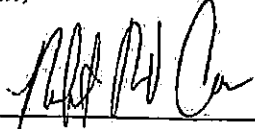
DOCKETING INFORMATION (Check all that apply)

*If Action is Judgment/Settlement do not complete

- ☐ JURY TRIAL demanded in complaint. ☒ NON-JURY TRIAL demanded in complaint.
☐ This case is subject to ARBITRATION pursuant to the Circuit Court Alternative Dispute Resolution Rules.
☐ This case is subject to MEDIATION pursuant to the Circuit Court Alternative Dispute Resolution Rules.
☐ This case is exempt from ADR (certificate attached).

NATURE OF ACTION (Check One Box Below)

☐ Contracts ☐ Constructions (100) ☐ Debt Collection (110) ☐ Employment (120) ☐ General (130) ☒ Breach of Contract (140) ☐ Other (199)	☐ Torts - Professional Malpractice ☐ Dental Malpractice (200) ☐ Legal Malpractice (210) ☐ Medical Malpractice (220) ☐ Other (299)	☐ Torts - Personal Injury ☐ Assault/Slander/Libel (300) ☐ Conversion (310) ☐ Motor Vehicle Accident (320) ☐ Premises Liability (330) ☐ Products Liability (340) ☐ Personal Injury (350) ☐ Other (399)	☐ Real Property ☐ Claim & Delivery (400) ☐ Condemnation (410) ☐ Foreclosure (420) ☐ Mechanic's Lien (430) ☐ Partition (440) ☐ Possession (450) ☐ Building Code Violation (460) ☐ Other (499)
☐ Inmate Petitions ☐ PCR (500) ☐ Sexual Predator (510) ☐ Mandamus (520) ☐ Habeas Corpus (530) ☐ Other (599)	☐ Judgments/Settlements ☐ Death Settlement (700) ☐ Foreign Judgment (710) ☐ Magistrate's Judgment (720) ☐ Minor Settlement (730) ☐ Transcript Judgment (740) ☐ Lis Pendens (750) ☐ Other (799)	☐ Administrative Law/Relief ☐ Reinstate Driver's License (800) ☐ Judicial Review (810) ☐ Relief (820) ☐ Permanent Injunction (830) ☐ Forfeiture (840) ☐ Other (899)	☐ Appeals ☐ Arbitration (900) ☐ Magistrate-Civil (910) ☐ Magistrate-Criminal (920) ☐ Municipal (930) ☐ Probate Court (940) ☐ SCDOT (950) ☐ Worker's Comp (960) ☐ Zoning Board (970) ☐ Administrative Law Judge (980) ☐ Public Service Commission (990) ☐ Employment Security Comm (991) ☐ Other (999)
☐ Special/Complex /Other ☐ Environmental (600) ☐ Automobile Arb. (610) ☐ Medical (620)	☐ Pharmaceuticals (630) ☐ Unfair Trade Practices (640) ☐ Other (699)		

Submitting Party Signature: 

Date: July 26, 2004

Note: Frivolous civil proceedings may be subject to sanctions pursuant to SCRCP, Rule 11, and the South Carolina Frivolous Civil Proceedings Sanctions Act, S.C. Code Ann. §15-36-10 et seq.

STATE OF SOUTH CAROLINA)
)
COUNTY OF GREENWOOD)

IN THE COURT OF COMMON PLEAS

Allegiant, a division of
Telerent Leasing Corporation,

Plaintiff,

vs.

Emerald Inns, Inc., d/b/a Inn on the
Square of Greenwood, C. Allan Peterson,
and S. Craig White,

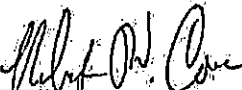
Defendants.

SUMMONS
(Claim and Delivery)
Immediate Possession Demanded
C/A No. 04-CP-24-429

YOU ARE HEREBY SUMMONED AND REQUIRED to answer the Complaint in this action, a copy of which is hereby served upon you, and to serve a copy of your Answer to the said Complaint on the subscribers at their offices at 414 Main Street, Post Office Box 1547, Greenwood, South Carolina, within THIRTY (30) DAYS after the service hereof, exclusive of the day of such service; and if you fail to answer the Complaint within the time aforesaid, judgment by default will be rendered against you and the Plaintiff in this action will apply to the Court for the relief demanded in the Complaint.

MCDONALD PATRICK BAGGETT POSTON & HEMPHILL, L.L.P.

By:



Robert W. Cone
414 Main Street
Post Office Box 1547
Greenwood, SC 29648
(803) 229-2511
ATTORNEYS FOR THE PLAINTIFF

July 26, 2004
Greenwood, South Carolina.

STATE OF SOUTH CAROLINA)
COUNTY OF GREENWOOD)

IN THE COURT OF COMMON PLEAS

Allegiant, a division of
Telarent Leasing Corporation,

Plaintiff,

vs.

Emerald Inns, Inc., d/b/a Inn on the
Square of Greenwood, C. Allan Peterson,
and S. Craig White,

Defendants.

COMPLAINT

(Claim and Delivery)

Immediate Possession Demanded

C/A No. 04-CP-24-_____

The Plaintiff above named, complaining of the Defendants herein, respectively alleges:

FOR A FIRST CAUSE OF ACTION

1. That the Plaintiff is a North Carolina corporation doing business in and having its principle office in the State of North Carolina.
2. That, upon information and belief, the Defendant Emerald Inns, Inc., d/b/a Inn on the Square of Greenwood, is a corporation organized and existing under the laws of the State of South Carolina, doing business in and having its principal offices in Greenwood County, South Carolina.
3. That, upon information and belief, the Defendant, C. Allan Peterson, is a citizen and resident of the County of McCormick, State of South Carolina, and is an officer and shareholder of Emerald Inns, Inc.
4. That, upon information and belief, the Defendant S. Craig White, is a citizen and resident of the County of Richland, State of South Carolina, and is an officer and shareholder of Emerald Inns, Inc.
5. That this is an action for recovery of personal property leased by the Plaintiff to the Defendants, and that said property includes fixtures, furniture, and equipment located at the Defendants principal place of business at 104 Court Street, Greenwood, South Carolina, which is located in the County of Greenwood, South Carolina.
6. That this Court has jurisdiction over this matter and that venue is proper in Greenwood

County.

7. That on or about January 14, 2003, the Defendants entered into an agreement with the Plaintiff wherein Plaintiff agreed to lease to the Defendants certain items of furnishings and equipment used in the operation of Defendants business, which is a hotel in Greenwood County, South Carolina. The said furnishings and equipment leased are more specifically described in the master lease agreement and addendums to the master lease agreement attached hereto as Exhibit "A".

8. That the Defendants agreed that the cash sale price of the goods leased would be \$67,698.17, and that Defendants would make lease payments in the amount of \$1,461.81 per month for 60 months, beginning June 1, 2003.

9. That the Defendants have failed to make the lease payments as specified under the terms of the parties lease and are presently in arrears in the amount of \$7,370.53, having last made payment on April 27, 2004. Furthermore, the Defendants have failed and refused to pay past due amounts owing to the Plaintiff regarding the lease.

10. That the entire balance due and owing on the contract, including past due payments, is \$71,091.52.

11. That the Defendants are in default of the lease agreement, and the Plaintiff is entitled pursuant to the terms of the lease to immediate repossession of the property described in the lease agreement attached hereto as Exhibit "A". Plaintiff would further submit that it is entitled to an Order of this Court granting Plaintiff the right to re-enter the Defendants' premises at 104 Court Avenue, Greenwood, South Carolina, immediately to take possession of its property.

12. Furthermore, Plaintiff is informed and believes that there is a likelihood that the Plaintiff's property will continue to depreciate in value and may be damaged so long as it remains in the possession of the Defendants, and that therefore Plaintiff is entitled to an Order of the Court granting the Plaintiff immediate possession of all property identified in Exhibit "A" pursuant to S.C. Code Ann. §15-69-50.

13. In the alternative, in the event that possession cannot be had, the Plaintiff is informed and believes that it is entitled to a money judgment against the Defendants for all sums due the Plaintiff

including costs and attorney's fees, without prejudice to its right to possession.

14. That upon information and belief, the property described in Exhibit "A" has not been taken for tax, assessment, or fine pursuant to a statute, or seized under an execution or attachment against the property of the Defendants.

FOR A SECOND CAUSE OF ACTION

15. The Plaintiff incorporates the previous allegations of its complaint as if fully restated herein verbatim.

16. That on or about January 14, 2003, the Plaintiff entered into an agreement with the Defendants for the lease of personal property as described in the lease attached hereto as Exhibit "A".

17. That under the terms of this lease, the Defendants agreed to make monthly payments to the Plaintiff in the amount of \$1,461.81 per month for 60 months with payments to commence on June 1, 2003.

18. That the Defendants have failed to make timely payments pursuant to the terms of the lease agreement, with the last payment having been received April 27, 2004. Defendants have incurred an arrearage of past due payments in the amount of \$7,370.53, including late charges.

19. That the balance due on the parties' contract is presently value at \$71,091.52, including the past due payments described above.

20. That the Defendants are in default of the terms of the lease agreement and said default constitutes a breach of the terms of the parties' contract.

21. That as a result of the Defendants' breach of contract, the Plaintiff has been forced to incur expenses associated with the collection of all amounts lawfully due and owing under the contract, and furthermore, has suffered actual and consequential damages due to the Defendants' failure to perform pursuant to the terms of the contract and depreciation and loss of value in the leased property described in Exhibit "A".

22. That the Plaintiff is informed and believes that it is entitled to damages arising out of the Defendants' breach of contract for actual, consequential, and punitive damages, as well as reasonable attorney's fees and costs of collection.

FOR A THIRD CAUSE OF ACTION

23. The Plaintiff incorporates the previous allegations of its complaint as if fully restated herein verbatim.

24. That on January 6, 2003, the Defendants, Emerald Inns, Inc. and C. Allen Peterson, entered into an agreement with Plaintiff wherein Defendants agreed to purchase from Plaintiff carpet and carpeting materials on credit with the Plaintiff. A copy of the parties' agreement is attached hereto as Exhibit "B".

25. That under the terms of this agreement, carpet products would be delivered upon request by the Defendants, and each delivery would be accompanied by an invoice, payable within 15 days.

26. That subsequently, on January 21, 2003, January 28, 2003, March 11, 2003, April 15, 2003, May 6, 2003, and June 24, 2003, the Plaintiff delivered carpet and carpet installation materials to the Defendants' place of business at 104 Court Avenue, Greenwood, South Carolina, and timely invoiced Defendants for all amounts due and owing regarding each shipment.

27. That the Defendants have failed to make timely payments pursuant to the terms of the purchase agreement.

28. That the total purchase price of all deliveries was \$39,133.80. Defendants have a present balance past due and owing of \$27,166.16, including accrued finance charges of 1.5% of the outstanding balance each month.

29. That the Defendants are therefore in default of the terms of the purchase agreement and said default constitutes a breach of the terms of the parties' contract.

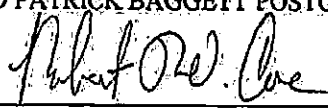
30. That as a result of the Defendants' breach of contract, the Plaintiff has been forced to incur expenses associated with the collection of all amounts lawfully due and owing under the contract, and furthermore has suffered actual and consequential damages due to the Defendants' failure to perform pursuant to the terms of the contract.

31. That Plaintiff is informed and believes it is entitled to damages arising out of the Defendants' breach of contract for actual, consequential, and punitive damages, as well as reasonable attorneys fees and costs of collection.

WHEREFORE, the Plaintiff prays that the Court grant relief as follows:

- A. For immediate possession of the goods described in the Complaint;
- B. For judgment against the Defendants for the value of the goods described in the Complaint, including an award for depreciation, and pre-judgment interest;
- C. For permanent possession of the goods described in the Complaint together with judgment against the Defendants for any deficiency remaining after a commercially reasonable sale of the goods with interest thereon;
- D. For judgment against the Defendants for actual, consequential, and punitive damages, arising out of the Defendant's breach of contract regarding the lease agreement;
- E. For judgment against the Defendants for actual, consequential, and punitive damages, arising out of the Defendants' Emerald Inns, Inc. and C. Allen Peterson's breach of contract the carpet purchase agreement of January 6, 2003;
- F. For the costs of this action, including reasonable attorney's fee; and
- G. For such other and further relief as this Court may deem just and proper.

MCDONALD PATRICK BAGGETT POSTON & HEMPHILL, L.L.P.

By: 

Robert W. Cone
414 Main Street
Post Office Box 1547
Greenwood, SC 29648
(864) 229-2511
ATTORNEYS FOR THE PLAINTIFF

July 26, 2004.
Greenwood, South Carolina

Exhibit
"A"

AllegiantTM

A DIVISION OF TELERENT LEASING CORPORATION
4191 Fayetteville Road
Raleigh, NC 27603
Telephone (800) 324-0850 FAX (800) 882-4216

MASTER LEASE AGREEMENT

LEASE # 12323-000

Date: 1/11/2003

LESSEE: Emerald Inns Inc.			
Address: 104 E. Court Street			
Greenwood, SC, 29646			
City	State	County	Zip
Telephone: (864) 459-9625 Phone (864) 459-8118 Fax			
Ship To: Inn on the Square			
104 Court Ave			
Greenwood, SC, 29649			
City	State	County	Zip
Telephone: (864) 459-9625			
FAX:			

This MASTER LEASE AGREEMENT is made and entered into as of the date first written above and between the herein-named Lessee and Lessor. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the number and type of Leased Goods specified in the Lease Schedules attached hereto and made part hereof (collectively, the "Leased Goods"), upon the conditions set forth herein and in the Lease Schedules.

LEASING COMMITMENTS. From time to time while this Agreement is in effect, Lessee may submit a lease proposal for Goods to Lessor for its consideration. Lessor shall then determine, in its sole discretion, whether or not to accept Lessee's proposal and lease such Goods in accordance with the terms and conditions of this Agreement and an applicable Lease Schedule. Nothing in this Agreement shall be deemed a firm credit or capital commitment by Lessor nor a commitment by Lessor to lease Goods until such time as a Lease Schedule is accepted and executed by Lessor.

TERM. Subject to Lessor's right to terminate this Agreement upon Lessee's default, the term of this Agreement shall be for a period ending upon the termination or expiration date of the last effective Lease Schedule to this Lease Agreement.

RENT PAYMENTS. As rental for the Leased Goods, Lessee shall pay to Lessor's address set out above, for the respective periods set forth in the Lease Schedules hereto, without deduction or set-off, the rent payments specified in the Lease Schedules, plus applicable sales and use taxes. Rent payments shall be due on or before the first day of the month, the first such payment to be due on or before the first day of the month following installation of the Leased Goods (or delivery if Lessor is not responsible for installation hereunder). Concurrent with the execution of each Lease Schedule hereto, Lessee shall remit to Lessor those advance payments set forth in such respective Lease Schedule.

In the event of partial delivery and/or installation of the Leased Goods, Lessee shall pay monthly on an interim basis interest at a monthly rate of 1.5% of the cash sale price of the Leased Goods delivered and/or installed, and the Lease term applicable to such Leased Goods shall commence and the first full rental payment shall be due the first month following the completion of full delivery and/or installation.

Time is of the essence. If any payment due under this Agreement is not received by Lessor on the date it is due, Lessee shall pay to Lessor (a) the overdue payment itself; and (b) interest on the overdue payment from the date due to the date the payment is received at the rate of eighteen percent (18%) per annum or, if less, the highest rate permitted by law. In addition, late charges may be assessed to the maximum limits allowed by law. Payments received from Lessee shall be applied first to unpaid interest; at Lessor's option, and then to the past due rent payments upon which such interest has accrued.

This Agreement cannot be canceled or terminated except as expressly provided herein. This Agreement shall be a net lease, and Lessee's obligation to pay all rent and other sums when due and to otherwise perform as required under this Agreement shall be absolute, unconditional, irrevocable and independent, and shall not be subject to any abatement, reduction, set-off, defense, counter claim, interruption or recoupment, for any reason whatsoever. If any Leased Goods are unsatisfactory for any reason, Lessee shall

Goods until the Premises are available and ready for installation of the Leased Goods and shall bear sole responsibility for, and shall hold Lessor harmless from, all costs incurred due to such delay. Lessor shall not be liable for any delay in delivery or installation of, or failure to deliver and install, the Leased Goods caused by circumstances beyond its reasonable control, including, but not limited to, acts of God, fire, flood, war, accident, labor dispute, labor shortage, embargo or governmental action. If Lessor is responsible for installation of the Leased Goods, the Certificate of Acceptance shall be executed by Lessee promptly after completion of such installation and the Certificate shall also certify Lessor's proper installation of the Leased Goods.

Upon tender of delivery, Lessee shall verify that the Leased Goods conform to any applicable Lease Schedule. Lessee shall inspect the Leased Goods and, if the Leased Goods are in good order, Lessee shall accept delivery and execute a Certificate of Acceptance in the form provided by Lessor certifying the delivery, inspection and acceptance of the Leased Goods by Lessee. Lessee shall verify count and note any shortages, or visible damages on all copies of the delivery receipt. All cartons should be opened and inspected for concealed damage. If any damage is noted that should have been found at delivery, the claim will be denied. Retain damaged items at the point where received along with all containers and packing material until an inspection is made by carrier. Contact the freight carrier to request an inspection within 48 hours of delivery of any damaged freight. Allow the inspector to inspect damaged items, cartons, packing materials and freight bill. Do not sign the inspector's report if any statements are disputed. Unless repairs will be satisfactory, ensure that inspector requests replacement on the report. No new item will be ordered unless the report specifies "replacement." Send via certified mail, return receipt requested with contact name, hotel name, address and telephone number. Damaged items cannot be used, or disposed of without permission from the carrier and written authorization from Lessor.

5. ASSIGNMENT. Lessee shall not sublease, lend, sell, assign, transfer (by operation of law or otherwise) or grant a security interest in all or any part of its interest in the Leased Goods or this Agreement, without the prior express written consent of Lessor. Lessor may lend, sell, assign, transfer or grant a security interest in all or part of its rights, obligations, title or interest in the Leased Goods or this Agreement, or any amounts payable under this Agreement, without notice to Lessee. Lessee hereby consents to any such transaction, and acknowledges that any such transaction shall not materially impair Lessor's prospect of obtaining return performance by Lessor, materially change Lessee's duties or obligations under this Agreement, nor materially increase Lessee's risks or burdens under this Agreement. Lessee further agrees that Lessor may assign or transfer Lessor's interest in the Leased Goods under this Agreement.

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labels, plates or other markings evidencing ownership, security or other interest therein. Lessee shall affix and keep the same displayed on the Leased Goods.

Notwithstanding the express intent of this parties, if a court of competent jurisdiction finds that the Agreement is not a "true lease," but rather a lease intended as a security, then, solely in that event and for the express limited purpose thereof, Lessee shall be deemed to have hereby granted Lessor a first priority security interest in the Agreement, the Leased Goods and in all accessions to, replacements of and proceeds from the Leased Goods (without the power of Lessee to transfer the Agreement or the Leased Goods), to secure the prompt payment and performance of Lessee's indebtedness and obligations under this Agreement.

It is also the intent of the parties that this Agreement constitutes a "finance lease" as defined in Article 2A of the Uniform Commercial Code as adopted in any applicable jurisdiction. Lessee acknowledges that Lessee has selected the Leased Goods and the manufacturer or supplier of the Leased Goods based upon its own judgment and, accordingly, disclaims any reliance on statements made by Lessor or its agents. Furthermore, Lessee acknowledges that prior to signing this Agreement, Lessor informed Lessee (i) of the identity of the supplier of the Leased Goods; (ii) that Lessee may have rights under the contract by which Lessor acquired the Leased Goods; and (iii) that Lessee may contact the supplier of the Leased Goods for a description of any rights that Lessee may have under the supply contract. Lessee acknowledges and agrees that the Agreement is not a "consumer lease," and that the Lessee is leasing the Leased Goods pursuant to this Agreement for commercial use and not for any personal, family or household purpose.

SERVICE. Lessee shall keep and maintain the Leased Goods, at Lessee's sole expense, in as good operating condition as when delivered to Lessee, reasonable wear and tear from proper use and use as recommended by the manufacturer excepted, and will provide all maintenance and service and make all repairs and replacements reasonably necessary. Lessor shall not be liable for any claim, loss or expense directly or indirectly resulting from any failure or loss of use of the Leased Goods. In no event shall Lessor be liable for any special or consequential damages. Lessee shall not be entitled to any abatement of rent for any period of time required for repair, service, replacement or adjustment of the Leased Goods.

INSURANCE. During the term of this Agreement and any renewals thereof, Lessee shall maintain at Lessee's sole expense (i) "all risks" coverage for the Leased Goods for the full replacement cost, naming Lessor as loss payee; and (ii) public liability insurance, in amounts satisfactory to Lessor, naming Lessor as additional insured. All insurance shall provide 30 days' prior written notice to Lessor before coverage lapses or is canceled or is materially changed. All insurance shall be in a form and with companies satisfactory with Lessor, and, upon Lessor's request, Lessee shall deliver copies of the policies or certificates of such insurance to Lessor.

DISCLAIMER OF WARRANTIES. Lessor leases the Leased Goods to Lessee "as is," and expressly disclaims and makes no warranties or representations, express or implied, as to the condition, design, quality, capacity, merchantability or fitness for a particular purpose of, or any other matter concerning the Leased Goods. Lessee hereby waives any claim (including any claim based on strict or absolute liability in tort) that it may have against loss, damage (including incidental or consequential damage) or expense caused by the Leased Goods.

All assignable warranties as to the Leased Goods made by any manufacturer or supplier to Lessor are hereby assigned to Lessee for and during the term of this Agreement, and Lessee agrees to resolve all warranty claims directly with the manufacturer and/or supplier at Lessee's sole expense. Any such claims shall not affect in any manner the unconditional obligation of Lessee to make rent payments pursuant to this Agreement and the Lease Schedules hereto.

INDEMNITY. Lessee agrees to indemnify and hold the Lessor, its agents, successors and assigns harmless from any and all liabilities, obligations, losses, damages, claims, demands and all costs and expenses thereof (including legal fees and expenses) of any kind in any way relating to or arising out of the Leased Goods, including, without limitation, the manufacture, purchase, lease, ownership, transportation, delivery, installation, maintenance, possession, operation, condition, storage, return or use of the Leased Goods, howsoever arising, in connection with any event occurring prior to return of the Leased Goods to Lessor in accordance with Section 14, excluding any liabilities, obligations, losses, damages and claims resulting solely from the gross negligence or willful misconduct of Lessor. Lessee shall give Lessor, its successors and assigns prompt notice of any occurrence, event or condition in connection with which Lessor, its successors or assigns may be entitled to indemnification hereunder. The provisions of this section 11 shall survive the expiration or termination of this Lease Agreement.

FEES AND TAXES. During the term of this Agreement, Lessee shall promptly pay all fees and taxes (local, state and federal) which may now or hereafter be imposed or levied upon the acquisition, ownership, transport, leasing, possession, use or return of the Leased Goods. All required personal property tax returns with respect to the Leased

charges, interest and other amounts due on or before the date of default, (ii) the present value of all rent and other amounts payable by Lessee pursuant to this Agreement from the date of default through the date of expiration of the original term of this Agreement (or, if the Agreement has been renewed, through the date of expiration of the renewal term) and (iii) the fair market value of the Leased Goods on the date of the expiration of the original term of this Agreement (or, if the Agreement has been renewed, through the date of expiration of the renewal term); provided, however, that upon the return or repossession of the Leased Goods, if Lessor sells, leases or otherwise disposes of the Leased Goods, the net proceeds from such sale, re-lease or disposition shall be deducted from the fair market value so calculated; (iv) all costs and expenses incurred by Lessor in connection with the return, repossession, recovery, storage, repair, sale, re-lease or other disposition of the Leased Goods, including brokerage fees and reasonable attorneys fees and costs incurred as a result of Lessor's default; (v) interest on all amounts due under this Agreement at the lesser of eighteen percent (18%) per annum or the highest rate allowed by law.

17. LOCATION; INSPECTION. The Leased Goods shall not be removed from the Premises without the prior express written consent of Lessor. Lessor shall have the right to inspect the Leased Goods at any reasonable time. Lessee shall make no alteration or repairs to the Leased Goods except through an authorized service representative of Lessor.

18. SALE OF PROPERTY. In the event Lessee enters into any agreement to sell this property, Lessee shall cause Buyer of such property to assume all of Lessee's obligations under this Agreement, without modification of the terms and conditions hereof, which assumption shall be a condition precedent to any sale of such property. Lessee shall remain liable to Lessor under this Agreement, notwithstanding any such assumption, unless Lessor, in its sole discretion, agrees to release Lessee of its obligations hereunder in writing.

19. NOTICES. Any notice required to be given pursuant to this Agreement shall be in writing and sent by certified mail or nationally recognized overnight courier service with confirmed delivery to the party's principal place of business designated herein, or to such other address as the party shall designate in writing to the other party, and shall be effective as of the third business day after date of mailing or the date of confirmed delivery.

20. ENTIRE AGREEMENT; AMENDMENTS. This Agreement, including all Lease Schedules, Addenda and Change Orders hereto, constitutes the entire agreement of the parties with respect to the subject matter hereof, and there are no representations, oral or written, not expressly set forth herein. No modification of this Agreement is valid unless executed in writing by the same parties with the same formality as this present Agreement.

21. PARTIAL INVALIDITY; GOVERNING LAW. If any portion of this Agreement is found to be invalid or unenforceable, such invalidity or unenforceability shall not affect the remaining portions of this Agreement, which shall remain in full force and effect. This Agreement and the rights and duties of the parties hereunder shall be governed by and construed pursuant to North Carolina law. All disputes arising out of this Agreement will be subject to the exclusive jurisdiction and venue of the North Carolina state courts of Wake County, North Carolina (or, if there is exclusive federal jurisdiction, the United States District Courts for the Eastern District of North Carolina), and the parties consent to the personal and exclusive jurisdiction of these courts.

22. ASSIGNS. This Agreement is binding upon the parties hereto, their respective agents, successors, legal representatives and permitted assigns.

23. NO WAIVERS. Failure by Lessor to require strict performance by Lessee or to take any action or enforce any right under this Agreement shall not constitute a consent to or waiver of such performance, action or right by Lessor.

24. ATTORNEY-IN-FACT. Lessee hereby appoints Lessor or its assigned its true and lawful attorney-in-fact to execute on behalf of Lessee any financing statements or other documents which, in Lessor's sole determination, are necessary to secure Lessor's interest in the Leased Goods in all jurisdictions where the Leased Goods are or will be located. This appointment, being coupled with an interest, is irrevocable.

25. MISCELLANEOUS. As used in this Agreement, the masculine, feminine and neuter gender, and the singular and plural numbers, whenever the context requires or permits, shall be deemed to include the other genders or numbers respectively.

26. SCOPE OF SALESPERSON'S AUTHORITY. This Agreement contains all of the covenants between the parties regarding all matters set forth herein, and no representations made by Allegiant's salespersons or anyone else shall be binding unless incorporated herein in writing. This Agreement shall not be binding upon Allegiant for any purpose until it is executed by an authorized officer of Allegiant.

27. THIRD PARTY FINANCING.
a) It is hereby mutually agreed that Lessee shall be responsible for resolution of any unfilled obligations or quality issues related to said Lease terms. In the event deposits of interim payments shall be made by Allegiant (Lessor) to Lessee's selected vendor and Leased Goods are not satisfactory or other complications prevent job completion, Lessee shall be fully liable for reimbursement of all monies to Lessor.

ELECTRONICALLY FILED 2018 SEP 18 5:19 PM - GREENWOOD, COMMON PLEAS - CASE#2012CP240576

February 6, 2003

ADDENDUM I

ADDENDUM I TO MASTER LEASE AGREEMENT #12323-000 DATED JANUARY 11, 2003 BY AND BETWEEN EMERALD INNS, INC. T/A INN ON THE SQUARE, GREENWOOD, SC AND ALLEGiant, RALEIGH, NC.

IT IS HEREBY MUTUALLY AGREED AND UNDERSTOOD that the following will also be known as Co-lessee: Craig White.

ALL OTHER TERMS AND CONDITIONS SHALL REMAIN UNCHANGED.

LESSEE:
EMERALD INNS, INC.
T/A INN ON THE SQUARE,
GREENWOOD, SC

BY: X C. Peterson
C. ALAN PETERSON

TITLE: VICE PRESIDENT

DATE: 2/7/03

LESSOR:
ALLEGiant
Raleigh, NC

BY: X John J. Cole

TITLE: VP

DATE: _____

CO-LESSEE:

X Craig White
Craig White

Social Security # X [REDACTED]

Witness X [Signature]

Date: X 2/11/03

ELECTRONICALLY FILED - 2018 Sep 18 5:19 PM - GREENWOOD - COMMON PLEAS - CASE#2012CP2400576

LEASE SCHEDULE #1

LEASE # 12323-000

LESSOR:

Date: 1/11/2003

Allegiant

A DIVISION OF TELERENT LEASING CORPORATION
4191 Fayetteville Road
Raleigh, NC 27603
Telephone (800) 324-0850 FAX (800) 882-4216

TERM: 60 MONTHS
The term shall begin on the date of the completion of the installation or receipt of the Equipment (if installation not performed by Lessor) on premises of Lessee, said date to be confirmed in writing upon request of Lessor.

PAYMENTS: \$1,322.48 PER MONTH

As rental for the Equipment, Lessee shall pay the above amount to Lessor at Raleigh, North Carolina, during the full term as set forth by this Lease Schedule, plus applicable sales and use tax.

ADVANCE PAYMENTS: \$2,803.67

Lessee shall remit the last two (2) payments in advance in the amount above including applicable sales tax, as a condition of approval of this Lease Schedule.

CASH SALE PRICE: \$61,529.33

The Cash Sale Price is shown for information purposes only and includes estimated freight cost, but no taxes.

The above monthly payment is based on the items listed below and estimated freight costs. Lessee acknowledges and agrees that Cash Sale Price and Payment will be adjusted up or down based on actual invoiced freight costs, or changes in items and quantities approved by Lessee.

ATTORNEY-IN-FACT: Lessee hereby appoints Lessor or its assignee the true and lawful attorney-in-fact to execute on behalf of Lessee any financing statements or other documents which, in Lessor's sole determination, are necessary to secure Lessor's interest in the Leased Goods in all jurisdictions where the Leased Goods are or will be located. This appointment, being coupled with an interest, is irrevocable.

This Lease Schedule is subject to all the terms and conditions of the Master Lease Agreement between the above listed Lessor and Lessee.

EQUIPMENT:

Upon expiration and fulfillment of the terms and conditions herein, lessee may purchase the equipment for \$1.00 per unit.

SEE ATTACHED EXHIBIT 'A' FOR COMPLETE DESCRIPTION OF EQUIPMENT

THE LESSEE UNDERSTANDS AND AGREES THAT THIS SCHEDULE IS NON-CANCELABLE.

LESSEE:

Emerald Inns Inc.

(Name of Corporation, Partnership or Owner)

By:

C. Alan Peterson

Date: 1/11/03

(Signature)

(Date)

C. Alan Peterson Vice President

(Type or Print name and Title)

Federal Identification or Social Security No.

Witness/Attorney:

C. Alan Peterson

CO-LESSEE:

(Type or Print Name)

By:

C. Alan Peterson

Date: 1/11/03

(Signature)

Address: 104 E. Court St
Greenwood SC 29646

Social Security No.

Witness:

Rev. 4/27/00 (4000)

Lessor:

Allegiant

A DIVISION OF TELERENT LEASING CORPORATION

By:

Virginia Hall

Attest:

Secretary, Assistant Secretary

CO-LESSEE:

(Type or Print Name)

By:

Date:

Address:

City State Zip

Social Security No.

Witness:

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TELEVENT LEASING

P. 003

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LEASE SCHEDULE

LEASE #

LESSOR:

Date: 1/11/2003

Allegiant

A DIVISION OF TELEVENT LEASING CORPORATION
4901 Fayetteville Road
Raleigh, NC 27602
Telephone (800) 324-0850 FAX (800) 382-4216

TERM	60	MONTHS
The term shall begin on the date of the completion of the installation of the equipment at the location of the lessee, and shall end on the date of the completion of the removal of the equipment from the location of the lessee.		
PAYMENTS	\$ 1,372.48	PER MONTH
As provided for in the Lease, Lessee shall pay the above amount to Lessor on the first day of each month, beginning on the first day of the month of the completion of the installation of the equipment at the location of the lessee, and shall pay the same in advance.		
ADVANCE PAYMENTS	\$ 2,800.07	
Lessee shall pay the advance payments in advance of the first month of the term of the lease, and shall pay the same in advance of the first month of the term of the lease.		
CASH SALE PRICE	\$ 81,528.23	
The Cash Sale Price is shown for information purposes only and is not a binding offer of sale.		
The above equipment is being leased to Lessee on a "Finance Lease" basis. Lessee acknowledges and agrees that the equipment is being leased to Lessee on a "Finance Lease" basis and that the equipment is being leased to Lessee on a "Finance Lease" basis.		

LESSOR:	Emerald Int'l Inc.
Address:	104 E. Court Street Greensboro, NC, 27406
City:	Greensboro, NC
State:	NC
Zip:	27406
Telephone:	(919) 489-9626 Pline (919) 489-9118 Fax
Web Site:	www.emeraldintl.com
Delivery Date:	104 Court Ave Greensboro, NC, 27406
City:	Greensboro, NC
State:	NC
Zip:	27406
Telephone:	(919) 489-9626
FAX:	

In the event of required under down payments, first delivery and/or installation of the Lease Goods, Lessee shall pay monthly on an interim basis interest at a regular rate of 10% of the cash sale price of the Lease Goods delivered under the Lease, and the Lease term applicable to such Lease Goods shall commence on the first full rental payment due the first month following the completion of full delivery and/or installation.

RETERNOPTION: Lessee hereby agrees to return the equipment to Lessor at the end of the term of the lease, or to purchase the equipment at the end of the term of the lease, at the option of Lessee. This option shall be exercised by Lessee by the end of the term of the lease, and the equipment shall be returned to Lessor at the end of the term of the lease.

This Lease Schedule is subject to all the terms and conditions of the Master Lease Agreement between the above listed Lessor and Lessee.

Upon expiration and fulfillment of the terms and conditions herein, Lessee may purchase the equipment for \$1.00 per unit.

SEE ATTACHED EXHIBIT 'A' FOR COMPLETE DESCRIPTION OF EQUIPMENT

THE LESSEE UNDERSTANDS AND AGREES THAT THIS SCHEDULE IS NON-CANCELABLE.

LESSOR:	Emerald Int'l Inc.	LESSEE:	Allegiant
(Name of Corporation, Partnership or Owner)		(Name of Corporation, Partnership or Owner)	
By: <u>C. Alan Peterson</u>	Date: <u>1/11/03</u>	By: <u>Virginia Hall</u>	Date: <u>1/11/03</u>
(Type or Print Name)		(Type or Print Name)	
Signature: <u>C. Alan Peterson</u>		Signature: <u>Virginia Hall</u>	
(Type or Print Name)		(Type or Print Name)	
Address: <u>104 E. Court St</u>	City: <u>Greensboro</u>	State: <u>NC</u>	Zip: <u>27406</u>
(Type or Print Name)		(Type or Print Name)	
Signature: <u>C. Alan Peterson</u>		Signature: <u>Virginia Hall</u>	
(Type or Print Name)		(Type or Print Name)	

ROA_0536



1/11/2003

Serving the lodging industry for over 45 years. ALLEGiant

EXHIBIT A TO LEASE SCHEDULE #1

Emerald Inns Inc. - Greenwood, SC

Page 1

4191 Fayetteville Road
 Raleigh, NC 27603
 tel (919) 719-2199
 fax (919) 662-7000
 www.allegiant.com

Qty	Item - Description	Unit Price	Ext Price
48	SLIDE3C - Mount - slide-out for TV furniture swivel	35.00	1680.00
1	GEN-PH1 - 55" Big Screen Television	2153.80	2153.80
6	PL0125C - Philips 25" smart plug lodging TV	265.00	1590.00
6	PL0127C - Philips 27" smart plug lodging TV	295.00	1770.00
1	RC2573GR - Set-up remote for Philips/Magnavox lodging TV	30.00	30.00
12	RL9820BK - Philips/Magnavox guest remote	0.00	0.00
2	MAN-DIS - Manitowoc deliver, install, start-up and filter	495.00	990.00
2	QD-0322A - Cuber, 22" Slim-Line, air cooled, 310-lbs per day	1469.13	2938.26
2	QPA-160 - Dispenser, Slim-Line push button, 120-lbs storage	1577.63	3155.26
16	AC4830 - Recliner, Queen Anne legs, 3-position	295.00	4720.00
18	GEN-AC - 5080	275.00	4950.00
18	GEN-AC - 5081	115.00	2070.00
6	GEN-AC - 61003-S	665.00	3990.00
48	GEN-AC - 692 desk chair	102.00	4896.00
6	ACS3K - Bed set, king size, Allegiant Series III	315.00	1890.00
56	ACS3Q - Bed set, queen size, Allegiant Series III	245.00	13720.00
1	TC445-409 - Annapolis writing desk	205.92	205.92
1	TC445-466 - Annapolis queen size poster headboard	103.95	103.95
48	SB1626-040 - Hairdryer, wall-mounted with nightlight	19.50	936.00
54	SB3278 - Coffee maker, 4-cup, black	22.95	1239.30
48	SB3945 - Iron, Hospitality Select Steam Iron	18.25	876.00
48	SB3963 - Iron holder, wall mounted	5.00	240.00
48	SB89014 - Clock radio, Sunbeam	8.95	429.60
1	FRT-EST - Estimated freight	5000.00	5000.00
2	CCMMP - Marker board, wall hung, 2-dr, mahogany, screen	557.12	1114.24
2	GEN-HPO - Projection Screen	60.00	120.00
48	48-218-05 - Ironing board, 53" Hotel model	15.00	720.00

LESSEE: Emerald Inns Inc.

BY: C. Alan PetersonTITLE: Vice PresidentDATE: 11/1/03

CO-LESSEE:

C. Alan Peterson
C. Alan Peterson

LESSOR: ALLEGiant

BY: AllegiantTITLE: VPDATE: 11/1/03

CO-LESSEE:

February 6, 2003

ADDENDUM I

ADDENDUM I TO LEASE SCHEDULE#12323-001 DATED JANUARY 11, 2003 BY AND BETWEEN EMERALD INNS, INC. T/A INN ON THE SQUARE, GREENWOOD, SC AND ALLEGIANT, RALEIGH, NC.

IT IS HEREBY MUTUALLY AGREED AND UNDERSTOOD that the following will also be known as Co-lessee: Craig White.

ALL OTHER TERMS AND CONDITIONS SHALL REMAIN UNCHANGED.

LESSEE:
EMERALD INNS, INC.
T/A INN ON THE SQUARE,
GREENWOOD, SC

BY: X [Signature]
C. ALAN PETERSON

TITLE: VICE PRESIDENT

DATE: X 2/7/03

LESSOR:
ALLEGIANT
Raleigh, NC

BY: [Signature]

TITLE: VP

DATE: _____

CO-LESSEE:
X [Signature]
Craig White

Social Security # [REDACTED]

Witness X [Signature]

Date: X 2/11/03

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02/07/03 14:44 02/07/03 14:44

February 6, 2003

ADDENDUM II

ADDENDUM II TO LEASE AGREEMENT #12323-001 DATED JANUARY 11, 2003
BY AND BETWEEN EMERALD INNS, INC. T/A INN ON THE SQUARE,
GREENWOOD, SC AND ALLEGIANT, RALEIGH, NC

IT IS MUTUALLY AGREED AND UNDERSTOOD that Lessor will add the following: 29 - Pinch pleat drapes, two-way draw, Window Treatment: Mystique/sage 63" w x 70.25 h at \$2175.00; 12 - Pinch pleat drapes, two-way draw, Window Treatment: Twiggy/spruce 63" w x 70.25 h at \$936.00; 15 - Pinch pleat drapes, two-way draw, Window Treatment: Watman/windsor 63" w x 70.25 h at \$1275.00; 56 - Faltex drapery rods 51" at \$1120.00; and Estimated Freight at \$600.00.

The New Cash Sale Price is \$67634.33.

AS CONSIDERATION for the above, Lessee's monthly payment shall increase by \$131.85, making the new payment \$1454.33 per month plus tax effective with the initial payment. Lessee will submit the last two payments in advance in the amount of \$279.52 including applicable tax as a condition of approval of this Addendum.

All other terms and conditions shall remain the same.

LESSEE:
EMERALD INNS, INC.
T/A INN ON THE SQUARE,
GREENWOOD, SC

BY: X C. Alan Peterson
C. ALAN PETERSON

TITLE: VICE PRESIDENT

DATE: X 2/7/03

CO-LESSEE:

X C. Alan Peterson
C. Alan Peterson

Witness: X

Date: X 2/7/03

LESSOR:
ALLEGIANT
Raleigh, NC

BY: [Signature]

TITLE: VP

DATE: _____

CO-LESSOR:

X [Signature]
Craig White

Witness: X [Signature]

Date: X 2/11/03

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February 12, 2003

ADDENDUM III

ADDENDUM III TO LEASE AGREEMENT #12323-001 DATED JANUARY 11, 2003
BY AND BETWEEN EMERALD INNS, INC. T/A INN ON THE SQUARE,
GREENWOOD, SC AND ALLEGIANT, RALEIGH, NC

IT IS MUTUALLY AGREED AND UNDERSTOOD that Lessor will add the
following: 48 - Trinity Lights, Color: Brass, 56", Part #3065, Shade style: Brussels,
Shade Color: Cream, Shade Size: 6" x 21" x 13" slant (10 1/2" vertical) at \$3600.00; and
Estimated Freight at \$360.00.

The New Cash Sale Price is \$71594.33.

AS CONSIDERATION for the above, Lessee's monthly payment shall increase
by \$85.51, making the new payment \$1539.84 per month plus tax effective with the
initial payment. Lessee will submit the last two payments in advance in the amount of
\$181.28 including applicable tax as a condition of approval of this Addendum.

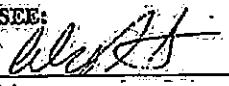
All other terms and conditions shall remain the same.

LESSEE:
EMERALD INNS, INC.
T/A INN ON THE SQUARE,
GREENWOOD, SC

BY: X 
C. ALAN PETERSON

TITLE: VICE PRESIDENT

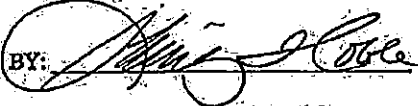
DATE: X 3/11/03

CO-LESSEE:
X 
C. Alan Peterson

Witness: X Lori Bass

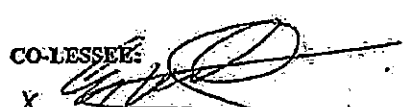
Date: X 3/11/03

LESSOR:
ALLEGIANT
Raleigh, NC

BY: 
Mr. VP

TITLE: Mr. VP

DATE: _____

CO-LESSEE:
X 
Craig White

Witness: X Lori Bass

Date: X 3/11/03 3/11/03

May 15, 2003

ADDENDUM IV

ADDENDUM IV TO LEASE AGREEMENT #12323-001 DATED JANUARY 11, 2003
BY AND BETWEEN EMERALD INNS, INC. T/A INN ON THE SQUARE,
GREENWOOD, SC AND ALLEGIANT, RALEIGH, NC

IT IS MUTUALLY AGREED AND UNDERSTOOD that Lessor will delete the
following: Estimated Freight in the amount of \$5960.00; and 1 - GEN-PHI 55" Big
Screen Television at \$2153.80.

IT IS ALSO MUTUALLY AGREED AND UNDERSTOOD that Lessor will add
the following: Actual Freight in the amount of \$2626.32; and Interim Interest of
\$1591.32.

The New Cash Sale Price is \$67698.17.

AS CONSIDERATION for the above, Lessee's monthly payment shall decrease
by \$78.03, making the new payment \$1461.81 per month effective with the initial
payment. *per certified letter dated 5-15-03. jc*

BY SIGNING BELOW, you acknowledge that you are authorized to sign on the
behalf of the Lessee and/or Co-lessees.

All other terms and conditions shall remain the same.

LESSEE:
EMERALD INN, INC.
T/A INN ON THE SQUARE,
GREENWOOD, SC

BY: *C. Alan Peterson*
C. ALAN PETERSON

TITLE: VICE PRESIDENT

DATE: 6/26/03

LESSOR:
ALLEGIANT
Raleigh, NC

BY: *Mike J. Cobb*

TITLE: Asst. VP

DATE: 5-30-03

EXHIBIT
"B"

TELETYPE LEASING

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fax (919) 863 7012
www.allegiant.com

Proposal For:
Item on the Square

Page 2
(continued)

N - Indent a New-Trade Item

Subtotal:	\$ 30,337.36
+ Freight:	\$ 3,000.00
Subtotal:	\$ 33,337.36
+ 6.000% Tax:	\$ 2,000.34
Total (USD):	\$ 35,337.70

Lease as low as \$717.69/month

(*Lease as offered to qualified customers based on 10.0% APR for 60 mos.)

Condition of Sale (Cash Sales Under \$50,000):

SECURED PARTY: Allegiant, a division of TeleRent Leasing Corporation. TERMS: Net 15 days (Finance charges will be billed at 1.5% per month if not paid within 15 days). ATTORNEY-IN-FACT: Debtor hereby appoints secured party or its assignee its true and lawful attorney-in-fact to execute on behalf of Debtor any financing statements to secure Secured Party's interests in the purchased goods in all jurisdictions where the purchase of goods are or will be located. WARRANTIES: Warranties are those provided by the manufacturer of the products secured herein. No other warranties are assumed or implied. SECURED INTEREST: Debtor hereby grants to the Secured Party a purchase money security interest in the purchased goods. DELAYS IN DELIVERY: Secured Party shall not be held liable for damages from delays or deliveries to delivery or installation of his equipment considered by carrier beyond its control. DISCLAIMER: Debtor agrees that it has selected the product and agrees that each item is sold as suitable for its intended purpose. Debtor shall not be relieved of its obligation to pay for the product(s) and in no event shall debtor be entitled to consequential or special damages as a result of unsuitability or failure of the goods. *PUSHOUT: All shipments are F.O.B. manufacturer unless otherwise noted. Freight shown is estimated only. Customer is responsible for and will be billed actual level of freight.

- * ① Debtor: Emerald Inn, Inc. * ⑤ Co-Debtor: C. Alan Peterson
Corporation, Partnership, or Owner
- * ② By: [Signature] * ⑥ By: [Signature]
Signature
- * ③ [Redacted] * ⑦ [Redacted]
Federal ID or Social Security Number
- * ④ Date: 1/6/03 * ⑧ [Redacted]
Social Security Number

(Please Fill out 1, 2, 3, 4, 5, 6, 7, 8)

DESIGN • FINANCING • EQUIPMENT • FINANCING • DIRECTIVE

A DIVISION OF TELERENT LEASING CORPORATION

EXHIBIT 15



Serving the lodging and healthcare markets for over 45 years.

Telerent Leasing Corporation
4191 Fayetteville Road
Raleigh, NC 27603
tel (919) 772-8604
www.telerent.com

August 18, 2005

Received certified check 129644

From Inn on the Square and John Huffman
for \$5,000.00.

Charles B. Smith

ELECTRONICALLY FILED - 2018 Sep 18 5:19 PM - GREENWOOD - COMMON PLEAS - CASE#2012CP2400576

DIVISIONS

TeleHealth Services ★ Free To Guest ★ Vendor Capital Group

ROA_0544



John W. Huffman

104 East Court Street
Greenwood, SC 29646

Phone: 864-330-1010
Fax: 864-330-1020
Toll Free 1-877-313-3077



Serving the lodging and healthcare markets for over 45 years.



August 18, 2005

TeleRent Leasing Corporation

4191 Fayetteville Road

Raleigh, NC 27603

tel (919) 772-8604

www.tererent.com

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Inventory Inn on the Square

- 30- TV swivels
- 18- Sunbeam Hair dryer
- 41- SB coffee pot
- 29- SB Iron
- 29- SB Iron holder
- 2- SB clock radio
- 34- Iron in ~~board~~ board
- 56- Febtex pleated drapes
- 56- Febtex 51" drapery rods
- 51- Trinity Lighting 56" brass lamp
- 2- conference wall cabinet 2 door marker board mahogany
- 2- projection screen (broken) - 1
- 6- desk chairs
- 6- sleeper sofa - damaged (~~heavy use~~ heavy use)
- 6- King size mattress
- 56- full size mattress
- 16- AC Queen Ann chairs 3-position Recliner
- 18- AC model 5080 chair chairs
- 18- AC model 5081 ottoman

unable to
Identify
Exact Eq. model
no Identifia-
markers.

Charles Baughman

DIVISIONS

TeleHealth Services * Free To Guest * Vendor Capital Group

NOTICE TO CUSTOMERS
The purchase of an Indemnity Bond
will be required before this check will
be replaced or refunded in the event
it is lost, misplaced or stolen.


Countybank
GREENWOOD, S.C.

129644

DATE August 18, 2008

87-691
532

PAY
TO THE ORDER OF TELETRIENT LEASING CORP.

\$ 25,000.00

~~EXACTLY~~ **PAY 25,000 DOL 00 CTS**

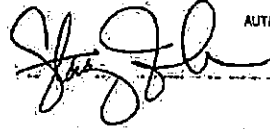
DOLLARS

CASHIER'S CHECK

IOS LLC
PURCHASER

THIS CHECK VOID IF NOT PRESENTED
FOR PAYMENT WITHIN 180 DAYS

AUTHORIZED SIGNATURE



ELECTRONICALLY FILED - 2008 SEP 18 5:49 PM - GREENWOOD - COMMON PLEAS - CASE#2012CP2400576

EXHIBIT 16

JOHN W. HUFFMAN

EXAM/MEREDITH

17

1 around --

2 A Yes.

3 Q -- you just couldn't find another lender. Business

4 Carolina wouldn't refinance it for you for 700?

5 They wanted out altogether?

6 A They can't. Once they discount a loan --

7 Q They can't take it back.

8 A They can't take it back. So no, they couldn't do

9 it. I had to -- not to mention it had been about

10 as painful for them as it had been Craig White.

11 And you know all parties just wanted out. As the

12 old saying goes, I don't care about the cheese

13 anymore, just get me out of the trap. Craig felt

14 that way, Business Carolina felt that way. And I

15 was the great savior and come in and save

16 everybody.

17 Q Well, the risk involved in the undertaking of a

18 project like that where you don't even know what

19 the indebtedness -- the extent of it completely,

20 what the receivables are, is pretty high?

21 A Well, that's not true. It was all under Emerald

22 Inns, that's why I changed the name to IOS, LLC,

23 and walked in there debt free. The only person I

24 owed anything to was the first mortgage lender.

25 There were probably \$200,000 worth of debt, that

EXHIBIT 17

Invoice

9-21-17

5	couches	}	1,200
1	tv. stands		
15	chairs		
25	lawn chairs		
7	ottomans		100
110	pillows		20
30	lawn mowers		100
2	small refrigerator		100
	misc.		100
			1,500

by IOS, LLC

John L. Huff
John Huff, Manager

Purchased by Lander

Diane Newton
Diane Newton, VP/BA

12-0023 IOS 0347

43335 IOS, LLC

04/08/2010 11:42 AM

Federal Asset Report Form 1065, Page 1

FYE: 12/31/2009

Asset	Description	Date In Service	Cost	Bus %	Sec 179 Bonus	Basis for Depr	PerConv Meth	Prior	Current
Prior MACRS:									
1	BUILDING	1/01/05	930,000			930,000	39 MMS/L	94,391	23,846
2	SIGN	3/31/05	1,002			1,002	7 MQ200DB	728	88
3	PUB SEATS	6/30/05	1,300			1,300	7 MQ200DB	911	101
	Mass Sale: 12/31/09								
4	COMPUTER	6/30/05	1,823			1,823	5 MQ200DB	1,538	207
5	ROOM A/C	6/30/05	7,602			7,602	7 MQ200DB	5,326	675
6	ROOF A/C	6/30/05	3,902			3,902	7 MQ200DB	2,734	346
7	PUB A/C	6/30/05	3,500			3,500	7 MQ200DB	2,452	311
8	WATER HEATERS	6/30/05	1,278			1,278	7 MQ200DB	895	114
9	ICE MACHINE	6/30/05	2,952			2,952	7 MQ200DB	2,068	262
10	DRYER	8/31/05	1,500			1,500	7 MQ200DB	1,012	139
11	TABLES	9/30/05	3,108			3,108	7 MQ200DB	2,097	253
	Mass Sale: 12/31/09								
12	FURNITURE	9/30/05	5,005			5,005	7 MQ200DB	3,376	408
	Mass Sale: 12/31/09								
13	ROOM REP & RENO	9/01/05	63,071			63,071	5 MQ200DB	51,491	7,126
14	KARAOKE MACHINE	10/15/05	3,013			3,013	7 MQ200DB	1,954	265
	Sold/Scrapped: 12/31/09								
15	SCW CONT ASSETS	11/17/05	138,698			138,698	7 MQ200DB	89,957	13,926
16	COMPUTERS/SOFTWARE	7/01/07	27,409			27,409	5 HY 200DB	14,253	5,262
17	FIXTURES/BLINDS/SIGN	7/01/07	28,093			28,093	7 HY 200DB	10,893	4,914
18	FURNITURE	7/01/07	50,482			50,482	7 HY 200DB	19,575	8,830
19	UPFITTING	7/01/07	199,123			199,123	39 MMS/L	7,446	5,106
20	SECURITY CAMERAS	4/16/08	3,780			3,780	5 HY 200DB	756	1,210
21	WASHER/DRYER	10/15/08	848			848	5 HY 200DB	170	271
			<u>1,477,489</u>			<u>1,477,489</u>		<u>314,023</u>	<u>73,660</u>
Grand Totals			1,477,489			1,477,489		314,023	73,660
Less: Dispositions and Transfers			12,426			12,426		8,338	1,027
Less: Start-up/Org Expense			0			0		0	0
Net Grand Totals			<u>1,465,063</u>			<u>1,465,063</u>		<u>305,685</u>	<u>72,633</u>

ELECTRONICALLY FILED - 2010 SEP 18 5:19 PM - GREENWOOD - COMMON PLEAS - CASE#2012CP2400576

Requested By: asd 09/26/2015

Form 668 (Y)(c) (Rev. February 2004)		3479 Department of the Treasury - Internal Revenue Service			
Form 668 (Y)(c) (Rev. February 2004)		Notice of Federal Tax Lien			
Area: SMALL BUSINESS/SELF EMPLOYED AREA #3 Lien Unit Phone: (800) 913-6050		Serial Number 640202510			
As provided by section 6321, 6322, and 6323 of the Internal Revenue Code, we are giving a notice that taxes (including interest and penalties) have been assessed against the following-named taxpayer. We have made a demand for payment of this liability, but it remains unpaid. Therefore, there is a lien in favor of the United States on all property and rights to property belonging to this taxpayer for the amount of these taxes, and additional penalties, interest, and costs that may accrue.		For Optional Use by Recording Office 2018090000729 Filed for Record in GREENWOOD COUNTY SC INGRAM MOON, COUNTY CLERK 04-12-2018 At 01:44 pm. FEDERAL TAX LIEN Bqpl: 5 Page 313- 313			
Name of Taxpayer: IOS LLC INN ON THE SQUARE					
Residence: 104 E COURT AVE GREENWOOD, SC 29646-2750					
IMPORTANT RELEASE INFORMATION: For each assessment listed below, unless notice of the lien is refilled by the date given in column (e), this notice shall, on the day following such date, operate as a certificate of release as defined in IRC 6325(e).					
Kind of Tax (a)	Tax Period Ending (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)
941	06/30/2005		10/10/2005	11/09/2015	404.04
941	12/31/2005		04/17/2006	05/17/2016	21729.94
941	03/31/2006		07/03/2006	08/02/2016	18067.93
941	06/30/2006		09/18/2006	10/18/2016	16324.97
941	09/30/2006		01/08/2007	02/07/2017	17727.59
941	12/31/2006		04/02/2007	05/02/2017	17988.35
941	03/31/2007		07/02/2007	08/01/2017	17960.99
941	06/30/2007		10/01/2007	10/31/2017	22770.97
941	09/30/2007		02/04/2008	03/06/2018	19932.32
941	12/31/2007		03/31/2008	04/30/2018	19647.65
941	03/31/2008		06/30/2008	07/30/2018	18839.82
941	06/30/2008		10/27/2008	11/26/2018	23515.84
941	09/30/2008		12/29/2008	01/28/2019	21860.95
941	12/31/2008		04/13/2009	05/13/2019	17885.17
941	03/31/2009		07/13/2009	08/12/2019	16475.34
Place of Filing CLERK OF COURT GREENWOOD COUNTY GREENWOOD, SC 29646					Total \$ 271131.87
This notice was prepared and signed at <u>BALTIMORE, MD</u> on this,					
the <u>01st</u> day of <u>April</u> , 2010					
Signature <u>R. A. Mitchell</u> for SHENIKA A. SHAW		Title REVENUE OFFICER (803) 253-3420			
(NOTE: Certificate of officer authorized by law to take acknowledgment is not essential to the validity of Notice of Federal Tax Lien Rev. Rul. 71-490, 1971-2 C.B. 409)					
Part 1 - Kept By Recording Office			Form 668(Y)(c) (Rev. 2-2004) CAT NO 60025X		

ELECTRONICALLY FILED - 2018 Sep 18 5:19 PM - GREENWOOD - COMMON PLEAS - CASE#2012CP2400576

ROA_0553

3479 Department of the Treasury - Internal Revenue Service

Form 668 (Y)(c)
(Rev. February 2004)

Notice of Federal Tax Lien

Area: SMALL BUSINESS/SELF EMPLOYED AREA #3
Lien Unit Phone: (800) 913-6050

Serial Number: 640202610

For Optional Use by Recording Office:

As provided by section 6321, 6322, and 6323 of the Internal Revenue Code, we are giving a notice that taxes (including interest and penalties) have been assessed against the following named taxpayer. We have made a demand for payment of this liability, but it remains unpaid. Therefore, there is a lien in favor of the United States on all property and rights to property belonging to this taxpayer for the amount of these taxes, and additional penalties, interest, and costs that may accrue.

Name of Taxpayer: **TOS LLC**
INN ON THE SQUARE

Residence: **104 E COURT AVE**
GREENWOOD, SC 29646-2750

IMPORTANT RELEASE INFORMATION: For each assessment listed below, unless notice of the lien is rolled by the date given in column (d), this notice shall, on the day following such date, operate as a certificate of release as defined in IRC 6326(f).

Kind of Tax (a)	Tax Period Ending (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)
940	12/31/2006		04/30/2007	05/30/2017	
940	12/31/2006		03/30/2009	04/29/2019	2474.65
940	12/31/2007		05/05/2008	06/04/2018	1862.58
940	12/31/2008		04/27/2009	05/27/2019	1696.00
941	06/30/2009		09/28/2009	10/28/2019	18348.16

Place of Filing: **CLERK OF COURT**
GREENWOOD COUNTY
GREENWOOD, SC 29646

Total \$ **24381.39**

2018090000730
Filed for Record in
GREENWOOD COUNTY SC
INGRAM HODGE COUNTY CLERK
04-12-2018 At 01:44 PM
FEDERAL TAX
Book: 5 Page 314 - 314

This notice was prepared and signed at BALTIMORE, MD, on this,

the 01st day of April, 2018.

Signature: R. A. Mitchell
for **SHENIKA A. SHAW**

Title: **REVENUE OFFICER**
(803) 253-3420

(NOTE: Certificate of officer authorized by law to take acknowledgment is not essential to the validity of Notice of Federal Tax Lien
Rev. Rul. 71-486, 1971-2 C.B. 409)

Part 1 - Kept By Recording Office

Form 668(Y)(c) (Rev. 2-2004)
CAT. NO 6002RX

Requested By: last 00/26/2013

3758		Department of the Treasury - Internal Revenue Service			
Form 668 (Y)(c) (Rev. February 2004)		Notice of Federal Tax Lien			
Arise: SMALL BUSINESS/SELF EMPLOYED ARISA #3 Lien Unit Phone: (800) 813-6050		Serial Number 759413811	For Optional Use by Recording Office 201104000008 Filed for Record in GREENWOOD COUNTY SC THOMAS HUGHES COUNTY CLERK 03-08-2011 at 12:53 PM. FEDERAL TAX Book 6 Page 315 - 318		
As provided by section 6321, 6322, and 6323 of the Internal Revenue Code, we are giving a notice that taxes (including interest and penalties) have been assessed against the following named taxpayer. We have made a demand for payment of this liability, but it remains unpaid. Therefore, there is a lien in favor of the United States on all property and rights to property, belonging to this taxpayer, for the amount of these taxes, and additional penalties, interest, and costs that may accrue.					
Name of Taxpayer: IOS, LLC INN ON THE SQUARE					
Residence: PO BOX 291449 COLUMBIA, SC 29229-0025					
IMPORTANT RELEASE INFORMATION: For each assessment listed below, unless notice of the lien is refilled by the date given in column (e), this notice shall, on the day following such date, operate as a certificate of release as defined in IRC 6326(a).					
Kind of Tax (a)	Tax Period Ending (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)
940	12/31/2005		06/28/2010	07/28/2020	1392.82
940	12/31/2009		05/24/2010	06/23/2020	190.56
Place of Filing CLERK OF COURT GREENWOOD COUNTY GREENWOOD, SC 29646					Total \$ 1583.38
This notice was prepared and signed at BALTIMORE, MD, on this,					
the 24th day of February, 2011.					
Signature for SHERRA K. SHAW		Title REVENUE OFFICER (803) 253-3420			
(NOTE: Certificate of officer authorized by law to take acknowledgment is not essential to the validity of Notice of Federal Tax Lien Rev. Rul. 71-465, 1971-2 C.B. 409)					
Part 1 - Kept By Recording Office			Form 668(Y)(c) (Rev. 2-2004) CAT. NO 60026X		

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ROA_0555

304	Mortgage		Ios LLC	Governments	0.540A Inn On The Square	1/9/2009
2668-97	Foreclosure	1453-87	Ios LLC, Palmetto Ins LLC	Business Carolina Inc	Foreclosure 2011CP24818 1453/87	6/18/2012

Federal Tax Liens

Book-Pg	Type	Related	Defendants	Plaintiffs	Description	Amount	Recorded
5-313	FedTaxLien		Inn On The Square, Ios LLC	U S of America	Federal Tax Lien \$271131.87		4/12/2010
5-314	FedTaxLien		Inn On The Square, Ios LLC	U S of America	Federal Tax Lien \$24381.39		4/12/2010
6-315	FedTaxLien		Inn On The Square, Ios LLC	U S of America	Federal Tax Lien \$1583.38		3/8/2011

State Tax Liens

Book-Pg	Type	Related	Defendants	Plaintiffs	Description	Amount	Recorded
81-114	SCTaxLien	SAT	Inn On The Square, Ios LLC	Department of Revenue South Carolina	Tax Execution \$6182.83		4/30/2007
82-240	SCTaxLien	SAT	Inn On The Square, Ios LLC	Department of Revenue South Carolina	Tax Execution \$3332.23		6/28/2007
83-119	SCTaxSatisfied		Huffman John C/O, Inn On The Square, Ios LLC	Employment Security Commission South Caroli	Satisfied Tax Execution \$6182.83		8/6/2007
83-120	SCTaxSatisfied		Huffman John C/O, Inn On The Square, Ios LLC	Employment Security Commission South Caroli	Satisfied Tax Execution \$3332.23		8/6/2007
86-16	SCTaxLien		Inn On The Square, Ios LLC	Department of Revenue South Carolina	Sales Tax 1552.18		2/20/2008
86-21	SCTaxLien	SAT	Inn On The Square, Ios LLC	Department of Revenue South Carolina	6% Sales Tax \$1882.53		2/20/2008
86-22	SCTaxLien	SAT	Inn On The Square, Ios LLC	Department of Revenue South Carolina	Accommodation -- 2% \$626.86		2/20/2008
86-291	SCTaxSatisfied		Inn On The Square, Ios LLC	Department of Revenue South Carolina	Satisfaction of Capital Projects 86/24 \$630.50		4/15/2008
89-17	SCTaxSatisfied		Inn On The Square, Ios LLC	Department of Revenue South Carolina	Satisfaction of Sales Tax \$1552.18		9/17/2008
89-289	SCTaxLien	SAT	Inn On The Square, Ios LLC	Department of Revenue South Carolina	6% Sales Tax \$2379.76		11/18/2008
89-290	SCTaxLien	SAT	Inn On The Square, Ios LLC	Department of Revenue South Carolina	Accommodations Tax 2% \$617.12		11/18/2008

<http://www.greenwoodsc.gov/docsearch/PrintDetails.aspx?name1=Ios+LLC&name1AllW...> 9/24/2015

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EXHIBIT 18

9/17/2018

Public Index Search



Public Index Search



[Greenwood County Home Page](#) [South Carolina Judicial Department Home Page](#) [SC.GOV Home Page](#)

Search By... Court Type **All Courts**

Court Agency **All Agencies**

Case #

Case Type **All Case Types**

Case SubType **All Case Sub-Types**

Last Name/Business IOS

First

Middle

Suffix

Party Type **All**

Action Type **All Actions**

Date Type

Beginning

Ending

Tax Map# From

Through

Only for Civil Cases... Index Search

All

Lis Pendens

Judgments

Cross Index Search

All

Judgment For

Judgment Against

Search

Case #

Name Search Option

Begins With

Contains

Name	Party Type	Case Number	Filed Date	Case Status	Disposition Date	Type	Subtype	Judgment #	Court Agency
Ios, Llc	Defendant	2007LP2460058	10/08/2007	Pending		Lis Pendens	Lis Pendens		Common Pleas
Ios Capital	Plaintiff	2002CP2401017	07/25/2002	Judgment	07/25/2002	Common Pleas	Transcript Judg 740	02CP241017	Common Pleas
Ios Lcc DbA Inn On The Square	Defendant	050687	03/28/2005	Disposed	07/12/2005	Civil	Summons & Complaint	050687	Greenwood Magistrate
Ios Llc	Defendant	2011CP2400818	07/22/2011	Judgment	02/13/2012	Common Pleas	Foreclosure 420		Common Pleas
Ios Llc	Defendant	2011LP2400218	07/22/2011	Cancelled	02/13/2012	Lis Pendens	Lis Pendens		Common Pleas
IOS LLC	Defendant	2014CP2400107	02/03/2014	Dismissed	11/19/2015	Common Pleas	Foreign Judgment 710		Common Pleas
IOS LLC	Defendant	2014CP2401429	11/20/2014	Judgment	11/20/2014	Common Pleas	Conf Judgment 770	2014CP2401429	Common Pleas
IOS LLC	Defendant	2014CP2401430	11/20/2014	Judgment	11/20/2014	Common Pleas	Conf Judgment 770	2014CP2401430	Common Pleas
IOS LLC	Defendant	2016CP2400104	02/01/2016	Referred To Master	02/01/2016	Common Pleas	Transcript Judg 740	2016CP2400104	Common Pleas
Ios Llc etal	Defendant	2007LP2460103	11/13/2007	Pending		Lis Pendens	Lis Pendens		Common Pleas
IOS, LLC	Plaintiff	2012CP2400576	05/29/2012	Pending		Common Pleas	Breach of Cont 140		Common Pleas

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ELECTRONICALLY FILED - 2018 Sep 18 5:19 PM - GREENWOOD - COMMON PLEAS - CASE#2012CP2400576



Greenwood County Home Page South Carolina Judicial Department Home Page SC.GOV Home Page

Search By... Court Type All Courts

Court Agency All Agencies

Case #

Case Type All Case Types

Case SubType All Case Sub-Types

Last Name/Business inn on the square

First

Middle

Suffix

Party Type All

Action Type All Actions

Date Type

Beginning

Ending

Tax Map# From

Through

Only for Civil Cases... Index Search

All

Lis Pendens

Judgments

Cross Index Search

All

Judgment For

Judgment Against

Name Search Option

Begins With

Contains

Name	Party Type	Case Number	Filed Date	Case Status	Disposition Date	Type	Subtype	Judgment #	Court Agency
Inn On The Square	Defendant	000333	01/27/2000	Settled	02/29/2000	Civil	Summons & Complaint	000333	Greenwood Magistrate
Inn On The Square	Defendant	010940	05/14/2001	Judgment	07/02/2001	Civil	Summons & Complaint	010940	Greenwood Magistrate
Inn On The Square	Defendant	012100	10/05/2001	Disposed	11/29/2001	Civil	Summons & Complaint	012100	Greenwood Magistrate
Inn On The Square	Defendant	040438	03/09/2004	Disposed	01/12/2005	Civil	Summons & Complaint	040438	Greenwood Magistrate
Inn On The Square	Defendant	060883	05/17/2006	Settled	07/05/2006	Civil	Summons & Complaint	060883	Greenwood Magistrate
Inn On The Square	Defendant	2002CP2400498	04/16/2002	Judgment	06/28/2002	Common Pleas	Breach of Cont 140	02CP24498	Common Pleas
Inn On The Square	Defendant	2002CP2400624	04/30/2002	Judgment	06/28/2002	Common Pleas	Contract/Other 199	02CP24624	Common Pleas
Inn On The Square	Defendant	2003CP2401071	08/27/2003	Judgment	11/21/2003	Common Pleas	Breach of Cont 140	03CP241071	Common Pleas
Inn On The Square	Defendant	2005CP2400686	05/23/2005	Judgment	01/03/2007	Common Pleas	Personal Injury 350	05CP24686	Common Pleas
Inn On The Square	Defendant	2005CP2401389	10/21/2005	Judgment	02/15/2006	Common Pleas	Debt Collection 110	05CP241389	Common Pleas
Inn On The Square et al	Defendant	2003CP2401071	08/27/2003	Judgment	11/21/2003	Common Pleas	Breach of Cont 140	03CP241071	Common Pleas
Inn On The Square et al	Defendant	2003ML2418038	07/30/2003	Judgment	07/30/2003	Judgment	Lien	2003ML2418038	Common Pleas
Inn On The	Defendant	2005CP2400686	05/23/2005	Judgment	01/03/2007	Common Pleas	Personal Injury 350	05CP24686	Common Pleas

9/17/2018

Public Index Search

Inn On The Square etal	Defendant	<u>2005CP2400962</u>	07/25/2005	Judgment	07/25/2005	Common Pleas	Foreign Judgment: 710	05CP24962	Common Pleas
Inn On The Square And Craig White	Defendant	<u>042426</u>	10/13/2004	Judgment	01/12/2005	Civil	Summons & Complaint	042426	Greenwood Magistrate
Inn On The Square Etal	Defendant	<u>2002CP2400624</u>	04/30/2002	Judgment	06/28/2002	Common Pleas	Contract/Other 199	02CP24624	Common Pleas
Inn on the Square LLC	Defendant	<u>2018CP2400012</u>	01/08/2018	Pending		Common Pleas	Foreclosure 420		Common Pleas
Inn on the Square LLC	Defendant	<u>2018LP2400003</u>	01/08/2018	Pending		Lis Pendens	Foreclosure		Common Pleas
Inn On The Square Of Gree	Defendant	<u>2004CP2400829</u>	07/27/2004	Judgment	02/21/2006	Common Pleas	Claim & Delivery 400	04CP24829	Common Pleas

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ELECTRONICALLY FILED - 2018 Sep 18 5:19 PM - GREENWOOD - COMMON PLEAS - CASE#2012CP2400576

EXHIBIT 19

STATE OF SOUTH CAROLINA)
COUNTY OF GREENWOOD)

MORTGAGE

7933 Bk=1883 Pg=269

WHEREAS, **IOS, LLC** (hereinafter called the mortgagor), in and by its certain note of even date, stands firmly held and bound unto **Misty R. Huffman** (hereinafter called the mortgagee) for the payment of the full and just sum of **Two Hundred Thousand and No/100 Dollars (\$200,000.00)** payable in installments as in and by the note, reference being had thereto, will more fully appear.

NOW, KNOW ALL MEN BY THESE PRESENTS: That the mortgagor, for and in consideration of the debt or sum of money aforesaid, and to better secure its payment to the mortgagee according to the condition of the note, and also in consideration of the further sum of **THREE (\$3.00) DOLLARS** to the mortgagor in hand well and truly paid by the mortgagee at and before the sealing and delivery of these Presents, the receipt of which is hereby acknowledged, has granted, bargained, sold and released, and by these Presents does grant, bargain, sell and release unto the mortgagee, his heirs and assigns, the real property described as follows:

All those certain pieces, parcels or lots of land, containing approximately 0.547 acres, together with the improvements thereon, situate, lying, and being on the southern side of East Court Street, in the City of Greenwood, County of Greenwood, State of South Carolina and being designated and described as Lots A, B, and C, Abandoned Alley and Addition on a plat made for the III Group, LLC by John H. Welborn, PLS, dated September 15, 1997, and recorded in the Office of the Clerk of Court for Greenwood County in Plat Book 104 at page 11, which plat by reference is made a part hereof for a more complete and accurate description by metes, courses, distances and bounds.

SAID property being more fully described according to said plat as follows:

Beginning at a point located at the southeastern intersection of 104 East Court Avenue and South Main Street, being the point of beginning; thence S 07° 46' 45" E, a distance of 117.49' to a point; thence S 07° 09' 33" E, a distance of 19.20' to a point; thence S 16° 15' 09" E, a distance of 1.01' to a point; thence N 82° 10' 50" E, a distance of 158.40' to a point; thence N 08° 20' 23" W, a distance of 19.19' to a point; thence N 08° 20' 23" W, a distance of 20.10' to a point; thence N 64° 03' 12" E, a distance of 1.39' to a point; thence N 65° 03' 12" E, a distance of 17.87' to a point; thence N 64° 03' 12" E, a distance of 2.66' to a point; thence N 64° 03' 12" E, a distance of 15.78' to a point; thence N 07° 49' 26" W, a distance of 87.09' to a point; thence S 82° 28' 48" W, a distance of 15.0' to a point; thence N 05° 12' 26" W, a distance of 1.08' to a point; thence S 82° 28' 48" W, a distance of 20.72' to a point; thence S 82° 28' 48" W, a distance of 12.45' to a point; thence S 82° 26' 23" W, a distance of 49.72' to a point; thence S 81° 40' 27" W, a distance of 94.0' to a point, being the point of beginning, be all dimensions and measurements a little more or less.

Deliver To: INN ON THE SQUARE
104 E COURT ST
GREENWOOD, SC 29646

7933 Bk=1883 Pg=270

This being the same property conveyed to IOS, LLC by deed of Palmetto Inns, LLC dated February 16, 2005, and recorded in the Office of the Clerk of Court for Greenwood County on March 7, 2005, in Book 895 at page 90.

TMS: 6845942879

PROPERTY ADDRESS: 104 E. Court Avenue, Greenwood, South Carolina 29646

MORTGAGEE'S ADDRESS:

TOGETHER with all and singular the rights, members, hereditaments and appurtenances to the premises belonging, or in anywise appertaining.

TO HAVE AND TO HOLD, all and singular the premises unto the mortgagee, her heirs and assigns forever.

AND the mortgagor does hereby bind itself and its successors and assigns to warrant and forever defend all and singular the premises unto the mortgagee, her heirs and assigns, from and against itself and its successors and assigns, lawfully claiming, or to claim the same, or any part thereof.

AND IT IS AGREED by and between the parties that the mortgagor, its successors and assigns, shall keep any building erected on the premises insured against loss and damage by fire for the benefit of the mortgagee, for an amount not less than the sum shown above, with such company as shall be approved by the mortgagee, her heirs and assigns, and shall deliver the policy to the mortgagee; and in default thereof, the mortgagee, her heirs or assigns, may effect such insurance and reimburse her under this mortgage for the expense thereof, together with interest thereon at the rate provided in the note from the date of its payment. And it is further agreed, in the event of other insurance and contribution between the insurers, that the mortgagee, her heirs and assigns, shall be entitled to receive from the aggregate of the insurance monies to be paid a sum equal to the amount of the debt secured by this mortgage.

AND IT IS AGREED by and between the parties, that if the mortgagor, its successors and assigns, shall fail to pay all taxes and assessments upon the premises when they shall first become payable, then the mortgagee, her heirs and assigns, may cause the same to be paid, together with all penalties and costs incurred thereon, and reimburse herself under this mortgage for the sum so paid, with interest thereon at the rate provided in the note from the date of such payment.

AND IT IS AGREED by and between the parties that upon any default being made in the payment of the note or of the insurance premiums, or of the taxes, or of the assessments hereinabove mentioned, or failure to pay any other indebtedness which constitutes a lien upon the real property when the same shall severally become payable, then the entire amount of the debt secured or intended to be secured hereby shall become due, at the option of the mortgagee, her heirs and assigns, although the period for the payment thereof may not then have expired.

AND IT IS AGREED by and between the parties that should legal proceedings be instituted for the collection of the debt secured hereby, then the mortgagee, her heirs or assigns, shall have the right to have a receiver appointed of the rents and profits of the premises, who, after deducting all charges and expenses attending such proceedings, and the execution of the trust as receiver, shall apply the residue of the rents and profits towards the payment of the debt secured hereby.

AND IT IS FURTHER AGREED by and between the parties that, should legal proceedings be instituted for the foreclosure of this mortgage, or should the mortgagee become a party to any action by reason of this Mortgage, or should the debt secured hereby be placed in the hands of an attorney at law for collection, by suit or otherwise, all costs and expenses incurred by the mortgagee, including a reasonable attorney's fee, shall thereupon become due and payable as a part of the debt secured hereby, and may be recovered and collected hereunder.

At the option of the mortgagee, the indebtedness secured by this Mortgage shall become due and payable if, without the prior written consent of the mortgagee, the mortgagor shall convey away the property or any interest therein, further encumber the property, or suffer the placement of any mechanics' lien on the property, or if the title shall become vested in any other person or entity in any manner whatsoever.

PROVIDED ALWAYS, NEVERTHELESS, and it is the true intent and meaning of the parties, that if the mortgagor does and shall well and truly pay, or cause to be paid, unto the mortgagee, her heirs and assigns, the debt or sum of money aforesaid, with interest thereon, and if any shall be due, according to the true intent and meaning of the note and this Mortgage, then this Mortgage shall cease, determine, and be utterly null and void; otherwise it shall remain in full force and virtue.

AND IT IS AGREED by and between the said parties that the mortgagor should hold and enjoy the mortgaged premises until default of payment shall be made.

IN WITNESS WHEREOF, the mortgagor has hereunto set its hand and seal this 6th day of July, 2005.

Signed, Sealed and Delivered
in Presence of:

Lisa A. Hill
Leonard J. Hill

IOS, LLC

By:

Charles L. Smith
Charles L. Smith

By:

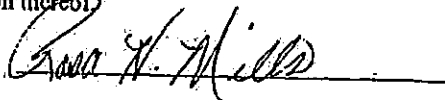
Misty R. Huffman
Misty R. Huffman
Manager

7933 Bk=1883 Pg=272

STATE OF SOUTH CAROLINA)
COUNTY OF GREENWOOD)

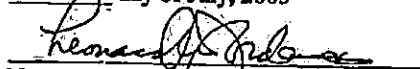
PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within named mortgagor, by its Member-Manager and sole other Member, sign, seal and as its act and deed, deliver the within written mortgage, and that (s)he with the other witness whose signature appears above witnessed the execution thereof



SWORN to before me this

6th day of July, 2005


Notary Public for South Carolina
My Commission Expires: 3-2-13

F:\RoadHuffman-Files\OS, LLC 5628 0049\OS to Huffman Mig 07-06-05 rtm.wpd

EXHIBIT 20

Greenwood County - Verified Thru: 02/15/18

Search Criteria: Search Type: All Names; Name: ios, llc; Party: both; Remove Non-Alphanumeric Characters: true

Displaying 1-61 of 61 Items

Instrument #	Book/Page	Doc Type	Name	Other Name	Amount	Recorded Description	Satisfied	Verified
200500002398	0895/0090	DEED	E IOS LLC	R PALMETTO INNS LLC		03/07/2005 0.547A EAST COURT ST		
200500007933	+ 1883/0269	MORTGAGE	R IOS LLC	E HUFFMAN MISTY R		07/18/2005 LT CITY		
200600005315	0973/0196	DEED	R IOS LLC	E GREENWOOD CITY OF		05/17/2006 LT COUNTY		
200600010266	+ 2069/0148	MORTGAGE	R IOS LLC	E BRIDGE FINANCIAL LLC		09/12/2006 0.547A EAST COURT ST		
200600010810	+ 0999/0294	DEED	E IOS LLC	R GREENWOOD CITY + OF		09/27/2006 LT COUNTY		
200700000149	0131/0053	PLAT	R IOS LLC	+ E		01/08/2007 PARCELS SOUTH MAIN ST & EAST COURT AVE		
200700000150	+ 2120/0289	MORTGAGE	R IOS LLC	E CORNERSTONE CAPITAL FUNDING LLC		01/08/2007 MORTGAGE & SECURITY AGREEMENT		
200700000151	+ 2120/0296	SUBORDINATI	R IOS LLC	E HUFFMAN MISTY R +		01/08/2007 POSTPONE & SUBORDINATION OF MORTGAGE		
200700000152	+ 2120/0298	SUBORDINATI	R IOS LLC	E BRIDGE FINANCIAL + LLC		01/08/2007 POSTPONE & SUBORDINATION OF MORTGAGE		
200700000901	+ 2129/0001	MORTGAGE	R IOS LLC	E UPPER SAVANNAH COUNCIL OF GOVERNMENTS		01/25/2007 0.540A EAST COURT AVE & SOUTH MAIN ST		
200700000902	+ 2129/0004	SUBORDINATI	R IOS LLC	E HUFFMAN MISTY R +		01/25/2007 POSTPONEMENT & SUBORDINATION OF MORTGAGE		
200700000903	2129/0006	ASSIGNMENT	R IOS LLC	E UPPER SAVANNAH COUNCIL OF GOVERNMENTS		01/25/2007 ASSIGNMENT OF LEASES RENTS & PROFITS		
200700000904	+ 2129/0009	SUBORDINATI	R IOS LLC	E BRIDGE FINANCIAL + LLC		01/25/2007 POSTPONEMENT & SUBORDINATION OF MORTGAGE		
200700000905	+ 2129/0011	MORTGAGE	R IOS LLC	E UPTOWN DEVELOPMENT CORPORATION		01/25/2007 0.540 EAST COURT AVE & SOUTH MAIN ST		
200700000906	+ 2129/0014	SUBORDINATI	R IOS LLC	E HUFFMAN MISTY R +		01/25/2007 POSTPONEMENT & SUBORDINATION OF MORTGAGE		
200700000907	+ 2129/0016	SUBORDINATI	R IOS LLC	E BRIDGE FINANCIAL + LLC		01/25/2007 POSTPONEMENT & SUBORDINATION OF MORTGAGE		
200700000908	2129/0018	UCC	R IOS LLC	E UPTOWN GREENWOOD DEVELOPMENT CORPORATION		01/25/2007 FINANCING STATEMENT		
200700000909	2129/0019	UCC	R IOS LLC	E UPPER SAVANNAH COUNCIL OF GOVERNMENTS		01/25/2007 FINANCING STATEMENT		
200700003440	+ 2158/0228	MORTGAGE	R IOS LLC	E LONESTAR VENTURES LLC		04/02/2007 0.547A EAST COURT ST		
200700003441	+ 2158/0232	SUBORDINATI	R IOS LLC	E BRIDGE FINANCIAL + LLC		04/02/2007 POSTPONEMENT AND SUBORDINATION OF MORTGAGE		
200700090560	0081/0114	SCTAXLIEN	R IOS LLC	+ E DEPARTMENT OF REVENUE SOUTH CAROLINA		04/30/2007 TAX EXECUTION \$6182.83		
200700091029	0082/0249	SCTAXLIEN	R IOS LLC	+ E DEPARTMENT OF REVENUE SOUTH CAROLINA		06/28/2007 TAX EXECUTION \$3332.23		
200700091219	0083/0119	SCTAXSATISF	R IOS LLC	+ E EMPLOYMENT SECURITY COMMISSION SOUTH CAROLINA		08/06/2007 SATISFIED TAX EXECUTION \$6182.83		
200700091220	0083/0120	SCTAXSATISF	R IOS LLC	+ E EMPLOYMENT SECURITY COMMISSION SOUTH CAROLINA		08/06/2007 SATISFIED TAX EXECUTION \$3332.23		

2/19/2018

Search Results View

200890000250	0086/0016	SCTAXLIEN	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	02/20/2008	SALES TAX 1552.18
200890000255	0086/0021	SCTAXLIEN	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	02/20/2008	6% SALES TAX \$1882.53
200890000256	0086/0022	SCTAXLIEN	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	02/20/2008	ACCOMMODADATION -- 2% \$626.86
200890000554	0086/0291	SCTAXSATISF	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	04/15/2008	SATISFACTION OF CAPITAL PROJECTS 86/24 \$630.50
200890001304	0089/0017	SCTAXSATISF	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	09/17/2008	SATISFACTION OF SALES TAX \$1552.18
200890001612	0089/0289	SCTAXLIEN	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	11/18/2008	6% SALES TAX \$2379.76
200890001613	0089/0290	SCTAXLIEN	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	11/18/2008	ACCOMMODATIONS TAX 2% \$617.12
200890001870	0090/0207	SCTAXLIEN	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	12/23/2008	ACCOMMODATIONS TAX 2% \$979.56
200900000128	2376/0304	MORTGAGE	R	IOS LLC	+ E	UPPER SAVANNAH COUNCIL OF GOVERNMENTS	01/09/2009	0.540A INN ON THE SQUARE
200990000123	0091/0017	SCTAXLIEN	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	01/23/2009	6% SALES TAX \$2865.62
200990000699	0092/0283	SCTAXLIEN	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	04/13/2009	ACCOMMODATIONS TAX 2% \$1373.20
200990000700	0092/0284	SCTAXLIEN	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	04/13/2009	SALES TAX \$3418.16
200990000703	0092/0287	SCTAXLIEN	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	04/13/2009	CAPITAL PROJECTS \$1040.81
200990000705	0092/0289	SCTAXLIEN	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	04/13/2009	6% SALES TAX \$3143.11
200990000860	0093/0072	SCTAXLIEN	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	05/21/2009	EMPLOYER WITHHOLDING TAX \$2901.88
200990000921	0093/0125	SCTAXLIEN	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	06/04/2009	SALES TAX \$5823.85
200990000922	0093/0126	SCTAXLIEN	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	06/04/2009	6% SALES TAX \$5734.46
200990000923	0093/0127	SCTAXLIEN	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	06/04/2009	ACCOMMODATIONS TAX ---2% \$1365.54
200990000996	0093/0190	SCTAXSATISF	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	06/18/2009	SATISFACTION OF 6% SALES TAX 92/289 \$3143.11
200990000997	0093/0191	SCTAXSATISF	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	06/18/2009	SATISFACTION OF MORTGAGE 91/17 \$2865.62
200990000998	0093/0192	SCTAXSATISF	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	06/18/2009	SATISFACTION OF 6% SALES TAX 89/289 \$2379.76
200990000999	0093/0193	SCTAXSATISF	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	06/18/2009	SATISFACTION OF 6% SALES TAX 86/21 \$1882.53
200990001000	0093/0194	SCTAXSATISF	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	06/18/2009	SATISFACTION OF ACCOMMODATIONS TAX 2% 92/283 \$1373.20
200990001001	0093/0195	SCTAXSATISF	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	06/18/2009	SATISFACTION OF ACCOMMODATIONS TAX 2% 90/207 \$979.56
200990001002	0093/0196	SCTAXSATISF	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	06/18/2009	SATISFACTION OF ACCOMMODATIONS TAX 2% 89/290 \$617.12
200990001003	0093/0197	SCTAXSATISF	R	IOS LLC	+ E	DEPARTMENT OF REVENUE SOUTH CAROLINA	06/18/2009	SATISFACTION OF ACCOMMODATIONS

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2/19/2018

Search Results View

Case Number	County	Document Type	Owner	Entity	Description	Date	Amount
200990001043	0093/0232	SCTAXSATISF	IOS LLC	R	DEPARTMENT OF REVENUE SOUTH CAROLINA	06/25/2009	TAX 2% 86/22 \$626.86
200990001364	0094/0181	SCTAXSATISF	IOS LLC	R	DEPARTMENT OF REVENUE SOUTH CAROLINA	08/31/2009	SATISFACTION OF EMPLOYER WITHHOLDING TAX 93/72 \$2901.88
200990001365	0094/0182	SCTAXSATISF	IOS LLC	R	DEPARTMENT OF REVENUE SOUTH CAROLINA	08/31/2009	SATISFACTION OF ACCOMMODATIONS TAX--2% \$1365.54
200990001366	0094/0183	SCTAXSATISF	IOS LLC	R	DEPARTMENT OF REVENUE SOUTH CAROLINA	08/31/2009	SATISFACTION OF SALES TAX \$5823.85
200990001976	0096/0076	SCTAXSATISF	IOS LLC	R	DEPARTMENT OF REVENUE SOUTH CAROLINA	11/25/2009	SATISFACTION OF 6% SALES TAX \$5734.46
200990001978	0096/0078	SCTAXSATISF	IOS LLC	R	DEPARTMENT OF REVENUE SOUTH CAROLINA	11/25/2009	SATISFACTION OF CAPITAL PROJECTS \$3418.16
201090000729	0005/0313	FEDTAXL	IOS LLC	R	U S OF AMERICA	04/12/2010	FEDERAL TAX LIEN \$1040.81
201090000730	0005/0314	FEDTAXL	IOS LLC	R	U S OF AMERICA	04/12/2010	FEDERAL TAX LIEN \$271131.87
201190000508	0006/0315	FEDTAXL	IOS LLC	R	U S OF AMERICA	03/08/2011	FEDERAL TAX LIEN \$24381.39
201200004452	1315/0016	DEED	IOS LLC	R	BUSINESS CAROLINA INC	06/18/2012	FEDERAL TAX LIEN \$1583.38
201200004453	2668/0097	FORECLOSURE	IOS LLC	R	BUSINESS CAROLINA INC	06/18/2012	LT EAST COURT ST 2011CP24818 999/294 PB 104/11 FORECLOSURE 2011CP24818 1453/87

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10266 Bk:2069 Ps:148

MORTGAGE

THIS MORTGAGE is made this 24th day of May, 2006, between the Mortgagor, IOS, LLC (referred to herein as "Borrower"), and the Mortgagee, Bridge Financial, LLC, whose address is 1200 Main Street, Columbia, South Carolina 29201 (herein "Lender").

WHEREAS, Borrower is indebted to Lender the principal sum of One Hundred Fifteen Thousand Four Hundred Seventy-Five and NO/100 (U.S. \$115,475.00), which indebtedness is evidenced by Borrower's note dated May 24, 2006, and extensions and renewals thereof (herein "Note"), providing for monthly installments of principal and interest, which the balance of indebtedness, if not sooner paid, due and payable on September 24, 2006.

TO SECURE to Lender the repayment of the indebtedness evidenced by the Note, with interest thereon; the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Mortgage; and the performance of the covenants and agreements of Borrower herein contained, Borrower does hereby mortgage, grant and convey to Lender and Lender's successors and assigns the following described property located in the County of GREENWOOD, State of South Carolina:

All those certain pieces, parcels or lots of land, containing approximately 0.547 acres, together with the improvements thereon, situate, lying and being on the southern side of East Court Street, in the City of Greenwood, County of Greenwood, State of SC and being designated and described as Lots A, B and C, Abandoned Alley and Addition on a plat made for the III Group, LLC by John H. Welborn, PLS, dated September 15, 1997 and recorded in the Office of the Clerk of Court for Greenwood County in Plat Book 104, at page 11, which plat by reference is made part hereof for a more complete and accurate description by metes, courses, distances and bounds.

Said property being more fully described according to said plat as follows: Beginning at a point located at the southeastern intersection of 104 East Court Avenue and South Main Street, being the point of beginning; thence S07°46'45"E, a distance of 117.49' to a point; thence S07°09'33"E, a distance of 19.20' to a point; thence S16°15'09"E, a distance of 1.01' to a point; thence N82°10'50"E, a distance of 158.40' to a point; thence N08°20'23"W, a distance of 19.19' to a point; thence N08°20'23"W, a distance of 20.10' to a point; thence N64°03'12"E, a distance of 1.39' to a point; thence N64°03'12"E, a distance of 17.87' to a point; thence N64°03'12"E, a distance of 2.66' to a point; thence N64°03'12"E, a distance of 15.78' to a point; thence N07°49'28"W, a distance of 87.09' to a point; thence S82°28'48"W, a distance of 15.0' to a point; thence N05°12'26"W, a distance of 1.08' to a point; thence S82°28'48"W, a distance of 20.72' to a point; thence S82°28'48"W, a distance of 12.45' to a point; thence S82°26'23"W, a distance of 49.72' to a point; thence S81°40'27"W, a distance of 94.0' to a point, being the point of beginning, be all that dimensions and measurements a little more or less.

This being the same property conveyed to IOS, LLC by Deed Palmetto Inns, LLC, dated 2-16-05, recorded 3-7-05, in Book 895, at Page 76, Greenwood County Records.

TMS# 6845-942-879

which has the address of 104 East Court Street, Greenwood, SC 29646 (herein "Property Address");

TO HAVE AND TO HOLD unto Lender and Lender's successors and assigns, forever, together with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances and rents; all of which shall be deemed to be and remain a part of the property covered by this Mortgage; and all of the foregoing, together with said property (or the leasehold estate if this Mortgage is on a leasehold) are hereinafter referred to as the "Property."

Borrower covenants that Borrower is lawfully seised of the estate hereby conveyed and has the right to mortgage, grant and convey the Property, and that the Property is unencumbered, except for encumbrances of record. Borrower covenants that Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest.** Borrower shall promptly pay when due the principal and interest indebtedness evidenced by the Note and late charges as provided in the Note.

2. **Funds for Taxes and Insurance.** Subject to applicable law or a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments of principal and interest are payable under the Note, until the Note is paid in full, a sum (herein "Funds") equal to one-twelfth of the yearly taxes and assessments (including condominium and planned unit development assessments, if any) which may attain priority over this Mortgage and ground rents on the Property, if any, plus one-twelfth of yearly premium installments for hazard insurance, plus one-twelfth of yearly premium installments for hazard insurance, plus one-twelfth of yearly premium installments for mortgage insurance, if any, all as reasonably estimated initially and from time to time by Lender on the basis of assessments and bills and reasonable estimates thereof. Borrower shall not be obligated to make such payments of Funds to Lender to the extent that Borrower makes such payments to the holder of a prior mortgage, or deed of trust if such holder is an institutional lender.

Deliver To: WHITE & WHITE, LAW OFFICES PC
PO BOX 2511
COLUMBIA SC 29202

If Borrower pays Funds to Lender, the Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a Federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay said taxes, assessments, insurance premiums and ground rents. Lender may not charge for so holding and applying the Funds, analyzing said account or verifying and compiling said assessments and bills, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing at the time of execution of this Mortgage that interest on the Funds shall be paid to Borrower, and unless such agreement is made or applicable law requires such interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Mortgage.

If the amount of the Funds held by Lender, together with the future monthly installments of Funds payable prior to the due dates of taxes, assessments, insurance premiums and ground rents, shall exceed the amount required to pay said taxes, assessments, insurance premiums and ground rents as they fall due, such excess shall be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly installments of Funds. If the amount of the Funds held by Lender shall not be sufficient to pay taxes, assessments, insurance premiums and ground rents as they fall due, Borrower shall pay to Lender any amount necessary to make up the deficiency in one or more payments as Lender may require.

Upon payment in full of all sums secured by this Mortgage, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 17 hereof the Property is sold or the Property is otherwise acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Mortgage.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under the Note and paragraphs 1 and 2 hereof shall be applied by Lender first in payment of amounts payable to Lender by Borrower under paragraph 2 hereof, then to interest payable on the Note, and then to the principal of the Note.

4. Prior Mortgages and Deeds of Trust; Charges; Liens. Borrower shall perform all of Borrower's obligations under any mortgage, deed of trust or other security agreement with a lien which has priority over this Mortgage, including Borrower's covenants to make payments when due. Borrower shall pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Mortgage, and leasehold payments or ground rents if any.

5. Hazard Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage", and such other hazards as Lender may require and in such amounts and for such periods as Lender may require.

The insurance carrier providing the insurance shall be chosen by Borrower subject to approval by Lender; provided, that such approval shall not be unreasonably withheld. All insurance policies and renewals thereof shall be in a form acceptable to Lender and shall include a standard mortgage clause in favor of and in a form acceptable to Lender. Lender shall have the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed or trust or other security agreement with a lien which has priority over this Mortgage.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Mortgage.

6. Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments. Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Mortgage is on a leasehold. If this Mortgage is on a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the

declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents.

7. Protection of Lender's Security. If Borrower fails to perform the covenants and agreements contained in this Mortgage, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, then Lender, at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums, including reasonable attorneys' fees; and take such action as is necessary to protect Lender's interest. If Lender required mortgage insurance as a condition of making the loan secured by this Mortgage, Borrower shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law.

Any amounts disbursed by Lender pursuant to this paragraph 7, with interest thereon, at the Note rate, shall become additional indebtedness of Borrower secured by this Mortgage. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof. Nothing contained in this paragraph 7 shall require Lender to incur any expense or take any action hereunder.

8. Inspection. Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower notice prior to any such inspection specifying reasonable cause therefor related to Lender's interest in the Property.

9. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection, are hereby assigned and shall be paid to Lender, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Mortgage.

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10. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Mortgage granted by Lender to any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Mortgage by reason of any demand made by the original Borrower and Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

11. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of paragraph 16 hereof. All covenants and agreements of Borrower shall be joint and several. Any Borrower who co-signs this Mortgage, but does not execute the Note, (a) is co-signing this Mortgage only to mortgage, grant and convey that Borrower's interest in the Property to Lender under the terms of this Mortgage, (b) is not personally liable on the Note or under this Mortgage, and (c) agrees that Lender and any other Borrower hereunder may agree to extend, modify, forbear, or make any other accommodations with regard to the terms of this Mortgage or the Note without that Borrower's consent and without releasing that Borrower or modifying this Mortgage as to that Borrower's interest in the Property.

12. Notice. Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Mortgage shall be given by delivering it or by mailing such notice by certified mail addressed to Borrower at the Property address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by certified mail to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Mortgage shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.

13. Governing Law; Severability. The state and local laws applicable to this Mortgage shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of Federal law to this Mortgage. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision, and to this end the provisions of this Mortgage and the Note are declared to be severable. As used herein, "costs", "Expenses" and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

14. Borrower's Copy. Borrower shall be furnished a conformed copy of the Note and of this Mortgage at the time of execution or after recordation hereof.

15. Rehabilitation Loan Agreement. Borrower shall fulfill all of Borrower's obligations under any home rehabilitation, improvement, repair, or other loan agreement which Borrower enters into with Lender. Lender, at Lender's option, may require Borrower to execute and deliver to Lender, in a form acceptable to Lender, an assignment of any rights, claim or defenses which Borrower may have against parties who supply labor, materials or services in connection with improvements made to the Property.

16. Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Mortgage. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Mortgage.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Mortgage. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Mortgage without further notice or demand on Borrower.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

17. Acceleration; Remedies. Except as provided in paragraph 16 hereof, upon Borrower's breach of any covenant or agreement of Borrower in this Mortgage, including the covenants to pay when due any sums secured by the Mortgage, Lender prior to acceleration shall give notice to Borrower as provided in paragraph 12 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than 20 days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage, foreclosure by judicial proceeding, and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the nonexistence of a default or any other defense of Borrower to acceleration and foreclosure. If the breach is not cured on or before the date specified in the notice, Lender, at Lender's option, may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may foreclose this Mortgage by judicial proceeding. Lender shall be entitled to collect in such proceeding all expenses of foreclosure, including, but not limited to, reasonable attorneys' fees, and costs of documentary evidence, abstracts and title reports, all of which shall be additional sums secured by this Mortgage.

18. Borrower's Right to Reinstate. Notwithstanding Lender's acceleration of the sums secured by this Mortgage due to Borrower's breach, Borrower shall have the right to have any proceedings begun by Lender to enforce this Mortgage discontinued at any time prior to entry of a judgment enforcing this Mortgage if: (a) Borrower pays Lender all sums which would be then due under this Mortgage and the Note had no acceleration occurred; (b) Borrower cures all breaches of any other covenants or agreements of Borrower contained in this Mortgage; (c) Borrower pays all reasonable expenses incurred by Lender in enforcing the covenants and agreements of Borrower contained in this Mortgage, and in enforcing Lender's remedies as provided in paragraph 17 hereof, including, but not limited to, reasonable attorneys' fees; and (d) Borrower takes such action as Lender may reasonably require to assure that the lien of this Mortgage, Lender's interest in the Property and Borrower's

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obligation to pay the sums secured by this Mortgage shall continue unimpaired. Upon such payment and cure by Borrower, this Mortgage and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

19. Assignment of Rents; Appointment of Receiver. As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property, provided that Borrower shall, prior to acceleration under paragraph 17 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.

Upon acceleration under paragraph 17 hereof or abandonment of the Property, Lender shall be entitled to have a receiver appointed by court to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by the receiver shall be applied first to payment of the costs of bonds and reasonable attorneys' fees, and then to the sums secured by this Mortgage. The receiver shall be liable to account only for those rents actually received.

20. Release. Upon payment of all sums secured by this Mortgage, this Mortgage shall become null and void, and Lender shall release this mortgage without charge to Borrower. Borrower shall pay all costs of recordation, if any.

21. Waiver of Homestead. Borrower hereby waives all rights of homestead exemption in the Property.

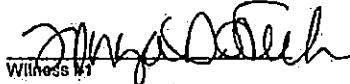
REQUEST FOR NOTICE OF DEFAULT AND FORECLOSURE UNDER SUPERIOR MORTGAGES OR DEEDS OF TRUST

Borrower and Lender request the holder of any mortgage, deed of trust or other encumbrance with a lien which has priority over this Mortgage to give Notice to Lender, at Lender's address set forth on page one of this Mortgage, of any default under the superior encumbrance and of any sale or other foreclosure action.

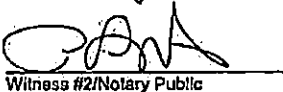
IN WITNESS WHEREOF, Borrower has executed this Mortgage.

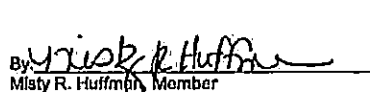
Signed, sealed and delivered in the presence of:

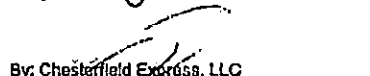
IOS, LLC

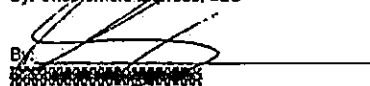

Witness #1

By: 
Charles L. Smith, Member


Witness #2/Notary Public

By: 
Misty R. Huffman, Member

By: 
Chesterfield Express, LLC

By: 
Notary Public

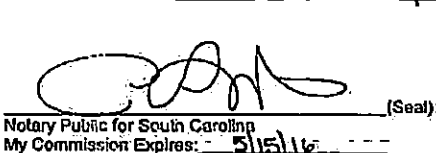
ACKNOWLEDGMENT

STATE OF SOUTH CAROLINA,

RICHLAND COUNTY ss:

Before me personally appeared undersigned witness and made oath that (s)he saw the within named Borrower sign, seal and as his/her act and deed, deliver the within written Mortgage; and that he/she with the other subscribed witness above witnessed the execution thereof.

Sworn before me this 24th day of MAY, 2008.


(Seal)
Notary Public for South Carolina
My Commission Expires: 5/5/16


Witness #1

200700000150
BERRY, BUACKENBUSH & STUART PA
PO BOX 394
COLUMBIA SC 29202-0394

STATE OF SOUTH CAROLINA) MORTGAGE
) AND
COUNTY OF GREENWOOD) SECURITY AGREEMENT

THIS MORTGAGE AND SECURITY AGREEMENT, executed this 5th day of January, 2007, by IOS, LLC, a South Carolina limited liability company ("Borrower"), whose mailing address is 104 E. Court Ave., Greenwood, SC 29646, to CORNERSTONE CAPITAL FUNDING, LLC, a South Carolina limited liability company ("Lender"), whose mailing address is 1929 Marion Street, Columbia, South Carolina 29201.

WITNESSETH:

FOR GOOD AND VALUABLE CONSIDERATION and in order to secure the payment of a promissory note from Borrower to Lender of even date herewith in the principal amount of TWO HUNDRED THIRTY THOUSAND (\$230,000.00) DOLLARS (the "Note"), plus interest thereon and costs of collection, including attorneys' fees and to secure in accordance with Section 29-3-50, as amended, of the South Carolina Code of Laws, all existing indebtedness to Lender evidenced by the Note and all modifications, renewals and extensions thereof; all future advances that may be made to Borrower in accordance with the provisions herein or to be evidenced by other promissory notes and all modifications, renewals and extensions thereof; all other sums or indebtedness of Borrower to Lender accruing pursuant to the terms and conditions of this Mortgage provided, the maximum amount of existing indebtedness and future advances outstanding at any one time secured hereby shall not exceed twice the face amount of the Note, plus interest thereon, all charges and expenses of collection incurred by the Lender, including court costs and reasonable attorneys' fees; and to charge the properties, interests and rights hereinafter described with the performance and observance of the terms of this Mortgage and the Note, Borrower has granted, bargained, sold and released to Lender and the heirs, successors and assigns of Lender, and by this Mortgage does grant, bargain, sell, and release to Lender and the heirs, successors and assigns of Lender, the real property described in Exhibit A attached hereto and made a part hereof, which together with the property described below is hereinafter referred to as the "Property".

TOGETHER WITH:

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(1) all and singular rights, members, privileges, easements, hereditaments and appurtenances belonging or in any way incident or appertaining to the above-described real property; all buildings and improvements now or hereafter situated thereon; and all fixtures now or hereafter attached thereto;

(2) All fixtures, fittings, furnishings, appliances, apparatus, equipment, and machinery; all other fixtures and personal property of whatever kind and nature at present contained in or hereafter placed in any building standing on the above-described real property; and all renewals or replacements thereof or articles in substitution thereof; and all proceeds and profits thereof and all of the estate, right, title and interest of the

THIS MORTGAGE AND SECURITY AGREEMENT COVERS FIXTURES AND CONSTITUTES A FIXTURE FINANCING STATEMENT.

Borrower in and to all property of any nature whatsoever, now or hereafter situated on the above-described real property and improvements or intended to be used in connection with the operation thereof; and

(3) All hotel rents, incomes, profits, revenues, royalties, bonuses, rights, accounts, contract rights, instruments, chattel paper, cash, rights to withdraw cash, general intangibles and benefits under any and all leases or tenancies now existing or hereafter created on the above-described real property and improvements or any part thereof with the right to receive and apply the same to said indebtedness, which Lender may demand, sue for and recover such payments but shall not be required to do so.

TO HAVE AND TO HOLD all and singular the Property unto Lender and the successors and assigns of Lender forever.

PROVIDED ALWAYS, nevertheless, and it is the true intent and meaning of Borrower and Lender, that if Borrower pays or causes to be paid to Lender the debt secured hereby, the estate hereby granted shall cease, determined and be utterly null and void; otherwise said estate shall remain in full force and effect.

IT IS AGREED that Borrower shall be entitled to hold and enjoy the Property until a Default as herein defined has occurred.

ARTICLE I

AGREEMENTS AND COVENANTS OF BORROWER

1.1 Transfer of Property: Due-on-Sale. Borrower agrees and covenants not to convey, transfer, mortgage or vest title to all or any portion of the property covered by this Mortgage in any entity other than the original Borrower without the prior written consent of Lender in its sole discretion.

1.2 Expenses. Borrower agrees to pay or reimburse Lender for all costs, charges and expenses, including reasonable attorneys fees and disbursements, and costs incurred or paid by Lender in any action which is threatened, pending or completed or proceeding or dispute which affects or might affect this Mortgage, the Note, or the Property or any part thereof. The amounts so incurred or paid by Lender, together with interest thereon at the Default Rate as hereinafter defined from the date incurred until paid by Borrower, shall be added to the indebtedness and secured by the lien of this Mortgage.

1.3 Environmental Laws. Borrower covenants and warrants to comply with all environmental laws, ordinances and regulations affecting the Property or the use thereof. Borrower shall indemnify and hold Lender harmless from and against any and all damages, penalties, fines, claims, liens, suits, liabilities, costs (including clean-up costs), judgments and expenses (including attorneys' consultants' or experts' fees and expenses) of every kind and nature suffered by or asserted against Lender as a direct or indirect result of any warranty or representation made by Borrower in the preceding paragraph being false or untrue in any

material respect or any requirement under any law, regulation or ordinance, local, state or federal, which requires the elimination or removal of any hazardous materials, substances, wastes or other environmentally regulated substances by Lender, Borrower or any transferee of Borrower or Lender.

1.4 Insurance. Borrower agrees to keep all improvements and fixtures which are now or hereafter part of the Property insured by such company or companies as Lender may reasonably approve for the full insurable value thereof, including replacement cost endorsement, against all risks. Such insurance will be payable to Lender as the interest of Lender may appear pursuant to the form of mortgagee clause as may be required in South Carolina and will not be cancelable by either the insurer or the insured without at least thirty (30) days prior written notice to Lender. Borrower will keep the Property continuously insured as herein required and will deliver to Lender evidence of each policy of insurance required hereby. Upon the expiration or termination of any such policy of insurance, Borrower will furnish to Lender at least thirty (30) days prior to such expiration or termination the original of a renewal or replacement policy of insurance meeting the requirements hereof.

1.5 Taxes and Assessments. Borrower agrees to pay all taxes, assessments and other charges which constitute or are secured by a lien upon the Property and will deliver to Lender proof of payment of the same not less than ten (10) days prior to the date the same become delinquent.

1.6 Condemnation. In the event that by, or pursuant to, proper authority there is taken or condemned the entire Property or any part thereof, under power of eminent domain exercised by any actual or quasi governmental authority or public utility, the Borrower hereby assigns to the Lender any and all awards that may be given, made or due the Borrower in any proceedings in connection therewith, and the amounts of such awards shall be applied by the Lender to the reduction of the indebtedness secured hereby, and the Borrower agrees to execute any and all such further instruments of assignment of any and all such condemnation awards as may be required by the Lender to carry out the purposes of this Section. The Borrower shall give written notice of such condemnation proceeding within ten (10) days of receipt of any service or process in connection therewith. In any condemnation proceedings against the Property, the Lender hereby reserves, and the Borrower hereby acknowledges, the Lender's right to institute or intervene in any such condemnation proceedings to assert said interest.

ARTICLE II

DEFAULT AND REMEDIES

2.1 Default. The occurrence of any of the following events shall be deemed a Default under this Mortgage:

(a) failure of Borrower to pay the Note in full on its maturity date; (b) failure of Borrower to make any other payment of principal or interest as required by the Note; (c) failure of Borrower to observe or perform any other covenant or agreement set forth in this Mortgage not cured within ten (10) days after written demand by Lender; (d) commencement of any

proceedings or other action seeking the entry of an order for relief against the Borrower, written admission by Borrower of an inability to pay the debts of Borrower as they mature, assignment of the assets of Borrower for the benefit of creditors, request or petition by Borrower for the appointment of a receiver, trustee or conservator of the assets of Borrower or for reorganization or liquidation of Borrower or any such request or petition made by another person not dismissed within sixty (60) days.

2.2 Remedies. Upon the occurrence of a Default as hereinabove defined, Lender may, without notice to Borrower, declare all sums secured by this Mortgage immediately due and payable and may commence proceedings to collect such sums, foreclose this Mortgage and sell the Property. During the pendency of any such proceedings, Lender shall be entitled to the appointment of a receiver to collect the rents and profits from the Property, without regard to the value of the Property or other security for the sums secured hereby or the sufficiency thereof for the payment of such sums. At foreclosure Lender shall be entitled to bid and to purchase the Property and shall be entitled to apply the debt secured hereby, or any portion thereof, in payment for the Property. Upon the occurrence of a Default, Lender shall also be entitled to the extent permitted by law to have a receiver appointed to enter upon and take possession of the Property and to collect all rents, revenues, products and income therefrom and apply the same as the court may direct. The expenses, including attorneys' fees, receiver's fees, and all other costs related to the receivership shall be secured by the Mortgage. The remedies provided to Lender in this paragraph shall be in addition to and not in lieu of any other rights and remedies provided in this Mortgage or at law or in equity, all of which rights and remedies may be exercised by Lender simultaneously or consecutively in any order without being deemed to have waived any right or remedy previously or not yet exercised. Borrower hereby waives any right to require Lender to foreclose or exercise any other remedies against the Property as a whole or against one portion prior to another.

2.3 Receiver. Notwithstanding anything to the contrary in this Mortgage, or any other document or instrument securing or related to the Note, upon the occurrence of an Event of Default, then Lender, to the extent permitted by law and without regard to the value of the Property or any other security and without regard to the occupancy of the Property, shall be entitled as a matter of right if it so elects to the appointment of a receiver to enter upon and take possession of the Property and to collect all rents, revenues, issues, income, products and profits thereof and apply the same as the court may direct. The receiver shall have all rights and powers permitted under the laws of the state where the Land is located and such other powers as the court making such appointment shall confer. The expenses, including receiver's fees, attorney's fees, costs and agent's compensation, incurred pursuant to the powers herein contained shall be secured by this Mortgage.

ARTICLE III.

MISCELLANEOUS

3.1 Waiver of Stay, Extension, Redemption and Appraisal Laws. Borrower agrees to the full extent permitted by law that in case of a default on its part hereunder, neither Borrower nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of

any stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, or the absolute sale of the Property or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereof, and Borrower, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully so do, the benefit of all such laws; and any and all right to have the assets comprising the Property marshalled upon any foreclosure of the lien hereof and agrees that Lender or any court having jurisdiction to foreclose such lien may sell the Property in part or as an entirety. In the event this Mortgage is foreclosed, Borrower also waives, to the extent such waiver may be enforceable at the time of foreclosure, any right to have the Property appraised after foreclosure for the purpose of reducing a deficiency judgment.

3.2 Future Advances. Lender, at its option, may make future advances to Borrower; provided, that nothing contained herein shall constitute an obligation to do so. Such future advances, with interest at the rate payable from time to time on the outstanding principal under the Note, shall be secured by this Mortgage when evidenced by the Note or by any other instrument indicating that such advances are secured by this Mortgage or when advanced under the terms of this Mortgage. Lender may make such future advances (a) at the request of Borrower, whether or not there is any obligation to make future advances; or (b) to pay, with or without the consent or request of Borrower, any amounts which may be due under any other mortgage or lien affecting the Property.

3.3 Construction. This Mortgage shall be construed and enforced in accordance with the laws of South Carolina. This Mortgage shall be binding upon the Borrower and the heirs, successors and assigns of Borrower and shall inure to the benefit of Lender and the heirs, successors and assigns of Lender. Borrower agrees that time is of the essence hereof. The terms "Borrower" and "Lender" as used herein shall be deemed to include the respective heirs, successors and assigns of Borrower and Lender.

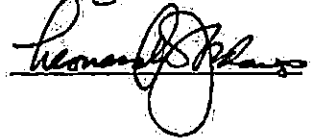
3.4 Notices. Any notice given by either party hereto to the other party shall be in writing and shall be signed by the party giving notice. Any notice or other document to be delivered to either party hereto by the other party shall be deemed delivered if mailed postage prepaid to the party to whom directed at the address of such party stated above. This paragraph shall not be deemed to prohibit any other manner of delivering a notice or other document.

3.5 Jurisdiction. Subject to the arbitration provisions set forth below, Borrower submits to the jurisdiction of any court of competent jurisdiction within the State of South Carolina. Borrower further agrees to comply with all requirements necessary to give such court in personam jurisdiction and agrees that service of process may be accomplished by, in addition to any other lawful means, certified mail, return receipt requested, to the Borrower at Borrower's address set forth above or any new address of which Lender has been notified by Borrower in writing.

3.6 Waiver of Appraisal Rights. The laws of South Carolina provide that in any real estate foreclosure proceeding a defendant against whom a personal judgment is taken or asked may within thirty days after the sale of the mortgaged property apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. THE UNDERSIGNED HEREBY WAIVES AND RELINQUISHES THE STATUTORY APPRAISAL RIGHTS WHICH MEANS THE HIGH BID AT THE JUDICIAL FORECLOSURE SALE WILL BE APPLIED TO THE DEBT REGARDLESS OF ANY APPRAISED VALUE OF THE PROPERTY.

IN WITNESS WHEREOF, Borrower has caused this Mortgage to be executed the day and year first above written.

Signed, sealed and delivered
in the presence of:

IOS, LLC, a South Carolina limited liability company

By: 
Name: Charles L. Smith
Title: Manager

STATE OF SOUTH CAROLINA)

COUNTY OF RICHLAND)

The foregoing instrument was acknowledged before me this 5th day of January, 2007 by Charles L. Smith, the Manager of IOS, LLC, a South Carolina limited liability company on behalf of said entity.

 (SEAL)
Notary Public for South Carolina

My Commission Expires: 02/03/2013

Instrument Book Page
200700000150 2120 295

EXHIBIT A
LEGAL DESCRIPTION

All that certain piece, parcel or lot of land, together with improvements thereon, situated, lying and being at the Southeasternmost corner of the intersection of East Court Avenue and South Main Street, in the City of Greenwood, County of Greenwood, State of South Carolina, containing 0.540 acre and being known as the Inn on the Square and shown on a plat prepared for IOS, LLC by John H. Welborn, PLS, dated September 18, 2006, revised October 19, 2006, to be recorded in the Office of the Clerk of Court for Greenwood County. Aforesaid plat is specifically incorporated herein and reference is craved thereto for a more complete and accurate description of metes, bounds, course, and distances of the property.

This being the same property conveyed to IOS, LLC by Deed of Palmetto Inns, LLC, dated February 16, 2005 and recorded in the Office of the Register of Deeds for Greenwood on March 7, 2005, in Book 895, at page 90. See also Quit-Claim Deed to IOS, LLC by Deed of City of Greenwood, dated May 4, 2006, and recorded in the Office of the Register of Deeds for Greenwood on May 17, 2006, in Book 973 at page 196.

TMS# 6845-942-879



STATE OF SOUTH CAROLINA
COUNTY OF GREENWOOD

MORTGAGE

200700000901
Filed for Record in
GREENWOOD COUNTY SC
INGRAM ROOM
01-25-2007 At 12:36 pm.
MORTGAGE 10.00
Book 2129 Page 1 3

WHEREAS, IOS, LLC (hereinafter called "Mortgagor"), in and by his certain note of even date, stands firmly held and bound unto Upper Savannah Council of Governments at 222 Phoenix Street, Suite 200, Greenwood, South Carolina 29646, (hereinafter called "Mortgagee") for the payment of the full and just sum of Two Hundred Fifty Thousand and no/100 (\$250,000.00) Dollars, payable as provided in note, with the entire balance, if not sooner paid, being due February 5, 2022, together with interest, as provided in and by the note, reference being had thereto, will more fully appear.

KNOW ALL MEN BY THESE PRESENTS: That the Mortgagor, for and in consideration of the debt or sum of money aforesaid, and to better secure its payment to the Mortgagee according to the condition of the note, and also in consideration of the further sum of THREE (\$3.00) DOLLARS to the Mortgagor in hand well and truly paid by the Mortgagee at and before the sealing and delivery of these presents, the receipt of which is hereby acknowledged, has granted, bargained, sold and released, and by these presents does grant, bargain, sell and release unto the Mortgagee, its/his successors, heirs and assigns, the real property described as follows:

200700000901
BERRY, RUACKENBUSH & STUART PA
PO BOX 394
COLUMBIA SC 29202-0394

SEE PROPERTY DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF.

Instrument Book Page
200700000901 2129 1

TOGETHER will all and singular the Rights, Members, Hereditaments, and Appurtenances to the premises belonging, or in anywise appertaining.

TO HAVE AND TO HOLD, all and Singular the Premises unto the Mortgagee, its/his successors, heirs and assigns forever.

AND the Mortgagor does hereby bind himself and his heirs and successors to warrant and forever defend all and singular premises unto the Mortgagee, its/his successors, heirs and assigns, from and against himself and his heirs and successors, lawfully claiming, or to claim the same, or any part thereof.

AND IT IS AGREED, by and between the parties that the Mortgagor, his heirs and successors and assigns, shall keep any building erected on the premises insured against loss and damage by fire for the benefit of the Mortgagee, for an amount not less than the sum shown above, with such company as shall be approved by the Mortgagee, its/his successors, heirs and assigns, and shall deliver the policy to the Mortgagee; and in default thereof, the Mortgagee, its/his successors, heirs or assigns may effect such insurance and reimburse themselves under this mortgage for the expense thereof, together with interest thereon at the rate provided in the note from the date of its payment. And it is further agreed, in the event of other insurance and contribution between the insurers, that the Mortgagee, its/his successors, heirs and assigns, shall be entitled to receive from the aggregate of the insurance monies to be paid a sum equal to the amount of the debt secured by this mortgage.

AND IT IS AGREED, by and between the parties, that if the Mortgagor, his heirs and successors or assigns, shall fail to pay all taxes and assessments upon the premise when they shall first become payable, then the Mortgagee, its/his successors, heirs or assigns, may cause the same to be paid, together with all penalties and costs incurred thereon, and reimburse themselves under this mortgage for the sum so paid, with interest thereon at the rate provided in the note from the date of such payment.

AND IT IS AGREED, by and between the parties that upon any default being made in the payment of the note or of the insurance premiums, or of the taxes, or of the assessments hereinabove mentioned, or failure to pay any other indebtedness which constitutes a lien upon the real property when the same shall severally become payable, then the entire amount of the debt secured or intended to be secured hereby shall become due, at the option of the Mortgagee, its/his successors, heirs or assigns, although the period for the payment thereof may not then have expired.

AND IT IS AGREED, by and between the parties that should legal proceedings be instituted for the collection of the debt secured hereby, then the Mortgagee, its/his successors, heirs or assigns, shall have the right to have a receiver appointed of the rents and profits of the premises, who, after deducting all charges and expenses attending such proceedings, and the execution of the trust as receiver, shall apply the residue of the rents and profits towards the payment of the debt secured hereby.

EXHIBIT A
LEGAL DESCRIPTION

All that certain piece, parcel or lot of land, together with improvements thereon, situated, lying and being at the Southeasternmost corner of the intersection of East Court Avenue and South Main Street, in the City of Greenwood, County of Greenwood, State of South Carolina, containing 0.540 acres and being known as the Inn on the Square and shown on a plat prepared for IOS, LLC by John H. Welborn, PLS, dated September 18, 2006, revised October 19, 2006, and recorded in the Office of the Clerk of Court for Greenwood County on January 8, 2007, in Plat Book 131 at page 53. Aforesaid plat is specifically incorporated herein and reference is craved thereto for a more complete and accurate description of metes, bounds, course, and distances of the property.

This being the same property conveyed to IOS, LLC by Deed of Palmetto Inns, LLC, dated February 16, 2005 and recorded in the Office of the Register of Deeds for Greenwood on March 7, 2005, in Book 896, at page 90. See also Quit-Claim Deed to IOS, LLC by Deed of City of Greenwood, dated May 4, 2006, and recorded in the Office of the Register of Deeds for Greenwood on May 17, 2006, in Book 973 at page 196.

TMS# 6845-942-879



ELECTRONICALLY FILED - 2018 Sep 18 5:19 PM - GREENWOOD - COMMON PLEAS - CASE#2012CP2400576

AND IT IS FURTHER AGREED, by and between the parties that should legal proceedings be instituted for the foreclosure of this mortgage, or should the mortgage become a party to any action by reason of this mortgage, or should the debt secured hereby be placed in the hands of an attorney at law for collection, by suit or otherwise, all costs and expenses incurred by the Mortgagee, including a reasonable attorney's fee, shall thereupon become due and payable as a part of the debt secured hereby, and may be recovered and collected hereunder.

PROVIDED ALWAYS, NEVERTHELESS, and it is the true intent and meaning of the parties, that if the Mortgagor does and shall well and truly pay, or cause to be paid, unto the Mortgagee, its/his successors, heirs and assigns, the debt or sum of money aforesaid, wit interest thereon, and if any shall be due, according to the true intent and meaning of the note and this mortgage, then this mortgage shall cease, determine, and be utterly null and void; otherwise it shall remain in full force and virtue.

AND IT IS AGREED, by and between the parties, that the Mortgagor should hold and enjoy the premises until default of payment shall be made.

Any reference in this instrument to the plural shall include the singular, and any reference to the neuter shall include the male and female, the male shall include the female, and vice versa.

WITNESS the hand and the seal of the Mortgagor.

DATE: 24th DAY OF JANUARY, 2007.

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF:

WITNESS:

IOS, LLC

Witness #1

BY:

Witness #2

ITS:

STATE OF SOUTH CAROLINA)
COUNTY OF GREENWOOD)

PROBATE

PERSONALLY appeared before me the undersigned witness who, being first duly sworn, says that (s)he was present and saw the within-named Mortgagor, sign, seal and deliver the within written mortgage, and that (s)he, with the other witness whose signature appears above, witnessed the execution thereof.

SWORN to before me this 24th
Day of January, 2007

Witness #1

NOTARY PUBLIC FOR SOUTH CAROLINA
My Commission Expires: 2/3/13

Instrument Book Page
200700000903 2129 6

Assignment of Rents and Leases - IOS, LLC

STATE OF SOUTH CAROLINA

COUNTY OF GREENWOOD

ASSIGNMENT OF LEASES,
RENTS AND PROFITS

THIS ASSIGNMENT made this as of 24th day of January 2007 by and between IOS, LLC (hereinafter called "Assignor") and Upper Savannah Council of Governments (hereinafter called "Assignee").

WITNESSETH:

ASSIGNMENT:

For value received, the Assignor hereby sells, transfers and assigns unto the Assignee, its successors and assigns, all the right, title and interest of the Assignor in and to the rents, issues, profits, revenues, royalties, rights and benefits, from the Property. To that end, Assignor hereby assigns unto Assignee, its successors and assigns, all leases of said premises now made, executed or delivered, whether written or verbal, or to be hereafter made, whether written or verbal.

Assignor does hereby authorize and empower Assignee to collect the said rents, issues, profits, revenues, royalties, rights and benefits, as they shall become due, and to apply them to the indebtedness secured hereby, and does hereby direct each and all of the tenants of the Property to pay such rents as may now be due or shall hereafter become due to the said Assignee upon demand for payment thereof by said Assignee. It is understood and agreed, however, that no such demand shall be made unless and until there has been a default in the payment of the Note hereinafter described or a default under the Mortgage and until such demand is made the Assignor is authorized to collect, or continue collecting said rents, issues, profits, revenues, royalties, rights and benefits; but that such privilege to collect, or continue collecting the rents, issues, profits, revenues, royalties, rights and benefits by Assignor shall not operate to permit the collection by said Assignor, its successors or assigns, of any installment of rent in advance.

AGREEMENT AND COVENANTS BY ASSIGNOR

It is expressly covenanted and agreed by Assignor:

- (1) At the time of the execution and delivery of this Assignment there has been no anticipation of prepayment of any rents by any of the tenants leasing part or all of the Property.
- (2) Assignor shall have no right, power, or authority to materially alter, modify or amend the terms of any of the leases pertaining to the Property without first obtaining the consent, in writing, of the Assignee to such alteration, modification or amendment.
- (3) Nothing herein contained shall be construed as making the Assignee a mortgagee in possession, nor shall it or its successors and assigns, be liable for laches for failure to collect said rents, issues, profits, revenues, royalties, rights and benefits, and it is understood that said Assignee is to account only for such sums as are actually collected.
- (4) The covenants and obligations herein undertaken by the Assignor shall be binding upon its successors and assigns, and the rights and benefits herein conferred upon the Assignee shall inure to the benefit of its successors and assigns.

200700000903
BERRY QUACKENBUSH & STUART PA
PO BOX 394
COLUMBIA SC 29202-0394

EXHIBIT A
LEGAL DESCRIPTION

All that certain piece, parcel or lot of land, together with improvements thereon, situated, lying and being at the Southeasternmost corner of the intersection of East Court Avenue and South Main Street, in the City of Greenwood, County of Greenwood, State of South Carolina, containing 0.540 acre and being known as the Inn on the Square and shown on a plat prepared for IOS, LLC by John H. Welborn, PLS, dated September 18, 2006, revised October 19, 2006, and recorded in the Office of the Clerk of Court for Greenwood County on January 8, 2007, in Plat Book 131 at page 53. Aforesaid plat is specifically incorporated herein and reference is craved thereto for a more complete and accurate description of metes, bounds, course, and distances of the property.

This being the same property conveyed to IOS, LLC by Deed of Palmetto Inns, LLC, dated February 16, 2005 and recorded in the Office of the Register of Deeds for Greenwood on March 7, 2005, in Book 895, at page 90. See also Quit-Claim Deed to IOS, LLC by Deed of City of Greenwood, dated May 4, 2006, and recorded in the Office of the Register of Deeds for Greenwood on May 17, 2006, in Book 973 at page 196.

TMS# 6845-942-879

IN WITNESS WHEREOF, the undersigned has caused these presents to be duly executed the day and year first hereinabove written.

WITNESS:

Witness #1

Witness #2

IOS, LLC
ASSIGNOR:

By:

Its:

By:

Its:

STATE OF SOUTH CAROLINA)

COUNTY OF GREENWOOD)

PROBATE

Before me, the undersigned notary public, personally appeared the undersigned, who, being sworn, depose and said that (s)he saw the within Assignor sign, seal and deliver the foregoing Assignment of Leases, Rents and Profits and that (s)he, together with the other witness subscribing above, witnessed the execution thereof.

SWORN TO and subscribed
before me this 24th day
of January, 2007

[Signature] (SEAL)
Notary Public for South Carolina
My commission expires 2/8/13

[Signature]
(Signature of Witness #1)

STATE OF SOUTH CAROLINA
COUNTY OF GREENWOOD

MORTGAGE

20070000905
Filed for Record in
GREENWOOD COUNTY SC
INGRAM H00H
01-25-2007 At 12:36 pm.
MORTGAGE 10.00
Book 2129 Page 11-13

WHEREAS, IOS, LLC (hereinafter called "Mortgagor"), in and by his certain note of even date, stands firmly held and bound unto Uptown Development Corporation, 520 Monument Street, Greenwood, South Carolina 29646, (hereinafter called "Mortgagee") for the payment of the full and just sum of Fifty Thousand and no/100 (\$50,000.00) Dollars, payable as provided in note, with the entire balance, if not sooner paid, being due February 1, 2012 together with interest, as provided in and by the note, reference being had thereto, will more fully appear.

KNOW ALL MEN BY THESE PRESENTS: That the Mortgagor, for and in consideration of the debt or sum of money aforesaid, and to better secure its payment to the Mortgagee according to the condition of the note, and also in consideration of the further sum of THREE (\$3.00) DOLLARS to the Mortgagor in hand well and truly paid by the Mortgagee at and before the sealing and delivery of these presents, the receipt of which is hereby acknowledged, has granted, bargained, sold and released, and by these presents does grant, bargain, sell and release unto the Mortgagee, its/his successors, heirs and assigns, the real property described as follows:

20070000905
BERRY DUACKENBUSH & STUART PA
PO BOX 394
COLUMBIA SC 29202-0394

SEE PROPERTY DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF.

Instrument Book Page
20070000905 2129 11

TOGETHER will all and singular the Rights, Members, Hereditaments, and Appurtenances to the premises belonging, or in anywise appertaining.

TO HAVE AND TO HOLD, all and Singular the Premises unto the Mortgagee, its/his successors, heirs and assigns forever.

AND the Mortgagor does hereby bind himself and his heirs and successors to warrant and forever defend all and singular premises unto the Mortgagee, its/his successors, heirs and assigns, from and against himself and his heirs and successors, lawfully claiming, or to claim the same, or any part thereof.

AND IT IS AGREED, by and between the parties that the Mortgagor, his heirs and successors and assigns, shall keep any building erected on the premises insured against loss and damage by fire for the benefit of the Mortgagee, for an amount not less than the sum shown above, with such company as shall be approved by the Mortgagee, its/his successors, heirs and assigns, and shall deliver the policy to the Mortgagee; and in default thereof, the Mortgagee, its/his successors, heirs or assigns may effect such insurance and reimburse themselves under this mortgage for the expense thereof, together with interest thereon at the rate provided in the note from the date of its payment. And it is further agreed, in the event of other insurance and contribution between the insurers, that the Mortgagee, its/his successors, heirs and assigns, shall be entitled to receive from the aggregate of the insurance monies to be paid a sum equal to the amount of the debt secured by this mortgage.

AND IT IS AGREED, by and between the parties, that if the Mortgagor, his heirs and successors or assigns, shall fail to pay all taxes and assessments upon the premise when they shall first become payable, then the Mortgagee, its/his successors, heirs or assigns, may cause the same to be paid, together with all penalties and costs incurred thereon, and reimburse themselves under this mortgage for the sum so paid, with interest thereon at the rate provided in the note from the date of such payment.

AND IT IS AGREED, by and between the parties that upon any default being made in the payment of the note or of the insurance premiums, or of the taxes, or of the assessments hereinabove mentioned, or failure to pay any other indebtedness which constitutes a lien upon the real property when the same shall severally become payable, then the entire amount of the debt secured or intended to be secured hereby shall become due, at the option of the Mortgagee, its/his successors, heirs or assigns, although the period for the payment thereof may not then have expired.

AND IT IS AGREED, by and between the parties that should legal proceedings be instituted for the collection of the debt secured hereby, then the Mortgagee, its/his successors, heirs or assigns, shall have the right to have a receiver appointed of the rents and profits of the premises, who, after deducting all charges and expenses attending such proceedings, and the execution of the trust as receiver, shall apply the residue of the rents and profits towards the payment of the debt secured hereby.

AND IT IS FURTHER AGREED, by and between the parties that should legal proceedings be instituted

EXHIBIT A
LEGAL DESCRIPTION

All that certain piece, parcel or lot of land, together with improvements thereon, situated, lying and being at the Southeasternmost corner of the intersection of East Court Avenue and South Main Street, in the City of Greenwood, County of Greenwood, State of South Carolina, containing 0.540 acre and being known as the Inn on the Square and shown on a plat prepared for IOS, LLC by John H. Welborn, PLS, dated September 18, 2006, revised October 19, 2006, and recorded in the Office of the Clerk of Court for Greenwood County on January 8, 2007, in Plat Book 131 at page 53. Aforesaid plat is specifically incorporated herein and reference is craved thereto for a more complete and accurate description of metes, bounds, course, and distances of the property.

This being the same property conveyed to IOS, LLC by Deed of Palmetto Inns, LLC, dated February 16, 2005 and recorded in the Office of the Register of Deeds for Greenwood on March 7, 2005, in Book 895, at page 90. See also Quit-Claim Deed to IOS, LLC by Deed of City of Greenwood, dated May 4, 2006, and recorded in the Office of the Register of Deeds for Greenwood on May 17, 2006, in Book 973 at page 196.

TMS# 6845-942-879



ELECTRONICALLY FILED - 2018 Sep 18 5:19 PM - GREENWOOD - COMMON PLEAS - CASE#2012CP2400576

for the foreclosure of this mortgage, or should the mortgage become a party to any action by reason of this mortgage, or should the debt secured hereby be placed in the hands of an attorney at law for collection, by suit or otherwise, all costs and expenses incurred by the Mortgagee, including a reasonable attorney's fee, shall thereupon become due and payable as a part of the debt secured hereby, and may be recovered and collected hereunder.

PROVIDED ALWAYS, NEVERTHELESS, and it is the true intent and meaning of the parties, that if the Mortgagor does and shall well and truly pay, or cause to be paid, unto the Mortgagee, its/his successors, heirs and assigns, the debt or sum of money aforesaid, wit interest thereon, and if any shall be due, according to the true intent and meaning of the note and this mortgage, then this mortgage shall cease, determine, and be utterly null and void; otherwise it shall remain in full force and virtue.

AND IT IS AGREED, by and between the parties, that the Mortgagor should hold and enjoy the premises until default of payment shall be made.

Any reference in this instrument to the plural shall include the singular, and any reference to the neuter shall include the male and female, the male shall include the female, and vice versa.

WITNESS the hand and the seal of the Mortgagor.

DATE: 24th DAY OF JANUARY, 2007.

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF:

WITNESS:

Kimi L. Hall
Witness #1
Henry B. Jones
Witness #2

IOS, LLC

BY: Chad S. Jones

ITS: Manager

STATE OF SOUTH CAROLINA)
COUNTY OF GREENWOOD)

PROBATE

PERSONALLY appeared before me the undersigned witness who, being first duly sworn, says that (s)he was present and saw the within-named Mortgagor, sign, seal and deliver the within written mortgage, and that (s)he, with the other witness whose signature appears above, witnessed the execution thereof.

SWORN to before me this 24th
Day of January, 2007

Henry B. Jones (L.S.)

Kimi L. Hall
Witness #1

NOTARY PUBLIC FOR SOUTH CAROLINA.
My Commission Expires: 2/3/13

STATE OF SOUTH CAROLINA
COUNTY OF GREENWOOD

200900000128
BERRY DUACKENBUSH & STUART
PO BOX 394
COLUMBIA SC 29202

MORTGAGE

200900000128
Filed for Record in
GREENWOOD COUNTY SC
INGRAM NOON
01-09-2009 At 11:55 am
MORTGAGE 19.00
Notarized By 200900000128 2376 304

WHEREAS, IOS, LLC (hereinafter called "Mortgagor"), in and by its certain note or even date, stands firmly held and bound unto Upper Savannah Council of Governments, 222 Phoenix Street, Suite 200, Greenwood, South Carolina 29646 (hereinafter called "Mortgagee"), for the payment of the full and just sum of Fifty Thousand and no/100 Dollars (\$50,000.00), payable as provided in note, with the entire balance, if not sooner paid, being due December 5, 2013, together with interest, as provided in and by the note; reference being had thereto, will more fully appear.

KNOW ALL MEN BY THESE PRESENTS: That the Mortgagor, for and in consideration of the debt or sum of money aforesaid, and to better secure its payment to the Mortgagee according to the condition of the note, and also in consideration of the further sum of THREE (\$3.00) DOLLARS to the Mortgagor in hand well and truly paid by the Mortgagee at and before the sealing and delivery of these presents, the receipt of which is hereby acknowledged, has granted, bargained, sold and released, and by these presents does grant, bargain, sell and release unto the Mortgagee, its/heir successors, heirs and assigns, the real property described as follows:

SEE PROPERTY DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF.

TOGETHER will all and singular the Rights, Members, Hereditaments, and Appurtenances to the premises belonging, or in anywise appertaining.

TO HAVE AND TO HOLD, all and Singular the Premises unto the Mortgagee, its successors and assigns forever.

AND the Mortgagor does hereby bind itself and its successors to warrant and forever defend all and singular premises unto the Mortgagee, its successors, heirs and assigns, from and against itself and its successors, lawfully claiming, or to claim the same, or any part thereof.

AND IT IS AGREED, by and between the parties that the Mortgagor, its successors and assigns, shall keep any building erected on the premises insured against loss and damage by fire for the benefit of the Mortgagee, for an amount not less than the sum shown above, with such company as shall be approved by the Mortgagee, its successors and assigns, and shall deliver the policy to the Mortgagee; and in default thereof, the Mortgagee, its successors or assigns may effect such insurance and reimburse themselves under this mortgage for the expense thereof, together with interest thereon at the rate provided in the note from the date of its payment. And it is further agreed, in the event of other insurance and contribution between the insurers, that the Mortgagee, its successors and assigns, shall be entitled to receive from the aggregate of the insurance monies to be paid a sum equal to the amount of the debt secured by this mortgage.

AND IT IS AGREED, by and between the parties, that if the Mortgagor, its successors or assigns, shall fail to pay all taxes and assessments upon the premise when they shall first become payable, then the Mortgagee, its successors or assigns, may cause the same to be paid, together with all penalties and costs incurred thereon, and reimburse themselves under this mortgage for the sum so paid, with interest thereon at the rate provided in the note from the date of such payment.

AND IT IS AGREED, by and between the parties that upon any default being made in the payment of the note or of the insurance premiums, or of the taxes, or of the assessments hereinabove mentioned, or failure to pay any other indebtedness which constitutes a lien upon the real property, when the same shall severally become payable, then the entire amount of the debt secured or intended to be secured hereby shall become due, at the option of the Mortgagee, its successors or assigns, although the period for the payment thereof may not then have expired.

AND IT IS AGREED, by and between the parties that should legal proceedings be instituted for the collection of the debt secured hereby, then the Mortgagee, its successors or assigns, shall have the right to have a receiver appointed of the rents and profits of the premises, who, after deducting all charges and expenses attending such proceedings, and the execution of the trust as receiver, shall apply the residue of the rents and profits towards the payment of the debt secured hereby.

AND IT IS FURTHER AGREED, by and between the parties that should legal proceedings be instituted for the foreclosure of this mortgage, or should the Mortgagee become a party to any action by reason of this mortgage, or should the debt secured hereby be placed in the hands of an attorney at law for collection, by suit or otherwise, all costs and expenses incurred by the Mortgagee, including a reasonable attorney's fee, shall thereupon become due and payable as a part of the debt secured hereby, and may be recovered and collected hereunder.

EXHIBIT A
LEGAL DESCRIPTION

All that certain piece, parcel or lot of land, together with improvements thereon, situated, lying and being at the Southeastern-most corner of the intersection of East Court Avenue and South Main Street, in the City of Greenwood, County of Greenwood, State of South Carolina, containing 0.540 acre and being known as the Inn on the Square and shown on a plat prepared for IOS, LLC by John H. Welborn, PLS, dated September 18, 2006, revised October 19, 2006, and recorded in the Office of the Clerk of Court for Greenwood County on January 8, 2007, in Plat Book 131 at page 53. Aforesaid plat is specifically incorporated herein and reference is craved thereto for a more complete and accurate description of metes, bounds, course, and distances of the property.

This being the same property conveyed to IOS, LLC by Deed of Palmetto fans, LLC, dated February 16, 2005 and recorded in the Office of the Register of Deeds for Greenwood on March 7, 2005, in Book 895, at page 90. See also Quit-Claim Deed to IOS, LLC by Deed of City of Greenwood, dated May 4, 2006, and recorded in the Office of the Register of Deeds for Greenwood on May 17, 2006, in Book 973 at page 196.

TMS# 6845-942-879

ELECTRONICALLY FILED - 2018 Sep 18 5:19 PM - GREENWOOD - COMMON PLEAS - CASE#2012CP2400576

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200900000128 2376 306

PROVIDED ALWAYS, NEVERTHELESS, and it is the true intent and meaning of the parties, that if the Mortgagor does and shall well and truly pay, or cause to be paid, unto the Mortgagee, its successors and assigns, the debt or sum of money aforesaid, wit interest thereon, and if any shall be due, according to the true intent and meaning of the note and this mortgage, then this mortgage shall cease, determine, and be utterly null and void; otherwise it shall remain in full force and virtue.

AND IT IS AGREED, by and between the parties, that the Mortgagor should hold and enjoy the premises until default of payment shall be made.

WITNESS the hand and the seal of the Mortgagor.

DATE: 8th DAY OF JANUARY, 2007.

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF:

WITNESSES:

IOS, LLC

Angela O. Fletcher BY: Charles L. Smith
Witness #1 Charles L. Smith

Henry J. [Signature] ITS: Manager
Witness #2

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

PROBATE

PERSONALLY appeared before me the undersigned witness who, being first duly sworn, says that (s)he was present and saw the within-named Mortgagor, by its Manager, sign, seal, and deliver the within written mortgage, and that (s)he, with the other witness whose signature appears above, witnessed the execution thereof.

SWORN to before me this 8th
day of January, 2009

Angela O. Fletcher
Witness #1

Henry J. [Signature] (L.S.)
NOTARY PUBLIC FOR SOUTH CAROLINA
My Commission Expires: 2/3/12

Greenwood County, SC - Doc. ID: 2009-128

3/4

ROA_0593

Instrument Book Page
200900000128 2376 307

EXHIBIT A
LEGAL DESCRIPTION

All that certain piece, parcel or lot of land, together with improvements thereon, situated, lying and being at the Southeastern-most corner of the intersection of East Court Avenue and South Main Street, in the City of Greenwood, County of Greenwood, State of South Carolina, containing 0.540 acre and being known as the Inn on the Square and shown on a plat prepared for IOS, LLC by John H. Welborn, PLS, dated September 18, 2006, revised October 19, 2006, and recorded in the Office of the Clerk of Court for Greenwood County on January 8, 2007, in Plat Book 131 at page 53. Aforesaid plat is specifically incorporated herein and reference is craved thereto for a more complete and accurate description of metes, bounds, course, and distances of the property.

This being the same property conveyed to IOS, LLC by Deed of Palmetto funs, LLC, dated February 16, 2005 and recorded in the Office of the Register of Deeds for Greenwood on March 7, 2005, in Book 895, at page 90. See also Quit-Claim Deed to IOS, LLC by Deed of City of Greenwood, dated May 4, 2006, and recorded in the Office of the Register of Deeds for Greenwood on May 17, 2006, in Book 973 at page 196.

TMS# 6845-942-879

EXHIBIT 21

200700000909
BERRY QUACKENBUSH & STUART PA
PO BOX 394
COLUMBIA SC 29202-0394

UCC1

STATE OF SOUTH CAROLINA FILING FEES:

\$ 8.00 - For the FIRST TWO pages \$20.00 - Public Finance Transaction
\$ 2.00 - For THIRD page \$20.00 - Manufactured Home Transaction
\$ 1.00 - Each ADDITIONAL page after the THIRD page.

For each additional Debtor more than two (2), add \$2.00 for each additional Debtor.

UCC FINANCING STATEMENT
FOLLOW INSTRUCTIONS CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)
Sam Lehman

B. SEND ACKNOWLEDGMENT TO: (Name and Address)
*Upper Savannah Council of Governments
222 Phoenix Street, Suite 200
Greenwood, SC 29646*

200700000909
Filed for Record in
GREENWOOD COUNTY SC
INGRAM MOON
01-25-2007 At 12:47 pm.
UCC-NEW 8.00
Book 2129 Page 19 - 19
Instrument Book Page
200700000909 2129 19

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
IOS, LLC

OR 1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2a. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
104 East Court Avenue Greenwood SC 29646 24

1d. TAX ID #: (Organizations) ADD INFO AB: ORGANIZATION 1e. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL ID #, if any
(Optional) DEBTOR ☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR 2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. TAX ID #: (Organizations) ADD INFO AB: ORGANIZATION 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID #, if any
(Optional) DEBTOR ☐ NONE

3. SECURED PARTY'S NAME (a NAME OF TOTAL ASSIGNEE or ASSIGNOR SP? - Insert only one secured party name (3a or 3b))

3a. ORGANIZATION'S NAME
Upper Savannah Council of Governments

OR 3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
222 Phoenix Street Greenwood SC 29646 24

4. This FINANCING STATEMENT covers the following collateral:

All equipment, inventory, supplies, accounts receivable, furniture, fixtures, contract rights, proceeds and products owned and after acquired

5. ALTERNATIVE DESIGNATION (if applicable) LESSEE/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILOR SELLER/BUYER AG. LIEN NON-UCC FILING
6. This FINANCING STATEMENT is to be used for record (or recorded in one REAL ESTATE RECORDS) ☐ YES ☐ NO ☐ REQUEST SEARCH REPORT(S) ON UCC 11 FORMS ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2
7. OPTIONAL FILER REFERENCE DATA

FILING OFFICE COPY - SC SECRETARY OF STATE'S OFFICE (FORM UCC1) (7/1/2001)

200700000908
BERRY QUACKENBUSH & STUART PA
PO BOX 394
COLUMBIA SC 29202-0394

UCC1

STATE OF SOUTH CAROLINA FILING FEES:

\$ 8.00 - For the FIRST TWO pages \$20.00 - Public Finance Transaction
\$ 2.00 - For THIRD page \$20.00 - Manufactured Home Transaction
\$ 1.00 - Each ADDITIONAL page after the THIRD page.

For each additional Debtor more than two (2), add \$2.00 for each additional Debtor.

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS CAREFULLY.

A. NAME & PHONE OF CONTACT AT FILER (optional):
Stephanie Dorn

B. SEND ACKNOWLEDGMENT TO: (Name and Address)
*Uptown Greenwood Development Corporation
520 Monument Street
Greenwood, SC 29646*

200700000908
Filed for Record in
GREENWOOD COUNTY SC
INGRAM MOON
01-25-2007 At 12:47 PM.
UCC-NEW 8.00
Book 2129 Page 18 - 18

Instrument Book Page
200700000908 2129 18

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
IOS, LLC

OR

1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

104 East Court Avenue Greenwood SC 29646 24

1d. TAX ID # (Organizations) ADDL INFO RE ORGANIZATION 1e. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL ID #, if any

(Optional) (Debtor) (None)

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. TAX ID # (Organizations) ADDL INFO RE ORGANIZATION 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID #, if any

(Optional) (Debtor) (None)

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - Insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
Uptown Greenwood Development Corporation

OR

3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

520 Monument Street Greenwood SC 29646 24

4. THIS FINANCING STATEMENT covers the following collateral:

All equipment, inventory, supplies, accounts receivable, furniture, fixtures, contract rights, proceeds and products owned and after acquired

5. ALTERNATIVE DESIGNATION (If applicable) LESSOR/LESSOR CONSIGNEE/CONSIGNOR DILEE/DAILOE SELLER/BUYER AG. LIEN NON-UCC FILING

6. OPTIONAL FILER REFERENCE DATA 1. REQUEST SEARCH REPORT(S) ON UCC 11 FORU 2. REQUEST SEARCH REPORT(S) ON UCC 11 FORU 3. REQUEST SEARCH REPORT(S) ON UCC 11 FORU

FILING OFFICE COPY - SC SECRETARY OF STATE'S OFFICE (FORM UCC1) (7/1/2001)

EXHIBIT 22

200700003440
MISTY HUFFMAN
102 STONEBROOK DR
BLYTHEWOOD SC 29615

200700003440
Filed for Record in
GREENWOOD COUNTY SC
INGRAM NOON
04-02-2007 At 11:53 am.
MORTGAGE 10.00
Book 2158 Page 228 - 231

STATE OF SOUTH CAROLINA)
COUNTY OF GREENWOOD)

MORTGAGE Instrument Book Page
200700003440 2158 228

WHEREAS, IOS, LLC (hereinafter called the mortgagor), in and by its certain note of even date, stands firmly held and bound unto Lonestar Ventures, LLC, (hereinafter called the mortgagee) for the payment of the full and just sum of Two Hundred Thousand and No/100 Dollars (\$200,000.00) payable in installments as in and by the note, reference being had thereto, will more fully appear.

NOW, KNOW ALL MEN BY THESE PRESENTS: That the mortgagor, for and in consideration of the debt or sum of money aforesaid, and to better secure its payment to the mortgagee according to the condition of the note, and also in consideration of the further sum of THREE (\$3.00) DOLLARS to the mortgagor in hand well and truly paid by the mortgagee at and before the sealing and delivery of these Presents, the receipt of which is hereby acknowledged, has granted, bargained, sold and released, and by these Presents does grant, bargain, sell and release unto the mortgagee, his heirs and assigns, the real property described as follows:

All those certain pieces, parcels or lots of land, containing approximately 0.547 acres, together with the improvements thereon, situate, lying, and being on the southern side of East Court Street, in the City of Greenwood, County of Greenwood, State of South Carolina and being designated and described as Lots A, B, and C, Abandoned Alley and Addition on a plat made for the III Group, LLC by John H. Welborn, PLS, dated September 15, 1997, and recorded in the Office of the Clerk of Court for Greenwood County in Plat Book 104 at page 11, which plat by reference is made a part hereof for a more complete and accurate description by metes, courses, distances and bounds.

SAID property being more fully described according to said plat as follows:

Beginning at a point located at the southeastern intersection of 104 East Court Avenue and South Main Street, being the point of beginning; thence S 07° 46' 45" E, a distance of 117.49' to a point; thence S 07° 09' 33" E, a distance of 19.20' to a point; thence S 16° 15' 09" E, a distance of 1.01' to a point; thence N 82° 10' 50" E, a distance of 158.40' to a point; thence N 08° 20' 23" W, a distance of 19.19' to a point; thence N 08° 20' 23" W, a distance of 20.10' to a point; thence N 64° 03' 12" E, a distance of 1.39' to a point; thence N 65° 03' 12" E, a distance of 17.87' to a point; thence N 64° 03' 12" E, a distance of 2.66' to a point; thence N 64° 03' 12" E, a distance of 15.78' to a point; thence N 07° 49' 26" W, a distance of 87.09' to a point; thence S 82° 28' 48" W, a distance of 15.0' to a point; thence N 05° 12' 26" W, a distance of 1.08' to a point; thence S 82° 28' 48" W, a distance of 20.72' to a point; thence S 82° 28' 48" W, a distance of 12.45' to a point; thence S 82° 26' 23" W, a distance of 49.72' to a point; thence S 81° 40' 27" W, a distance of 94.0' to a point, being the point of beginning, be all dimensions and measurements a little more or less.

This being the same property conveyed to IOS, LLC by deed of Palmetto Inns, LLC dated February 16, 2005, and recorded in the Office of the Clerk of Court for Greenwood County on March 7, 2005, in Book 895 at page 90.

TMS: 6845942879

PROPERTY ADDRESS: 104 E. Court Avenue, Greenwood, South Carolina 29646

MORTGAGEE'S ADDRESS: c/o Leonard R. Jordan, Jr., P.O. Box 394, Columbia, SC 29202

TOGETHER with all and singular the rights, members, hereditaments and appurtenances to the premises belonging, or in anywise appertaining.

TO HAVE AND TO HOLD, all and singular the premises unto the mortgagee, her heirs and assigns forever.

AND the mortgagor does hereby bind itself and its successors and assigns to warrant and forever defend all and singular the premises unto the mortgagee, her heirs and assigns, from and against itself and its successors and assigns, lawfully claiming, or to claim the same, or any part thereof.

AND IT IS AGREED by and between the parties that the mortgagor, its successors and assigns, shall keep any building erected on the premises insured against loss and damage by fire for the benefit of the mortgagee, for an amount not less than the sum shown above, with such company as shall be approved by the mortgagee, her heirs and assigns, and shall deliver the policy to the mortgagee; and in default thereof, the mortgagee, her heirs or assigns, may effect such insurance and reimburse her under this mortgage for the expense thereof, together with interest thereon at the rate provided in the note from the date of its payment. And it is further agreed, in the event of other insurance and contribution between the insurers, that the mortgagee, her heirs and assigns, shall be entitled to receive from the aggregate of the insurance monies to be paid a sum equal to the amount of the debt secured by this mortgage.

AND IT IS AGREED by and between the parties, that if the mortgagor, its successors and assigns, shall fail to pay all taxes and assessments upon the premises when they shall first become payable, then the mortgagee, her heirs and assigns, may cause the same to be paid, together with all penalties and costs incurred thereon, and reimburse herself under this mortgage for the sum so paid, with interest thereon at the rate provided in the note from the date of such payment.

AND IT IS AGREED by and between the parties that upon any default being made in the payment of the note or of the insurance premiums, or of the taxes, or of the assessments hereinabove mentioned, or failure to pay any other indebtedness which constitutes a lien upon the real property when the same shall severally become payable, then the entire amount of the debt secured or intended to be secured hereby shall become due, at the option of the mortgagee, her heirs and assigns, although the period for the payment thereof may not then have expired.

AND IT IS AGREED by and between the parties that should legal proceedings be instituted for the collection of the debt secured hereby, then the mortgagee, her heirs or assigns, shall have the right to have a receiver appointed of the rents and profits of the premises, who, after deducting all charges and expenses attending such proceedings, and the execution of the trust as receiver, shall apply the residue of the rents and profits towards the payment of the debt secured hereby.

AND IT IS FURTHER AGREED by and between the parties that, should legal proceedings be instituted for the foreclosure of this mortgage, or should the mortgagee become a party to any action by reason of this Mortgage, or should the debt secured hereby be placed in the hands of an attorney at law for collection, by suit or otherwise, all costs and expenses incurred by the mortgagee, including a reasonable attorney's fee, shall thereupon become due and payable as a part of the debt secured hereby, and may be recovered and collected hereunder.

At the option of the mortgagee, the indebtedness secured by this Mortgage shall become due and payable if, without the prior written consent of the mortgagee, the mortgagor shall convey away the property or any interest therein, further encumber the property, or suffer the placement of any mechanics' lien on the property; or if the title shall become vested in any other person or entity in any manner whatsoever.

PROVIDED ALWAYS, NEVERTHELESS, and it is the true intent and meaning of the parties, that if the mortgagor does and shall well and truly pay, or cause to be paid, unto the mortgagee, her heirs and assigns, the debt or sum of money aforesaid, with interest thereon, and if any shall be due, according to the true intent and meaning of the note and this Mortgage, then this Mortgage shall cease, determine, and be utterly null and void; otherwise it shall remain in full force and virtue.

AND IT IS AGREED by and between the said parties that the mortgagor should hold and enjoy the mortgaged premises until default of payment shall be made.

IN WITNESS WHEREOF, the mortgagor has hereunto set its hand and seal this 29th day of January, 2007.

Signed, Sealed and Delivered
in Presence of:

IOS, LLC

Amanda L. Hipp

By:

Charles L. Smith
Charles L. Smith
Member-Manager

James E. Hooker Sr.

Instrument	Book	Page
200700003440	2158	231

STATE OF SOUTH CAROLINA)
COUNTY OF GREENWOOD)

PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within named mortgagor, by its Member-Manager, sign, seal and as its act and deed, deliver the within written mortgage, and that (s)he with the other witness whose signature appears above witnessed the execution thereof.

SWORN to before me this

29th day of January, 2007

Bobby C. Logan
Notary Public for South Carolina

My Commission Expires: August 3, 2008

U:\Stephan\0418-0049\0418-0049-0001 to Lower.Mty 03.07.07.wpd

200700003441
MISTY HUFFMAN
102 STONEBROOK DR
BLYTHEWOOD SC 29615

200700003441
Filed for Record in
GREENWOOD COUNTY SC
INGRAM MOON
04-02-2007 At 11:53 am.
SUBORDINATI 6.00
Book 2158 Page 232 - 233

STATE OF SOUTH CAROLINA)
COUNTY OF GREENWOOD)

POSTPONEMENT AND SUBORDINATION
OF MORTGAGE

Instrument Book Page
200700003441 2158 232

FOR VALUABLE CONSIDERATION, the undersigned, Bridge Financial, LLC, being the owner and holder of the mortgage heretofore given by IOS, LLC to Bridge Financial, LLC, in the amount of \$115,475.00, and recorded September 12, 2006, in the Office of the Clerk of Court for Greenwood County in Mortgage Book 2069 at page 148, does hereby POSTPONE the lien of said mortgage and make it SUBORDINATE to the lien of the mortgage given or to be given by IOS, LLC to Lonestar Ventures, LLC, in the amount of \$200,000.00, dated January 29, 2007, and recorded in the said Office of the Clerk of Court for Greenwood County on April 2, 2007, in Mortgage Book 2158 at page 228, and encumbering the following described property, to wit:

All those certain pieces, parcels or lots of land, containing approximately 0.547 acres, together with the improvements thereon, situate, lying, and being on the southern side of East Court Street, in the City of Greenwood, County of Greenwood, State of South Carolina and being designated and described as Lots A, B, and C, Abandoned Alley and Addition on a plat made for the III Group, LLC by John H. Welborn, PLS, dated September 15, 1997, and recorded in the Office of the Clerk of Court for Greenwood County in Plat Book 104 at page 11, which plat by reference is made a part hereof for a more complete and accurate description by metes, courses, distances and bounds.

SAID property being more fully described according to said plat as follows:

Beginning at a point located at the southeastern intersection of 104 East Court Avenue and South Main Street, being the point of beginning; thence S 07° 46' 45" E, a distance of 117.49' to a point; thence S 07° 09' 33" E, a distance of 19.20' to a point; thence S 16° 15' 09" E, a distance of 1.01' to a point; thence N 82° 10' 50" E, a distance of 158.40' to a point; thence N 08° 20' 23" W, a distance of 19.19' to a point; thence N 08° 20' 23" W, a distance of 20.10' to a point; thence N 64° 03' 12" E, a distance of 1.39' to a point; thence N 65° 03' 12" E, a distance of 17.87' to a point; thence N 64° 03' 12" E, a distance of 2.66' to a point; thence N 64° 03' 12" E, a distance of 15.78' to a point; thence N 07° 49' 26" W, a distance of 87.09' to a point; thence S 82° 28' 48" W, a distance of 15.0' to a point; thence N 05° 12' 26" W, a distance of 1.08' to a point; thence S 82° 28' 48" W, a distance of 20.72' to a point; thence S 82° 28' 48" W, a distance of 12.45' to a point; thence S 82° 26' 23" W, a distance of 49.72' to a point; thence S 81° 40' 27" W, a distance of 94.0' to a point, being the point of beginning, be all dimensions and measurements a little more or less.

ELECTRONICALLY FILED - 2018 Sep 18 5:19 PM - GREENWOOD - COMMON PLEAS - CASE#2012CP2400576

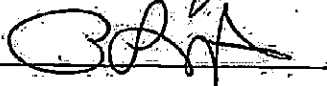
Instrument Book Page
200700003441 2158 233

This being the same property conveyed to IOS, LLC by deed of Palmetto Lms, LLC dated February 16, 2005, and recorded in the Office of the Clerk of Court for Greenwood County on March 7, 2005, in Book 895 at page 90.

TMS: 6845942879

Said mortgage to remain in full force and effect in all other respects.

WITNESSES:

BRIDGE FINANCIAL, LLC

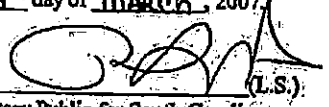
By: 
Its: Mary Insley

STATE OF SOUTH CAROLINA)
COUNTY OF Richland)

PERSONALLY APPEARED before me the undersigned witness and made oath that (s)he saw the within-named Bridge Financial, LLC, by S. CRAIG WILHE, its MANAGER, sign seal and as its act and deed deliver the within written POSTPONEMENT AND SUBORDINATION OF MORTGAGE, and that (s)he with the other witness whose signature appears above witnessed the execution thereof.



SWORN to before me this
14th day of March, 2007.


(L.S.)
Notary Public for South Carolina
My Commission Expires: 5/15/16

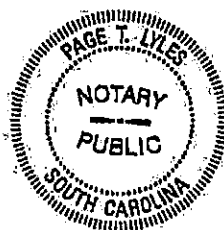


EXHIBIT 23



Greenwood County Ninth Judicial Circuit Public Index



[Greenwood County Home Page](#) [South Carolina Judicial Department Home Page](#) [SC.GOV Home Page](#)

Lonestar Ventures LLC VS IOS LLC					
Case Number:	2014CP2401429	Court Agency:	Common Pleas	Filed Date:	11/20/2014
Case Type:	Common Pleas	Case Sub Type:	Conf Judgment 770	File Type:	Non-Jury
Status:	Judgment	Assigned Judge:	Clerk Of Court C P, G S, And Family Court		
Disposition:	Judgment	Disposition Date:	11/20/2014	Disposition Judge:	Clerk Of Court C P, G S, And Family Court
Original Source Doc:		Original Case #:			
Judgment Number:	2014CP2401429	Court Roster:			

Case Parties

Click the icon to show associated parties.

Name	Address	Race	Sex	Year Of Birth	Party Type	Party Status	Last Updated
IOS LLC					Defendant		11/20/2014
☒ Jordan, Leonard R. Jr.	4500 Fort Jackson Blvd. Columbia SC 29209				Plaintiff Attorney		11/20/2014
☒ Lonestar Ventures LLC					Plaintiff		11/20/2014

Judgments

For:	Lonestar Ventures LLC	Against:	IOS LLC	Judg. Amount:	\$632,419.82	Judgment Date:	11/20/2014
Description:	Judgment/Confession	Disposition:		Disp. Date:		Date Entered/Last Changed	11/20/2014
Notes:	None						

Judgment Details

Claims Code	Detail Desc.	Detail Amount	Detail Date
JGM	Judgment	\$632,419.82	11/20/2014

Actions

Name	Description	Type	Motion Roster	Begin Date	Completion Date	Documents
Lonestar Ventures LLC	Judgment/Confession	Judgment		11/20/2014-11:10	11/20/2014-11:10	
IOS LLC	Judgment/Confession	Judgment		11/20/2014-11:10	11/20/2014-11:10	
Lonestar Ventures LLC	Confession of Judgment	Filing		11/20/2014-11:07	11/20/2014-11:07	

Financials

Summary

Fine/Costs:	\$10.00	Total Paid for fine/costs:	\$10.00	Balance Due:	\$0.00

Costs

Description	Cost Code	Amount	Charge Action	Disbursed Amount
Judgment \$10	JUDMNT	\$10.00		\$10.00

9/13/2018

Public Index Search

Payments				
Payment Date	Receipt Number	Entered By	Transaction Type Code	Payment Amount
11/20/2014	24021	c24wbaldwl	PY	\$10.00

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FILED
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ROA_0606



Greenwood County Home Page South Carolina Judicial Department Home Page SC.GOV Home Page

Lonestar Ventures LLC VS IOS LLC					
Case Number:	2014CP2401430	Court Agency:	Common Pleas	Filed Date:	11/20/2014
Case Type:	Common Pleas	Case Sub Type:	Conf Judgment 770	File Type:	Non-Jury
Status:	Judgment	Assigned Judge:	Clerk Of Court C P, G S, And Family Court		
Disposition:	Judgment	Disposition Date:	11/20/2014	Disposition Judge:	Clerk Of Court C P, G S, And Family Court
Original Source Doc:		Original Case #:			
Judgment Number:	2014CP2401430	Court Roster:			

Case Parties

Click the icon to show associated parties.

Name	Address	Race	Sex	Year Of Birth	Party Type	Party Status	Last Updated
IOS LLC					Defendant		11/20/2014
Jordan, Leonard R. Jr.	4500 Fort Jackson Blvd. Columbia SC 29209				Plaintiff Attorney		11/20/2014
Lonestar Ventures LLC					Plaintiff		11/20/2014

Judgments

For:	Lonestar Ventures LLC	Against:	IOS LLC	Judg. Amount:	\$277,154.22	Judgment Date:	11/20/2014
Description:	Judgment/Confession	Disposition:		Disp. Date:		Date Entered/Last Changed	11/20/2014
Notes:	None						

Judgment Details

Claims Code	Detail Desc.	Detail Amount	Detail Date
JGM	Judgment	\$277,154.22	11/20/2014

Actions

Name	Description	Type	Motion Roster	Begin Date	Completion Date	Documents
Lonestar Ventures LLC	Judgment/Confession	Judgment		11/20/2014-11:27	11/20/2014-11:27	
IOS LLC	Judgment/Confession	Judgment		11/20/2014-11:27	11/20/2014-11:27	
Lonestar Ventures LLC	Confession of Judgment	Filing		11/20/2014-11:08	11/20/2014-11:08	

Financials

Summary

Fine/Costs:	\$10.00	Total Paid for fine/costs:	\$10.00	Balance Due:	\$0.00

Costs

Description	Cost Code	Amount	Charge Action	Disbursed Amount
Judgment \$10	JUDMNT	\$10.00		\$10.00

9/13/2018

Public Index Search

Payments				
Payment Date	Receipt Number	Entered By	Transaction Type Code	Payment Amount
11/20/2014	24022	c24wbaldwi	PY	\$10.00

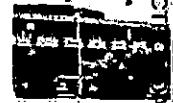
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ROA_0608



Greenwood County Eighth Judicial Circuit Public Index



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Search By... Court Type: **All Courts** Court Agency: **All Agencies**

Case #: _____ Case Type: **All Case Types** Case SubType: **All Case Sub-Types**

Last Name/Business IOS: _____ First: _____ Middle: _____ Suffix: _____

Party Type: **All**

Action Type: **All Actions**

Date Type: _____ Beginning: _____ Ending: _____

Tax Map# From: _____ Through: _____

Only for Civil Cases... Index Search ☒ All ☐ Lis Pendens ☐ Judgments ☐ Cross Index Search ☐ All ☐ Judgment For ☐ Judgment Against ☐

Name Search Option ☒ Begins With ☐ Contains

Name	Party Type	Case Number	Filed Date	Case Status	Disposition Date	Type	Subtype	Judgment #	Court Agency
Ios, Llc	Defendant	2007LP2460058	10/08/2007	Pending		Lis Pendens	Lis Pendens		Common Pleas
Ios Capital	Plaintiff	2002CP2401017	07/25/2002	Judgment	07/25/2002	Common Pleas	Transcript Judg 740	02CP241017	Common Pleas
Ios Lcc Dba Inn On The Square	Defendant	050687	03/28/2005	Disposed	07/12/2005	Civil	Summons & Complaint	050687	Greenwood Magistrate
Ios Llc	Defendant	2011CP2400818	07/22/2011	Judgment	02/13/2012	Common Pleas	Foreclosure 420		Common Pleas
Ios Llc	Defendant	2011LP2400218	07/22/2011	Pending		Lis Pendens	Lis Pendens		Common Pleas
IOS LLC	Defendant	2014CP2400107	02/03/2014	Dismissed	11/19/2015	Common Pleas	Foreign Judgment 710		Common Pleas
IOS LLC	Defendant	2014CP2401429	11/20/2014	Judgment	11/20/2014	Common Pleas	Conf Judgment 770	2014CP2401429	Common Pleas
IOS LLC	Defendant	2014CP2401430	11/20/2014	Judgment	11/20/2014	Common Pleas	Conf Judgment 770	2014CP2401430	Common Pleas
IOS LLC	Defendant	2016CP2400104	02/01/2016	Referred To Master	02/01/2016	Common Pleas	Transcript Judg 740	2016CP2400104	Common Pleas
Ios Llc etal	Defendant	2007LP2460103	11/13/2007	Pending		Lis Pendens	Lis Pendens		Common Pleas
IOS, LLC	Plaintiff	2012CP2400576	05/29/2012	Continued		Common Pleas	Breach of Cont 140		Common Pleas

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EXHIBIT 24

Bank	*
Branch	8
Loan	11289-2
Loan amt	\$1,000,000.00

Interest Rate	Forecast
0.00%	0.00%
0.25%	0.25%
0.50%	0.50%
0.75%	0.75%
1.00%	1.00%
1.25%	1.25%
1.50%	1.50%
1.75%	1.75%
2.00%	2.00%
2.25%	2.25%
2.50%	2.50%
2.75%	2.75%
3.00%	3.00%
3.25%	3.25%
3.50%	3.50%
3.75%	3.75%
4.00%	4.00%
4.25%	4.25%
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9.00%	9.00%
9.25%	9.25%
9.50%	9.50%
9.75%	9.75%
10.00%	10.00%

SSA NBR	
Grty %	0.00 %
Company	Palmetto Inn, LLC

1st Payment Due	
Next Payment Due	05/14/2011
Settlement Date	05/24/2009
Maturity Date	05/14/2011

4/14/2011
2/24/2009
7/4/2011

Date	Posted	Description	Amount	Paid Reduction	Est Reduction	New Payment	Int From	Int To	Nxt Due	Int Rate	Over/Under	Late Charge	Other Fees	Escrow	Refund	Who	Payoff	Prepay	Escrow1	Escrow2	Escrow3
10/17/2002	5/1/2004	Payment Data Modification	-20,930,630.00	0.00	0.00	0.00	8/6/2003	6/22/2003	6/22/2003	0.00	0.00	0.00	0.00	0.00	0.00	MARGONV	0.00	0.00	0.00	0.00	0.00
10/17/2002	5/1/2004	Interest Rate-Downward	5.75	0.00	0.00	0.00	8/6/2003	6/22/2003	6/22/2003	0.75	0.00	0.00	0.00	0.00	0.00	MARGONV	0.00	0.00	0.00	0.00	0.00
10/17/2002	5/1/2004	New Payment Rate	5,454.75	0.00	0.00	0.00	5/26/2003	6/22/2003	6/22/2003	0.75	0.00	0.00	0.00	0.00	0.00	MARGONV	0.00	0.00	0.00	0.00	0.00
10/17/2002	5/1/2004	Dishwasher	0.00	0.00	0.00	0.00	6/2/2003	6/2/2003	6/2/2003	0.75	0.00	0.00	0.00	0.00	0.00	MARGONV	0.00	0.00	0.00	0.00	0.00
5/25/2003	5/21/2004	Synopsis P&I	0.26	0.00	0.00	0.00	5/25/2003	5/25/2003	5/25/2003	0.75	0.00	0.00	0.00	0.00	0.00	MARGONV	0.00	0.00	0.00	0.00	0.00
7/1/2003	5/21/2004	Covered Interest	5,454.44	0.00	0.00	0.00	5/21/2003	5/21/2003	5/21/2003	0.75	0.00	0.00	0.00	0.00	0.00	MARGONV	0.00	0.00	0.00	0.00	0.00
7/1/2003	5/21/2004	Life Charge	0.00	0.00	0.00	0.00	5/21/2003	5/21/2003	5/21/2003	0.75	0.00	0.00	0.00	0.00	0.00	MARGONV	0.00	0.00	0.00	0.00	0.00
7/1/2003	5/21/2004	Payment	5,351.94	176.50	2,205.44	629,257.74	6/22/2003	6/22/2003	6/22/2003	0.75	0.00	0.00	0.00	0.00	0.00	TODD	0.00	0.00	0.00	0.00	0.00
8/7/2003	5/21/2004	Payment	5,351.95	430.25	4,921.70	630,689.49	6/22/2003	6/22/2003	6/22/2003	0.75	0.00	0.00	0.00	0.00	0.00	TODD	0.00	0.00	0.00	0.00	0.00
8/7/2003	5/21/2004	Payment	5,351.93	225.17	5,126.76	635,816.45	6/22/2003	6/22/2003	6/22/2003	0.75	0.00	0.00	0.00	0.00	0.00	TODD	0.00	0.00	0.00	0.00	0.00
10/22/2003	5/21/2004	Payment	4,973.91	0.00	4,973.91	637,800.42	6/22/2003	6/22/2003	6/22/2003	0.75	0.00	0.00	0.00	0.00	0.00	TODD	0.00	0.00	0.00	0.00	0.00
11/15/2003	5/21/2004	Payment	4,993.91	0.00	4,993.91	637,600.53	6/15/2003	10/15/2003	11/05/2003	0.75	0.00	0.00	0.00	0.00	0.00	TODD	0.00	0.00	0.00	0.00	0.00
12/1/2003	5/21/2004	Payment	6,159.44	628.74	4,490.70	697,834.78	10/1/2003	11/01/2003	12/01/2003	0.75	0.00	0.00	0.00	0.00	0.00	TODD	0.00	0.00	0.00	0.00	0.00
1/2/2004	5/21/2004	Payment	5,717.75	1,635.89	5,681.42	696,218.93	1/2/2004	1/2/2004	1/2/2004	0.75	0.00	0.00	0.00	0.00	0.00	TODD	0.00	0.00	0.00	0.00	0.00
1/2/2004	5/21/2004	Payment	5,717.75	3,544.39	5,643.36	699,817.77	1/2/2004	1/2/2004	1/2/2004	0.75	0.00	0.00	0.00	0.00	0.00	TODD	0.00	0.00	0.00	0.00	0.00
2/1/2004	5/21/2004	Salary Paid To Date	-20,040,311.00	0.00	0.00	0.00	2/1/2004	2/1/2004	2/29/2004	0.75	0.00	0.00	0.00	0.00	0.00	TODD	0.00	0.00	0.00	0.00	0.00
3/1/2004	5/21/2004	Payment	8,859.75	0.00	0.00	8,859.75	3/1/2004	3/1/2004	3/25/2004	0.75	0.00	0.00	0.00	0.00	0.00	TODD	0.00	0.00	0.00	0.00	0.00
3/1/2004	5/21/2004	Life Charge	359.47	0.00	0.00	892,637.72	3/1/2004	3/1/2004	3/25/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	0.00	0.00	0.00	0.00	0.00
3/1/2004	5/21/2004	Payment Data Modification	-20,040,430.00	0.00	0.00	892,637.72	3/25/2004	3/25/2004	4/20/2004	0.75	0.00	0.00	0.00	0.00	0.00	General	SUSAN	0.00	0.00	0.00	0.00
3/1/2004	5/21/2004	Life Charge	0.00	0.00	0.00	892,637.72	3/1/2004	3/1/2004	3/25/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
7/1/2004	7/1/2004	Life Charge	359.47	0.00	0.00	892,637.72	3/25/2004	3/25/2004	4/20/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
7/25/2004	7/25/2004	Payment	18,692.42	0.00	18,692.42	892,637.72	7/25/2004	7/25/2004	8/18/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
8/13/2004	8/13/2004	Life Charge	359.47	0.00	0.00	892,637.72	8/13/2004	8/13/2004	8/27/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
8/13/2004	8/13/2004	Life Charge	359.47	0.00	0.00	892,637.72	8/13/2004	8/13/2004	8/27/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
8/13/2004	8/13/2004	Life Charge	359.47	0.00	0.00	892,637.72	8/13/2004	8/13/2004	8/27/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
11/15/2004	11/15/2004	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
11/15/2004	11/15/2004	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
11/15/2004	11/15/2004	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
12/1/2004	12/1/2004	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72	8/27/2004	8/27/2004	9/10/2004	0.75	0.00	0.00	0.00	0.00	0.00	LATIQ	DONNA	0.00	0.00	0.00	0.00
1/2/2005	1/2/2005	Life Charge	359.47	0.00	0.00	892,637.72</															

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Page 3

PALMETTO INNS - SALE OF LOAN NOTE SCENARIO

Principal Balance (including capitalized interest from the Forbearance Agreement)	\$1,026,516.82
Accrued Interest to 6/26/09	\$24,016.72
Late Fees	\$6,838.69
Total Payoff	\$1,057,372.23
Less proceeds from sale of Note	-\$700,000.00
Less reserve (as of 5/31/09)	-\$410,606.73
Excess Reserve	\$53,234.50

ROA_0614

EXHIBIT 25



Greenwood County Eighth Judicial Circuit Public Index



[Greenwood County Home Page](#) [South Carolina Judicial Department Home Page](#) [SC.GOV Home Page](#)

Search By... Court Type Court Agency

Case # Case Type Case SubType

Last Name/Business First Middle Suffix

Party Type

Action Type

Date Type Beginning Ending

Tax Map# From Through

Only for Civil Cases... Index Search ☒ All ☐ Lis Pendens ☐ Judgments ☐ Cross Index Search ☐ All ☐ Judgment For ☐

Search Name Search Option ☒ Begins With ☐ Contains

Name	Party Type	Case Number	Filed Date	Case Status	Disposition Date	Type	Subtype	Judgment #	Court Agency
Ios, Llc	Defendant	2007LP2460058	10/08/2007	Pending		Lis Pendens	Lis Pendens		Common Pleas
Ios Capital	Plaintiff	2002CP2401017	07/25/2002	Judgment	07/25/2002	Common Pleas	Transcript Judg 740	02CP241017	Common Pleas
Ios Lcc Dba Inn On The Square	Defendant	050687	03/28/2005	Disposed	07/12/2005	Civil	Summons & Complaint	050687	Greenwood Magistrate
Ios Llc	Defendant	2011CP2400818	07/22/2011	Judgment	02/13/2012	Common Pleas	Foreclosure 420		Common Pleas
Ios Llc	Defendant	2011LP2400218	07/22/2011	Pending		Lis Pendens	Lis Pendens		Common Pleas
IOS LLC	Defendant	2014CP2400107	02/03/2014	Dismissed	11/19/2015	Common Pleas	Foreign Judgment 710		Common Pleas
IOS LLC	Defendant	2014CP2401429	11/20/2014	Judgment	11/20/2014	Common Pleas	Conf Judgment 770	2014CP2401429	Common Pleas
IOS LLC	Defendant	2014CP2401430	11/20/2014	Judgment	11/20/2014	Common Pleas	Conf Judgment 770	2014CP2401430	Common Pleas
IOS LLC	Defendant	2016CP2400104	02/01/2016	Referred To Master	02/01/2016	Common Pleas	Transcript Judg 740	2016CP2400104	Common Pleas
Ios Llc etal	Defendant	2007LP2460103	11/13/2007	Pending		Lis Pendens	Lis Pendens		Common Pleas
IOS, LLC	Plaintiff	2012CP2400576	05/29/2012	Continued		Common Pleas	Breach of Cont 140		Common Pleas

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EXHIBIT 26

Mr. John Huffman
IOS, LLC
104 E. Court St.
Greenwood, SC 29646

August 16, 2007

Dear Mr. Huffman;

As you recall, Business Carolina, Inc. made a settlement offer to Palmetto Inns d/b/a IOS, LLC on April 5, 2006 whereby we offered a discounted payoff on the loan. The original offer expired on July 5, 2006, and was extended on August 31, 2006 to expire on December 1, 2006. Another subsequent request was made to extend the period until July 31, 2007 which was approved.

At this time, we must ask that you contact me to discuss the current situation regarding the refinancing of the property. As it stands now, the interest only period on your loan has expired and monthly P&I Payments of \$7,071.39 are due beginning August 15, 2007.

Please contact me as soon as possible to discuss the current status at 803-461-3822.

Sincerely,

Todd Lucas
Senior Vice President – Operations
Business Carolina, Inc.

CC: Loan file
Mr. Craig White, Palmetto Inns, LLC
S. Nelson Weston, Legal Counsel for Business Carolina, Inc.



ELECTRONICALLY FILED - 2018 Sep 18 5:19 PM - GREENWOOD - COMMON PLEAS - CASE#2012CP2400576

Mr. John Huffman
IOS, LLC
104 E. Court St.
Greenwood, SC 29646

November 8, 2007

Dear John;

Thank you for taking the time to come by and meet with us today regarding the current situation with Palmetto Inns and IOS, LLC.

As we discussed, Business Carolina is prepared to hold off on the foreclosure proceedings and continue to entertain the previously discussed discount of the principal amount of the loan, provided that you can provide us some consideration.

I have calculated the interest needed to take the account through February 2008 and it comes to \$26,156.25. We are currently holding check #7118 dated October 10, 2007 in the amount of \$5,231.25 which we will apply towards this total. Please make arrangements to forward us a check in the amount of \$20,925.00 before November 30, 2007. We will hold these funds in escrow and only apply the amount to interest if the loan cannot be refinanced on or before March 1, 2008. At that point you will become responsible for principal and interest payments in the amount of \$7,071.39.

If you can arrange a refinance before this date, we will apply the funds to principal and therefore allow a discount similar to what we had discussed previously.

I hope that this arrangement reconciles with your understanding of what we discussed today.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Lucas", written over a horizontal line.

Todd Lucas
Senior Vice President - Operations
Business Carolina, Inc.

Business Carolina Incorporated • 1441 Main Street, Suite 900 • Columbia, SC 29201
Phone: 803.461.3801 • Fax: 803.461.3826 • www.businesscarolina.net

A Preferred SBA and USDA Commercial Lender

ROA_0619

EXHIBIT 27

STATE OF SOUTH CAROLINA)
)
 COUNTY OF SPARTANBURG) BUSINESS NOTE ASSET PURCHASE

THIS CONTRACT OF SALE is entered into in the County and State aforesaid on the 1st day of July, 2009, between Business Carolina, Inc. (hereinafter referred to as "SELLER"), and Banc Capital & Financial Services, Inc., a South Carolina corporation hereinafter referred to as "BUYER".

WITNESSETH:

WHEREAS SELLER is the owner of certain note and mortgage described as follows:

See Attached Exhibit "A"

WHEREAS, BUYER desires to purchase said note and SELLER is willing to sell said note upon the terms, conditions and provisions hereinafter set forth:

NOW, THEREFORE, in consideration of the premises of this Agreement, the mutual covenants and benefits contained here in, the sum of TEN DOLLARS AND NO/100 (\$10.00) cash in hand paid by BUYER to SELLER as an earnest money deposit, receipt whereof being hereby acknowledged, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. CONVEYANCE: SELLER hereby agrees to sell to BUYER, and BUYER hereby agrees to purchase from the SELLER, the above described note upon the terms conditions and provisions hereinafter set forth

2. PURCHASE PRICE: The purchase price for said note shall be SEVEN HUNDRED THOUSAND DOLLARS AND NO/100 (\$700,000.00). Said purchase price shall be due and payable according to Exhibit "B."

3. ENCUMBRANCES: SELLER shall not cause or permit any acts to be done during the life of this contract that would encumber or cloud the subject note, or interfere with the BUYER'S full use and enjoyment thereof after closing. Time is of the essence of this contract. Risk of loss shall be that of SELLER until closing.

4. CLOSING: The closing of the transaction contemplated hereby shall be held on or before Wednesday, July 29, 2009, or earlier at BUYER's option, with five (5) days written notice to SELLER. At the closing the parties will execute and deliver all deeds, notes, mortgages, loan files and other documents reasonably necessary to consummate the transaction contemplated hereby and shall pay all monies called for herein. At the closing SELLER shall pay any transfer tax or recording fees associated with the release and BUYER shall pay all other closing costs. All state, county and local taxes and assessments and rents shall be prorated as of the date of closing.

5. TITLE: SELLER is selling note, mortgage and all related documents "as is" and without recourse, warranty or representation of any kind, including, without limitation, any warrant of merchantability or fitness for a particular purpose other than expressly set forth herein. Note and mortgage may carry subordinated mortgages and other liens.

6. EFFECTIVE DATE: The date of this contract shall be the date of the last signature below.

7. BUYER'S INSPECTION / DUE DILIGENCE: SELLER hereby grants to BUYER, its employees and agents, a ten (10) day inspection period during which BUYER may go upon the subject property from time to time (with twenty-four (24) hour prior notice to SELLER) for the purpose of making such surveys, examinations, inspections and tests as BUYER may reasonably determine to be necessary. Inspection is subject to approval of property owner. BUYER hereby agrees to avoid interference with SELLER's business operations and damage to the property and to indemnify and hold harmless SELLER from and against any and all loss, liability or damage SELLER may sustain or suffer by virtue of BUYER, its employees and agents entering upon the property for such purposes. BUYER shall be entitled to one (1) ten (10) day extension of the inspection period upon notice to SELLER.

9. TERMINATION: In the event that BUYER, in its sole discretion, is not satisfied with its examination of the subject property relating to this note, BUYER shall be entitled to terminate this Contract, shall be entitled to the immediate return of its earnest money deposit and shall have no further obligation hereunder.

10. GENERAL PROVISIONS: This contract contains the entire agreement between the parties with respect to the sale and purchase of the note and mortgage. This contract may not be changed or modified in any manner unless an instrument in writing is prepared and executed by the parties hereto. This contract shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns. This agreement shall be governed and construed by and under the laws of the State of South Carolina. In the event any provision of this Agreement is adjudged invalid, such invalidity of a provision shall not impair or affect the validity of the remaining provisions of this Agreement, which shall remain in full force and effect.

11. ASSIGNMENT: SELLER agrees that BUYER has the right to sell or assign its rights under this contract without SELLER's approval. Such sale or assignment shall not relieve the BUYER of any duty hereunder unless SELLER expressly agrees in writing to release the BUYER from performance.

12. NOTICES: All notices and other communications hereunder shall be in writing and shall be delivered personally or shall be sent by registered mail, certified mail, or express mail service, postage prepaid and return receipt requested, or by nationally utilized overnight delivery service, addressed to the parties as follows:

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SELLER:

Michael R. Sandusky, President & CEO

Date: _____

Banc Capital & Financial Services, Inc.

Date: July 29 2019

Exhibit "A"

A. Assignor made a loan (Loan No. 11280) to Palmato Inns, LLC, a South Carolina limited liability company, P.O. Box 2511, Columbia, SC 29202, (hereinafter collectively "Borrower") as said Loan (the "Loan") is evidenced by a Promissory Note dated December 31, 2002 made payable by Borrower to Assignor in the original principal amount of \$1,000,000.00, as amended from time to time (the "Note") including without limitation, by a Forbearance Agreement between the Seller and the Maker of the Note, dated March 29, 2005, an addendum to the previously mentioned Forbearance Agreement between the Seller and the Maker of the Note dated March 29, 2005, and a Note Modification Agreement between the Seller and the Maker of the Note dated March 29, 2005. As of 6/17/09, the Loan has a principal balance of \$1,026,516.82, accrued interest of \$22,284.48 and late charges of \$6,838.69 for a total due of \$1,055,639.99.

B. The Loan is secured by a Real Estate Mortgage dated December 31, 2002 and recorded with the Register of Deeds of Greenwood County, South Carolina, as Instrument No. 000002050 ("Mortgage"). The Mortgage encumbers the real property commonly known as 104 East Court Avenue, Greenwood, South Carolina 29646, and is legally described as 0.547 acres together with the improvements thereon, situate, lying and being on the southern side of East Court Street in the City of Greenwood, County of Greenwood, State of South Carolina and being designated and described as Lots A, B and C (the "Property").

C. Assignor has agreed to assign the Loan Agreements, Note, Deed of Trust and the all other loan documents in Assignor's possession collectively the "Loan Documents") to the Assignee in exchange for the cash purchase price of \$700,000.00.

Inn on the Square - Inventory - 08/04/09

Bar area	
Barstools	17
36" round-top tables	10
leather side chairs	28
Stackable banquet chairs (bar and banquet areas)	134
high-top bar tables ~24"	5
Leather sofas	2
wooden end tables	6
coffee table	1
Atlanta refrigeration , 4 tap, 3 door bar refrigerator	1
NSF testing laboratory 3 door beer refrigerator	1
Radiant systems P.O.S. unit	2
32" Brooksonic widescreen tv	1
Jaegermeister machine	1
Bose soundsystem/cd player	1
S.S. 3 sink bar sink	1
Karaoke machine	1
36" Sanyo Projection tv	1
Misc. prints	15
misc. bar glassware	
42"- 48" Olevia flat screen tv	1
4-5 ft single door refrigerator	1
counter top/dorm room refrigerator	1
4 shelf SS wire storage rack	1
3 shelf SS wire storage rack	1

Lobby Area	
4ft. Wooden table w/checkerboard insert	1
Wooden chairs	2
7 ft wooden armoire (11 drawers)	1
2' x 4' black computer desk	1
Faux leather officer chair	1
Dell computer	7
Dell monitor	7
HP Printer	1
fabric sofas - red	4
fabric wingback chairs - red	4
glass top coffee table	1
glass top end table	1
folding expandable end tables	2
8' x 4' wooden tv cabinet	1
Sanyo 30" projection tv	1
Reservation counter/receptionists desk	1
wooden sideboard 4'	1
7' wooden conference table	1
leather nail-head conference chairs	6
4 tier fountain	1

Laundry area	
Huebosch originators 6 1/2" commercial dryer	1
Huebosch Originators 5' commercial dryer	1
Kenmore elite washer	1
Maytag front-load washer	1
Service carts - 3	1
SS worktable 3' x 6'	1
Tempest TPISX carpet steamcleaner	1

Banquet facilities	
5 ft. round plastic top banquet tables	5
6' rectangular folding banquet tables	16
4ft. Expandable banquet table	2
SS Beveragair 2 tap 2 door bar unit	1
4ft. Square banquet tables	15
3ft. Round banquet tables	3
7' china cabinet (4 glass doors)	1
3' x 2' banquet table	1
6' x 4' mirror	1
6' iron wine rack	1

Pitco deep fryer	1
Star Maxx fryer	1
6 burner Vulcan gas stove	1
American Range Majestic double oven	1
Piedmont SS hood	1
7' SS serving table	1
1 door walk-in cooler (not branded)	1
Daeco walk - in cooler - 1 door	1
1 door walk - in freezer	1
SS triple sink	1
SS service table	1
SS dishwasher	1
SS Single sink	1
12' SS counter/sink unit	1
Hashizaki ice maker	1
4 shelf SS wire storage rack	1
5 shelf SS wire storage rack 5' x 2'	9
misc. SS buffet warmers	1
4 shelf SS Load King Shelf	1

Offices	
Wood veneer office desk	4
4 Drawer file cabinet	5
Keyboards	6
End table	1
Woodbacked chair	1
Small wood veneered desk	1
HP Printer/Scanner	2
Conference chair	1
7' two piece credenza w/cabinets	1
Sideboard w/drawers	1
Sanyo dorm refrigerator	1
5 ft wooden/glass humidor	1

Pool area	
Plastic chaise lounges	4
Metal chaise lounges	2
plastic outdoor chairs	4
metal deck chairs	8
metal 3' x 3' deck tables	3

Guest rooms - second and third floors	
double beds	30
queen beds (mostly four-post)	25
king beds	6
wooden secretary desk and matching chair	48
5' x 5' television cabinet	48
Fabric covered side chair	56
fabric covered ottoman	8
fabric covered fold-out sofa	6
~26" Phillips projection tv	48
night stands	52
dorm sized refrigerator	5
vending machine	2
free standing ice maker	2
desk lamps	100
floor lamps	47
misc. prints	124
End table	2
misc. mirrors	130
coffee makers	48

EXHIBIT 28

LOAN REPORT : 08/06/2009

Bank: Business Carolina, Inc. d/b/a BCI Lending Services
Branch: Columbia

Page : 1

Loan Nbr : 11280 Loan Name : Palmetto Inns-BCI

06/08/2009 10:18 AM GENERAL TODD
Spoke with Fred Gibbs about the sale of the Note to an investor - he will prepare a contract to forward to us for execution - expects the sale will go through within 30 days.□

06/29/2009 01:08 PM GENERAL TODD
Fred said that the sale of the Note had been delayed while the investor settled out a 1031 exchange. May need to get more time, but they were still interested in Note.□

07/01/2009 11:42 AM GENERAL TODD
Received and executed the contract extension for sale of Note thru 7/31/09.□

07/29/2009 02:18 PM GENERAL TODD
Received call from John Huffman - he wants to meet next Monday to discuss the performance of the hotel - his LOC has been canceled and he cannot continue to fund the hotel any longer. Setup meeting for Monday at 10am.□

08/03/2009 10:10 AM DELINQUENCY TODD
10:00 am - met with John Huffman and Leonard Jordan regarding Inn on Square. John Huffman said the hotel is suffering and he is having to subsidize the facility each month. He presented a scenario whereby he would lease the facility to Lander University as student housing for one year at \$20 per night per room, with a promise to purchase the hotel at the end of one year for \$700,000. He requested our concurrence to do so. We refused, and advised him that we were in negotiations to sell the Note to an interested party, and wanted to get them involved in the decision. We would get back to him ASAP.□

08/04/2009 10:13 AM DELINQUENCY TODD
10:14 am - conference call with Fred Gibbs (purchaser of Note), Jay Patel (Investor) and Craig Camp (hotel consultant). Advised them of discussion from previous day - they do not want to agree to the Lander deal and do not want the hotel shut down. Fred suggested allowing Craig to step in as interim management team. I advised we did not want to commit to do anything until we met with our counsel. I told them I would go back to Huffman with the latest discussions, ask him to allow us to keep the facility open, and let them know of the outcome.□

08/05/2009 09:22 AM DELINQUENCY TODD
9:20 am - Spoke with John Huffman regarding the proposed Note purchasers decision to not want the lease signed with Lander University. Mr. Huffman stated that with out the agreement with Lander, he would be forced to shut the facility down beginning this Saturday (8/8) and would be completely shut down by 8/15. I asked him if there were any way to allow a replacement team to go into the property, or if he would be willing to stay on in a management situation. He said that he could not stay on and that the facility was costing him \$\$ each month. He felt that anyone else would be facing the same problem. I told him I would talk with the rest of management and let him know what direction we were going to take.□

08/05/2009 01:10 PM DELINQUENCY TODD

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EXHIBIT 29

PRELIMINARY STATEMENT

ROA_0632

On or about February 16, 2005, Mortgagor acquired the Property by deed from Palmetto, subject to the first priority lien and security interest of Mortgagee in and to the Property and each and every part thereof.

Neither Palmetto, Guarantor nor Mortgagor has made the payments required upon the Note and accordingly Mortgagor is entitled to and has declared a default and event of default (the "Defaults") under each of the Loan Documents; has declared the entire outstanding principal balance of the Note, plus accrued interest, late fees, and Mortgagor's attorneys' fees and other costs of collection, immediately due and payable in full, and has made demand therefor, but payment has not been made. Accordingly, Mortgagee is entitled to immediately and without further notice or demand foreclose and realize upon its liens and security interests in the Property.

Mortgagor has negotiated a lease (the "Lease") of the Property to Lander University ("Lander") for a term commencing August 15, 2009, and ending not later than June 14, 2010 (the "Term"), and is also in negotiations to enter into a contract (the "Sales Contract") to sell the Property to Lander.

Mortgagor has requested that Mortgagee enter a subordination, non-disturbance and attornment agreement (the "SNDA") with Lander with respect to the Lease, refrain from commencing foreclosure and other actions (collectively, without limitation, and whether one or more than one, the "Foreclosure Action") to foreclose upon and liquidate the Property or any part thereof to satisfy (in whole or in part) the Obligations until after January 1, 2010 (or later, depending on whether the Sales Contract shall have been entered prior thereto, but not finally approved by the Board (hereafter defined) until thereafter), refrain from proceeding to sale and realization upon the Property pursuant to the Foreclosure Action before August 20, 2010 (the "Sale Date"), and agree to sell the Note and other Loan Documents to Mortgagor (without recourse) at any time prior to June 14, 2010, for a cash price of \$700,000.00 (the "Purchase Price"). Mortgagee is willing to so do provided that (i) Mortgagor acknowledge the Defaults have occurred, (ii) enter with Mortgagee into an escrow agreement (the "Escrow Agreement") with either or both of McDonald, Patrick, Poston, Hemphill & Roper, LLC (Lander's legal counsel) and Berry, Quackenbush & Stuart, P.A. (Mortgagor's legal counsel) (whether either or both, "Escrow Agent"), as escrow agent, and direct Lander that all rentals and other payments (collectively, without limitation, "Rentals") made pursuant to the Lease shall be paid directly into a trust account (the "Account") maintained by Escrow Agent with an institution the deposits of which are insured by an agency of the federal government to the maximum amount permitted by law, from which Account Escrow Agent shall make disbursements and payments ("Disbursements") only in accordance with a budget (the "Budget") proposed by Mortgagor and approved by Mortgagee; for all reasonable and necessary expenses with respect to the ownership and operation of the Property including, but not limited to, taxes, debt service (for the payment described in the next subsection and other debts but only to extent actually approved and agreed to by Mortgagee), utilities, repairs and maintenance; the Escrow Agreement shall require that Escrow Agent provide a monthly report (the "Report") showing funds received into the Escrow Account, Disbursements (including the payee thereof and invoices, statements, etc., paid and the balance remaining (if any), (iii) authorize and include in the Budget to commence not later than November 1, 2009, payments to be made monthly during the balance of the Term (or until Mortgagor shall have acquired the Loan Documents, whichever shall first occur), due on the first day of each month unto Mortgagee the sum of \$6,300.00, (the "Monthly Payment") which Monthly

Payment shall be applied by Mortgagee upon unpaid accrued interest due unto Mortgagee, (iv) waive any and all defenses, claims and set-offs of every kind and nature which could or might be interposed in the Foreclosure Action, (v) agree to and assist in the orderly liquidation and sale of the Property commencing not before June 14, 2010 in the event the Sales Contract is not timely entered (or if the Sales Contract is timely entered, but not finally approved by the South Carolina State Budget State Budget and Control Board, General Services Division (the "Board"), prior to April 15, 2010 (the "Final Approval Date")), or the Sale Date if the Sales Contract is timely entered and is approved by the Board prior to the Final Approval Date, but Lander has not theretofore purchased the Property, and (vi) release Mortgagee from any and all claims of every kind and nature, to which Mortgagor has agreed. As a result the parties have entered into this Agreement.

TEXT OF AGREEMENT

NOW THEREFORE, for and in consideration of these premises and the mutual promises herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The factual recitals set forth in the Preliminary Statement are hereby incorporated as part hereof, and Mortgagor, by execution hereof, hereby confirms the truth and accuracy thereof.
2. Mortgagor represents and warrants that it has made all consents and acknowledgments necessary in order for the parties hereto to enter this Agreement and to consummate the actions and transactions contemplated hereby.
3. The terms and provisions hereof shall be deemed to and shall modify and amend the terms and provisions of each of the Loan Documents as expressly set forth herein, but shall not otherwise modify or amend the terms of any other Loan Documents, nor constitute a waiver or forgiveness of any of the Defaults. Other than as expressly set forth herein each and every term, provision and condition of each of the Loan Documents remains in full effect, and as modified and amended hereby, is hereby ratified and affirmed.
4. Mortgagor hereby expressly acknowledges and agrees that each of the Defaults has occurred, that Palmetto (and Mortgagor) is in default under the Note and the other Loan Documents, and that Mortgagee has given notice thereof and made demand for payment in full; that Mortgagee is entitled to immediately and without further notice or demand of any kind or nature exercise each, every and all rights and remedies accorded to Mortgagee following a default under the Note and each of the other Loan Documents including, without limitation, instituting and pursuing the Foreclosure Action. Notwithstanding the foregoing Mortgagor, for itself, its manager(s), member(s), agents, servants and employees does hereby expressly waive and forever relinquish any, every and all defenses, counterclaims, set-offs and rights of set-off that it now or hereafter may have or possess to and with respect to the Foreclosure Action. Mortgagor agrees that it (i) will not hinder or impede Mortgagee's institution and prosecution of the Foreclosure Action and (ii) will assist in the orderly foreclosure, marshaling, liquidation and disposal of the Property, provided Mortgagee shall in instituting and prosecuting the Foreclosure Action comply with the terms of this Agreement including, without limitation, the requirements of Section 5 hereof.
5. Mortgagee agrees that notwithstanding the foregoing that it will not institute any

Foreclosure Action until the first to occur of (i) a default hereunder, (ii) any further default or event of default with respect to any of the Loan Documents, and (iii) January 1, 2010, but if the Mortgagor shall have entered the Sales Contract with Lender but the Board shall not have given final approval thereof on or before January 1, 2010, the earlier to occur of five business days after the Board shall have given final approval of the Sales Contract and the Final Approval Date; nor will the Mortgagee seek or allow foreclosure or liquidation of any of the Property pursuant to the Foreclosure Action prior to the earlier to occur of (a) a default hereunder, (b) any further default or event of default with respect to any of the Loan Documents, and (c) the Sale Date, but if the Mortgagor shall not have entered the Sales Contract with Lender prior to January 1, 2010 or the Sales Contract shall not have received final approval of the Board prior to the Final Approval Date, June 14, 2010.

6. Mortgagor shall no later than August 24, 2009, deliver or cause to be delivered unto Mortgagee a proposed Escrow Agreement to which Mortgagee shall notify Mortgagor and Escrow Agent of any required changes by August 27, 2009. If the parties fail to enter into the Escrow Agreement with Escrow Agent by no later than August 31, 2009, unless the parties shall agree otherwise in writing, this Agreement and the obligations imposed upon the parties hereby shall be rendered and become null and void. Mortgagor does hereby acknowledge and agree that the Lease is one of the "Leases" as defined in the Assignment, and that the Rentals comprise "Rents and Profits" under and as defined in the Mortgage, and "rents, issues and profits" as defined in the Assignment, and that accordingly Mortgagee has an absolute assignment thereof and holds a first perfected lien and security interest therein. Mortgagor agrees that the Escrow Agreement shall contain the agreement and acknowledgment of Escrow Agent thereto and that Escrow Agent holds the Rentals as bailee of the Mortgagee. Upon execution of the Escrow Agreement Mortgagor shall deliver any Rentals it then holds to and shall direct Lender to thenceforth make all payments of Rentals to, Escrow Agent, which shall deposit the same into the Account. Escrow Agent shall make Disbursements from the Account including for the Monthly Payment, but only in accordance with the Budget, and provide the Report to Mortgagor and Mortgagee within ten (10) days after each month's end, for the prior month.

7. So long as no further default or event of default shall have occurred hereunder or under any of the Loan Documents Mortgagee agrees to accept, in lieu of the payment otherwise due upon the Note, for the period commencing September 1, 2009, through June 14, 2009 only, the Monthly Payment (which shall commence payment on November 1, 2009), which shall be applied to outstanding accrued interest due upon the Note; provided, however, acceptance of such payments (or any other payments) by Mortgagee shall not be deemed a waiver of the Defaults, to reinstate the Loan in good standing or to prevent or prohibit the Mortgagee from instituting and pursuing the Foreclosure Action.

8. Mortgagor may purchase the Note and other Loan Documents, all without recourse, warranty or representation of any kind or nature (other than that Mortgagee is the holder thereof and has not sold, transferred or assigned the Note, the other Loan Documents or any part or interest therein to any third party), at any time prior to the Sale Date upon the giving of not less than five (5) business days' notice, for the Purchase Price, which shall be paid to Mortgagee at or prior to the transfer of said instruments, in cash, by federal funds wire, or in other form of immediately available federal funds. Mortgagor acknowledges and agrees that if the Purchase Price is not paid in full in accordance with this section on or before the Sale Date, that Mortgagor shall have no further right

to purchase the Note and the other Loan Documents. The parties further acknowledge and agree that the Sales Price is the result of negotiation between the parties and is in no way based upon the value of the Property or any part thereof, or either party's determination or belief with respect thereto.

9. Mortgagee hereby acknowledges that Lander will lease the Property as a dormitory for its students and that the use of the Property as a hotel will cease. Mortgagee agrees that it will enter an SNDA with Lander in form and substance generally acceptable to Mortgagee agreeing to subordinate the lien of the Mortgage to the Lease for the Term only; in return for the agreement of Lander to (i) attorn to Mortgagee in the event of default hereunder or further default or event of default with respect to the Loan Documents, (ii) not amend, cancel or revise the Lease without the express written consent of Mortgagee, (iii) acknowledge the lien upon and perfected security interest of Mortgagee in and to the Property and accordingly agree to not remove or allow the removal of any of the Property from its present location without Lender's written consent, and (iv) pay rent in monthly installments and not more than one month in advance. The subordination contained in the SNDA shall not under any circumstances apply to the Sales Contract.

10. Mortgagor hereby expressly acknowledges and agrees that Mortgagee has fully and in good faith complied with all conditions and requirements imposed or inferred upon Mortgagee with respect to the Loan, and that neither Mortgagee nor any officer, employee or agent thereof is in any fashion or manner, directly or indirectly, responsible for, a contributing party to, or a cause of, the Defaults. Nonetheless Mortgagor, by execution hereof, does hereby remise, release and forever discharge, and by these presents does, for itself and its principals, agents, employees, legal representatives, successors and assigns, remise, release and forever discharge the Mortgagee, its principals, officers, attorneys, agents, employees, successors, assigns and legal representatives (collectively and individually the "Parties Released") of and from all, and all manner of, action and actions, cause and causes of actions, suits, debts, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespass and trespasses, damage and damages, judgments, extents, executions, claim and claims, and demand and demands, whatsoever, both at law and in equity, which against the said Parties Released and each of them, Mortgagor had, now has or which Mortgagor (including its legal representatives, successors and assigns) hereafter can, shall or may have, for, upon or by reason of any matter, cause or thing, whatever from the beginning of the world up to the day, hour and minute of the effective date of these presents, either known or unknown at this time, apparent or not apparent, including, without limitation, arising under or with respect to the Loan.

11. TIME IS OF THE ESSENCE in the performance of each, every and all of the terms, provisions and conditions hereof.

12. All notices and communications provided for hereunder shall be in writing, delivered by hand or sent by first-class or certified mail, postage prepaid to the following addresses:

(a) If to Mortgagor, IOS, LLC
C/o Leonard Jordan, Esquire
Berry, Quackenbush & Stuasrt, P.A.
1122 Lady Street, 5th Floor
Columbia, South Carolina 29201

(b) If to Mortgagee, Business Carolina, Inc.
1523 Huger Street, Suite A
Columbia, South Carolina 29201
Attention: Todd Lucas, Senior Vice President

Mortgagor, Mortgagee, or either of them, may change address for notice purposes by notice to the other party in the manner provided herein. All notices, demands, consents or other communications hereunder shall be deemed effective when delivered personally or by delivery service, or 3 days after mailing when sent by registered or certified mail, first class postage prepaid, addressed to the party to receive such notice at the address for such party set forth above, or at such other address as such party may specify in a notice previously given to the other parties in the manner herein.

13. The terms of this Agreement may be varied by only by written agreement signed by the Mortgagor and Mortgagee.

14. If any clause or provision of this Agreement is found to be invalid or is incapable of being enforced by any rule of law or public policy, all other clauses and provisions shall nevertheless shall remain in full force and effect.

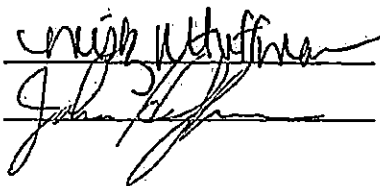
15. This Agreement is binding upon the and shall inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives.

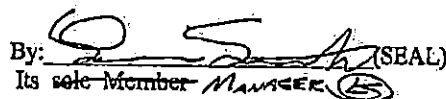
16. This Agreement may be executed in one or more counterparts, all of which shall collectively comprise one and the same instrument.

IN WITNESS WHEREOF, Mortgagor and Mortgagee have hereunto set their hands AND SEALS effective the day and year first above-written.

WITNESSES:

IOS, LLC



By:  (SEAL)
Its sole Member MANAGER 

BUSINESS CAROLINA, INC.



By: 
Its Senior Vice President

SUBORDINATION, NON-DISTURBANCE AND ATTORNMEN AGREEMENT

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMEN AGREEMENT ("Agreement") is made this 31 day of August, 2009, by and among the undersigned BUSINESS CAROLINA, INC. ("Lender"), LANDER UNIVERSITY ("Tenant") and IOS, LLC ("Landlord").

WHEREAS, Landlord and Tenant have entered into a certain Lease dated August 12, 2009 ("Lease"), involving the building at 104 East Court Avenue, Greenwood, South Carolina ("Leased Premises"); and

WHEREAS, Lender has agreed conditionally to temporarily forbear on the collection of its mortgage loan ("Loan"), which is secured in part by the Leased Premises in accordance with the provisions of a Forbearance Agreement of even date herewith between Lender and Landlord ("Forbearance Agreement"); and

WHEREAS, Tenant has acknowledged that the Lease is subordinate to the Mortgage held by Lender, provided that Tenant is assured of continued occupancy of the Leased Premises under the terms of the Lease during the Term (hereafter defined) and during the Term only; and

WHEREAS, Lender requires the within Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agree as follows:

1. The Lease, and all rights and obligations created thereunder, are hereby subordinated and made subject to that certain Mortgage ("Mortgage") and that certain Assignment of Leases and Rents and Profits ("Assignment"), as they may hereafter be amended, extended, modified or replaced, given by Landlord's predecessor in title to Lender, recorded in the Office of the Register of Deeds for Greenwood County, State of South Carolina, which Mortgage and Assignment encumber, *inter alia*, the Leased Premises.

2. Tenant agrees that, if there is any further default by Landlord in the performance and observance of any of the terms of the Loan, as modified by the Forbearance Agreement, Lender may, at its option, demand in writing that all rents due under the Lease be paid by Tenant directly to Lender. Tenant agrees that, upon Lender's written request for payment of rent directly to Lender, Tenant will timely remit any and all payments due under the Lease directly to, and payable to the order of, Lender. Such payments to Lender will constitute performance of Tenant's payment obligations under the Lease.

3. Lender agrees with Tenant that, during the period of August 15, 2009, through June 14, 2010, only ("Term"), in the event Lender becomes the fee simple owner of the Leased Premises by foreclosure, conveyance in lieu of foreclosure or otherwise, so long as Tenant complies with and performs its obligations under the Lease: (a) the Lease shall continue in full force and effect as a direct lease between the succeeding owner of the Leased Premises and Tenant, upon and subject to all of the terms, covenants and conditions of the Lease, for the balance of the Term, and Lender will not disturb the possession of Tenant; and (b) the Leased Premises shall be subject to the Lease, and Lender shall recognize Tenant as the tenant of the Leased Premises for the remainder of the Term in accordance with the provisions thereof; provided, however, that Lender shall not be:

- (a) Subject to any claims, offsets or defenses which Tenant might have against the Landlord; or
- (b) liable for any act or omission of the Landlord; or
- (c) bound by any rent or additional rent which Tenant might have paid for more than the current month or any security deposit or other prepaid charge paid to the Landlord; or
- (d) bound by any amendment or modification of the Lease made without its written consent; or
- (e) bound by any provision of the Lease allowing or permitting Tenant to extend the term of the Lease or hold over after expiration of the Term; or
- (f) bound by any provision of the Lease granting unto Tenant any option or right to purchase the Leased Premises.

Tenant agrees with Lender that, in the event Lender becomes the owner of the Leased Premises by foreclosure, conveyance in lieu of foreclosure or otherwise, then Tenant shall attorn to and recognize Lender as the landlord under the Lease for the remainder of the Term, and Tenant shall perform and observe its obligations thereunder, subject only to the terms and conditions of the Lease. Tenant further covenants and agrees to execute and deliver, upon request of Lender, an appropriate agreement of attornment to Lender and any subsequent titleholder of the Leased Premises.

4. In the event Landlord shall fail to perform or observe any of the terms, conditions or agreements in the Lease, Tenant shall give written notice thereof to Lender, and Lender shall have the right (but not the obligation) to cure such default within the same time periods afforded to Landlord under the Lease.

5. Lender shall have no obligations nor incur any liability with respect to any warranties of any nature whatsoever, whether pursuant to the Lease or otherwise, including, without limitation, any warranties respecting use, compliance with zoning, hazardous waste or environmental laws, Landlord's title, Landlord's authority, habitability, fitness for purpose or possession. Lender shall not, either by virtue of the Mortgage, the Assignment or this Agreement, be or become a mortgagee-in-possession or be or become subject to any liability or obligation under the Lease or otherwise until Lender shall have acquired the Landlord's interest in the Leased Premises, by foreclosure or otherwise, and then such liability or obligation of Lender under the Lease (as modified by the terms of this Agreement) shall extend only to those liabilities or obligations accruing subsequent to the date that Lender has acquired Landlord's interest in the Leased Premises. Without limiting the generality of the foregoing, neither the Mortgage, the Assignment nor this Agreement shall, prior to Lender's acquisition of Landlord's interest in the Leased Premises, by foreclosure or otherwise, operate to place responsibility for the control, care, management or repair of the Leased Premises upon Lender or impose upon Lender responsibility for the carrying out of any of the terms or conditions of the Lease; and Lender shall not be responsible or liable for any waste committed on the Leased Premises by any party whatsoever, for any dangerous or defective condition of the Leased Premises or for any negligence in the management, upkeep, repair or control of the Leased Premises.

6. This Agreement shall remain in effect without the necessity of the execution of any

further documentation (although the undersigned agrees to execute any and all such further documentation to effectuate or acknowledge this Agreement, if requested by another party).

7. Provided Tenant is not in default in the payment of rent or other sums payable by Tenant under the terms of the Lease or in default under any other provisions of the Lease and Tenant is then in possession of the Leased Premises:

(a) The right of possession of Tenant to the Leased Premises and Tenant's rights arising out of the Lease shall not be affected or disturbed by Lender in the exercise of any of its rights and remedies under the Note, the Mortgage or the Assignment; and

(b) In the event Lender obtains title to the Leased Premises through foreclosure or otherwise, Tenant agrees to continue occupancy of the Leased Premises under the same terms and conditions of the Lease and will attorn to Lender (recognize Lender as the new Landlord); its successors and assigns, to the same extent and with the same force as if Lender were the landlord under the Lease.

8. Tenant will not pay an installment of rent or any part thereof more than one month prior to the due date of such installment, and Tenant agrees that Lender shall not be bound by any payment of rent or additional rent made by Tenant to Landlord more than one month in advance or by any modification of the Lease made without the written consent of Lender.

9. Lender shall be entitled, but not obligated, to exercise the claims, rights, powers, privileges and remedies of the landlord under the Lease and shall be entitled to the benefits of, and to receive and enforce performance of, all of the covenants to be performed by Tenant under the Lease as though Lender were named therein as the landlord. Lender shall not, by virtue of the Assignment or this Agreement, be or become subject to any liability or obligation to Tenant under the Lease or otherwise, until and unless Lender shall have obtained title to the Leased Premises, by foreclosure or otherwise, and then only to the extent of liabilities or obligations accruing subsequent to the date that Lender has obtained title to the Leased Premises.

10. After notice is given by Lender pursuant to the Assignment, advising Tenant that the rentals under the Lease should be paid to Lender, Landlord hereby expressly authorizes Tenant to pay to Lender, or in accordance with the directions of Lender, all rentals and other monies due and to become due to Landlord under the Lease.

11. This Agreement shall inure to the benefit of and shall be binding upon Tenant and Landlord and their respective successors and assigns. In the event any one or more of the provisions contained in this Agreement or application thereof shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such validity, illegality or unenforceability shall, at the option of Lender, not affect any other provisions or application of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or application had never been contained herein. This Agreement shall be governed by and construed according to the laws of the State of South Carolina.

12. If any portion or portions of this Agreement shall be held invalid or inoperative, then all of the remaining portions shall remain in full force and effect, and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion or portions held to be invalid or inoperative.

13. This Agreement may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first above-written.

WITNESSES:

Melissa B. Ad
John W. Carter
By: [Signature]
Its: Senior Vice President

BUSINESS CAROLINA, INC.

[Signature]
Kenneth W. Patra
By: Alicane Newton
Its: VP Bus. & Admin

LANDER UNIVERSITY

[Signature]
John A. [Signature]
By: [Signature]
Its: MANAGER

IOS, LLC

U.S. Supreme Court
FORMS Subordinate Non-Distributive & Autonomous Agent Lease and Tenant w/

ESCROW AGREEMENT

THIS ESCROW AGREEMENT made this 31 day of August, 2009, by and between MCDONALD PATRICK POSTON HEMPHILL & ROPER, LLC ("Escrow Agent"), BCI LENDING SOLUTIONS, ("Successor Escrow Agent"), IOS, LLC ("Depositor"), a South Carolina limited liability company, and LANDER UNIVERSITY ("Lander"), a South Carolina institution.

WHEREAS, Depositor operates a hotel in Greenwood, South Carolina, known as "Inn On The Square" ("Leased Premises"); and

WHEREAS, Depositor has ceased operations and has entered into a Lease Agreement with Lander dated of even date herewith ("Lease"), whereby Depositor will lease the entire hotel building, grounds, and certain furniture, fixtures and equipment to Lander for student housing for a term of ten (10) months; and

WHEREAS, Escrow Agent has identified several outstanding mortgages, financing statements and tax liens which affect title to the Leased Premises;

WHEREAS, in consideration of Lander's agreement to lease, the Depositor agrees that Lander shall place all rental payments under the Lease ("Escrow Funds") with the Escrow Agent and subsequently the Successor Escrow Agent by direct deposit to hold in escrow pending the resolution and payment of all liens of record or to become of record during the term of the Lease;

NOW, THEREFORE, Depositor, Escrow Agent, Successor Escrow Agent and Lander hereby agree that, in consideration of the mutual promises and covenants contained herein, Escrow Agent and Successor Escrow Agent, as the case may be, shall hold in escrow and shall distribute the Escrow Funds in accordance with and subject to the following Instructions and Terms and Conditions:

I. INSTRUCTIONS:

1. Escrow Agent

The initial Escrow Agent shall be McDonald Patrick Poston Hemphill & Roper, LLC, which shall serve in such capacity through October 31, 2009. Effective November 1, 2009, or upon turnover of the escrow account with a full accounting by the aforesaid initial Escrow Agent, if later, the successor Escrow Agent shall be BCI Lending Solutions, which shall serve in such capacity until this Escrow Agreement is terminated or until its earlier removal or resignation. Whenever the term Escrow Agent is used throughout this Agreement it shall refer to the initial Escrow Agent and the Successor Escrow Agent, as well as any third party successor.

2. Escrow Funds

Lander shall deposit with the Escrow Agent by wire transfer of immediately available funds, on or prior to the dates established under the Lease, each monthly rental payment due Depositor in the amount of Thirty-One Thousand and No/100 (\$31,000.00) Dollars, which amount represents the full monthly lease rental payment due Depositor under the Lease.

The foregoing funds shall be held in a non-interest bearing account for the benefit of Depositor and shall be referred to as the "Escrow Funds."

3. Distribution of Escrow Funds

Escrow Agent shall hold and distribute the Escrow Funds in the following manner:

- (i) the Escrow Agent shall distribute the Escrow Funds as directed in any written request executed by both the Depositor and Lander; or
- (ii) to any lienholder of record with the prior written approval of Depositor in full or partial satisfaction of lien; or
- (iii) upon receipt of a written statement from each lienholder identified by Escrow Agent of public record that the underlying indebtedness has been paid in full and that such lien is entitled to be satisfied of record; or
- (iv) the Escrow Agent shall distribute the Escrow Funds as may otherwise be directed by Court order.

4. Addresses

Notices, instructions and other communications shall be sent to Escrow Agent as follows:

McDonald Patrick Poston Hemphill & Roper, LLC
Attn: Douglas L. Bell, Esq.
414 Main Street
Greenwood, SC 29646

And to the successor Escrow Agent as follows:

BCI Lending Solutions
C/o Todd Lucas
1523 Huger Street, Suite A
Columbia, SC 29201

And to Depositor as follows:

IOS, LLC
C/o Leonard R. Jordan, Jr.
PO Box 394
Columbia, SC 29202

And to Lander as follows:

Lander University
C/o Diane D. Newton
320 Stanley Avenue
Greenwood, SC 29649

5. Compensation

(a) Depositor shall not be required to pay Escrow Agent any administrative fee.

(b) Depositor shall be responsible for and shall, upon submission by Escrow Agent of appropriate proof and documentation, reimburse Escrow Agent for all routine administrative expenses, disbursements and advances incurred or made by Escrow Agent in connection with this Agreement.

II. TERMS AND CONDITIONS:

1. Limitation of Responsibility.

The duties, responsibilities and obligations of Escrow Agent shall be limited to those expressly set forth herein and no duties, responsibilities or obligations shall be inferred or implied. Escrow Agent shall not be subject to, nor required to comply with, any other agreement to which the Depositor is a party, even though reference thereto may be made herein, or to comply with any direction or instruction (other than those contained herein or delivered in accordance with this Escrow Agreement) from the Depositor or any entity acting on its behalf. Escrow Agent shall not be required to, and shall not, expend or risk any of its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder.

2. Limitation of Benefit.

This Agreement is for the exclusive benefit of the parties hereto and their respective successors hereunder, and shall not be deemed to give, either express or

implied, any legal or equitable right, remedy or claim to any other entity or person whatsoever.

3. Compliance with Judicial Process.

If at any time Escrow Agent is served with any judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process which in any way affects Escrow Funds (including but not limited to orders of attachment or garnishment or other forms of levies or injunctions or stays relating to the transfer of Escrow Funds), Escrow Agent is authorized to comply therewith in any manner as it or its legal counsel of its own choosing deems appropriate; and if Escrow Agent complies with any such judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process, Escrow Agent shall not be liable to any of the parties hereto or to any other person or entity even though such order, judgment, decree, writ or process may be subsequently modified or vacated or otherwise determined to have been without legal force or effect.

4. Limitation of Liability

(a) Escrow Agent shall not be liable for any action taken or omitted or for any loss or injury resulting from its actions or its performance or lack of performance of its duties hereunder in the absence of gross negligence or willful misconduct on its part. In no event shall Escrow Agent be liable (i) for acting in accordance with or relying upon any instruction, notice, demand, certificate or document from the Depositor or any entity acting on behalf of the Depositor, (ii) for any consequential, punitive or special damages, (iii) for the acts or omissions of its nominees, correspondents, designees, subagents or subcustodians, or (iv) for an amount in excess of the value of the Escrow Property, valued as of the date of deposit.

(b) Escrow Agent may consult with legal counsel at the expense of the Depositor as to any matter relating to this Escrow Agreement, and Escrow Agent shall not incur any liability in acting in good faith in accordance with any advice from such counsel.

(c) Escrow Agent shall not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of Escrow Agent (including but not limited to any act or provision of any present or future law or regulation or governmental authority, any act of God or war, or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility).

5. Monthly Statements.

Escrow Agent shall provide to the Depositor monthly statements identifying transactions, transfers or holdings of Escrow Funds and each such statement shall be deemed to be correct and final upon receipt thereof by the Depositor unless Escrow

Agent is notified in writing to the contrary within thirty (30) business days of the date of such statement.

6. Genuineness of Documents

Escrow Agent shall not be responsible in any respect for the form, execution, validity, value or genuineness of documents or securities deposited hereunder, or for any description therein, or for the identity, authority or rights of persons executing or delivering or purporting to execute or deliver any such document, security or endorsement.

7. Form of Notices

Notices, instructions or other communications shall be in writing and shall be given to the address set forth in the "Addresses" provision herein (or to such other address as may be substituted therefor by written notification to Escrow Agent, Lender or Depositor). Notices to Escrow Agent shall be deemed to be given when actually received by Escrow Agent. Escrow Agent is authorized to comply with and rely upon any notices, instructions or other communications believed by it to have been sent or given by Depositor or by a person or persons authorized by Depositor. Whenever under the terms hereof the time for giving a notice or performing an act falls upon a Saturday, Sunday or banking holiday, such time shall be extended to the next day on which Escrow Agent is open for business.

8. Indemnification

Depositor, shall be liable for and shall reimburse and indemnify Escrow Agent and hold Escrow Agent harmless from and against any and all claims, losses, liabilities, costs, damages or expenses (including reasonable attorneys' fees and expenses) (collectively, "Losses") arising from or in connection with or related to this Escrow Agreement or being Escrow Agent hereunder (including but not limited to Losses incurred by Escrow Agent in connection with its successful defense, in whole or in part, of any claim of gross negligence or willful misconduct on its part), provided, however, that nothing contained herein shall require Escrow Agent to be indemnified for Losses caused by its gross negligence or willful misconduct.

9. Removal or Resignation of Escrow Agent

(a) Depositor or Lender may cause the removal of Escrow Agent at any time by giving to Escrow Agent thirty (30) calendar days' prior notice in writing. Escrow Agent may resign at any time by giving to Depositor and Lender thirty (30) calendar days' prior written notice thereof.

(b) Within ten (10) calendar days after giving the foregoing notice of removal to Escrow Agent or receiving the foregoing notice of resignation from

Escrow Agent, Depositor shall have sole authority to appoint a successor Escrow Agent. If a successor Escrow Agent has not accepted such appointment by the end of such 10-day period, Escrow Agent may, in its sole discretion deliver the Escrow Funds to the Depositor at the address provided herein or may apply to a court of competent jurisdiction for the appointment of a successor Escrow Agent or for other appropriate relief. The costs and expenses (including reasonable attorneys' fees and expenses) incurred by Escrow Agent in connection with such proceeding shall be paid by the Depositor.

(c) Upon receipt of the identity of the successor Escrow Agent, Escrow Agent shall either deliver the Escrow Funds then held hereunder to the successor Escrow Agent, less Escrow Agent's costs and expenses.

(d) Upon delivery of the Escrow Funds to successor Escrow Agent, Escrow Agent shall have no further duties, responsibilities or obligations hereunder.

10. No Duty to Act on Ambiguous or Conflicting Instructions

(a) In the event of any ambiguity or uncertainty hereunder or in any notice, instruction or other communication received by Escrow Agent hereunder, Escrow Agent may, in its sole discretion, refrain from taking any action other than retain possession of the Escrow Funds, unless Escrow Agent receives written instructions, signed by the Depositor, which eliminates such ambiguity or uncertainty.

(b) In the event of any dispute between or conflicting claims by the Depositor and any other person or entity with respect to any Escrow Funds, Escrow Agent shall be entitled, in its sole discretion, to refuse to comply with any and all claims, demands or instructions with respect to such Escrow Funds so long as such dispute or conflict shall continue, and Escrow Agent shall not be or become liable in any way to the Depositor for failure or refusal to comply with such conflicting claims, demands or instructions. Escrow Agent shall be entitled to refuse to act until, in its sole discretion, either (i) such conflicting or adverse claims or demands shall have been determined by a final order, judgment or decree of a court of competent jurisdiction, which order, judgment or decree is not subject to appeal, or settled by agreement between the conflicting parties as evidenced in a writing satisfactory to Escrow Agent or (ii) Escrow Agent shall have received security or an indemnity satisfactory to it sufficient to hold it harmless from and against any and all Losses which it may incur by reason of so acting. Escrow Agent may, in addition, elect, in its sole discretion, to commence an interpleader action or seek other judicial relief or orders as it may deem, in its sole discretion, necessary. The costs and expenses (including reasonable attorneys' fees and expenses) incurred in connection with such proceeding shall be paid by, and shall be deemed an obligation of, the Depositor.

11. Governing Law

This Agreement shall be interpreted, construed, enforced and administered in accordance with the internal substantive laws (and not the choice of law rules) of the State of South Carolina. The Depositor hereby submits to the personal jurisdiction of and agrees that all proceedings relating hereto shall be brought in courts located within the State of South Carolina. The Depositor hereby waives the right to trial by jury. To the extent that in any jurisdiction the Depositor may be entitled to claim, for itself or its assets, immunity from suit, execution, attachment (whether before or after judgment) or other legal process, the Depositor hereby irrevocably agrees not to claim, and hereby waives, such immunity.

12. Amendments

Except as otherwise permitted herein, this Escrow Agreement may be modified only by a written amendment signed by all the parties hereto, and no waiver of any provision hereof shall be effective unless expressed in a writing signed by the party to be charged.

13. Waiver

The rights and remedies conferred upon the parties hereto shall be cumulative, and the exercise or waiver of any such right or remedy shall not preclude or inhibit the exercise of any additional rights or remedies. The waiver of any right or remedy hereunder shall not preclude the subsequent exercise of such right or remedy.

14. Due Authorization

The Depositor hereby represents and warrants (a) that this Escrow Agreement has been duly authorized, executed and delivered on its behalf and constitutes its legal, valid and binding obligation and (b) that the execution, delivery and performance of this Escrow Agreement by Depositor do not and will not violate any applicable law or regulation.

15. Enforceability

The invalidity, illegality or unenforceability of any provision of this Agreement shall in no way affect the validity, legality or enforceability of any other provision; and if any provision is held to be enforceable as a matter of law, the other provisions shall not be affected thereby and shall remain in full force and effect.

16. Entire Agreement

This Agreement shall constitute the entire agreement of the parties with respect to the subject matter and supersedes all prior oral or written agreements in regard thereto.

17. Termination

This Agreement shall terminate upon the distribution of all Escrow Funds from the Escrow Account. The provisions of these Terms and Conditions shall survive termination of this Escrow Agreement and/or the resignation or removal of the Escrow Agent.

18. Consent Required

No printed or other material in any language, including prospectuses, notices, reports, and promotional material which mentions Escrow Agent by name or the rights, powers, or duties of the Escrow Agent under this Agreement shall be issued by any other parties hereto, or on such party's behalf, without the prior written consent of Escrow Agent.

19. Headings

The headings contained in this Agreement are for convenience of reference only and shall have no effect on the interpretation or operation hereof.

20. Counterparts

This Escrow Agreement may be executed by each of the parties hereto in any number of counterparts, each of which counterpart, when so executed and delivered, shall be deemed to be an original and all such counterparts shall together constitute one and the same agreement.

21. Ownership of Escrow Funds

The Escrow Agent does not have any interest in the Escrow Funds deposited hereunder but is serving as escrow holder only and having only possession thereof. Depositor shall pay or reimburse the Escrow Agent upon request for any transfer taxes or other taxes relating to the Escrow Funds incurred in connection herewith and shall indemnify and hold harmless the Escrow Agent any amounts that it is obligated to pay in the way of such taxes. Any payments of income from this Escrow Account shall be subject to withholding regulations then in force with respect to United States taxes. Depositor will provide the Escrow Agent with appropriate W-9 forms for tax I.D., number certifications, or W-8 forms for non-resident alien certifications. It is understood that the Escrow Agent shall be responsible for income reporting only with respect to income earned on investment of funds which are a part of the Escrow Property and is not responsible for any other reporting. This paragraph and paragraph (9) shall survive notwithstanding any termination of this Escrow Agreement or the resignation of the Escrow Agent.

22. Senior Lienholder Status

The parties acknowledge that the Escrow Funds are rental payments which are subject to an Assignment of Leases and Rents made by Depositor's predecessor in title to Business Carolina, Inc. and it agrees to hold and disburse the Escrow Funds in accordance with this Escrow Agreement as bailee of Business Carolina, Inc. and that it shall make disbursements from the Escrow Funds solely in accordance with a budget approved by Business Carolina, Inc., and shall provide monthly reports to Business Carolina, Inc. within 10 days after the month's end, for the prior month.

23. Waiver of Conflict

Depositor acknowledges that Escrow Agent regularly represents Lander and is representing Lander in connection with the Lease and the underlying purpose of this agreement is to ensure for Lander's benefit that all of Depositor's liens upon the Leased Premises be satisfied through application of Lander's Lease payments directly to lien creditor's pursuant to approved budget, prior to Depositor's use of the funds. Depositor acknowledges that this presents a conflict of interest for Escrow Agent. Depositor expressly consents to such representation by Escrow Agent of Lander and waives any conflict which results from the limited dual representation. Lander acknowledges that this presents a conflict of interest for Escrow Agent. Lander expressly consents to such representation by Escrow Agent of Depositor under this agreement and waives any conflict which results from the limited dual representation. Lander and Depositor each acknowledge the conflict of interest presented by Successor Escrow Agent's dual representation under this Agreement, and each waives such conflict and consents to such representation. In the event that a dispute or litigation arises with respect to the Escrow Funds, the holding of the Escrow Funds by Escrow Agent or any other matter relating to the transaction contemplated by this Agreement, each party acknowledges and agrees that Escrow Agent may represent Lander in connection with such litigation or dispute and each party waives the right to claim or allege any conflict as a result of such representation.

(Remainder Of Page Intentionally Left Blank; Signature Page To Follow)

IN WITNESS WHEREOF, each of the parties has caused this Escrow Agreement to be executed by a duly authorized officer as of the day and year first written above.

WITNESSES:

John W. La
Barbara B. Osburn

MCDONALD PATRICK POSTON
HEMPHILL & ROPER, LLC

By: *[Signature]*
Its: *[Signature]*

Melissa B. Gyl
John W. Carter

BCI LENDING SOLUTIONS

By: *[Signature]*
Its: *Senior Vice President*

Michael W. Huffman
John Huffman

IOS, LLC

By: *[Signature]*
Its: *MANAGER*

John W. La
Hannah K. Mead

LANDER UNIVERSITY

By: *Diane Menton*
Its: *VP Bus. & Adm.*

EXHIBIT 30

FORM 4.

STATE OF SOUTH CAROLINA

JUDGMENT IN A CIVIL CASE

COUNTY OF GREENWOOD

IN THE COURT OF COMMON PLEAS

CASE NO. 2011-CP-24- 00816
IOS, LLC, PALMETTO INNS, LLC, S. CRAIG WHITE

BUSINESS CAROLINA, INC.

PLAINTIFF(S)

DEFENDANT(S)

Submitted by: <u>Stephanie G. Hess</u> <u>CLAWSON AND STAUBES, LLC</u>	Attorney for: ☒ Plaintiff

DISPOSITION TYPE: (CHECK ONE)

- ☐ JURY VERDICT. This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- ☒ DECISION BY THE COURT. This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.
- ☐ ACTION DISMISSED (CHECK REASON): ☐ Rule 12(b), SCRPC; ☐ Rule 41(a), SCRPC (Vol. Nonsuit); ☐ Rule 43(k), SCRPC (Settled); ☐ Other: _____
- ☐ ACTION STRICKEN (CHECK REASON): ☐ Rule 40(j), SCRPC; ☐ Bankruptcy; ☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other: _____
- ☐ DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):
☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other: _____

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT FILING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED:

- ☒ See attached order. (Formal order to follow)
- ☐ Statement of Judgment by the Court: _____

ORDER INFORMATION

This order ☒ ends ☐ does not end the case. Additional information for the Clerk: Deficiency amount set forth below was calculated at tax sale of subject property

INFORMATION FOR THE PUBLIC INDEX

Complete this section below when the judgment affects title to real or personal property or if any amount should be enrolled. If there is no judgment information, indicate "N/A" in one of the boxes below.

Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount to be Enrolled (List amount(s) below)
BUSINESS CAROLINA, INC	Palmetto Inns, LLC	\$425,218.84
If applicable, describe the property, including tax map information and address, referenced in the order: <u>104 East Court Avenue, Greenwood, SC - former "Inn on the Square" - Greenwood Trms No. 6845-242-879</u>		

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained in this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be computed such as interest or additional taxable costs not available at the time the form and final order are submitted to the judge may be provided to the clerk. Note: Title abstractors and researchers should refer to the official court order for judgment details.

Curtis B. Clark
Circuit Court Judge Special Referee

2098
Judge Code

April 20, 2012
Date

ELECTRONICALLY FILED - 2018 Sep 18 5:19 PM - GREENWOOD - COMMON PLEAS - CASE#2012CP2400576

FILED IN 8TH JUDICIAL CIRCUIT GREENWOOD, SC 2012 MAY 2 PM 2 01

6845-942-879

ELECTRONICALLY FILED - 2018 Sep 18 5:19 PM - GREENWOOD - COMMON PLEAS - CASE#2012CP2400576

STATE OF SOUTH CAROLINA
COUNTY OF GREENWOOD
BUSINESS CAROLINA, INC.,

Plaintiff,

vs.

IOS, LLC, PALMETTO INNS, LLC,
MISTY R. HUFFMAN, BRIDGE
FINANCIAL, LLC, CORNERSTONE
CAPITAL FUNDING, LLC, UPPER
SAVANNAH COUNCIL OF
GOVERNMENTS, UPTOWN
DEVELOPMENT CORPORATION,
LONESTAR VENTURES, LLC, and
THE UNITED STATES OF AMERICA by
and through its agency THE INTERNAL
REVENUE SERVICE,

Defendants.

IN THE COURT OF COMMON PLEAS

CASE NO.: 2011-CP-24-818

201200004452
CLAWSON & STAUBES LLC
126 SEVEN FARMS DR
STE 200
CHARLESTON SC 29492

SPECIAL REFEREE'S DEED
(Public/Private Sale)

201200004452
INGRAM MODN
COUNTY CLERK
GREENWOOD COUNTY SC
06-18-2012 02:55 PM
REC FEE: 10.00

EXEMPT

Instrument Book Page
201200004452 1315 16

TO ALL WHOM THESE PRESENTS SHALL CONCERN:

I, Curtis G. Clark, Esquire, Special Referee for Greenwood County, in the said State, send Greetings:

WHEREAS, in an action in the Court of Common Pleas in Greenwood County between Business Carolina, Inc., as Plaintiff, and Defendants, IOS, LLC, Palmetto Inns, LLC, S. Craig White, Case No.: 2011-CP-24-⁹¹⁸, by an Order dated February 7, 2012, it was decreed that the property hereinafter described should be sold by the Special Referee for Greenwood County on the terms and for the purposes mentioned in the order(s) granted in the case as by reference thereto will appear.

WHEREAS, the property was sold to the Plaintiff, Business Carolina, Inc., as the highest bidder, for the consideration of \$805,000.00.

WHEREAS, the prior owner is IOS, LLC.

NOW THEREFORE KNOW ALL MEN, that I, the undersigned, as Special Referee for Greenwood County, pursuant to the foregoing and in consideration of the sum of

Deed Bk: 1315 Pg: 16

Greenwood County, SC - Doc. ID: 2012-4452

1/5

ROA_0654

\$805,000.00 paid by the hereinafter named grantee, the receipt whereof is hereby acknowledged, have granted, bargained, sold, and released, and by these presents do grant and release unto the grantee, **Business Carolina, Inc.**, 1523 Huger Street, Suite A , Columbia , South Carolina 29201 the following described property.

ALL those certain pieces, parcels or lots of land, containing approximately 0.547 acres, together with the improvements thereon, situate, lying and being on the southern side of East Court Street, in the City of Greenwood, County of Greenwood, State of South Carolina and being designated and described as Lots A, B and C, Abandoned Alley and Addition On a plat made for the Ili Group, LLC by John H. Welborn, PLS, dated September 15, 1997 and recorded in the Office of the Clerk of Court for Greenwood County in Plat Book 104, page 11, which plat by reference is made a part hereof for a more complete and accurate description by metes, courses, distances and bounds.

SAID property being more fully described according to said plat as follows:

Beginning at a point located at the southeastern intersection of 104 East Court Avenue and South Main Street, being the point of beginning; thence S 07° 46' 45" E, a distance of 117.49' to a point; thence S 07° 09' 33" E, a distance of 19.20' to a point; thence S 16° 15' 09" E, a distance of 1.01' to a point; thence N 82° 10' 50" E a distance of 158.40' to a point; thence N 08° 20' 23" W, a distance of 19.19' to a point; thence N 08° 20' 23" W, a distance of 20.10' to a point; thence N 64° 03' 12" E, a distance of 1.39" to a point; thence N 64° 03' 12" E, a distance of 17.87' to a point; thence N 64° 03' 12" E, a distance of 2.66' to a point; thence N 64° 03' 12" E, a distance of 15.78' to a point; thence N 07° 49' 26" W, a distance of 87.09' to a point; thence S 82° 28' 48" W, a distance of 15.0' to a point; thence N 05° 12' 26" W, a distance of 1.08' to a point; thence S 82° 28' 48" W, a distance of 20.72' to a point; thence S 82° 28' 48" W, a distance of 12.45' to a point; thence S 82° 26' 23" W, a distance of 49.72' to a point; thence S 81° 40' 27" W, a distance of 94.0' to a point, being the point of beginning, be all dimensions and measurements a little more or less.

This being the same property conveyed to IOS, LLC, by deed from The City of Greenwood, dated September 25, 2006, and recorded September 27, 2006, in Book 999 at page 294, in the Office of the Greenwood County Register of Deeds; and by deed from Defendant, Palmetto Inns, LLC, dated February 16, 2005, and recorded March 7, 2005, in the RMC/ROD Office for Greenwood County in Book 895 at Page 90.

TMS# 6845-942-879

Property Address: 104 E. Court Avenue, Greenwood, SC 29646

TOGETHER with all and singular the hereditaments, rights, members, and

appurtenances whatsoever to the said property belonging or in any wise incident or appertaining, and the reversions and remainders, rents, issues, and profits thereof, and also any estate, right, title, interest, dower, possession, benefit, claim, or demand therein whatsoever of all parties to the said suit and of all other persons who might rightfully claim the same or any part thereof, by, from, or under them, or either of them;

TO HAVE AND TO HOLD the said property, with its hereditaments, privileges and appurtenances, unto the said grantee, its successors and assigns for its own use, benefit, and behoof, forever.

IN WITNESS WHEREOF, I, the undersigned, as Special Referee for Greenwood County, under and by virtue of the said order(s), have hereunto set my Hand and Seal the 20th day of April, in the year of our Lord Two Thousand Twelve in the Two Hundred Thirty Fifth year of the Sovereignty and Independence of the United States of America.

SIGNED, SEALED, AND DELIVERED IN THE PRESENCE OF:

Jane Bradford
Witness
Paulen Clark
Witness

Curtis G. Clark (L.S.)
Curtis G. Clark, Esquire
Special Referee for Greenwood County

STATE OF SOUTH CAROLINA)
COUNTY OF GREENWOOD)

I, JANE BRADFORD, do hereby certify that Curtis G. Clark, Esquire, Special Referee for Greenwood County, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the 20th day of April, 2012.

Jane Bradford
Notary Public for South Carolina
My commission expires: 1-12-20

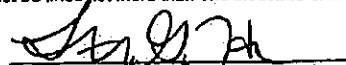
STATE OF SOUTH CAROLINA

AFFIDAVIT

COUNTY OF Greenwood

PERSONALLY appeared before me the undersigned, who being duly sworn, deposes and says:

1. I have read the information on this Affidavit, and I understand such information.
2. The property being transferred is located at 104 E. Court Avenue, Greenwood, SC 29646, bearing Greenwood County Tax Map Number 884-S9-42-B79, was transferred by Curtis G. Clark, Esquire, Special Referee for Greenwood County to Business Carolina, Inc. on April 4, 2012.
3. Check one of the following: The DEED is
 - (a) ☐ subject to the deed recording fee as a transfer for consideration paid or to be paid in money or money's worth.
 - (b) ☐ subject to the deed recording fee as a transfer between a corporation, a partnership, or other entity and a stockholder, partner, or owner of the entity, or is a transfer or as a distribution to a trust beneficiary.
 - (c) ☒ EXEMPTION #13 - Deed executed pursuant to foreclosure proceedings.
4. Check one of the following if either item 3(a) or item 3(b) above has been checked.
 - (a) ☐ The fee is computed on the consideration paid or to be paid in money or money's worth in the amount of \$_____.
 - (b) ☐ The fee is computed on the fair market value of the realty which is \$_____.
 - (c) ☐ The fee is computed on the fair market value of the realty as established for property tax purposes which is \$_____.
5. Check YES ☐ or NO ☐ to the following: A lien or encumbrance existed on the land, tenement, or realty before the transfer and remained on the land, tenement, or realty after the transfer. If "YES," the amount of the outstanding balance of this lien or encumbrance is \$_____.
6. The DEED Recording Fee is computed as follows:
 - (a) ☐ the amount listed in item 4 above.
 - (b) ☐ the amount listed in item 5 above (no amount place zero)
 - (c) ☐ Subtract line 6(b) from Line 6(a) and place the result.
7. As required by Code Section 12-24-70, I state that I am a responsible person who was connected with the transaction as: Attorney.
8. Check if Property other than Real Property is being transferred on this Deed.
 - (a) ☐ Mobile Home
 - (b) ☐ Other
9. ☐ DEED OF DISTRIBUTION - ATTORNEY'S AFFIDAVIT Estate of _____ Deceased Case Number _____. Personally appeared before me the undersigned attorney who, being duly sworn, certified that (s)he is licensed to practice law in the State of South Carolina, that (s)he has prepared the Deed of Distribution for the Personal Representative in the Estate of _____ deceased and that the grantee(s) therein are correct and conform to the estate file for the above named decedent.
10. I understand that a person required to furnish this affidavit who willfully furnishes a false or fraudulent affidavit is guilty of a misdemeanor and, upon conviction, must be fined not more than one thousand or imprisoned not more than one year, or both.


Grantor, Grantee, or Legal Representative
connected with this transaction

Stephanig G. Hess
Print or Type Name Here

Sworn to before me this 16
day of April, 2012.


Notary Public for South Carolina
My Commission Expires 9/26/2020

INFORMATION

Except as provided in this paragraph, the term "value" means "the consideration paid or to be paid in money or money's worth for the realty". Consideration paid or to be paid in money's worth includes, but is not limited to, other realty, personal property, stocks, bonds, partnership interest and other intangible property, the forgiveness or cancellation of a debt, the assumption of a debt, and the surrendering of any right. The fair market value of the consideration must be used in calculating the consideration paid in money's worth. Taxpayers may elect to use the fair market value of the realty being transferred in determining fair market value of the consideration. In the case of realty transferred between a corporation, partnership, or other entity and a stockholder, partner, or owner of the entity, and in the case of realty transferred to a trust or as a distribution to a trust beneficiary, "value" means the realty's fair market value. A deduction from value is allowed for the amount of any lien or encumbrance existing on the land, tenement, or realty before the transfer and remaining on the land, tenement, or realty after the transfer. Taxpayers may elect to use the fair market value for property tax purposes in determining fair market value under the provisions of the law.

Exempted from the fee are deeds: Section 12-24-40

- (1) transferring realty in which the value of the realty, as defined in Code Section 12-24-30, is equal to or less than one hundred dollars;
- (2) transferring realty to the federal government or to a state, its agencies and departments, and its political subdivisions, including school districts;
- (3) that are otherwise exempted under the laws and Constitution of this State or of the United States;
- (4) transferring realty in which no gain or loss is recognized by reason of Section 1041 of the Internal Revenue Code as defined in Section 12-8-40(A);
- (5) transferring realty in order to partition realty as long as no consideration is paid for the transfer other than the interests in the realty that are being exchanged in order to partition the realty;
- (6) transferring an individual grave space at a cemetery owned by a cemetery company licensed under Chapter 55 of Title 39;
- (7) that constitutes a contract for the sale of timber to be cut;
- (8) transferring realty to a corporation, a partnership, or a trust in order to become, or as, a stockholder, partner, or trust beneficiary of the entity provided no consideration is paid for the transfer other than stock in the corporation, interest in the partnership, beneficiary interest in the trust, or the increase in value in such stock or interest held by the grantor. However, the transfer of realty from a corporation, a partnership, or a trust to a stockholder, partner, or trust beneficiary of the entity is subject to the fee even if the realty is transferred to another corporation, a partnership, or trust.
- (9) transferring realty from a partnership to a partner or from a family trust to a beneficiary, provided no consideration is paid for the transfer other than a reduction in the grantee's interest in the partnership or trust. A "family partnership" is a partnership whose partners are all members of the same family. A "family trust" is a trust, in which the beneficiaries are all members of the same family. The beneficiaries of a family trust may also include charitable entities. "Family" means the grantor and the grantor's spouse, parents, grandparents, sisters, brothers, children, stepchildren, grandchildren, and the spouses and lineal descendants of any of the above. A "charitable entity" means an entity which may receive deductible contributions under Section 170 of the Internal Revenue Code as defined in Section 12-6-4(A);
- (10) transferring realty in a statutory merger or consolidation from a constituent corporation to the continuing or new corporation; (11) transferring realty in a merger or consolidation from a constituent partnership to the continuing or new partnership; and,
- (12) that constitute a corrective deed or a quitclaim deed used to confirm title already vested in the grantee, provided that no consideration of any kind is paid or is to be paid under the corrective or quitclaim deed.
- (13) transferring realty subject to a mortgage to the mortgagee whether by a deed in lieu of foreclosure executed by the mortgagor or deed executed pursuant to foreclosure proceedings.
- (14) transferring realty from an agent to the agent's principal in which the realty was purchased with funds of the principal, provided that a notarized document is also filed with the deed that establishes the fact that the agent and principal relationship existed at the time of the original purchases as well as for the purpose of purchasing the realty.
- (15) Transferring title to facilities for transmitting electricity that is transferred, sold, or exchanged by electrical utilities, municipalities, electric cooperatives, or political subdivisions to a limited liability company which is subject to regulation under the Federal Power Act (16 U.S.C. Section 791(a) and which is formed to operate or to take functional control of electric transmission assets as defined in the Federal Power Act.

EXHIBIT "B-9"

ELECTRONICALLY FILED - 2018 Sep 18 5:19 PM - GREENWOOD - COMMON PLEAS - CASE#2012CP2400576

STATE OF SOUTH CAROLINA
COUNTY OF GREENWOOD
BUSINESS CAROLINA, INC.,

Plaintiff,

vs.

IOS, LLC, PALMETTO INNS, LLC,
MISTY R. HUFFMAN, BRIDGE
FINANCIAL, LLC, CORNERSTONE
CAPITAL FUNDING, LLC, UPPER
SAVANNAH COUNCIL OF
GOVERNMENTS, UPTOWN
DEVELOPMENT CORPORATION,
LONESTAR VENTURES, LLC, and
THE UNITED STATES OF AMERICA by
and through its agency THE INTERNAL
REVENUE SERVICE,

Defendants.

IN THE COURT OF COMMON PLEAS

CASE NO.: 2011-CP-24-818

ORDER FOR DEFICIENCY
JUDGMENT

8TH JUDICIAL CIRCUIT
GREENWOOD, SC
2012 PM 2 PM 2 01

CLERK OF COURT
GREENWOOD COUNTY
S.C.

THIS MATTER came before the undersigned upon referral for foreclosure and the Plaintiff reserving its right to a deficiency judgment; and

IT APPEARING TO THE COURT that upon consideration of the Master's Order of Sale and Disbursement in the above case, and upon the Order of Foreclosure entered February 7, 2012;

IT IS ORDERED that the Plaintiff have judgment against the Defendant, Palmetto Inns, LLC, in the sum of \$425,218.84 Dollars, plus interest accruing thereon from and after April 4, 2012, at the legal rate of interest for judgments.

AND IT IS SO ORDERED.

Curtis G. Clark
Curtis G. Clark, Esquire
Special Referee for Greenwood County

Greenwood, South Carolina

April 20, 2012

EXHIBIT "B-10"

STATE OF SOUTH CAROLINA
COUNTY OF GREENWOOD
BUSINESS CAROLINA, INC.,

Plaintiff,

vs.

IOS, LLC, PALMETTO INNS, LLC, MISTY
R. HUFFMAN, BRIDGE FINANCIAL, LLC,
CORNERSTONE CAPITAL FUNDING,
LLC, UPPER SAVANNAH COUNCIL OF
GOVERNMENTS, UPTOWN
DEVELOPMENT CORPORATION,
LONESTAR VENTURES, LLC, and THE
UNITED STATES OF AMERICA by and
through its agency THE INTERNAL
REVENUE SERVICE,

Defendants.

IN THE COURT OF COMMON PLEAS

CASE NO.: 2011-CP-24-818

SUPPLEMENTAL ORDER

2012 SEP 26 AM 5 56
8TH JUDICIAL CIRCUIT
GREENWOOD, SC

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 01-10-2011 BY 60322
UCBAW/STP/STP

ELECTRONICALLY FILED - 2018 Sep 18 5:19 PM - GREENWOOD - COMMON PLEAS - CASE#2012CP2400576

IT APPEARING TO THE COURT that the Summons and Complaint in the above captioned action was filed on or about July 22, 2011, and an Order of Foreclosure and Sale was entered on February 13, 2012;

IT FURTHER APPEARING that the Plaintiff, Business Carolina, Inc., was the successful bidder at the foreclosure sale and a Deed was been issued to the Plaintiff for the property known as 104 E. Court Avenue, Greenwood, SC 29646;

IT FURTHER APPEARING that it has now come to the attention of the Plaintiff that a lien filed by the Defendant, The United States of America, by and through its agency, The Internal Revenue Service, should have been included in this action;

IT FURTHER APPEARING that there were no surplus funds resulting from the Sale of this aforementioned property, and that the lien described above is junior and subordinate to the Mortgage held by the Plaintiff;

NOW, THEREFORE, it is hereby ORDERED, ADJUDGED AND DECREED, that the lien filed by the Defendant, The United States of America by and through its agency The Internal Revenue Service, dated April 23, 2010, and recorded April 30, 2010, in the RMC/ROD Office for Greenwood County in Book 6 at Page 6, is hereby discharged only as to the property known as 104 E. Court Avenue, Greenwood, SC 29646, which is the property subject to this foreclosure action.

Curtis G. Clark

The Honorable Curtis G. Clark
Special Referee for Greenwood County

Greenwood, South Carolina
September 6, 2012

WE SO MOVE:


Stephanie G. Hess
CLAWSON AND STAUBES, LLC
126 Seven Farms Drive, Suite 200
Charleston, South Carolina 29492-8144
(843) 577-2026

Attorneys for the Plaintiff

WE CONSENT:


George J. Conits
Assistant US Attorney
55 Beattie Place, Ste 700
Greenville, SC 29601
(864) 282-2100

Attorney for the Defendant United States of
America by and through its agency
The Internal Revenue Service

A 2 CG2

FORM 4

STATE OF SOUTH CAROLINA

JUDGMENT IN A CIVIL CASE

COUNTY OF GREENWOOD

IN THE COURT OF COMMON PLEAS

CASE NO. 2011-CP-24- 818

BUSINESS CAROLINA, INC.

IOS, LLC, PALMETTO INNS, LLC, ET. AL.

PLAINTIFF(S)

DEFENDANT(S)

Submitted by: Stephanie A. Grunthal
CLAWSON AND STAUBES, LLCAttorney for: ☒ Plaintiff

DISPOSITION TYPE: (CHECK ONE)

- ☐ JURY VERDICT. This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- ☒ DECISION BY THE COURT. This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.
- ☐ ACTION DISMISSED (CHECK REASON): ☐ Rule 12(b), SCRCP; ☐ Rule 41(a), SCRCP (Vol. Nonsuit); ☐ Rule 43(b), SCRCP (Settled); ☐ Other: _____
- ☐ ACTION STRICKEN (CHECK REASON): ☐ Rule 40(j), SCRCP; ☐ Bankruptcy; ☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other: _____
- ☐ DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):
☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other: _____

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT FILING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED:

☒ See attached order. (Formal order to follow)☐ Statement of Judgment by the Court: _____

ORDER INFORMATION

This order ☐ ends ☒ does not end the case. Additional Information for the Clerk: Deficiency is demanded
by Plaintiff

INFORMATION FOR THE PUBLIC INDEX

Complete this section below when the judgment affects title to real or personal property or if any amount should be enrolled. If there is no judgment information, indicate "N/A" in one of the boxes below.

Judgment In Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount to be Enrolled (List amount(s) below)
		\$ N/A
		\$
		\$

If applicable, describe the property, including tax map information and address, referenced in the order: _____

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained in this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be computed such as interest or additional taxable costs not available at the time the form and final order are submitted to the judge may be provided to the clerk. Note: Title abstractors and researchers should refer to the official court order for judgment details.

Curtis B. Clark
Circuit Court Judge Special Return2093
Judge CodeFebruary 7, 2012
Date

ELECTRONICALLY FILED - 2018 Sep 18 5:19 PM - GREENWOOD - COMMON PLEAS - CASE#2012CP2400576

For Clerk of Court Office Use Only

This judgment was entered on the 14 day of Feb, 2012 and a copy mailed first class or placed in the appropriate attorney's box on this 14 day of Feb, 2012 to attorneys of record or to parties (when appearing pro se) as follows:

Stephanie A. Grunthal
CLAWSON AND STAUBES, LLC
126 Seven Farms Dr, Suite 200
Charleston, SC 29492

IOS, LLC
c/o John Huffman, Registered Agent
102 Stonebrook Drive
Blythewood, SC 29016

Palmetto Inns, LLC
c/o Craig White, Registered Agent
1430 Richland Street
Columbia, SC 29201

Misty R. Huffman
102 Stonebrook Drive
Blythewood, SC 29016

Bridge Financial, LLC
c/o Craig White, Manager
1430 Richland Street
Columbia, SC 29201

Cornerstone Capital Funding, LLC
c/o James G. Flashman, II,
Registered Agent
1929 Marlon Street
Columbia, SC 29201

Upper Savannah Council of Governments
c/o Roy R. Hemphill, Esquire
PO Box 1547
Greenwood, SC 29648

Uptown Development Corporation
c/o Angela Jones, Manager
520 Monument Street
Greenwood, SC 29648

Lonestar Ventures, LLC
c/o Misty R. Huffman,
Registered Agent
102 Stonebrook Drive
Blythewood, SC 29016

George J. Conits
Assistant US Attorney
55 Beattie Place, Ste. 700
Greenville, SC 29601

Attorney(s) for Plaintiff

Attorney(s) for Defendant(s) and/or Pro Se Defendant(s)

Clerk of Court: _____

Court Reporter: NWF

STATE OF SOUTH CAROLINA
COUNTY OF GREENWOOD
BUSINESS CAROLINA, INC.,

Plaintiff,

vs.

IOS, LLC, PALMETTO INNS, LLC,
MISTY R. HUFFMAN, BRIDGE
FINANCIAL, LLC, CORNERSTONE
CAPITAL FUNDING, LLC, UPPER
SAVANNAH COUNCIL OF
GOVERNMENTS, UPTOWN
DEVELOPMENT CORPORATION,
LONESTAR VENTURES, LLC, and
THE UNITED STATES OF AMERICA by
and through its agency THE INTERNAL
REVENUE SERVICE,

Defendants.

IN THE COURT OF COMMON PLEAS

CASE NO.: 2011-CP-24-818

ORDER

(DEFICIENCY DEMAND)

FILED CC 11-11-11
8TH JUDICIAL CIRCUIT
GREENWOOD, SC
2012 FEB 13 PM 5 36

Pursuant to Rule 53, of the South Carolina Rules of Civil Procedure, the above-entitled matter was referred to the undersigned for the purpose of taking testimony and making a final decision in this matter, which decision shall be appealable to Section 14-11-85 of the Code of Laws of South Carolina, 1976, as amended. Pursuant to the Order of Default and Reference dated December 29, 2011, a hearing was held on January 31, 2012, which testimony was taken and is herewith reported.

FINDINGS OF FACT

I, therefore, find as follows:

1. The Lis Pendens was filed on July 22, 2011.
2. The Summons and Complaint were filed on July 22, 2011.
3. Service was made upon the Defendant, Palmetto Inns, LLC, on August 11, 2011, as shown by the Affidavit of Service filed herein.
4. Service was made upon the remaining Defendants, as shown by the Affidavit(s) of Service, Acknowledgment(s) of Service and/or Consent(s) to Reference.
5. The Defendants, IOS, LLC, Palmetto Inns, LLC, Misty R. Huffman, Bridge

Financial, LLC, Cornerstone Capital Funding, LLC, Uptown Development Corporation, and Lonestar Ventures, LLC, are in default as shown by the Affidavit on file herein.

6. According to the Affidavit filed herein, no Defendant in default is in the Military Service of the United States of America, as contemplated under The Soldier's and Sailor's Civil Relief Act of 1940, and any amendments thereto.

7. An Order of Default and Reference was filed herein, and this matter was referred to me as Special Referee for Greenwood County for the purpose of taking testimony and making findings of fact and conclusions of law and to render a final decree with direct appeal to the South Carolina Supreme Court or the South Carolina Court of Appeals as provided by the South Carolina Appellate Court Rules and pursuant to Section 14-11-85 of the Code of Laws of South Carolina, 1976, as amended.

8. On or about December 31, 2002, for value received, the Defendant, IOS, LLC, by S. Craig White, its Member/Manager, made, executed and delivered to Business Carolina, Inc. (hereinafter "Plaintiff") a Promissory Note (the "Note").

9. Simultaneously therewith, the Defendant, Palmetto Inns, LLC, by S. Craig White, its Member/Manager, executed a Mortgage of Real Estate (the "Mortgage") wherein pledged as collateral certain real property commonly described as 104 E. Court Avenue, Greenwood, SC 29646, to secure repayment of all indebtedness under the Note.

10. Thereafter, the Mortgage was recorded on February 13, 2003, in the RMC/ROD Office for Greenwood, County in Book 1453 at Page 87.

11. Under the terms of the Note and Mortgage, the Defendant, Palmetto Inns, LLC, promised to pay the Plaintiff the sum of \$1,000,000.00 plus interest, costs and reasonable attorneys' fees. Other terms and conditions are stated in the Note and Mortgage, which are of record herein.

12. The Mortgage secures a commercial or other non-residential property, and therefore, is not subject to modification under the Home Affordable Modification Program ("HMP").

13. The property secured by the Mortgage is not the primary residence of the Defendant, Palmetto Inns, LLC, does not meet the definition of "owner-occupied" dwelling provided in the South Carolina Supreme Court Administrative Order, and therefore is not

subject to foreclosure intervention as provided in the Order.

14. On or about December 31, 2002, for value received, the Defendant, Palmetto Inns, LLC, by S. Craig White, its Manager, did further secure the Note and Mortgage and made, executed and delivered to Business Carolina, Inc, the Plaintiff, an Assignment of Rents, which was recorded February 13, 2003, in the RMC/ROD Office for Greenwood County in Book 1453 at Page ~~87~~ 97. CG

15. This property is currently owned by Defendant, IOS, LLC, by Deed from The City of Greenwood, in the amount of \$5.00, dated September 25, 2006, and recorded September 27, 2006, in the RMC/ROD Office for Greenwood County in Book 999 at Page 294; and by deed from Defendant, Palmetto Inns, LLC, in the amount of \$5.00, dated February 16, 2005, and recorded March 7, 2005, in the RMC/ROD Office for Greenwood County in Book 895 at Page 90.

16. Thereafter on or about March 29, 2005, by Agreement the Plaintiff, Palmetto Inns, LLC and IOS, LLC modified the terms of the original Note, dated December 31, 2002, and entered into a Forbearance Agreement. The Loan Modification Agreement, Forbearance Agreement and Addendum to Forbearance Agreement, *inter alia* adjusted the total debt amount, extended the date of maturity to March 15, 2011, and acknowledged IOS, LLC as the current title holder of the subject property.

17. The Note and Mortgage provide that the mortgagor will promptly pay the principal and interest evidenced by the Note at the time and in the manner therein provided.

18. According to the terms and conditions of the Note and Mortgage, it is provided that in the event of default in the payment of any installment when due, the entire principal and accrued interest shall at once become due and payable, at the option of the holders, and the mortgagee shall have power to sell said premises according to law and this Mortgage may be foreclosed and any such expenses and fees as may be incurred including the fees of any attorney employed by the mortgagee in any litigation or proceeding affecting said premises, shall be paid by the mortgagor and secured by this instrument. And it is further agreed that in case the debt secured by the Mortgage or any part thereof is collected by suit or action, or the Mortgage be foreclosed, or put into the

hands of an attorney for collection, suit, action or foreclosure, the said mortgagor shall be chargeable with all costs of collection including reasonable attorneys fees, which charges and fees together with all costs and expenses, are hereby secured and may be recovered in any suit or action hereupon or hereunder.

19. The payments due on the Note and Mortgage, have not been made as provided for in the Note and Mortgage, and the Plaintiff, as the holder thereof, has elected to require immediate payment of the entire amount due thereon and has placed the Note and Mortgage in the hands of its attorneys herein for collection.

20. With respect to attorney fees, in view of the potential liabilities inherent in a real property matter, the attendant responsibilities, and the size of the mortgage debt, I find that a reasonable attorney's fee would be \$6,000.00. The Plaintiff engaged an attorney to foreclose the mortgage as expeditiously as possible, given the detriment to Plaintiff's equity position as a direct result of increasing losses from the running interest. It appears that the attorney examined the title to identify all parties having or claiming any interest in the subject real estate, the preparation of certain pleadings and other documents including the following:

- a. Lis Pendens;
- b. Summons and Complaint;
- c. Affidavit(s) of Service;
- d. Acknowledgment(s) of Service;
- e. Order of Reference;
- f. Notice(s) of Hearing;
- g. Record (Transcript) of Testimony; and
- h. Proposed Special Referee's Report and Judgment of Foreclosure and Sale.

21. Additionally, the attorney prepared and served the pleadings upon the Defendant personally or by statutory/substitute service, provided reinstatement and payoff figures and payment histories as requested or required, and scheduled and attended the hearing in this matter.

22. Future duties include forwarding copies of the Judgment to appearing counsel, obtaining bidding instructions from Plaintiff or its designee, representing Plaintiff at the sale, preparing an Order of Sale or Report on Sale and Disbursements and Order

Confirming Sale, and preparing the Special Referee's Deed and any other documents necessary in this particular action.

23. In addition to the time invested to date, the Court anticipates a minimum of two (2) hours after the hearing. Moreover, depending upon the interest shown by the Defendant, third parties, or counsel for either and the inherent negotiations required thereby, other time may also be committed to the completion of the case.

24. In regard to the professional standing of counsel, representation of Plaintiff has been undertaken by the firm of CLAWSON & STAUBES, LLC. The attorneys primarily involved in this representation have been Kristen N. Nichols, R. Timothy Whisler, Stephanie G. Hess and Andrew F. Carson. They concentrate their practice in the areas of foreclosure, bankruptcy and commercial litigation.

25. The fee requested is customary for the services provided, given the professional standing of Plaintiff's counsel. Also the Plaintiff's attorneys have achieved the beneficial result of a prompt foreclosure of the mortgage.

26. The amount due and owing on the Note and Mortgage, with interest at the rate provided in the Note, and other costs and expenses of collection, including attorneys fees secured by the Note and Mortgage are as follows:

(a) Principal due as of January 31, 2012	<u>\$1,120,949.31</u>
(b) Accrued Interest as of January 31, 2012	<u>\$72,427.95</u>
(c) Escrow Adjustments (debits or credits)	<u>\$0.00</u>
(d) Costs of Collection prior to hearing (Clerk of Court, Service Fee, Title Search, Special Referee)	<u>\$1,568.00</u>
(e) Taxes, insurance, late fees, etc. not included above	<u>\$9,085.79</u>
(f) Attorneys Fees	<u>\$6,000.00</u>
Total debt secured by the Note and Mortgage, including interest to date shown:	<u>\$1,210,031.05</u>

Interest for the period from the date shown in (b) above through the date of this judgment at the rate of 6.75% per annum (\$210.18 per diem) (pursuant to the terms of the Note and Mortgage) to be added to the above stated "Total Debt" to comprise the amount of the

judgment debt entered herein and interest after the date of judgment at the legal rate of interest for judgments on the judgment debt should be added to such judgment debt to comprise the amount of Plaintiff's debt secured by the Mortgage through the date to which such interest is computed.

27. The Plaintiff does not waive, but specifically demands judgment against the Defendant, Palmetto Inns, LLC, for the full amount found to be due to the Plaintiff on the Note and Mortgage held by the Plaintiff, with the right to enter personal judgment against the Defendant, Palmetto Inns, LLC, for any deficiency in this action remaining after sale of the mortgaged premises. Since a deficiency is demanded, the bidding will remain open for a period of thirty (30) days as prescribed by law.

28. The Defendant below named claim or may claim to have some interest in or lien upon the premises covered by the Plaintiff's Mortgage, or some part thereof, by virtue of the matters and things set forth below, but any such interest in or lien upon the said premises is junior and subordinate to the lien of the Plaintiff's Mortgage or does not attach to the property which is the subject of this action, or has been paid in full and not satisfied of record, and in the event there is a surplus from the sale of the subject property, the validity, priority and amount of any such interest or lien will be determined at a hearing subsequent to the sale as prescribed by law. Said liens or interests are of record in the RMC Office for Clerk of Court's Office for Greenwood County and are described as follows:

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- (a) The Defendant, Misty R. Huffman, by virtue of a Mortgage given by, IOS, LLC in the amount of \$200,000.00, dated July 6, 2005 and recorded July 18, 2005 in the RMC/ROD Office for Greenwood County in Book 1883 at Page 296.
- (b) The Defendant, Bridge Financial, LLC, by virtue of a Mortgage given by IOS, LLC in the amount of \$115,475.00, dated May 24, 2006 and recorded September 12, 2006 in the RMC/ROD Office for Greenwood County in Book 2069 at Page 148.
- (c) The Defendant, Cornerstone Capital Funding, LLC, by virtue of a Mortgage given by IOS, LLC in the amount of \$230,000.00, dated January 5, 2007, and recorded January 8, 2007, in the RMC/ROD Office for Greenwood County in Book 2120 at Page 289.
- (d) The Defendant, Upper Savannah Council of Governments, by virtue of a

Mortgage given by IOS, LLC in the amount of \$250,000.00, dated January 24, 2007, and recorded January 25, 2007 in the RMC/ROD Office for Greenwood County in Book 2129 at Page 1; and rerecorded January 5, 2009, in Book 2376 at Page 304.

- (e) The Defendant, Uptown Development Corporation, by virtue of a Mortgage given by IOS, LLC in the amount of \$50,000.00, dated January 24, 2007, and recorded January 25, 2007, in the RMC/ROD Office for Greenwood County in Book 2129 at Page 11.
- (f) The Defendant, Lonestar Ventures, LLC, by virtue of a Mortgage given by IOS, LLC in the amount of \$50,000.00, dated January 29, 2007, and recorded April 2, 2007, in the RMC/ROD Office for Greenwood County in Book 2158 at Page 228
- (g) The Defendant, Upper Savannah Council of Governments, by virtue of a Mortgage given by IOS, LLC in the amount of \$250,000.00, dated January 8, 2007, and recorded January 9, 2009, in the RMC/ROD Office for Greenwood County in Book 2376 at Page 304.
- (h) The Defendant, The United States of America by and through its agency The Internal Revenue Service, by virtue of Federal Tax Liens against IOS LLC:
 - (1) In the amount of \$1,583.38, dated February 24, 2011 and filed March 8, 2011, as Number: 201190000508.
 - (2) In the amount of \$24,381.39, dated April 1, 2010 and filed April 12, 2010, as Number 201090000730.
 - (3) In the amount of \$271131.87, dated April 1, 2010 and filed April 12, 2010, as Number 201090000729.

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Pursuant to Section 2410(c), Title 28, Unites State Code, the Defendant, the United States of America by and through its Agency the Internal Revenue Service, has a right of redemption on proper application to redeem the within property for 120 days from the date of sale of the subject property.

CONCLUSIONS OF LAW

I, therefore, conclude as follows:

A. The Plaintiff's Mortgage constitutes a first (1st) lien on the subject real property, subject only to the lien for unpaid Greenwood County ad valorem taxes, if any,

on the subject real property.

B. The Plaintiff should have judgment of foreclosure of its Mortgage.

C. The mortgaged property should be ordered sold at public auction after due advertisement. The sale shall be made subject to taxes and assessments that are due on the day of sale. That after making the required deposit the successful bidder at the sale should be required to pay interest at the legal rate of interest for judgments from the date of sale through the date of compliance.

D. The proceeds arising from such sale should be applied, first, to the costs and disbursements of this action, including attorney's fees, and next, to the payment and discharge of the amount of the Plaintiff's debt and interest or so much thereof as the proceeds will pay, and any surplus should be held pending further order of the Court.

E. If the proceeds of sale are insufficient to pay the amounts hereinbefore authorized to be paid out of said proceeds, with the interest, costs and disbursements as aforesaid, the parties hereto entitled to such deficiency have judgment therefor against the Defendant, Palmetto Inns, LLC.

Now, on motion of Plaintiff's attorney, Clawson and Staubes, LLC,

IT IS ORDERED, ADJUDGED AND DECREED, that there is due to the Plaintiff on the Note and Mortgage set forth in the Complaint the sum of \$1,210,031.05 representing the "Total Debt" due Plaintiff as set out in Paragraph 26, *supra*, together with interest at the rate of 6.75% per annum (\$210.18 per diem) as provided in said Note on the balance of principal from the aforesaid date to the date hereof; and

IT IS FURTHER ORDERED, ADJUDGED AND DECREED, that the amount due in the preceding paragraph (the "Total Debt" as set forth in Paragraph 26, *supra*, and later accrued interest on the principal) shall constitute the total judgment debt due the Plaintiff and shall bear interest hereafter at the legal rate of interest for judgments; and

IT IS FURTHER ORDERED, ADJUDGED AND DECREED, that the Defendant, Palmetto Inns, LLC, on or before the date of sale of the property herein described, pay to the Plaintiff, or Plaintiff's attorney, the total amount due Plaintiff, together with the costs and disbursements of this action, including reasonable attorney's fees; and

IT IS FURTHER ORDERED, ADJUDGED AND DECREED, that on default of

payment at or before the time herein indicated, the mortgaged premises described in the Lis Pendens and Complaint, be sold by the undersigned Special Referee, at public auction, at the Greenwood County Courthouse, in the City of Greenwood, Greenwood County and State aforesaid, on some convenient sales day hereafter (and should the regular day of judicial sales fall on a legal holiday, then and in such event, the sales day shall be on Tuesday next succeeding such holiday), on the following terms, that is to say:

a. FOR CASH: the undersigned Special Referee will require a deposit of Five (5%) Percent on the amount of the bid (in cash or equivalent), same to be applied on the purchase price only upon compliance with the bid, but in case of noncompliance within thirty (30) days same to be forfeited and applied to the costs and Plaintiff's debt.

b. Interest on the balance of the bid shall be paid through the day of compliance at the legal rate of interest for judgments from the date of sale through the date of compliance.

c. The sale shall be subject to taxes and assessments, existing easements and restrictions of record.

d. Purchaser to pay for the preparation of the deed, deed stamps and costs of recording the deed; and

IT IS FURTHER ORDERED, ADJUDGED AND DECREED, that if Plaintiff is the successful bidder at said sale, for a sum not exceeding the amount of costs, expenses and the indebtedness due Plaintiff in full, Plaintiff may pay to the undersigned Special Referee only the amount of the costs and expenses crediting the balance of the bid on the indebtedness due Plaintiff; and

IT IS FURTHER ORDERED, ADJUDGED AND DECREED, that a personal or deficiency judgment is being demanded, the bidding will remain open for thirty (30) days after the date of the initial sale as provided by law in such cases; and

IT IS FURTHER ORDERED, ADJUDGED AND DECREED, that the undersigned Special Referee, will by advertisement according to law, give notice of the time, and place of such sale, and the terms thereof and will execute to the purchaser, or purchasers, a deed to the premises sold. The Plaintiff, or any other party to this action, may become a purchaser at such sale, and that if, upon such sale being made, the purchaser, or

purchasers, shall fail to comply with the terms thereof within thirty (30) days after date of sale, then the undersigned Special Referee may advertise the said premises for sale on the next, or some other subsequent sale day, at the risk of the former highest bidder, and so from time to time thereafter until a full compliance shall be secured; and

IT IS FURTHER ORDERED, ADJUDGED AND DECREED, that the undersigned Special Referee apply the proceeds of the sale as follows:

First, to payment of the amount of the costs and expenses of this action, including attorney's fees, and any taxable disbursements by the attorneys in the action.

Next: to the payment to the Plaintiff or Plaintiff's attorney, of the amount of the debt and interest due Plaintiff or so much thereof as the purchase money will pay on the same.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED, that any surplus funds shall be held pending further Order of this Court; and

IT IS FURTHER ORDERED, ADJUDGED AND DECREED, that if the proceeds of the sale are insufficient to pay the amounts herein above authorized to be paid out of said proceeds, with the interest, costs and expenses as aforesaid, the parties hereto entitled to such deficiency have judgment therefor against the Defendant, Palmetto Inns, LLC; and

IT IS FURTHER ORDERED, ADJUDGED AND DECREED, that in the event the successful bidder is other than the Defendant in possession herein, upon the presentation of a Writ of Assistance, the Sheriff of Greenwood County is ordered and directed to eject and remove from the premises the occupants of the property sold, together with all personal property located thereon, and put the successful bidder or its assigns in full, quiet and peaceable possession of said premises without delay, and to keep said successful bidder or its assigns in such peaceable possession; a valid tenant shall have his/her rights protected pursuant to the Protecting Tenants at Foreclosure Act of 2009; and

IT IS FURTHER ORDERED, ADJUDGED AND DECREED, that each Defendant named herein, and all persons whosoever claiming under him, them or it be forever barred and foreclosed of all rights, title, interest, and equity of redemption in the said mortgaged premises so sold, or any part thereof; and

IT IS FURTHER ORDERED, ADJUDGED AND DECREED, that the following is a description of the premises herein ordered to be sold:

C6C
#60

ALL those certain pieces, parcels or lots of land, containing approximately 0.547 acres, together with the improvements thereon, situate, lying and being on the southern side of East Court Street, in the City of Greenwood, County of Greenwood, State of South Carolina and being designated and described as Lots A, B and C, Abandoned Alley and Addition On a plat made for the Ill Group, LLC by John H. Welborn, PLS, dated September 15, 1997 and recorded in the Office of the Clerk of Court for Greenwood County in Plat Book 104, page 11, which plat by reference is made a part hereof for a more complete and accurate description by metes, courses, distances and bounds.

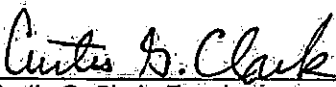
SAID property being more fully described according to said plat as follows:

Beginning at a point located at the southeastern intersection of 104 East Court Avenue and South Main Street, being the point of beginning; thence S 07° 46' 45" E, a distance of 117.49' to a point; thence S 07° 09' 33" E, a distance of 19.20' to a point; thence S 16° 15' 09" E, a distance of 1.01' to a point; thence N 82° 10' 50" E a distance of 158.40' to a point; thence N 08° 20' 23" W, a distance of 19.19' to a point; thence N 08° 20' 23" W, a distance of 20.10' to a point; thence N 64° 03' 12" E, a distance of 1.39' to a point; thence N 64° 03' 12" E, a distance of 17.87' to a point; thence N 64° 03' 12" E, a distance of 2.66' to a point; thence N 64° 03' 12" E, a distance of 15.78' to a point; thence N 07° 49' 26" W, a distance of 87.09' to a point; thence S 82° 28' 48" W, a distance of 15.0' to a point; thence N 05° 12' 26" W, a distance of 1.08' to a point; thence S 82° 28' 48" W, a distance of 20.72' to a point; thence S 82° 28' 48" W, a distance of 12.45' to a point; thence S 82° 26' 23" W, a distance of 49.72' to a point; thence S 81° 40' 27" W, a distance of 94.0' to a point, being the point of beginning, be all dimensions and measurements a little more or less.

This being the same property conveyed to IOS, LLC, by deed from The City of Greenwood, dated September 25, 2006, and recorded September 27, 2006, in Book 999 at page 294, in the Office of the Greenwood County Register of Deeds; and by deed from Defendant, Palmetto Inns, LLC, dated February 16, 2005, and recorded March 7, 2005, in the RMC/ROD Office for Greenwood County in Book 895 at Page 90.

TMS# 6845-942-879

AND IT IS SO ORDERED.


Curtis G. Clark, Esquire
Special Referee for Greenwood County

Greenwood, South Carolina
January _____, 2012
February 7

EXHIBIT 31

STATE OF SOUTH CAROLINA }
COUNTY OF GREENWOOD }

BILL OF SALE

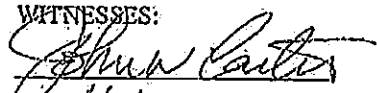
KNOW ALL MEN BY THESE PRESENTS that BUSINESS CAROLINA, INC. ("Seller"), for valuable consideration to it in hand paid, has granted, bargained, sold and released, and by these presents does grant, bargain, sell and release unto 104 EAST COURT, L.L.P. ("Purchaser"), a South Carolina limited liability partnership, its successors and assigns, in accordance with and pursuant to that certain Sale and Purchase Agreement dated September 17, 2013, entered between Seller and Purchaser, full and complete title free and clear of all liens and encumbrances to any, every and all tangible personal property (the "Personalty") located within that certain improved piece, parcel or lot of land known as the "Inn on the Square-Greenwood" and more particularly described on Exhibit A hereto.

Other than as expressly set forth herein THE PERSONALTY IS SOLD "AS IS AND WHERE IS", AND WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

TO HAVE AND TO HOLD all and singular the above-described Personalty to Purchaser, and Seller hereby warrants and agrees to forever defend all and singular title to the said Personalty unto Purchaser, its successors and assigns.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale the 20th day of September, 2013.

WITNESSES:


John Carter
ALQ

BUSINESS CAROLINA, INC.

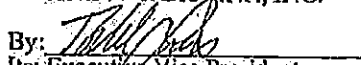
By: 
Its: Executive Vice President

Exhibit A

All those certain pieces, parcels or lots of land, containing approximately 0.547 acres, together with the improvements thereon, situate, lying and being on the southern side of East Court Street in the City of Greenwood, County of Greenwood, State of South Carolina, and being designated and described Lots A, Band C, Abandoned Alley and Addition on a plat made for the III Group, LLC by John H. Wellborn, PLS, dated September 15, 1997 and recorded in the Office of the Clerk of Court for Greenwood County in Plat Book 104 at page 11, which plat by reference is made part hereof for a more complete and accurate description by metes, courses, distances and bounds.

Said property being more fully described according to said plat as follows: Beginning at a point located at the southeastern intersection of 104 East Court Avenue and South Main Street, being the point of beginning; thence S 07° 46' 45" E, at a distance of 117.49' to a point; thence S 07° 09' 33" E, for a distance of 19.28' to a point; thence S 16° 15' 09" E, for a distance of 1.01' to a point; thence N 82° 10' 50" E, for a distance of 153.40' to a point; thence N 08° 20' 23" W, for a distance of 19.19' to a point; thence N 08° 20' 23" W, for a distance of 20.10' to a point; thence N 64° 03' 12" E, for a distance of 1.39' to a point; thence N 64° 03' 12" E, for a distance of 17.87' to a point; thence N 64° 03' 12" E, for a distance of 2.66' to a point; thence N 64° 03' 12" for a distance of 15.78' to a point; thence N 07° 49' 26" W, for a distance of 37.09' to a point; thence S 82° 28' 48" W, for a distance of 15.0' to a point; thence N 05° 12' 26" W, for a distance of 1.08' to a point; thence S 82° 28' 48" W, for a distance of 20.72' to a point; thence S 82° 28' 48" W, for a distance of 12.45' to a point; thence S 82° 26' 23" W, for a distance of 49.72' to a point; thence S 81° 40' 27" W, for a distance of 94.0' to a point; being the point of beginning, be all that dimensions and measurements, a little more or less.

This being the same property conveyed to Business Carolina, Inc. by Special Referee's Deed dated April 20, 2012 and recorded June 18, 2012 in the Office of the Register of Deeds for Greenwood County in Book 1315 at page 16.

TMS #6845942879

43335 IOS, LLC

FYE: 12/31/2008

Tax Asset Detail 1/01/08 - 12/31/08

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Asset #	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: BUILDINGS											
1	BUILDING	1/01/05	930,000.00	0.00	0.00	70,544.86	23,846.15	94,391.01	835,608.99	S/L	39.0
	BUILDINGS		930,000.00	0.00c	0.00	70,544.86	23,846.15	94,391.01	835,608.99		
Group: FURNITURE & FIXTURES											
3	PUB SEATS	6/30/05	1,300.00	0.00	0.00	755.17	155.67	910.84	389.16	200DB	7.0
11	TABLES	9/30/05	3,108.00	0.00	0.00	1,692.19	404.52	2,096.71	1,011.29	200DB	7.0
12	FURNITURE	9/30/05	5,005.00	0.00	0.00	2,725.03	651.42	3,376.45	1,628.55	200DB	7.0
17	FIXTURES/BLINDS/SIGN	7/01/07	28,093.00	0.00	0.00	4,013.29	6,879.92	10,893.21	17,199.79	200DB	7.0
18	FURNITURE	7/01/07	30,482.00	0.00	0.00	7,211.71	12,362.94	19,574.65	30,907.35	200DB	7.0
	FURNITURE & FIXTURES		87,988.00	0.00c	0.00	16,397.39	20,454.47	36,851.86	51,136.14		
Group: LEASEHOLD IMPROVEMENTS											
13	ROOM REP & RENO	9/01/05	63,071.00	0.00	0.00	43,771.27	7,719.89	51,491.16	11,579.84	200DB	5.0
19	UPFITTING	7/01/07	199,123.00	0.00	0.00	2,340.12	5,105.72	7,445.84	191,677.16	S/L	39.0
	LEASEHOLD IMPROVEMENTS		262,194.00	0.00c	0.00	46,111.39	12,825.61	58,937.00	203,257.00		
Group: MACHINERY & EQUIPMENT											
2	SIGN	3/31/05	1,002.00	0.00	0.00	618.58	109.55	728.13	273.87	200DB	7.0
4	COMPUTER	6/30/05	1,825.00	0.00	0.00	1,330.79	207.25	1,538.04	284.96	200DB	5.0
5	ROOM A/C	6/30/05	4,760.00	0.00	0.00	4,416.03	910.28	5,326.31	2,275.69	200DB	7.0
6	ROOF A/C	6/30/05	3,902.00	0.00	0.00	2,266.69	467.23	2,733.92	1,168.08	200DB	7.0
7	PUB A/C	6/30/05	3,500.00	0.00	0.00	2,033.16	419.10	2,452.26	1,047.74	200DB	7.0
8	WATER HEATERS	6/30/05	1,278.00	0.00	0.00	742.39	153.03	895.42	382.58	200DB	7.0
9	ICE MACHINE	6/30/05	2,952.00	0.00	0.00	1,714.83	353.49	2,068.32	883.74	200DB	7.0
10	DRYER	8/31/05	1,500.00	0.00	0.00	816.69	195.23	1,011.92	488.08	200DB	7.0
14	KARAOKE MACHINE	10/15/05	3,013.00	0.00	0.00	1,530.66	423.53	1,954.19	1,058.81	200DB	7.0
15	SCW CONT ASSETS	11/17/05	138,698.00	0.00	0.00	70,461.01	19,496.28	89,957.29	48,740.71	200DB	7.0
16	COMPUTERS/SOFTWARE	7/01/07	27,409.00	0.00	0.00	5,481.80	8,770.88	14,252.68	13,156.32	200DB	5.0
20	SECURITY CAMERAS	4/16/08	3,780.00	0.00c	0.00	0.00	756.00	756.00	3,024.00	200DB	5.0
21	WASHER/DRYER	10/15/08	848.26	0.00c	0.00	0.00	169.65	169.65	678.61	200DB	5.0
	MACHINERY & EQUIPMENT		197,307.32	0.00c	0.00	91,412.63	32,431.50	123,844.13	73,463.19		
	Grand Total		1,477,489.32	0.00c	0.00	224,466.27	89,557.73	314,024.00	1,163,465.32		

ROA_0678

43335 IOS, LLC

FYE: 12/31/2009

Tax Asset Detail 1/01/09 - 12/31/09

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Asset	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: BUILDINGS											
1	BUILDING	1/01/05	930,000.00	0.00	0.00	94,391.01	23,846.15	118,237.16	811,762.84	S/L	39.0
	BUILDINGS		930,000.00	0.00	0.00	94,391.01	23,846.15	118,237.16	811,762.84		
Group: FURNITURE & FIXTURES											
3	PUB SEATS	6/30/05	1,300.00	0.00	0.00	910.84	100.89	1,011.73	288.27	200DB	7.0
11	TABLES	9/30/05	3,108.00	0.00	0.00	2,096.71	252.82	2,349.53	758.47	200DB	7.0
12	FURNITURE	9/30/05	5,005.00	0.00	0.00	3,376.45	407.14	3,783.59	1,221.41	200DB	7.0
17	FIXTURES/BLINDS/SIGN	7/01/07	28,093.00	0.00	0.00	10,893.21	4,914.23	15,807.44	12,285.56	200DB	7.0
18	FURNITURE	7/01/07	50,482.00	0.00	0.00	19,574.65	8,830.67	28,405.32	22,076.68	200DB	7.0
	FURNITURE & FIXTURES		87,988.00	0.00	0.00	36,851.86	14,505.75	51,357.61	36,630.39		
	*Less: Dispositions and Transfers		9,413.00	0.00	0.00	6,384.00	0.00	7,144.85	2,268.15		
	Net FURNITURE & FIXTURES		78,575.00	0.00	0.00	30,467.86	14,505.75	44,212.76	34,362.24		
Group: LEASEHOLD IMPROVEMENTS											
13	ROOM REP & RENO	9/01/05	63,071.00	0.00	0.00	51,491.16	7,126.06	58,617.22	4,453.78	200DB	5.0
19	UPFITTING	7/01/07	199,123.00	0.00	0.00	7,445.84	5,105.72	12,551.56	186,571.44	S/L	39.0
	LEASEHOLD IMPROVEMENTS		262,194.00	0.00	0.00	58,937.00	12,231.78	71,168.78	191,025.22		
Group: MACHINERY & EQUIPMENT											
2	SIGN	3/31/05	1,002.00	0.00	0.00	728.13	87.64	815.77	186.23	200DB	7.0
4	COMPUTER	6/30/05	1,823.00	0.00	0.00	1,538.04	207.24	1,745.28	77.72	200DB	5.0
5	ROOM A/C	6/30/05	4,602.00	0.00	0.00	5,326.31	674.28	6,000.59	1,601.41	200DB	7.0
6	ROOF A/C	6/30/05	3,902.00	0.00	0.00	2,733.92	346.10	3,080.02	821.98	200DB	7.0
7	PUB A/C	6/30/05	5,500.00	0.00	0.00	2,452.26	310.44	2,762.70	737.30	200DB	7.0
8	WATER HEATERS	6/30/05	1,128.00	0.00	0.00	895.42	113.36	1,008.78	269.22	200DB	7.0
9	ICE MACHINE	6/30/05	2,052.00	0.00	0.00	2,068.32	261.85	2,330.17	621.89	200DB	7.0
10	DRYER	8/31/05	1,500.00	0.00	0.00	1,011.92	139.45	1,151.37	348.63	200DB	7.0
14	KARAOKE MACHINE	10/15/05	3,013.00	0.00	0.00	1,954.19	264.70	2,218.89	794.11	200DB	7.0
15	SCW CONT ASSETS	11/17/05	138,698.00	0.00	0.00	89,957.29	13,925.92	103,883.21	34,814.79	200DB	7.0
16	COMPUTERS/SOFTWARE	7/01/07	27,409.00	0.00	0.00	14,252.68	5,262.53	19,515.21	7,893.79	200DB	5.0
20	SECURITY CAMERAS	4/16/08	3,780.00	0.00	0.00	756.00	1,209.60	1,965.60	1,814.40	200DB	5.0
21	WASHER/DRYER	10/15/08	1,848.26	0.00	0.00	169.65	271.44	441.09	407.17	200DB	5.0
	MACHINERY & EQUIPMENT		197,307.32	0.00	0.00	123,844.13	23,074.55	146,918.68	50,388.64		
	*Less: Dispositions and Transfers		3,013.00	0.00	0.00	1,954.19	0.00	2,218.89	794.11		
	Net MACHINERY & EQUIPMENT		194,294.32	0.00	0.00	121,889.94	23,074.55	144,699.79	49,594.53		
	Grand Total		1,477,489.32	0.00	0.00	314,024.00	73,658.23	387,682.23	1,089,807.09		
	Less: Dispositions and Transfers		12,426.00	0.00	0.00	8,338.19	0.00	9,363.74	3,062.26		
	Net Grand Total		1,465,063.32	0.00	0.00	305,685.81	73,658.23	378,318.49	1,086,744.83		

D - disposed/sold

ROA_0679

43335 IOS, LLC

FYE: 12/31/2010

Tax Asset Detail 1/01/10 - 12/31/10

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Page 1

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: BUILDINGS												
1		BUILDING	1/01/05	930,000.00	0.00	0.00	118,237.16	23,846.15	142,083.31	787,916.69	S/L	39.0
		BUILDINGS		930,000.00	0.00c	0.00	118,237.16	23,846.15	142,083.31	787,916.69		
Group: FURNITURE & FIXTURES												
17		FIXTURES/BLNDS/SIGN	7/01/07	28,093.00	0.00	0.00	15,807.44	3,510.16	19,317.60	8,775.40	200DB	7.0
18		FURNITURE	7/01/07	50,482.00	0.00	0.00	28,405.32	6,307.62	34,712.94	15,769.06	200DB	7.0
		FURNITURE & FIXTURES		78,575.00	0.00c	0.00	44,212.76	9,817.78	54,030.54	24,544.46		
Group: LEASEHOLD IMPROVEMENTS												
13		ROOM REP & RENO	9/01/05	63,071.00	0.00	0.00	58,617.22	4,453.78	63,071.00	0.00	200DB	5.0
19		UPFITTING	7/01/07	199,123.00	0.00	0.00	12,551.56	5,105.72	17,657.28	181,465.72	S/L	39.0
		LEASEHOLD IMPROVEMENTS		262,194.00	0.00c	0.00	71,168.78	9,559.50	80,728.28	181,465.72		
Group: MACHINERY & EQUIPMENT												
2		SIGN	3/31/05	1,002.00	0.00	0.00	815.77	87.64	903.41	98.59	200DB	7.0
4		COMPUTER	6/30/05	1,823.00	0.00	0.00	1,745.28	77.72	1,823.00	0.00	200DB	5.0
5		ROOM A/C	6/30/05	7,602.00	0.00	0.00	6,000.59	674.28	6,674.87	927.13	200DB	7.0
6		ROOF A/C	6/30/05	3,902.00	0.00	0.00	3,080.02	346.10	3,426.12	475.88	200DB	7.0
7		PUB A/C	6/30/05	3,500.00	0.00	0.00	2,762.70	310.44	3,073.14	426.86	200DB	7.0
8		WATER HEATERS	6/30/05	1,228.00	0.00	0.00	1,008.78	113.36	1,122.14	155.86	200DB	7.0
9		ICE MACHINE	6/30/05	2,952.00	0.00	0.00	2,330.17	261.85	2,592.02	360.04	200DB	7.0
10		DRYER	8/31/05	1,500.00	0.00	0.00	1,151.37	132.81	1,284.18	215.82	200DB	7.0
15		SCW CONT ASSETS	11/17/05	138,698.00	0.00	0.00	103,883.21	12,109.49	115,992.70	22,705.30	200DB	7.0
16		COMPUTERS/SOFTWARE	7/01/07	27,409.00	0.00	0.00	19,515.21	3,157.52	22,672.73	4,736.27	200DB	5.0
20		SECURITY CAMERAS	4/16/08	3,780.00	0.00	0.00	1,965.60	725.76	2,691.36	1,088.64	200DB	5.0
21		WASHER/DRYER	10/15/08	848.26	0.00	0.00	441.09	162.87	603.96	244.30	200DB	5.0
		MACHINERY & EQUIPMENT		194,294.32	0.00c	0.00	144,699.79	18,159.84	162,859.63	31,434.69		
		Grand Total		1,465,063.32	0.00c	0.00	378,318.49	61,383.27	439,701.76	1,025,361.56		

ROA_0680

STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS
) IN THE EIGHTH JUDICIAL CIRCUIT
COUNTY OF GREENWOOD)

IOS, LLC,) Civil Action No. 2012-CP-24-0576

Plaintiff,

VS.

LANDER UNIVERSITY,

Defendants.

NOTICE OF MOTION AND MOTION
TO ALTER OR
AMEND A JUDGMENT
RULE 59(e) SCRCP

NOW COMES the Plaintiff, by and through its attorney of record, and moves before this Court for an order reconsidering, altering, amending, and/or clarifying the court's order filed November 2, 2021, that granted summary judgment on the Plaintiff's claims against the Defendant in the above-captioned action (hereinafter "the Order"). The Plaintiff offers the following in support of its motion to reconsider pursuant to Rules 52 and 59, SCRPC:

By Complaint filed May 29, 2012, Plaintiff brought this action against the Defendant for (1) Breach of Contract for Sale of Property, (2) Breach of Contract and Specific Performance, (3) Promissory Estoppel, (4) Negligent Misrepresentation, (5) Negligence, and (6) Breach of Lease Agreement. In its Order dated November 2, 2021, this Court granted Summary Judgment on Plaintiff's causes of action for Promissory Estoppel, Negligent Misrepresentation, and Negligence, denied Summary Judgment on Plaintiff's cause of action for Breach of Lease Agreement, and failed to address Plaintiff's causes of action for Breach of Contract for Sale of Property, and Breach of Contract and Specific Performance.

On March 7, 2019, the court issued a Form 4 Order instructing the Defendant to prepare a detailed order granting Summary Judgment in all except the cause of action for Breach of Lease Agreement and resulting property damage. The detailed order, drafted by Defense counsel leaves out causes of action, facts, and evidence entered into the record by the Plaintiff that must be preserved for appeal and that raises genuine issues of material fact precluding the issuance of Summary Judgment.

Plaintiff requests that, pursuant to Rule 59(e) SCRCP, this court address the causes of action for Breach of Contract for Sale of Property and Breach of Contract and Specific Performance by providing the appropriate Findings of Fact and Conclusions of Law that would support the decision outlined in the March 7, 2019 Form 4 Order. Upon doing so it is Plaintiff's contention that there exists a sufficient dispute as to material facts that would warrant a denial of Summary Judgment. Further, Plaintiff request that the Court reconsider, alter, or amend its findings regarding Plaintiff's causes of action for Promissory Estoppel, Negligent Misrepresentation, and Negligence on the grounds that genuine issues of material fact exist regarding each of these causes of action.

Summary Judgment Standard

Summary judgment is proper only when it is clear there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law. Rule 56(c), SCRCP. In determining whether any triable issues of fact exist, the evidence and all inferences which can be reasonably drawn from the evidence must be viewed in the light most favorable to the non-moving party. *Koester v. Carolina Rental Ctr., Inc.*, 313 S.C. 490, 443 S.E.2d 392 (1994). Even

when there is no dispute as to evidentiary facts, but only as to the conclusions or inferences to be drawn from them, summary judgment should be denied. *Id.*

Breach of Contract for Sale of Property and Breach of Contract and Specific Performance

In the court's Form 4 Order, but not in the detailed order filed on November 2, 2021, the Court notes that an oral agreement to purchase the property is "simply unenforceable as a matter of law." This contention of the court was not addressed in the detailed order of November 2, 2021. Furthermore, the contract for the Plaintiff to sell and the Defendant to purchase the property is evident in the partial performance of the contract, the significant alteration of the property - including the filling in of the swimming pool - as well as in communications and actions acknowledging and validating the agreement, including taking possession of the property and making alterations that would not have been permitted had they not agreed to purchase the property, and communicated to members of the public that they had, in fact, bought the property. At any rate, the substantial evidence of the actions and communications of the Defendants evidencing their intent to purchase the property present a genuine issue of material fact.

Promissory Estoppel, Negligent Misrepresentation, and Negligence

The detailed order prepared by the Defendant, self-servingly, focuses primarily on liens, promissory notes, judgments, and mortgages affecting the property which are irrelevant to the Court's decision in the Form 4 Order. The causes of action herein are primarily related to the understandings between the Plaintiff and Defendant regarding the Defendant's use - and ultimate purchase of - the property known as the Inn on the Square, as well as the Defendant's ultimate damage and devaluation of the property and abandoning it, such that it was the subject of bank

foreclosure. Specifically, the Defendant represented to the Plaintiff's that they were committed to purchasing the property. Given that the Defendants were known to have the means to fund this purchase, the Plaintiff did not initially object to the major (devaluing) alterations the Defendants made to the property. The damage to the Plaintiff caused by these alterations cannot be summed up as a mere Breach of Lease, which would be the sole remaining cause of action noted in the Order. The damage to the Plaintiff caused by these alterations is the subject of the Plaintiff's causes of action for Promissory Estoppel, Negligent Misrepresentation and Negligence. In its Order, the court states that there can be no cause of action in tort where the underlying cause of action is Breach of Contract. However, the Court does not recognize a cause of action by the Plaintiff for Breach of Contract. Just as the Plaintiff cannot have it both ways - breach of contract and tort - the Defendant likewise should not have both contract and tort causes of action dismissed under the assumption that one cancels out the other.

For the foregoing reasons, Plaintiff respectfully requests the Court reconsider, alter, amend or otherwise clarify the Court's detailed Order of November 2, 2021, to provide the necessary Findings of Fact and Conclusions of Law that reflect the Form 4 Order, to reconsider the ruling granting Summary Judgment and further remove such findings that have no bearing on the Court's decision in the Form 4 Order.

RESPECTFULLY SUBMITTED,

JAMES E. SMITH, JR., P.A.

By: s-James E Smith Jr

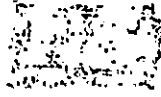
James E. Smith, Jr.
1422 Laurel Street
Post Office Box 50333
Columbia, SC 29250-0333
(803) 933-9800
James@JamesSmithPA.com

ATTORNEYS FOR PLAINTIFF

November 12, 2021
Columbia, South Carolina

STATE OF SOUTH CAROLINA
State Budget and Control Board
GENERAL SERVICES DIVISION

MAJOR SALES AND PURCHASES
COMMITTEE
GOVERNMENTAL AFFAIRS
COMMITTEE
GOVERNMENTAL AFFAIRS
COMMITTEE



STATE OF SOUTH CAROLINA
GOVERNMENT

GENERAL PROPERTY SERVICES
1204 MAIN STREET, SUITE 420
COLUMBIA, SOUTH CAROLINA 29201
803-253-1828
FAX
803-253-4000

HOUSE REVENUE AND FINANCE
COMMITTEE
HOUSE REVENUE AND FINANCE
COMMITTEE
HOUSE REVENUE AND FINANCE
COMMITTEE
HOUSE REVENUE AND FINANCE
COMMITTEE

August 20, 2009

IOS, LLC
104 East Court Avenue
Greenwood, SC 29646

Re: Executed Lease Agreement

Dear Mr. Smith:

Enclosed is a copy of the signed and executed original Lease Agreement for your file.

If you have any questions, please feel free to contact our office

Sincerely,

Michelle J. Phillips
Program Assistant

mjp
Enclosure

12-0023 IOS 0356

ROA_0686

GOVERNMENTAL REAL ESTATE LEASE - STANDARD OFFICE

THIS LEASE AGREEMENT ("Lease") is made as of the Effective Date (which is the date on which the South Carolina State Budget and Control Board, General Services Division, executes this Lease as set forth on the signature page) by and between: IOS, LLC ("Landlord") having an address at 104 East Court Avenue, Greenwood, SC 29646 and Lander University ("Tenant") an agency, institution, department (including any division or bureau thereof) or political subdivision of the State of South Carolina having an address at: 320 Stanley Avenue, Greenwood, SC 29649.

ARTICLE 1 - DEMISE OF PREMISES

1.1. Landlord hereby leases and lets to Tenant and Tenant hereby takes and hires from Landlord, upon and subject to the terms, covenants and provisions hereof, a parcel of land, located in the City and County of Greenwood, South Carolina, having an address of 104 East Court Avenue, Greenwood, SC 29646 (TMS# 6845-942-879) (the "Land") together with the entire three story building located on the Land commonly known as "Inn on the Square" consisting of 36,343 rentable square feet (the "Building"), collectively as the "Demised Premises". Landlord agrees to lease the Demise Premises to Tenant together with the benefit of any and all easements, appurtenances, rights and privileges now or hereafter belonging thereto. Floor plans of the Building are attached hereto as Schedule "B".

ARTICLE 2 - TERM

2.1. The term of this Lease shall be ten (10) months (the "Initial Term") beginning on August 15, 2009, (the "Commencement Date") and, unless terminated or extended, shall end on June 14, 2010, (the "Termination Date"). Tenant shall have the right to extend the term of this lease for up to one (1) consecutive period of one (1) year (the "Extended Term") upon the same terms and conditions contained herein, including the amount of Basic Rent, by giving written notice to Landlord of Tenant's intent to extend the then existing term at least three (3) months prior to the expiration of the then existing term.

ARTICLE 3 - BASIC RENT

3.1 Tenant shall pay rent (the "Basic Rent") to Landlord during the Initial Term the total aggregate amount of \$319,000.00 payable in equal monthly installments of \$31,000 in advance on or before the tenth (15th) day of each consecutive calendar month of the Initial Term.

3.2 All payments to be made by Tenant pursuant to this Lease shall be apportioned and prorated as of the Commencement Date and the Termination Date or as of the date of an earlier termination pursuant to this Lease, as the case may be.

3.3 Unless notified otherwise in writing, all payments shall be mailed to Landlord at:

IOS, LLC
c/o McDonald Patrick Poston Hemphill & Roper, LLC.
P.O. Box 1547
Greenwood, SC 29648

ARTICLE 4 - USE

4.1. Tenant shall have the right to use the Demised Premises for: Student Housing/University Related Events and Meetings

4.2. If during the Initial Term or Extended Term, if any, the application of any statute, code or ordinance of any government, authority, agency, official or officer applicable to the Building or the Demised Premises makes it impossible or uneconomical for Tenant to operate in the Demised Premises in accordance with subparagraph 4.1, then Tenant, at its option, may terminate this Lease, whereupon the Basic Rent and all other charges payable hereunder by Tenant shall be apportioned as of such date of termination.

ARTICLE 5 - ASSIGNMENT AND SUBLETTING

5.1. Tenant shall have the absolute right to assign this Lease or sublet the Demised Premises to any State agency, institution, department, bureau, political subdivision or State-operated entity, and, with the prior written consent of Landlord, which shall not be unreasonably withheld, to any other person or party, provided that any such assignment or sublease shall be upon the same terms and conditions as this Lease.

5.2. Any act required to be performed by Tenant pursuant to the terms of this Lease may be performed by any assignee or sub lessee of Tenant and the performance of such act shall be deemed to be performance by Tenant.

ARTICLE 6 - SERVICES

6.1. The services provided by the Landlord to Tenant as part of basic rent and additional rent, if any, shall include, but are not limited to, elevator service, use of video monitoring equipment, grounds maintenance and landscaping and any other service necessary to maintain and operate all building and site improvements. Services provided by the Landlord shall include all service charges, labor, materials and supplies.

6.2. Services provided by the Landlord shall include all service charges, labor, materials and supplies.

6.3. Tenant will separately meter all utilities servicing the Demised Premises and to make direct payment for such utility services to the suppliers thereof. Tenant will be responsible for their own janitorial service.

ARTICLE 7 - LANDLORD'S REPRESENTATIONS AND WARRANTIES

7.1. Landlord represents and warrants to Tenant that:

(a) Landlord is the owner of the Land and Building in fee simple, that title is marketable and not subject to any defects or encumbrances which could adversely affect the use of the Demised Premises as contemplated by this Lease; that Landlord has full right, power and authority to execute and deliver this Lease and to grant to Tenant the exclusive use and possession of the Demised Premises;

(b) The use of the Demised Premises contemplated by this Lease will be a permitted use under all applicable statutes, codes, rules, regulations and ordinances now in effect and, to the best of the Landlord's knowledge, there are no pending proceedings or plans to change such statutes, codes, rules, regulations and ordinances;

(c) Neither the Land, the Building nor the Demised Premises, nor any portion thereof, is being condemned or taken by eminent domain and, to the best of Landlord's knowledge, no such proceedings are contemplated by any lawful authority;

(d) To the best of Landlord's knowledge and belief, there is available to the Building and the Demised Premises adequate public water, gravity fed storm and sanitary sewers, electricity and telephone service for Tenant's intended use of the Demised Premises as described in this Lease;

(e) Landlord will not discontinue any service required to be provided by Landlord pursuant to this Lease and, if any such discontinuance is contemplated, Landlord will provide Tenant with written notice at least thirty (30) days prior thereto together with a statement of the appropriate reduction in Basic Rent as compensation for such discontinuance;

(f) Landlord will keep the Land, the Building and the Demised Premises in good order and repair and make all reasonable improvements to maintain the Land, the Building and the Demised Premises as student housing and a meeting space;

(g) Landlord will keep the Building and the Demised Premises protected against flood, storm, water leakage through roofs and windows and against other hazards of nature and will repair or protect same from such hazards within a reasonable time after Landlord has notice of damage or the need for repair; and

(h) Landlord will provide peaceful and quiet enjoyment of the Demised Premises to Tenant and will not allow such peaceful and quiet enjoyment to be disrupted or interfered with by any other tenant in the Building, by Landlord, by anyone claiming under Landlord or by any other person, party or entity.

7.2 Landlord acknowledges that Tenant is relying upon each of the representations and warranties set forth in subparagraph 7.1 and that the matters represented and warranted by Landlord are substantial and material to Tenant. In the event such representations and warranties shall be breached by Landlord, Tenant, at its sole election, may terminate this Lease in accordance with subparagraph 13.1.(d).

ARTICLE 8 - TENANT'S COVENANTS

8.1. Tenant covenants and agrees that it shall:

(a) Pay Basic Rent when due provided a written invoice is submitted in advance to the Tenant by the Landlord. Should any Basic Rent become more than fifteen (15) days past due, Landlord shall give Tenant notice in writing to pay the same within fifteen (15) days of receipt of such notice;

(b) Maintain the Demised Premises in a clean and good condition and return the Demised Premises in a clean and good condition and return the Demised Premises to Landlord at the termination of this Lease in accordance with Article 17 hereof. Tenant shall not be obligated to make any repairs arising out of or in any way caused by: 1) settling, 2) defects in labor, workmanship, materials, fixtures or equipment employed, supplied or installed by or on behalf of Landlord, or 3) the negligence of Landlord, its agents or employees.

(c) Comply with all statutes, codes, ordinances, rules and regulations applicable to the Demised Premises;

(d) Give Landlord reasonable notice of any accident, damage, destruction or occurrence affecting the Demised Premises; and

(e) Allow Landlord reasonable access to the Demised Premises for inspections.

ARTICLE 9 - ARCHITECTURAL BARRIERS

9.1. Landlord covenants and agrees that the Land, Building and Demised Premises, being open to the public, shall comply with any and all applicable State law, rules and regulations with respect to architectural barriers or design that would prohibit free and full access to and use of the Land, Building, Demised Premises or any part thereof by the aged, disabled or physically handicapped. In the event the Land, Building or Demised Premises do not so comply as of the Commencement Date of this Lease, Landlord shall, at Landlord's sole cost and expense and within ninety (90) days following the Commencement Date, alter, repair, renovate or otherwise provide at the Land, Building and Demised Premises all reasonable access and use thereof for the aged, disabled or physically handicapped as required by Law.

ARTICLE 10 - ADDITIONS, IMPROVEMENTS AND ALTERATIONS

10.1 Landlord shall make no renovations to the Demised Premises prior to the commencement of this Lease.

10.2. Tenant may, with the prior written consent of Landlord, which shall not be unreasonably withheld, make nonstructural additions, improvements or alterations to the Demised Premises ("Improvements") at its sole cost and expense. Each such Improvement shall be completed in a good and workmanlike manner and in accordance with all applicable codes, rules and regulations. Tenant shall advise Landlord, when requesting consent to install Tenant Improvements, whether Tenant will remove the Improvements at the termination of this Lease. If Tenant elects not to remove the Improvements, the Improvements shall become part of the Demised Premises and subject to this Lease. If the Improvements will be removed by Tenant, Tenant shall restore the Demised Premises to its condition prior to such installation, reasonable wear and tear and damage by fire or other casualty excepted.

10.3. Landlord agrees that all trade fixtures, signs, equipment, furniture or other personal property of whatever kind or nature kept or installed at the Demised Premises by Tenant shall not become the property of Landlord or a part of the realty no matter how affixed to the Demised Premises and may be removed by Tenant at any time and from time to time during the term of this Lease.

ARTICLE 11 - CONDEMNATION AND CASUALTY

11.1. If there be any damage to or destruction of the Building, the Demised Premises or any portions thereof, or if any proceedings or negotiations are instituted which do or may result in a taking by condemnation or eminent domain ("Taking"), each party will promptly give notice thereof to the other, describing the nature and extent thereof.

11.2 If the restoration, replacement or rebuilding of the Building or the Demised Premises or any portion thereof as nearly as practicable to its value, condition and character immediately prior to any damage, destruction or Taking ("Restoration") can be completed within ninety (90) days after the occurrence, Landlord will promptly commence and complete Restoration of the Building and the Demised Premises.

11.3. If Restoration cannot be completed within ninety (90) days after the occurrence, then Tenant may terminate this Lease by notice to Landlord given within ten (10) days following the earlier to occur of (a) the date the Restorations should have been completed; or (b) the date on which Landlord advises Tenant that the Restorations cannot be completed within ninety (90) days of the occurrence, whereupon Basic Rent and any other payments by Tenant hereunder shall be apportioned as of the date of the damage, destruction or Taking.

11.4. Upon damage or destruction to the Building or the Demised Premises or upon a Taking thereof which does not result in termination pursuant to subparagraph 11.3 of this Lease, Basic Rent and any other payments and charges payable by Tenant hereunder shall abate as of the date of the occurrence, or in the case of partial damage, destruction or Taking which does not cause Tenant to discontinue use of the Demised Premises as contemplated herein, the Basic Rent and any other payments and charges shall be equitably apportioned.

11.5. Nothing contained herein shall be deemed or construed to prevent Tenant from asserting and prosecuting a claim for the value of its leasehold estate, its leasehold improvements or moving and related costs in the event of any Taking.

ARTICLE 12 - INSURANCE

12.1. Landlord shall at all times during the Initial Term and Extended Term, if any, of this Lease maintain, with insurers authorized to do business in the State of South Carolina, fire insurance with extended coverage for the Building of which the Demised Premises is a part in an amount not less than the actual replacement cost, including the cost of debris removal.



ARTICLE 13 - TENANT CANCELLATION PRIVILEGE

13.1. Notwithstanding the Commencement Date and Termination Date set forth in subparagraph 2.1 of this Lease, Tenant shall have the right to cancel this Lease or to relinquish any portion of the demised premises upon giving Landlord thirty (30) days written notice of its cancellation hereof upon the occurrence of any one or more of the following:

- (a) If appropriations, revenue, income, grants or other funding are not provided by the General Assembly to the Tenant in an amount sufficient to carry out the purposes and programs of Tenant, including the payment of Basic Rent, Additional Rent and all other payment obligations of Tenant pursuant to this Lease, the sufficiency of such funds to be determined solely by the State Budget and Control Board; or
- (b) If the Tenant is dissolved and no longer performs the functions and purposes ascribed to it; or
- (c) If at any time during the Initial Term or the Extended Term, if any, the square footage in the Demised Premises is, in the sole opinion of the State Budget and Control Board, Division of General Services, inadequate, insufficient or unnecessary for the normal operations and maximum efficiency of Tenant; or
- (d) If Landlord shall have breached any covenant, condition, representation or warranty made by Landlord in this Lease and such breach shall have continued uncured or uncorrected for a period of thirty (30) days after notice by Tenant to Landlord of such breach and request to cure or correct.

13.2. In addition to the cancellation privileges set forth in subparagraph 14.1, Tenant shall also have the right to cancel this Lease or any portion of the Demised Premises at any time after the first six (6) months of the Term by giving 120 days written notice to Landlord of Tenant's intention to vacate all or a portion of the Demised Premises to relocate to a building owned or otherwise controlled by the State of South Carolina.

ARTICLE 14 - EXEMPTIONS

14.1. Landlord and Tenant agree that Tenant shall be specifically exempt from the payment, furnishing or providing to Landlord of any of the following:

- (a) Security deposits for any rents or other charges to be paid by Tenant pursuant to this Lease or for any service or item supplied to Tenant by Landlord;
- (b) Liquidated or punitive damages for any cause or reason;
- (c) Landlord's attorney fees, court costs or costs of collection in connection with any action or inaction by Tenant under this Lease;
- (d) Any form of insurance coverage for Landlord or any person or entity other than Tenant or for any real or personal property of any party other than Tenant including, but not limited to, fire, comprehensive general public liability or contractual liability;
- (e) Any indemnification, hold harmless, release or waiver agreement by Tenant to Landlord or any other person, party or entity; and
- (f) Payment of any late charges or penalties for failure by Tenant to make payment of Basic Rent or any other charges payable to Landlord pursuant to this Lease.

ARTICLE 15 - SUBORDINATION AND NON-DISTURBANCE

15.1. Any mortgage which may now or hereafter affect the Land, the Building, the Demised Premises, or any part thereof, and any renewals, modifications, consolidations, replacements or extensions thereof shall provide that so long as there shall be no continuing event of default by Tenant hereunder, the leasehold estate of Tenant created hereby and Tenant's peaceful and quiet possession of the Demised Premises shall be undisturbed by any foreclosure of such mortgage. In the event that any such mortgage affects the Land, the Building or the Demised Premises as of the Commencement Date, Landlord shall furnish Tenant with an executed non-disturbance agreement from any such mortgagee.

ARTICLE 16 - MINOR REPAIRS

16.1. If at any time during the Initial Term or Extended Term, if any, Tenant shall find in the Demised Premises items in need of repair or replacement, including, but not limited to, torn or damaged carpet, improper or inadequate lighting, faulty workmanship in construction, inoperative door locks or other similar deficiencies which affect Tenant's use and enjoyment of the Demised Premises, Tenant shall give written notice thereof to Landlord and Landlord shall, at its sole cost and expense, repair, replace or otherwise cure the deficiencies described by Tenant within thirty (30) days of the date of Tenant's notice thereof. In the event Landlord shall fail or refuse to repair, replace or cure the deficiency within the time aforesaid and the cost of such repair, replacement or cure is less than \$5,000, Tenant shall have the right, but not the obligation, to undertake such repair, replacement or cure and, in such event, shall have the right to deduct the cost thereof from the next due monthly installment of Basic Rent. In the event Tenant does not undertake such repair, replacement or cure, irrespective of the cost

thereof, and Landlord shall not have repaired, replaced or cured such deficiency within sixty (60) days of the date of Tenant's notice to Landlord of such deficiency, Tenant may, at its option, terminate this Lease, whereupon the Basic Rent and all other charges payable hereunder by Tenant shall be apportioned as of such date of termination.

ARTICLE 17 - SURRENDER

17.1. Upon the expiration or earlier termination of this Lease, Tenant shall surrender the Demised Premises to Landlord in good order and condition, except for ordinary wear and tear, permitted additions, improvements or alterations made by Tenant and the results of any damage, destruction or Taking. Tenant shall remove from the Demised Premises on or prior to such expiration or earlier termination all of its property situated therein.

ARTICLE 18 - NOTICES

18.1. All notices, demands, requests, consents, approvals, offers, statements, and other instruments or communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been given when delivered or when mailed by first class mail, postage prepaid, addressed to Landlord or Tenant at the addresses appearing at the heading of this Lease.

ARTICLE 19 - AMENDMENTS

19.1. This Lease may not be amended, modified or terminated, nor may any obligation hereunder be waived orally, and no such amendment, modification, termination or waiver shall be effective for any purposes unless it is in writing and signed by the party against whom enforcement thereof is sought.

ARTICLE 20 - HOLDOVER

20.1. In the event Tenant shall remain in the Demised Premises after the Term has expired and Tenant shall have failed to give notice to Landlord of Tenant's intent to extend this Lease in accordance with subparagraph 2.1 hereof, Tenant shall be deemed to be a tenant from month to month and Tenant shall continue to pay the Basic Rent in effect for the Term until either Landlord or Tenant, by sixty (60) days written notice to the other, shall terminate this Lease, whereupon the Basic Rent and all other charges payable by Tenant hereunder shall be apportioned as of such date of termination.

ARTICLE 21 - OPTION TO PURCHASE

21.1. Tenant has the exclusive option to purchase the Land and Building on the following terms:

(a) This option may be exercised at anytime during the Initial Term or Extended Term by giving written notice to Landlord. Tenant will examine title, easements, restrictions, environmental hazards and any other concerns. The closing shall occur within nine (9) months after notice is given to Landlord on a date selected by Tenant. Tenant may cancel its exercise of the option to purchase at anytime prior to the day of closing.

(b) The purchase price shall be agreed upon by Landlord and Tenant. All rent payments made by Tenant to Landlord for the lease of the Demised Premises shall be applied to the agreed upon purchase price.

(c) The purchase of the Land and Building is subject to any then required approvals by the South Carolina Joint Bond Review Committee, the South Carolina Budget and Control Board and General Services Division.

ARTICLE 22 - MISCELLANEOUS

22.1. If any provision of the Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of such provision shall not be affected thereby.

22.2. This Lease shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto.

22.3. This Lease may be executed in counterparts, each of which when so executed and delivered, shall constitute an original, fully executed counterpart for all purposes, but such counterparts shall constitute but one instrument.

22.4. The Article headings of this Lease are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

22.5. This Lease shall be governed by and construed in accordance with the laws of the State of South Carolina.

22.6. In the event Landlord is involved in any bankruptcy or insolvency proceedings and Landlord's trustee fails to perform or rejects any of the Landlord's obligations under this Lease, Tenant shall have the option to terminate this Lease.

22.7. Schedule "A" and Schedule "B" is incorporated herein and made a part hereof.

22.8. This Lease is subject to and conditioned upon the approval of General Services Division, Real Property Services, and shall be of no force or effect until the consent of such office shall be endorsed hereon.



IN WITNESS WHEREOF, the parties have executed this lease as of the day and year indicated under their signature.

WITNESS:

Kristin U. Sherman

LANDLORD:
IOS, LLC

[Signature]
(signature for landlord)

Laurel S. Marrese
(printed name and title of signatory)

8-12-09

Date

WITNESS:

Kristin U. Sherman

TENANT:
Lander University

[Signature]
(signature for tenant)

Diane Newton
(printed name and title of signatory)

8-12-09

Date

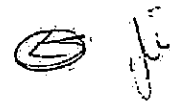
This Lease is approved in accordance with Regulation 19-447.1000 by the State Budget and Control Board, General Services Division, Real Property Services, this 17th day of August, 2009.

[Signature]
Lisa H. Camlanotto
Program Manager/Attorney

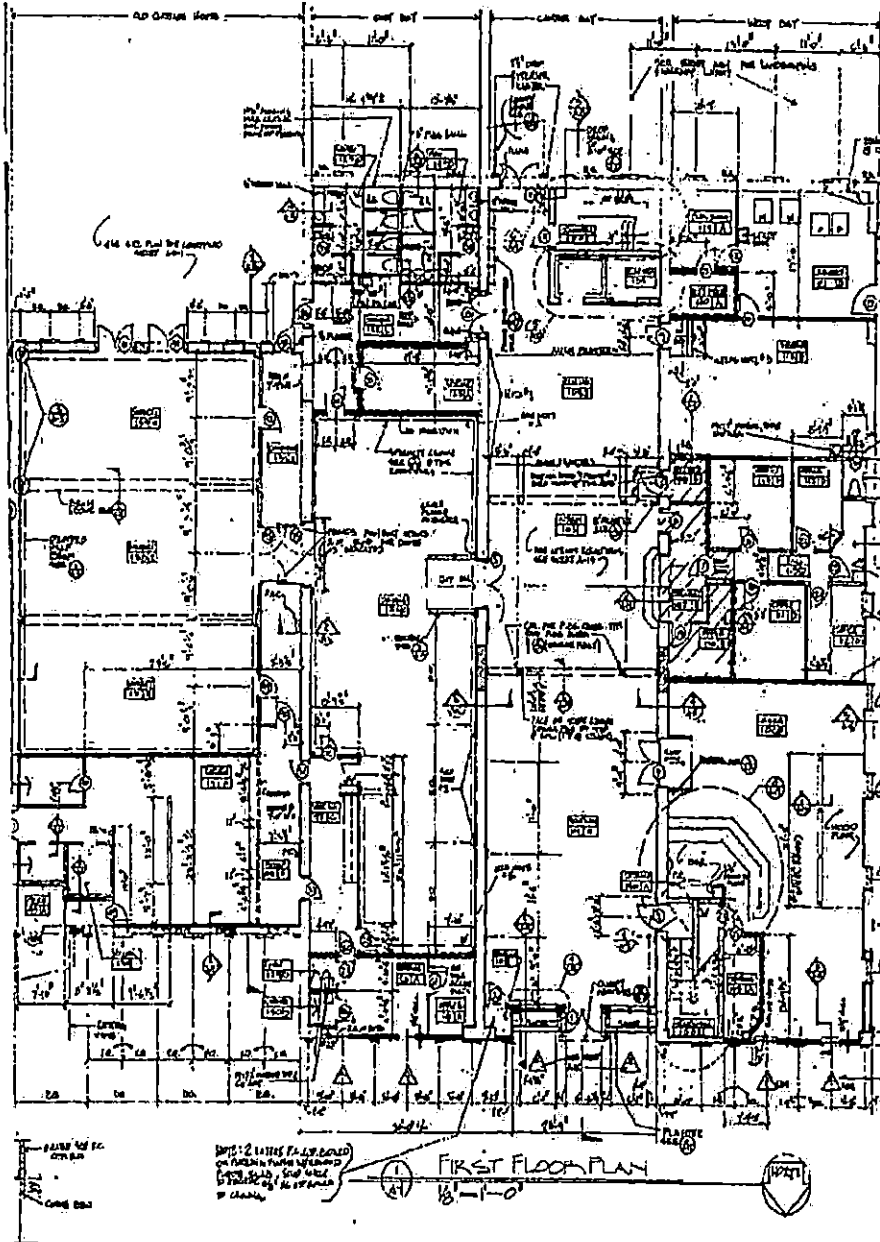
Schedule "A"

In addition to the covenants made by Landlord and Tenant in the Lease hereinabove, Landlord and Tenant further agree as follows:

1. Landlord shall leave all kitchen fixtures, equipment, flatware, stemware, plates and accessories as well as the furniture, fixtures and equipment on the first floor that are in place at the commencement of this lease for Tenant's use; except for office supplies and equipment currently used by the Landlord at the commencement of this lease.
2. Tenant has the option to use any furniture currently in place on the second and third floors of the Building. Tenant shall notify Landlord during a walk through prior to the commencement of this lease which furniture it wishes to use. Landlord is responsible for removing and storing all other furniture that Tenant determines not to use.
3. Landlord shall close prior to August 15, 2009 for the duration of Tenant's occupancy of the Building the restaurant/lounge/bar located on the first floor of the Building.
5. Events currently scheduled through August 29, 2009 will remain the responsibility of Landlord.
6. After August 29, 2009, all events will be managed by Tenant.



Schedule "B"
First Floor

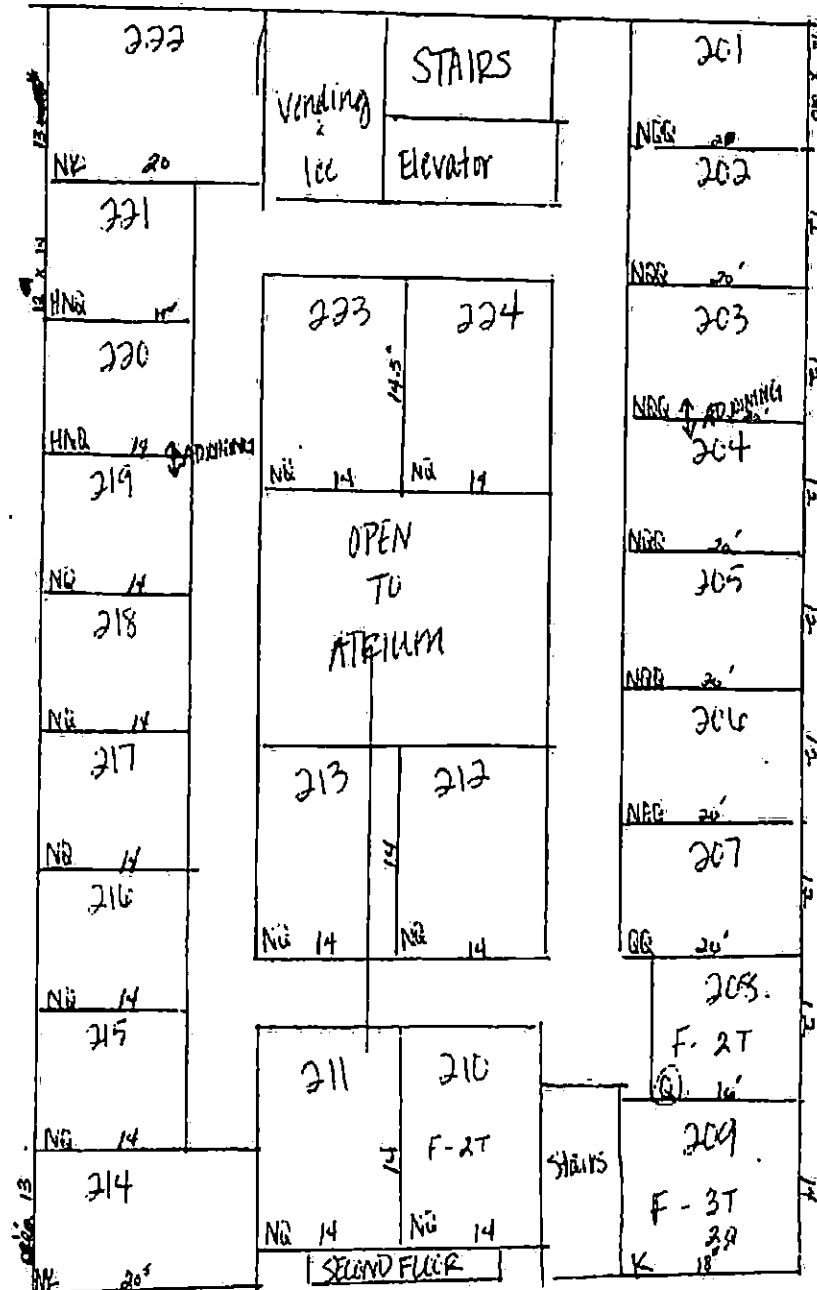


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Page 8 of 10

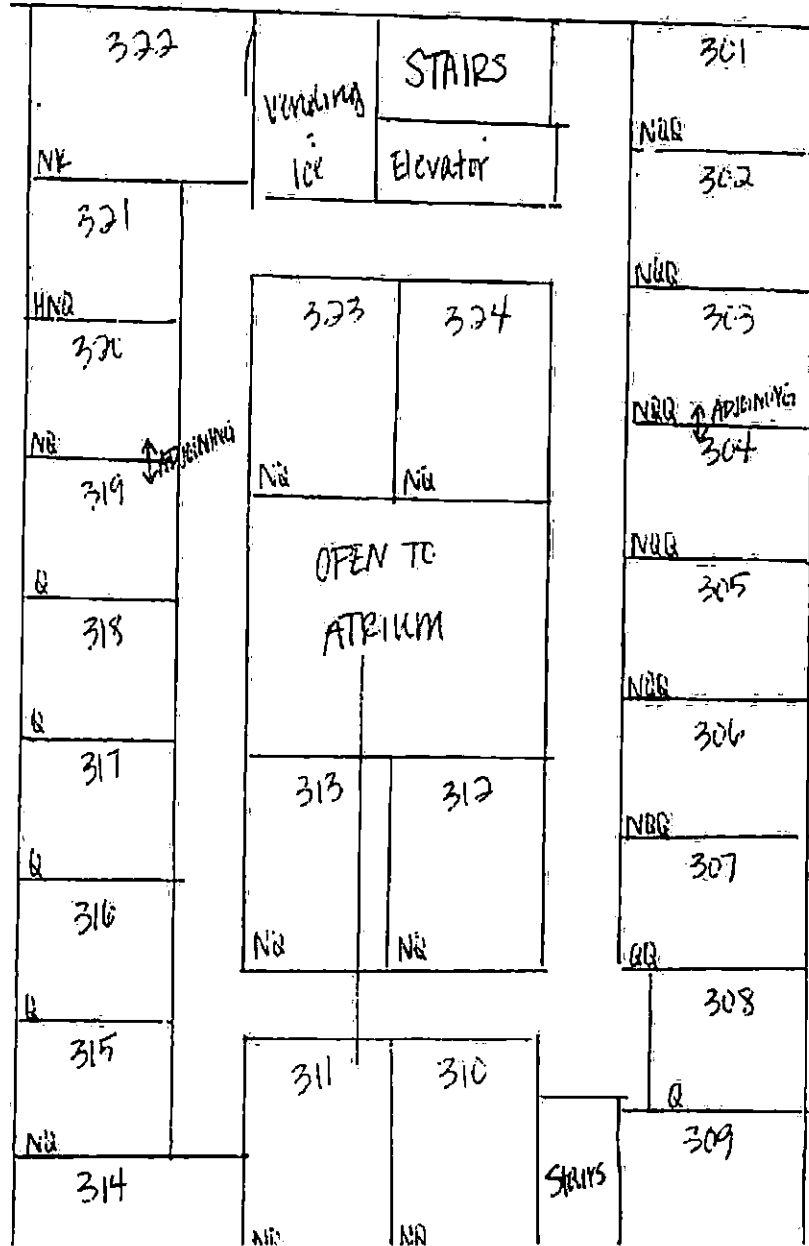
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Second Floor



Third Floor



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STATE OF SOUTH CAROLINA COURT OF COMMON PLEAS COUNTY OF GREENWOOD IOS, LLC PLAINTIFF, VS. : 2012-CP-24-576 LANDER UNIVERSITY, LANDER : COLLEGE, AND THE LANDER : FOUNDATION : DEFENDANTS. : DEPOSITION OF LOUIS SMITH DATE: MARCH 14, 2016 TIME: 11:00 A.M. LOCATION: JAMES B. SMITH, JR., P.A. LAW FIRM 1422 LAUREL STREET COLUMBIA, SOUTH CAROLINA TAKEN BY: DEFENDANT REPORTED BY: REBECCA A. BAZZLE, CVR-M BAZZLE & ASSOCIATES COURT REPORTING 721 CYPRESS POINT DRIVE CHAPPELHILL, SOUTH CAROLINA 29037	1 INDEX 2 STIPULATIONS..... 4 3 DATE..... 4 4 LOUIS SMITH 5 EXAMINATION BY MR. MEREDITH..... 4 6 EXAMINATION BY MR. SMITH..... 103 7 REEXAMINATION BY MR. MEREDITH..... 103 8 REEXAMINATION BY MR. SMITH..... 113 9 REEXAMINATION BY MR. MEREDITH..... 113 10 CERTIFICATION BY REPORTER..... 119 11 HEAD AND RUN DOCUMENTATION..... 120 12 13 14 15 16 17 18 19 20 21 22 23 24 25 D-1 COPY OF EXHIBITS (4 PAGES)..... 27 D-2 COPY OF LOAN MODIFICATION AGREEMENT (6 PAGES)..... 44
Page 2	Page 4
1 APPEARANCES: 2 Representing: DEFENDANT 3 LENA Y. MEREDITH, ESQUIRE 4 NICHOLSON & ANDERSON 5 109 WEST COURT AVENUE 6 P.O. BOX 457 7 GREENWOOD, SOUTH CAROLINA 29648 8 9 Representing: PLAINTIFF 10 JAMES B. SMITH, JR., ESQUIRE 11 JAMES B. SMITH, JR., P.A. LAW FIRM 12 1422 LAUREL STREET 13 COLUMBIA, SOUTH CAROLINA 29201 14 15 Also Present: 16 DOUGLAS L. BELL, ESQUIRE 17 MCDONALD PATRICK POSTON HEMPHILL & ROPER 18 P.O. BOX 1547 19 GREENWOOD, SOUTH CAROLINA 29648 20 21 22 23 24 25	1 STIPULATIONS: 2 Taken pursuant to the rules of South Carolina Civil 3 Procedure. 4 WAIVER: 5 The reading and signing of this deposition 6 transcript have been waived by the deponent. 7 8 LOUIS SMITH, having been 9 first duly sworn to tell the truth, the whole truth, and 10 nothing but the truth, testified as follows: 11 MR. JAMES SMITH: I just want to make a 12 point early. We are going to read and sign. So if you 13 will send it to my office that will be great. 14 EXAMINATION: 15 BY MS. MEREDITH: 16 Q. Mr. Smith, my name is Lena Meredith. We met just 17 before the deposition, and I appreciate you coming in. 18 today. I represent Lander University and Lander 19 Foundation in regard to the case which has been filed 20 against them that pertains to Inn on the Square Hotel 21 in Greenwood, South Carolina. Mr. Bell, who is 22 seated with me, is their transactional attorney and 23 is going to be here, as well, on their behalf, but I 24 will be asking all of the questions. 25 If there's anything -- unfortunately, you know,

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1 this is something that sometimes we just have to do 2 as we go along. If you have any issue with the 3 clarity of my question or if I'm asking too many 4 things in rapid-fire succession, I promise I'm very 5 easy to get along with. Just let me know that you 6 don't understand what I'm asking you. If you do 7 answer, I will be assuming that you understood the 8 question and that the answer is responsive. Is that 9 fair? 10 A. Sounds good. 11 Q. Okay. This, also, is not a marathon. If you need to 12 take a break, the only thing I would remind you of is 13 that you will potentially waive any attorney-client 14 privilege if you discuss anything with your attorney 15 during that break. While you're under oath you're 16 not allowed to ask anyone. If you have a question 17 about anything that I'm asking you, you need to 18 direct it to me rather than somebody else. Also, I 19 would ask you, for the court reporter's sake, to say 20 yes or no instead of uh-huh or un-un. I'm going to 21 do it -- during the deposition, if I correct you, I'm 22 not trying to be ugly. 23 A. I understand. 24 Q. She just needs it so they don't -- 25 A. For clarity.	1 Q. Okay. Your full name for the record is what? 2 A. Charles Louis St. Clair Smith. 3 Q. All right. And spell St. Clair. 4 A. S-t, period, C-l-a-i-r 5 Q. Just like it sounds. All right. What is your date 6 of birth? 7 A. November 29th, 1967. 8 Q. Okay. Where do you presently reside? 9 A. 47 Churchill Circle, Columbia, South Carolina. 10 Q. How long have you resided there? 11 A. 15 years. 12 Q. Are you married? 13 A. Yes. 14 Q. What is your wife's name? 15 A. Nedra, N-e-d-r-a. 16 Q. Okay. She goes by Smith, as well? 17 A. She does. 18 Q. Do y'all have any children? 19 A. We do. 20 Q. How many? 21 A. Two. 22 Q. Are they both over 18? 23 A. They are. 24 Q. Are they -- you mentioned earlier that you had one on 25 the way back from Pennsylvania. Are they both in the
Page 6	Page 8
1 Q. -- get confused. Correct. I'm going to ask just some 2 general background questions just to start with. You 3 may have already been to a deposition. Have you 4 given a deposition before? 5 A. I have for Upper Savannah Council of Governments. 6 Q. All right. So you have been through this before, and 7 you understand the rules, because they are pretty 8 much the same for all of these? 9 A. Yes. 10 Q. This is what's called a discovery deposition. It is 11 not necessary for use at trial. So I'm going to be 12 asking what may seem to be irrelevant questions, but 13 it's mainly just to understand who you are, what the 14 business relationships were of the parties and so 15 forth. If the case ever comes up for trial, I'm 16 going to want to know who was with anyone as far as 17 any other businesses, who was involved in any other 18 corporations or LLCs or whatever. I just want to 19 align the parties, so to speak -- 20 A. Sure. 21 Q. -- so I understand who is related to who. It may not 22 take very long to do that, and then I'll kind of move 23 into whatever the heart of this matter is. Okay? Is 24 that all right? 25 A. That sounds good.	1 state of South Carolina? 2 A. Yes. They are residents, both, of the state of South 3 Carolina. 4 Q. Okay. Anybody related to you by blood, or marriage, 5 or business relationship that would reside in 6 Greenwood County, South Carolina? 7 A. No. 8 Q. Okay. Have you ever operated, other than the Inn on 9 the Square, any business that you were related to in 10 Greenwood, South Carolina? 11 A. No. With the exception of we did off-site alcohol 12 sales. 13 Q. Okay. 14 A. And I had to get a separate tax ID number for the 15 state, but outside of those -- 16 Q. That was for the catering business? 17 A. Right. 18 Q. What did that business operate under? What name? 19 A. The -- 20 Q. Catering? 21 A. Everything we did at the Inn on the Square was under 22 IOS, LLC. 23 Q. Okay. All right. Have you been in Columbia for 24 quite a while? 15 years? 25 A. Yes.

2 (Pages 5 to 8)

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1 Q. What about before that? Where were you before that? 2 A. Grew up in Columbia. I spent one year in St. 3 Augustine, 2000, right before we moved back here. 4 Q. What were you doing down there? 5 A. I was actually operating a motorsports facility in 6 St. Augustine. 7 Q. Automobile? Motorcycle? 8 A. Motorcycle. Or, excuse me, automobile racing. 9 Q. Okay. Were you involved in John Huffman's 10 racetracks? 11 A. Just as an employee, not a partner. 12 Q. Okay. What did you do for him as an employee with 13 regard to the racetracks specifically? 14 A. Managed one of the facilities. I did press work, 15 marketing for his association and respective tracks. 16 Q. Okay. And I understand he developed a -- sort of a 17 sanctioning body, I guess? 18 A. That is correct. 19 Q. Tell me the name of that again. 20 A. That was the American Racing Association. 21 Q. Okay. And so I understand what we're talking about, 22 I mean, is this -- obviously, that's not NASCAR, 23 necessarily, but what are they racing? 24 A. Stock car. 25 Q. Dirt track?	1 to take the back roads through Due West to get there, 2 because it was the easiest way to sneak in and out if 3 you had to. 4 All right. What was your degree in at Clemson? 5 A. Sociology. 6 Q. Do you have any licenses related to that degree? 7 A. I have a certified hotel administrator license. 8 Q. All right. So your BA is in sociology. Do you have 9 anything other than that? Any other degrees? 10 A. No. Broker's license. 11 Q. Okay. Is it current? 12 A. It is. Broker in charge, actually, in South 13 Carolina. 14 Q. Did you work with Mr. Huffman's real estate company, 15 as well? 16 A. I did, as an agent. 17 Q. That was Southcorp; is that right? 18 A. Southcorp Properties Inc. 19 Q. They manage, primarily, apartment houses? 20 A. Mostly office buildings at the time that I was an 21 agent. 22 Q. And that business has been sold; is that right? 23 A. I don't know. 24 Q. You don't know? When did you work for that business? 25 A. From 1997 through 2004.
Page 10	Page 12
1 A. Dirt and asphalt. 2 Q. Tell me what size racetracks we're talking about. 3 A. They are all less than a half mile. It's considered 4 a short track. 5 Q. I grew up in a small town. So I'm very familiar with 6 that concept. 7 Q. All right. If I'm remembering correctly from his 8 deposition, he had seven of those at one time; is 9 that right? 10 A. That sounds right. 11 Q. Did you work in St. Augustine for one of those? 12 A. I did. 13 Q. Okay. Tell me if there were any others that you 14 operated for him? 15 A. I didn't operate any others. 16 Q. Where did you grow up? Here in Columbia? 17 A. I did. 18 Q. Where did you go to high school? 19 A. King. 20 Q. What about college? 21 A. Clemson. 22 Q. What year did you graduate? 23 A. 1990, college. I used to drive through Greenwood 24 quite a bit taking the scenic route. 25 Q. Yeah. My husband went to Clemson along 85. He used	1 Q. Back me up. I won't ask you about what you did in 2 high school, but back me up to college and tell me 3 what kind of work you've done and for whom. 4 A. Mostly marketing and sales work, but cable 5 advertising company. I left that in '96 to start a 6 business publishing a newspaper with my wife. We did 7 that for two years. I got my real estate license 8 during that time, 1997. 9 Q. When it was good? 10 A. I didn't know any better. It was mostly commercial I 11 was working on, too, so. In fact, I've only done 12 commercial real estate. 13 Q. Okay. 14 A. I became more involved in John's speedways in '98 15 through, I would say, 2002 maybe. Still doing 16 commercial real estate. 17 Q. Okay. 18 A. And in 2003, I guess, John and Misty were closing up 19 their office and suggested that I go ahead and get a 20 broker's license and start my own company, which I 21 did in 2004. That was Waterstone Property, Inc. 22 Q. That is one word, right? 23 A. Yes. 24 Q. Is it still incorporated? 25 A. It is.

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1 Q. Do you still own it? 2 A. I don't. I took over broker-in-charge of Cooper 3 Realty of South Carolina two years ago, three years 4 ago I believe. 2013. So I've not been active with 5 Waterstone Property. 6 Q. Okay. 7 A. But it is still there, the corporation. 8 Q. All right. When did you get your certification with 9 regard to hotel management? 10 A. That was 2007, late 2007. 11 Q. All right. All right. Let me see if I can 12 encapsulate this accurately. Graduated Clemson in 13 1990, and walk me through it. You did the marketing, 14 sales. I guess the first job was cable advertising? 15 A. Right. 16 Q. Who would that have been for? 17 A. At the time it was Total Reach and it ended as Cable 18 Vantage. 19 Q. All right. And that ended when? 20 A. 1996. 21 Q. Okay. And then the two years publishing a newspaper 22 with your wife? What was the name of the paper? 23 A. Wonderful, the Midlands Family Guide. 24 Q. Okay. And sort of at the same time you're going into 25 commercial real estate in 1997, got your license.	1 office, was that retirement, selling the business? 2 A. I-- 3 Q. Don't know? Were you still working? 4 A. I think he was probably trying to get rid of all of 5 his agents, so. Simplify life. 6 Q. Were you still working for HMS at that point -- 7 A. No. 8 Q. -- in any capacity? That terminated altogether in 9 2009? 10 A. It's my -- probably 2002, I think, was the last year 11 that I probably recall having any work associated 12 with that. 13 Q. All right. Before getting your certification with 14 regard to the hotel management in 2007, what 15 experience, if any, did you have in managing any 16 hotels for John or anyone else? 17 A. None. 18 Q. Okay. Is that something that he asked you to do with 19 regard to this project? 20 A. No. My role was always marketing. 21 Q. What drove you to get that designation at that point? 22 A. Choice Hotels had mandated. We had spent 2007 23 tracking the property. 24 Q. Got you. Did you have any prior business 25 relationship with Craig White before joining IOS,
Page 14	Page 16
1 Now, was that in connection with a job that you took 2 with John or with someone else? 3 A. That was -- he was my sponsoring broker. 4 Q. Okay. And what business entity was he operating 5 under at that time? 6 A. Southcorp Properties. 7 Q. Southcorp properties. Southcorp Management, was that 8 still in, I guess, existence at that point? 9 A. I don't know. 10 Q. Is it fair to say that Southcorp Properties is the 11 only business entity that you have worked for, other 12 than one of the entities that may have owned the 13 speedway in St. Augustine? 14 MR. JAMES SMITH: Object to the form of the 15 question. Go ahead and answer it. 16 A. HMS, LLC was the name of his speedway operation. And 17 with each I was an independent contractor. 18 Q. All right. So you were in St. Augustine for one 19 year. That would have been in 1998? 20 A. The summer of 1999 until the summer of 2000. 21 Q. Okay. 22 A. We did it through a school year. 23 Q. And then back in Columbia after that? 24 A. That is correct. 25 Q. And when you say John and Misty were closing their	1 LLC? 2 A. I did, yes. 3 Q. All right. Tell me about that. 4 A. 2003, I believe, we purchased two office buildings 5 from John Huffman, John and Misty Huffman or from 6 John, whatever their ownership designation was 7 called. Craig White was a partner of mine in these 8 two office buildings. He and his brother. 9 Q. Okay. All right. Was one of those the 1200 Main 10 Street? 11 A. 1200 Main. 12 Q. Okay. What was the other? 13 A. The Granby Building in Cayce. 14 Q. Okay. Tell me how those corporations are set up. 15 What your role in them and your percent of ownership 16 was. 17 A. I was a third -- had a third interest in 1200 Main 18 and a 20 percent interest in the Granby Building, and 19 I was also, as Waterstone Property Inc., the manager, 20 property manager. At that time I also managed other 21 rental property for Craig. 22 Q. How did you meet him and decide to have a business 23 relationship with him? 24 A. I had met him through several listings, property 25 listings I had had through the years. I knew that he

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1 was interested in office buildings downtown. So I 2 approached him about developing there. 3 Q. Did it start out as property management to begin with 4 and then grow into some ownership in one of these? 5 A. It was always set up, from the beginning, as a 6 partnership. 7 Q. He doesn't have any ownership interest in Waterstone, 8 though? 9 A. No. 10 Q. Okay. So it was an ownership interest, partial 11 ownership interest or stock membership in -- 12 A. In my name. 13 Q. In your name individually? 14 A. Yes. 15 Q. In the 1200 Main and the Granby Building and then 16 Waterstone as your LLC? Or is it Inc.? 17 A. It's Inc. 18 Q. S-corp? 19 A. Yes. 20 Q. Waterstone managed those two buildings and a number 21 of other rental properties for Craig? 22 A. Correct. 23 Q. Okay. All right. How did you become involved in the 24 Inn on the Square? 25 A. Craig had owned that property. I believe in 2003 he	1 A. As of 2004. 2 Q. -- as the BIC, and did you remain involved at all? 3 Or did they shut completely down Southcorp 4 Properties? 5 A. I don't know if they shut it down or not, but I was 6 no longer an agent. 7 Q. Okay. All right. And no longer involved with HMS at 8 that point either? 9 A. That's correct. 10 Q. How did John get involved in the Inn on the Square? 11 A. I approached him, maybe, every couple of months just 12 to catch up and stated that was one of the projects 13 that I was waiting on. He had stayed there, 14 apparently, maybe that summer and just took an 15 immediate interest to the property and the project. 16 Q. Okay. How did it morph into the two of you becoming 17 partners with Craig White? 18 A. John had proposed a purchase from Craig of the 19 property. In part of the negotiation with the 20 current noteholder, Business Carolina, who Craig was 21 in default, apparently -- we had approached them 22 about financing, buying the note, mortgage guarantee, 23 and taking control of the property in that way. They 24 were unable to outright go to the number that we 25 needed. They, instead, offered to refinance terms.
Page 18	Page 20
1 purchased it. He approached me in late 2004 that he 2 was having trouble with it, could I help him out, and 3 that's how I first became aware of it. 4 Q. Okay. Was it listed at that point? 5 A. It wasn't listed. I did make some calls on his 6 behalf to gauge interest, selling interest. 7 Q. Who were the other partners, if any, that were 8 involved with him at that point? 9 A. I do not know. 10 Q. Okay. So any type of discussions you had were with 11 him exclusively? 12 A. Yes. It seemed like he had a business partner that 13 was associated with the hotel in Abbeville, but I 14 don't know the extent of that relationship or how it 15 was legally. 16 Q. All right. And that would have been in your capacity 17 as an agent for John's -- 18 A. No, that was Waterstone Properties Inc. at that time. 19 Q. Okay. 20 A. Broker-in-charge. 21 Q. So your relationship, this is 2004, although you did 22 -- you didn't have any type of exclusivity agreement 23 with John just to work for Southcorp Properties? 24 A. I don't understand your question. 25 Q. You were Waterstone Property Inc. as --	1 However, in doing so, Craig remained tied to that 2 note. So Craig then had a position in the ownership, 3 the new ownership, to basically get back in at a 4 certain percentage if we did not close out, purchase, 5 take care of that note, and we were not able to do so 6 in 2005. 7 Q. Okay. Was the initial discussion that you would buy 8 the note or the building? Were you refinancing? 9 A. Both. 10 Q. Both? Either or? 11 A. Right. 12 Q. Okay. 13 A. That sort of discussion and negotiation is much more 14 John's forte. So a lot of this I was, basically, 15 kind of along as a -- listening, to help. 16 Q. What kind of due diligence did you all do during that 17 period of time? Were you able to -- 18 A. On site looked at operating numbers. Spent more 19 time, probably, looking at costs, expenses. That 20 seemed to be, also, John's area of expertise. 21 Q. How far underwater were they? 22 A. I can't recall at the time, but it was definitely 23 negative cash flow, and debt service was not 24 occurring. 25 Q. Do you remember what his exposure was?

5 (Pages 17 to 20)

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Page 21	Page 23
1 A. I don't. 2 Q. As far as the books and the business records with 3 regard to IOS, LLC, where are those now? 4 A. Misty Huffman. 5 Q. John indicated that he thought that you had, because 6 you had come with a U-Haul at some point. Whenever 7 things had been closed. 8 A. Mostly, I have records more of activity that I was 9 involved in, which is really much more marketing 10 letters to Uptown Greenwood. 11 Q. Okay. As far as the actual corporate book itself, do 12 they have that or do you have that? 13 A. The corporate book? Maybe elaborate what that is. 14 Q. The membership shares, the operating agreement. You 15 know, any type of resolutions for the bank. 16 A. I believe I have a copy of the initial, I guess, 17 bylaws, corporate -- Leonard Jordan, who was the 18 attorney that we used at that time, transactional, 19 may also have that. 20 Q. Okay. I'm not trying to play hide the ball here. He 21 sent me a couple things, but I want to make sure that 22 it's complete, because if he didn't do all of it, 23 then I'd like to try to figure out where there is a 24 complete set of everything. 25 A. Okay.	1 shared, I guess, through -- probably up until the 2 time that we turned the property over to Lander. 3 Q. All right. 4 A. I don't know what records I still have at this point 5 just considering the number of changes to our laptop, 6 file changes that have taken place and what's out 7 there. 8 Q. Okay. I would appreciate a copy of whatever you can 9 put your hands on just so that I can try to get an 10 idea of what your debt service was as far as -- I 11 understand what has been produced to me already. If 12 there's anything else, I'd like to be able to take a 13 look at it just to sort of understand the accounting. 14 A. Probably, I guess one of the latest, I mean as far as 15 debt service and payments, would have been Business 16 Carolina was overseeing the books, I guess, for the 17 duration where Lander was in possession of the 18 property. I would say, probably, that is the latest 19 and greatest as far as what debt service and other 20 payments were. 21 Q. And prior to that, it's going to be what was on 22 QuickBooks that Misty was actually doing? 23 A. I think so. That's probably the -- 24 Q. She did the actual books themselves? Did she send 25 you monthly P&Ls?
Page 22	Page 24
1 Q. So anything that you have, you know, if you could, 2 get it to your attorney so that I can make sure I 3 have a complete copy. As far as the actual books 4 themselves, they were done on a computer, correct? 5 A. I believe Misty used QuickBooks. 6 Q. Okay. Was she the bookkeeper? 7 A. She was. 8 Q. Did you get paid anything from doing that service? 9 A. We had management fees, and she had a separate 10 accounting, bookkeeping management fee. However, 11 that was not all paid. 12 Q. Okay. Who's got the actual data itself? Is there a 13 hard copy of it? 14 A. I'm not sure. It would be something that Misty would 15 have had access to, I guess, up to the point of -- I 16 don't know when she shut down QuickBooks or continued 17 to use it through the entire process. 18 Q. Okay. All right. You don't have a copy of any of 19 that? 20 A. I don't have a physical printout copy or backup hard 21 drive or any kind of -- 22 Q. Do you have any financial statements at all that 23 would have come into your possession at any time 24 along the line? 25 A. Probably, some P&L statements through -- that were	1 A. We would review them a lot of times onsite. I mean, 2 I was onsite quite a bit. So, it wasn't something 3 that we always, like, e-mailed back and forth. 4 Occasionally I got them that way, but mostly it would 5 just be we would sit down in John's office and review 6 them. 7 Q. Okay. And I know towards the very end they were 8 hemorrhaging money, but what type of -- 9 MR. JAMES SMITH: Object to the form of the 10 question. 11 Q. Sure. What type of investment did you have, as far 12 as capital, in the company itself? 13 A. I didn't put any of my own money into it. I had 14 signed off as personal guarantor on several notes 15 that allowed us to do extensive renovations in 2007 16 as part of the branding. So I was a -- essentially, 17 that is probably more of my financial contribution, 18 was signing on to ensure that we would make good on 19 these loans at the time. That was both with Choice 20 Hotels, Upper Savannah, Cornerstone Capital, and the 21 Uptown Greenwood Development Corporation. 22 Q. And as I understand it, Choice Hotels has a judgment 23 for, give or take, 120 something? Is it 127? 24 A. The last I saw was 112,000, but that doesn't, maybe, 25 account for interest.

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1 Q. Is that for franchise fees? Tell me what -- 2 A. It is for liquidated damages for not operating as a 3 hotel, continuing to operate as a Choice branded 4 hotel. We had a five-year agreement in 2007. 5 Q. Okay. Do you have a copy of that contract and the 6 guarantee that you would have signed? If not, I can 7 get it from one of the attorneys -- 8 A. Right. 9 Q. -- that was involved in the litigation. 10 A. Possibly, yeah, that might be the best route to go. 11 Q. Okay. Bank statements, back to IOS, LLC. What banks 12 were y'all using as far as your operating account and 13 any other type of line of credit? 14 A. County Bank, I think. Right? That's the bank right 15 across the street? 16 Q. Next door? 17 A. Yes. Right, that was the only operating account. 18 Q. Okay. Did they also have -- did you also, IOS, 19 meaning -- when I say they, I mean IOS. Did you have 20 a line of credit separate and apart? 21 A. No. Misty, I believe, created her own line of 22 credit, based on her house, with Carolina First that 23 they invested in the property. 24 Q. Okay. During the time that you were involved, which 25 would have been 2004, and I believe, was the actual	1 Was that something that you were aware of at the time 2 that y'all bought in? You said you knew it was in 3 default, but did you know there was an actual 4 foreclosure that had been filed? 5 A. Not that I recall. 6 Q. Okay. 7 A. We were working directly with their primary lender. 8 So whatever they seemed to be happy with is what we 9 planned to move forward with. 10 Q. Was there any other debt associated with Craig's 11 entity that you were aware of? 12 A. I don't know. 13 Q. Do you recall approximately what the payoff would 14 have been if y'all had been able to secure financing 15 to buy it outright? 16 A. We had discussed 700, maybe 725, at the time with 17 Business Carolina, but I don't really recall what 18 exactly. It seems like we signed a note that was a 19 higher amount, maybe 970,000, somewhere just under a 20 million at the time. 21 Q. All right. So tell me how the -- I know there was a 22 deed that transferred the actual property to IOS, 23 LLC, and that's who actually operated the hotel from 24 that point on, but the note stayed in Palmetto Inns, 25 Emerald Inn, guaranteed by Craig White?
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1 closing in 2005? 2 A. 2005, right. 2004 was just preliminary looking 3 around. 4 Q. Were there any other banks involved for IOS other 5 than County Bank that you know of? 6 A. No bank, no. 7 Q. Okay. All right. So tell me how this was set to 8 begin with. It was financed originally as Palmetto 9 Inn, Palmetto Inns? 10 A. Maybe -- I guess that, maybe, was Craig's initial -- 11 Q. His Corporation? 12 A. Could be. Emerald Inns or something was another name 13 that we -- 14 Q. Right. I saw where he had actually reserved Emerald 15 Inn on the Square, and I believe Emerald Inn was 16 involved in that to start with, too, but the actual 17 foreclosure was brought against Palmetto Inns. Well, 18 there were three foreclosures, I guess there was one 19 in 2005, one in 2008, and then one in 2012, but the 20 initial one -- I mean, the foreclosure that was 21 dismissed, was that at the time that IOS was created 22 and that y'all bought in? 23 A. I don't know. 24 Q. Okay. Was that -- I will have to look back at the 25 dates. I just honestly can't remember at this point.	1 A. Right. 2 Q. And what did IOS sign off on? 3 A. I think an agreement to pay. I mean to service the 4 note. We didn't have to -- they had -- I guess with 5 Craig being a guarantor as such we weren't required 6 to at the time. 7 Q. And how was IOS set up at that point? Who were the 8 people who made any kind of capital investment? 9 A. Misty and I were 50-50 partners. John immediately 10 loaned money, or John and Misty. When I say John, it 11 would be John and Misty interchangeably for some of 12 that -- to basically keep the doors open, meet 13 payroll. Things that were at the time -- this was in 14 January -- that seemed to be -- this business was 15 going to shut down. Strategy of getting involved and 16 moving forward would be to keep it open. So he 17 immediately lent money to the business to keep the 18 doors open. 19 Q. All right. And I have seen a mortgage to Misty 20 Huffman for \$200,000. Was that an investment of -- I 21 mean, is that \$200,000 that just got directly 22 deposited into the checking account? 23 A. Over -- part of it -- I know in 2005, that summer, 24 she did some kind of note at that point to put money 25 in. I don't recall if it was all put in at once or

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1 if it was something that came in through increments. 2 I was not really looking at balances -- 3 Q. Okay. 4 A. -- so much. 5 Q. All right. I'm going to show you what's -- I can 6 mark this as defendant's number 1. 7 (Whereupon Defendant's Exhibit Number 1 was marked for 8 identification.) 9 Q. Is this the loan that you were referring to? 10 A. This looks like it, yeah. 11 Q. Does that appear to be contemporaneous with the 12 closing? Or can you tell? 13 A. No, I believe this was -- well, I don't know. I 14 think this was after the closing. 15 Q. Okay. Because I have a loan modification agreement 16 that's shortly before that. I'm trying to figure out 17 when to look for the actual investment in the 18 business itself. If that came in the form of deposit 19 into checking account. I understood -- I'm sorry. 20 This is a horrible question, because I'm rambling, 21 but I understood that IOS didn't assume any of the 22 previous debt to vendors or anyone else. 23 A. Any other business entity, right, outside of Business 24 Carolina. Outside of the initial note, I guess. 25 Q. Right. And was there a contract that was actually	1 have -- was it Moore, Taylor, and Thomas? They were 2 their foreclosure attorneys. 3 A. I don't remember. 4 Q. You don't remember? Do you have a copy of the 5 closing package that would have been provided to you 6 post-closing with regard to the transaction? 7 A. It seems like I've seen something like that, but -- 8 Q. Okay. Anything that you've got with regard to that 9 transaction, including any agreements that you would 10 have had with other members of the LLC, if you could, 11 give those to your attorney so he can provide those 12 to me, as well. So as we sit here today, and if I'm 13 wrong please correct me, you don't remember if this 14 was \$200,000 that they just put it at one time or if 15 it was a mortgage that was going to secure future 16 advances? Tell me what the actual -- 17 A. It seems like at the time that that was the amount 18 that they had that they were putting in or had 19 encapsulated, like, maybe an amount leading up to -- 20 I don't recall seeing a \$200,000 check. 21 Q. Okay. 22 A. But this wouldn't have been signed off on unless 23 somehow at the time that they were indeed 24 contributing \$200,000. 25 Q. Okay. Do you know what the bulk of this investment
Page 30	Page 32
1 signed that would have been between -- 2 A. Transfer the property from -- 3 Q. Well, a sales contract and, also, agreement that, you 4 know, would have detailed the management by John as 5 Southcorp or whatever entity he was operating under? 6 A. Right. 7 Q. And, also, what the respective ownership positions of 8 each of the parties were? Is there a series of 9 documents, one document? Tell me how that happened? 10 A. I mean, I don't really necessarily recall exactly 11 what documents were there. It seemed like a fairly 12 straightforward change of ownership that Business 13 Carolina signed off on. It was more of a -- I guess, 14 going into this -- I don't know -- we didn't exchange 15 money with Craig or his entity. It was basically a 16 get-him-out-of-the-trap approach to this. So 17 specifically what was in the documents I really 18 couldn't begin to tell. 19 Q. Okay. All right. Did Leonard Jordan do the closing 20 for your side? 21 A. I believe so, yeah. 22 Q. Okay. And was he still at Barry Quackenbush at that 23 point? 24 A. I think so. 25 Q. And who did the closing for -- which law firm would	1 would have paid for, if there were no -- 2 A. At the time -- 3 Q. -- other debts assumed? 4 A. Going in we talked about kind of rescuing some 5 operations, probably emergency keep-the-doors-open 6 capital. There were a number of improvements that 7 were done to the property over that summer. There 8 was a lot of internal interior work done in rooms, 9 bathrooms, wall repair. 10 Q. Do you remember who would have performed those 11 repairs? 12 A. Local contractors. Another one of John's specialties 13 was getting work done kind of affordable. 14 Q. Okay. Were there any threatened mechanics liens or 15 other liens against the property -- 16 A. Not that I'm aware of. 17 Q. -- at the time the transfer that you know of? 18 A. Not that I know of. 19 Q. What about tax liabilities? What type of tax 20 liability was there at the time of the transfer? 21 A. I don't believe there were any when we -- none that 22 we were aware of and none that had ever come up in 23 the past, anything prior to. 24 Q. You didn't assume any, in other words? 25 A. Correct.

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1 Q. Okay. What did Craig agree to invest? What was the 2 consideration, I guess, for the transfer of the deed, 3 other than -- 4 A. 80,000, around \$100,000 he had agreed to put in, 5 also, to the property. 6 Q. Do you know if he actually did? 7 A. I believe he did, yes. It was actually a -- 8 Q. Okay. Who is Chesterfield Express? 9 A. That's an entity, I guess business entity, that Craig 10 White operated his ownership interest in. I really 11 don't know anything more about that entity. 12 Q. Sounded like the name of a convenience store, I'm 13 trying to picture where it originated. There was a 14 proposed operating agreement that was forwarded to us 15 that had Chesterfield Express included as a majority 16 owner and the satisfaction of some sort of debt to 17 Tel-A-Rent. Can you explain more what that was and 18 if it actually ever took place? 19 A. Tel-A-Rent was -- I think they had -- the hotel, 20 before us getting there, had done rented, maybe, a 21 lot of the -- maybe some of the furniture and 22 fixtures. That's a typical thing that's done in the 23 hotel industry. 24 Q. When I looked them up, they looked like an Aaron's 25 Rental type place.	1 drafts. 2 Q. Was there some sort of falling out between Craig and 3 John with regard to debt and debt service? 4 A. I mean, it was never a -- sometimes it would be 5 contentious. Other times it would be get along. It 6 was contentious at one point in asking Craig to 7 fulfill a part of his agreement to put money into the 8 hotel in 2005. 9 Q. That's kind of what I'm trying to get at, because 10 I've never seen that agreement. I'm trying to 11 understand what it was that Craig promised, what each 12 of you promised to do as far as capital, any type of 13 improvements, or debt service, so that I understand 14 how everyone -- how it was supposed to work. 15 A. Right. I mean, from the management agreement 16 Southcorp Properties had management control. John 17 specifically, without -- as I recall, everyone who 18 promised to put X amount of dollars in did so. It 19 wasn't always on schedule. It wasn't always -- 20 Q. When you needed it? 21 A. -- the date and time. Actually, when it was needed, 22 it seemed to get delivered, but I don't -- there is 23 no instance of either John or Misty or Craig, or 24 whatever business entity he was associated with, that 25 either agreed to put money in and did not fulfill
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1 A. I think. I mean, there's a lot of business 2 practices, I guess, that were odd. So John 3 negotiated a purchase of their equipment, of what 4 they had onsite, under IOS, LLC. 5 Q. Okay. 6 A. And from that standpoint, I really don't know Tel-A- 7 Rent or the relationship to Craig, Chesterfield. 8 Q. Okay. To your knowledge, did Chesterfield Express 9 ever pay or reimburse John for that expense? 10 A. Not that I'm aware of. 11 Q. Okay. So the operating agreement that y'all were 12 actually operating under, which would have been -- I 13 have one that was actually signed that's been 14 forwarded to us by Leonard Jordan. I'm trying to 15 make sure that the one that I'm looking at is the one 16 that y'all were operating under. Based on your 17 understanding of the operating agreement that was 18 actually in place, the final one before the Lander 19 lease with option was executed, what was your 20 ownership interest by that operating agreement? 21 A. By that operating agreement was 12 and a half 22 percent. 23 Q. Okay. All right. Were there other proposed 24 operating agreements which were never executed? 25 A. Possibly. I mean, we could have certainly looked at	1 that. 2 Q. Do you know what the total investment that Craig had 3 up through the date of foreclosure was? 4 A. I have no idea. 5 Q. Were there notes that were -- 6 A. Which foreclosure are you referring to? 7 Q. The ultimate one. 8 A. I don't know that. 9 Q. Was there a note associated with Misty's mortgage, 10 which has been marked as defendant's exhibit number 11 1? 12 A. I don't know. Probably. 13 Q. Who would have custody of those documents? 14 A. I mean, I would imagine Misty would have held onto 15 one. 16 Q. Okay. As the managing member, you would have had to 17 sign off on, because you were the managing member for 18 the -- 19 A. Right. 20 Q. -- duration of the existence of the corporation. You 21 would have had to sign off on anything that had to do 22 with either a corporate pledge to an entity. So you 23 would have had to have signed the note. What were 24 the terms of the repayment? 25 A. I can't recall what those were. I would imagine at

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1 the time it would have been servicing the debt. 2 Q. As far as any other indicia of debt from IOS, LLC to 3 either John or Misty Huffman or any of their 4 entities, what else is there, other than the mortgage 5 that I've got that we marked? 6 A. There was a -- at some point they invested more from 7 -- there was, I guess, credit card advances or some 8 kind of debt that they were -- or money that they 9 were lending the entity separate occasions. Probably 10 pay a property tax bill, cover payroll on some 11 occasions. 12 Q. So in addition to the Carolina First line of credit, 13 they would advance money off of credit cards? 14 A. Yeah, and I'm pretty sure during 2000, during 15 renovations in 2007 they also put additional funds 16 in. A lot of that was encapsulated finally in a kind 17 of, maybe, all-encompassing this is our debt. 18 Q. Okay. 19 A. What's owed from IOS, LLC. 20 Q. So there was a separate mortgage that I found that 21 was filed that was to Lone Star Ventures -- 22 A. Uh-huh. 23 Q. -- who I understand was either John or Misty or John. 24 I'm not sure which. 25 A. Right.	1 A. Setting rates, training front desk staff. Those are 2 things that I would involve myself with. 3 Q. All right. 4 A. Essentially through the Choice Hotel branding, it 5 offered us a lot more resources to work with in terms 6 of hotel operations from the branding, I guess, 7 branding standpoint. 8 Q. Online booking? 9 A. Right, and I would handle a lot of the setup, 10 artwork, making sure that our online presence was 11 good. I also built our website and basically managed 12 that on an ongoing basis, too, which used to be one 13 of the top referral sites for Uptown Greenwood. 14 Q. Before I forget, let me backup just a second. Did 15 y'all get an appraisal when you entered negotiations 16 with Craig in 2004 or did you just eyeball it? 17 A. Not at the time. It was just eyeball. We did get an 18 appraisal done in 2007, '06 or '07, ahead of 19 renovations. 20 Q. Is that for Clarion, Choice Hotels? 21 A. The appraisal? 22 Q. Right. 23 Q. The appraisal was actually for Upper Savannah Council 24 of Governments and Cornerstone Capital, who combined, 25 essentially, to finance the renovations.
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1 Q. With regard to that debt, is the debt and the note 2 that is memorialized by that mortgage, is it the same 3 money that has to do with the investment that is to 4 Misty Huffman? Is it a recapitulation? 5 A. I believe so. I imagine it would include this. It 6 seemed like it was a summary of debt that had not 7 been repaid, not been serviced throughout the course 8 of the entire -- 9 Q. Okay. All right. What was your actual, and I know 10 this sounds like a silly question, but what was your 11 actual day-to-day involvement in the running of the 12 hotel and the decision-making that you would normally 13 associate with the managing member? 14 A. Right. Again, it was more along marketing, kind of 15 connecting the hotel, the entity, with the community. 16 I would say probably more of the public face of the 17 hotel where John was more the nuts and bolts behind. 18 A lot of the branding issues and things that -- 19 operating a hotel under a flag is very different than 20 operating an independent hotel. So that was 21 something that I took on, responsibilities on that 22 end, to ensure that activities taking place under 23 John's management were in line with our agreement 24 with Choice Hotels. 25 Q. Okay.	1 Q. All right. Okay. I know I have already asked this, 2 but let me make sure that I've asked it properly. 3 The actual management agreement that you had with 4 John is memorialized where? I mean, was it in 5 writing? 6 A. We had an agreement in writing so that all partners, 7 and even Craig as a potential partner getting back 8 in, would have. Essentially, I mean, it was -- I 9 think it was something as simple as 5 percent 10 management fee Southcorp Properties Inc. for the 11 management of day-to-day operations and a separate 12 amount for Misty as bookkeeper. 13 Q. All right. 14 A. And with that management agreement, John and I had a, 15 I guess, just an internal understanding that we were 16 splitting that 5 percent. 17 Q. Okay. Do you remember what the percentage was for 18 bookkeeping? 19 A. It may have been 3. 20 Q. What about authority with regard to day-to-day 21 operations, negotiations with the brand? Where is 22 any of that memorialized in writing? 23 A. There is a -- I don't know that we specifically 24 addressed duties relating to the brand itself, any 25 duties outside of what we initially set up. I would

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Page 41 1 say probably it would be covered in the overall 5 2 percent management agreement under Southcorp 3 Properties, John and I, as Internal. 4 Q. The internal agreement was just a handshake deal? 5 A. I believe so. I don't know if we ever put anything 6 in writing on splitting that management fee, which 7 was far underpaid. I mean, keep in mind that that 8 was not in any way, shape, or form fully paid up, as 9 with Misty's bookkeeping. 10 Q. Okay. Theoretically, how are you going to get a 11 return on your investment? If everything had worked 12 like it was supposed to, how would you have gotten 13 paid? 14 A. The sale of the property or its ongoing cash flow. I 15 mean, it's hard to say. Hypothetical, the situation 16 didn't really present itself. We felt like certainly 17 the property had tremendous upside. 18 Q. As far as the sale is concerned, is there some sort 19 of contract of sale, unreported contract of sale that 20 y'all were operating under with Craig White? 21 A. I mean, there was a contract for sale between Craig's 22 initial ownership and the IOS, LLC, but that is the 23 only contract that I know of other than what we 24 thought we were putting together with Lander. 25 Q. Okay. What was the purchase price, because I don't	Page 43 1 A. Well, I mean we -- sell wasn't necessarily -- again, 2 I don't want to go that direction and have that -- 3 our intent was to refinance before selling to be able 4 to get debt in a very manageable-type structure, so. 5 Q. Okay. 6 A. I mean, our goal was to create value and enhance the 7 asset, whether that's through cash flow or sale. 8 Q. And negotiate -- 9 A. Or how that's realized. 10 Q. Negotiate with the lender in the first position for 11 some sort of discount on the indebtedness? 12 A. That was initially what we did, and then later on, 13 through the process, that is also something that we 14 revisited. 15 Q. All right. There was a loan modification agreement 16 that was actually filed where, if IOS had met certain 17 obligations that that would have happened. And it 18 was signed by Palmetto Inns. Is this something that 19 there was a contemporaneous agreement? 20 A. I don't know. 21 Q. There's an acknowledgment with IOS. I'll just let 22 you look at it, because I know there have probably 23 been millions of things that have come across your 24 desk with regard to this. 25 MR. JAMES SMITH: Do you have another copy
Page 42 1 think we've seen that? 2 A. I'm not sure. It may have been -- I really don't 3 recall. I think it was -- pretty much the purchase 4 price was taking on the note. 5 Q. Okay. 6 A. Craig had out a lot -- I know he had liability with 7 the existing note that he just needed to get out from 8 under. I can't tell you exactly what that amount 9 was. So it was pretty much a, you know, we'll take 10 this problem off your hands. 11 Q. Okay. So he put in 100. Was there some guarantee 12 for more? 13 A. Not past -- he formalized, I guess, his contributions 14 in a mortgage note, I guess. It was all -- 15 Q. Was that Bridge Capital? 16 A. I think so, yeah. 17 Q. Do you know what position they were in as far as the 18 -- 19 A. They were moving behind Misty. That was -- 20 Q. Okay. Everybody was coordinated to Misty except 21 Business Carolina? 22 A. At the time, yes. 23 Q. At the time. All right. So correct me if I'm wrong. 24 Y'all agreed, basically, to service the note and to 25 try to rehab and sell the property?	Page 44 1 of that? 2 Q. Sure. I'm going to mark that as number 2. 3 (Whereupon Defendant's Exhibit Number 2 was marked for 4 identification.) 5 A. You had a question associated with that? 6 Q. The question was that there appears to have been a 7 forbearance agreement that was negotiated 8 contemporaneously and was supposed to be attached but 9 is not actually recorded in the clerk's office. I 10 mean, it looks like there is a brief summary of the 11 terms. What do you remember about IOS's obligations 12 under this agreement? 13 MR. JAMES SMITH: Object to the form of the 14 question. You can go ahead and answer. 15 A. To pay according to the terms of this document. I 16 mean, Business Carolina -- we did, I'm pretty sure, 17 probably a year into it, 2006, also kept the payments 18 as interest only. 19 Q. Was there a balloon which would have been due at some 20 point? 21 A. Is it referenced in here? 22 Q. No, but I don't have a copy of the forbearance 23 agreement. So that's what I'm trying to determine? 24 A. The forbearance agreement, was that between Craig and 25 --

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1 Q. Well, it says, attached hereto is Exhibit X and made 2 a part hereof is the forbearance agreement. That's 3 what I am curious about. 4 A. Between lender and borrower, okay. Considering how 5 upside down Craig was in his loan with them, I'm sure 6 it's something that was needed in order for us to 7 proceed and invest money in the property. They did 8 not pursue their foreclosure. 9 Q. What I'm referring to is paragraph 2 of page 1, and 10 it says, you know, for the first 12 months there 11 would be payments of \$5,231.25 beginning on April 15, 12 2005. Continuing for 12 months thereafter, and then 13 payments would go to \$7,071.39 beginning the 14 following year of the same date in April and 15 continuing for 59 consecutive months and a final 16 payment of principal and interest due no later than 17 March 15, 2011. 18 A. Okay. 19 Q. I guess, my understanding was that was sort of your 20 deadline to refinance or make a balloon payment with 21 Business Carolina? 22 MR. JAMES SMITH: Object to the form of the 23 question. You can answer. 24 A. I mean, I suppose. That's what this says. 25 Q. You executed it. Your signature's on the back page,	1 that were necessary were current and up to date 2 through the timeframe that Lander would have -- 3 A. That's my understanding or Business Carolina probably 4 wouldn't have signed a forbearance agreement back in 5 2009 that was requested. That was from Doug. We 6 seemed to have a decent working relationship with our 7 lenders throughout the entire process. He wasn't what 8 everybody necessarily -- maybe didn't meet all their 9 expectations, but we were straight up with them. 10 Q. And you were kind of in it together? I mean, you 11 were both going to stand to lose if it didn't work 12 out? 13 A. Sure. 14 Q. But who did you deal with primarily at Business 15 Carolina? 16 A. I believe Todd Lucas, maybe, early on, and John 17 actually, once again, John had, I believe, worked 18 with Business Carolina in the past on some other and 19 had a little bit of a close relationship. 20 Q. Did you review the books on a monthly basis with 21 John? 22 A. Yeah, I mean, looked at financials. 23 Q. As far as your split of the management agreement, how 24 much did you get paid, and when did the company quit 25 being able to pay you?
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1 page 6? 2 A. As an acknowledgement, yes. 3 Q. And you acknowledge that this property that you have 4 just been deeded as the managing member of IOS, LLC 5 is subject to this agreement? That was your 6 understanding of the indebtedness that would have 7 been serviced by IOS? 8 A. Yes. 9 MR. JAMES SMITH: Object to the form 10 question. 11 A. I mean, we -- I guess they reset the balance to 12 \$930,000 and that was the note that we signed with 13 them. 14 Q. Were you able to fulfill all the obligations of the 15 agreement? 16 A. We were not. 17 Q. Where did you fall short? 18 MR. JAMES SMITH: Object to the form of the 19 question. You can answer that. 20 A. I -- 21 Q. Did you make the twelve months payments of \$5,231.25? 22 A. I would have to think that we made the payments with 23 Business Carolina up until the Lander, the end of 24 that -- their term. The end of their lease. 25 Q. So it's your recollection that all of the payments	1 A. It was always sporadic. I mean, we wouldn't take 2 funds if there was any cash flow situation. I would 3 say probably -- there's probably more than half of 4 what would have been due that was never paid. I 5 mean, there was a weekend I was up there and gas was 6 so high I couldn't afford to come home. I had to be 7 up there on Monday, so. 8 Q. That was back when it was about \$4.00 a gallon. 9 A. Yeah, maybe so. Probably 2008. So it wasn't as 10 somewhere near what that final number on the last 11 accounts payable would be. In 2008, from your 12 timeline, I started a company, Waterstone 13 Hospitality, which I still own and operate today, and 14 that was essentially doing more hotel work, taking on 15 other clients with a business partner, who used to 16 work for Choice Hotels. He was our kind of primary 17 contact with Choice Hotels at the time. So in the 18 summer of 2008 is when I became less actively 19 involved, was actually doing more within the 20 industry, but not as much time with that. 21 Q. Okay. 22 A. But at no time did Waterstone Hospitality have either 23 an ownership interest or was being compensated in any 24 way by the hotel. 25 Q. That was just you were dealing with other entities?

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1 A. Yes. 2 Q. Did you have a particular portfolio of hotels that 3 you were working with from a management or marketing 4 standpoint? 5 A. I mean, we just took them on one at a time. We had, 6 maybe, a dozen hotels at some point. 7 Q. Were you just responsible for bringing them online 8 with Choice, or -- 9 A. No, more of a -- they weren't all Choice properties. 10 Helping them -- helping other hotels set their rates, 11 manage their online presence, and market to the local 12 business community, corporate sales, group sales. 13 Q. All right. 14 A. Things that I was doing a lot of at the Inn on the 15 Square. And the recession, I mean, certainly 2008, 16 2009, was an interesting time. 17 Q. Help me out with the actual contract of sale or 18 assumption of the debt I'm going to call it rather 19 than necessarily contract for sale, even though I 20 think it may have been both. Who did the inventory 21 and the bills of sale for that with regard to what 22 was transferred from Palmetto or Emerald Inns to IOS? 23 A. I think maybe -- I mean, between Leonard and John. 24 Q. All right. And at that point was everything pretty 25 much, as far as --	1 they did. 2 Q. Do you know what the terms of the rental agreement 3 were? 4 A. No. That wasn't something we inherited. The rental 5 agreement was with a different entity than us. 6 Q. But you had all the furniture. So you either had to 7 replace everything or you had to buy it out, correct? 8 A. Yes, as I stated, I believe John negotiated that and 9 had a bill of sale with Tel-A-Rent. 10 Q. Is that something that John paid for individually? 11 Or did he pay as IOC -- IOS, I'm sorry? 12 A. I believe, it seems that was around the same time 13 that they were filing the mortgage. They were kind 14 of formalizing their investment. So I would say it's 15 probably tied to that. 16 Q. Okay. So you think the funds for that were 17 encapsulated in the mortgage that's restated in the 18 second mortgage to Lone Star Ventures? 19 A. I believe so. This was 11 years ago, so. 20 Q. I understand. I can't remember what happened 21 yesterday, so I'm not fussing, believe me. I'm just 22 trying to understand. The question I had was, though, 23 as far as the actual agreement between Palmetto or 24 Emerald, whatever they were, or Chesterfield Express 25 as one of the members of those two entities, was
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1 A. Everything stayed that was supposed to stay, I think. 2 We had to, at the time, pay the bartender for some of 3 the bar stock that he showed us a bill of sale that 4 he had personally purchased. But outside of that, at 5 the time of transition, I mean, everything at the 6 hotel stayed. 7 Q. Okay. What was rented and what was owned outright? 8 A. I really -- I can't tell you. There's a -- John did 9 a bill of sale with Tel-A-Rent. However, we already 10 had a bill of sale for a lot of items that were on 11 their list. I really -- I mean -- 12 Q. So there are going to be multiple ones -- 13 A. Well -- 14 Q. -- that I'm looking for? 15 A. -- IOS, LLC purchased everything. Whatever Tel-A- 16 Rent had claim to, John negotiated a purchase that we 17 have a bill of sale for at the hotel, IOS, LLC from 18 Tel-A-Rent. So IOS, LLC has no leased property, or 19 lease obligations. 20 Q. Okay. 21 A. At any point. 22 Q. All right. Was that something that Craig White, 23 initially as Chesterfield Express, was supposed to 24 pay but didn't? 25 A. I don't know his relationship with Tel-A-Rent or what	1 Craig supposed to have satisfied that indebtedness 2 with regard to all of the furnishings? 3 A. I don't recall that being -- he had an investment 4 amount that he was going to put in over the course of 5 a fixed period of time. 6 Q. Okay. 7 A. And anything that it was specifically for or not for, 8 I -- 9 Q. Okay. So the refinance was a six-year deal. What 10 did the parties agree or contemplate that each one of 11 them would be responsible for over that period of 12 time? 13 A. Parties? You are referring to? 14 Q. Members of IOS. 15 A. To manage the property to the best of our ability. I 16 don't think it was any specific -- there was no cash 17 contribution that was asked for. 18 Q. There was no specific, you know, you'll pay this? If 19 we need money, you'll pay this percentage of whatever 20 it is? 21 A. No. No. 22 Q. All right. With regard to the tax liens that are 23 presently filed against IOS, the federal tax liens -- 24 I understand that there are a lot of state ones that 25 have been satisfied, but with regard to the federal

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1 ones that are still outstanding, do you know -- 2 A. I'm not aware of any federal tax liens. 3 Q. So at this point there's no ongoing collection or 4 execution that you are aware of that you have been 5 personally contacted about? 6 A. No. There was a substantial bill associated with 7 payroll taxes that was satisfied in 2011, maybe 2010 8 probably. 9 Q. The liens I'm referring to were filed in 2012 or '11. 10 '11. You weren't aware of those? 11 A. No. 12 (Off the record briefly at 12:37 p.m.) 13 BY MS. MHRDITH: 14 Q. Back on the record. The tax liability that you were 15 referring to, you said it was a withholding -- 16 A. That's the one -- 17 Q. -- payroll liability? 18 A. -- I was aware of, right. A payroll liability. It was 19 the trust portion that was paid in full. 20 Q. And how did y'all pay that? 21 A. I think it had more to do with John and Misty not 22 paying debt. 23 Q. Okay. Was there any agreement or note from IOS that 24 you signed for that amount? 25 A. Not that I'm aware of for that amount specifically,	1 A. Keep in mind that Misty, Misty having basically tied 2 up so much revenue and funds that the success of the 3 property and IOS, LLC was of the utmost importance to 4 John. I mean, anything that would have been pressing 5 or dire that could potentially harm long-term would 6 have been very quickly addressed. 7 Q. Okay. Would you agree with me that if Misty was the 8 bookkeeper -- well, let me ask this a different way. 9 Who was y'all's accountant? Who did the returns? 10 A. Patton Watson did. 11 Q. With Craig White's office? 12 A. Patton used to be -- I think he used to lease space 13 from Craig at some point. We met Patton -- I met 14 Patton as a CPA through Craig, but I don't know if 15 they really do much work together or not. I actually 16 still use Patton for personal taxes, and he's kept 17 the returns for IOS, LLC. 18 Q. Okay. 19 A. Before then, Misty -- they had a CPA that had done, I 20 believe, books or accounting work for Southcorp 21 Properties perhaps they had used initially. 22 Q. Do you know who that was and how many of the -- 23 A. Gary someone. 24 Q. Someone here in Columbia? 25 A. I believe Columbia or West Columbia, yes, I think it
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1 just that amount. No. That could have been 2 encapsulated in the later agreement with Misty. 3 Q. Okay. So the 2008, 2009 timeframe, you were working 4 with Waterstone Hospitality developing a consulting 5 business for other both private and -- 6 A. All private. 7 Q. All private, okay. Private hotels with regard to -- 8 A. Rates, revenue management. 9 Q. -- rates? Branding? 10 A. Group sales. 11 Q. Group sales. Online presence? 12 A. Yeah, and revenue management actually encompasses, as 13 an industry term, encompasses most of that. 14 Q. How often would you say you were actually in 15 Greenwood or talking to John or keeping your finger 16 on the pulse, so to speak? 17 A. Once every couple of weeks. 18 Q. Is there a possibility that he had gotten himself in 19 a situation where he was going to not be able to keep 20 the hotel open and you just didn't know about it? 21 A. I don't believe so, no. I think we were always very 22 straight up. 23 Q. Okay. So -- 24 A. Yeah. 25 Q. Go ahead. I'm sorry.	1 is. 2 Q. Y'all didn't actually pay Patton to do any payroll 3 returns or anything like that, though? 4 A. No. 5 Q. He just did the annual return? 6 A. Yes. I believe Misty took care of all that. 7 Q. Okay. All right. The liens that I'm referring to 8 were in April of 2010. There's a federal tax lien 9 for \$271,131.87 that was filed 4/12 of '10. There's 10 a federal tax lien for \$24,381.39 filed the same day, 11 and then there's another one \$1,583.38 that was filed 12 on March the 8th of 2011, none of which appear to be 13 satisfied. Do you have documents that would indicate 14 that they had been satisfied in your possession? 15 A. The only tax lien that I am familiar with was the -- 16 there was a 200, I think it was over \$200,000 that 17 was a tax bill that was due for the payroll taxes. 18 The trust fund portion of that was 93,000, I think, 19 that they had basically agreed. 20 Q. They hadn't paid anybody's FICA for a long time, in 21 other words? 22 A. They hadn't what? 23 Q. That hadn't paid anybody's -- the employer's side of 24 the FICA? 25 MR. JAMES SMITH: Object to the form of the

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1 question. 2 A. Yeah, I don't know exactly what it was, but we all 3 felt that the 93,000-some-odd-dollar trust fund 4 amount was accurate. 5 Q. Okay. 6 A. And that's what, you know, individually we had tax 7 liens on, jointly and severally I guess, and that was 8 satisfied. I'm not aware of any other tax lien or 9 tax bill. 10 Q. Right. There's accommodations tax, employer 11 withholding for the state of South Carolina. There 12 are a bunch of others that are satisfied. Employment 13 Security Commission and they date from 2007 forward. 14 And they are with regard to the Inn on the Square and 15 not the two previous entities that Craig White would 16 have been involved in. 17 A. Okay. 18 Q. Who has the records of those payments, as well as the 19 returns that would have been filed quarterly? 20 A. The quarterly filing would have been Misty, a Misty 21 task. 22 Q. Were you aware that she wasn't making the payments? 23 MR. JAMES SMITH: Object to the form of the 24 question. It assumes facts not in evidence. 25 A. It showed up on accounts payable. We all knew that	1 right. Well, let's figure out what we can do here -- 2 Q. When they sent a letter, y'all decided to write a 3 check? 4 A. -- to please everyone. How is that? 5 Q. When they sent a letter -- 6 A. We required each other to write a check. 7 Q. At what point, if they stopped, did those -- 8 A. If what stopped? 9 Q. Payments. At what point, if the payments stopped so 10 that there was no service being done on the debt to 11 the IRS and the Department of Revenue, when did that 12 take place? 13 A. I don't know how to answer that. 14 Q. As far as the balance sheet that is concerned with 15 regard to the forbearance agreements and so forth 16 and so on, was that debt ever disclosed to Lander 17 University as something that would need to be 18 serviced? Or to Business Carolina? 19 A. What debt are you referring to? 20 Q. Tax debt with regard to the IRS and South Carolina 21 Department of Revenue? 22 A. I don't know that it was ever asked about or 23 referenced. 24 Q. You said it was on the balance sheet. Was it on the 25 balance sheet that y'all sent to Business Carolina?
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1 we were accumulating payroll tax debt. 2 Q. How much of the obligation did she actually pay? 3 MR. JAMES SMITH: Object to the form of the 4 question. 5 A. The trust fund portion that I referred to. 6 Q. Right. 7 A. That's all I can really attest to. 8 Q. I mean -- let me clarify my question. From 2005 9 until 2009 what are you aware of that she physically 10 wrote a check and paid for as far as any withholding 11 obligations? 12 A. Well, in reviewing, I guess, the payroll tax 13 liability, I mean, it had been paid for a while, for 14 a period of time. I don't know exactly what period 15 of time that was. State sales taxes were paid. I 16 think we were delinquent at one point and then caught 17 up. From my understanding, the taxes were paid 18 along. We knew that there was a payroll tax 19 liability that we addressed in the manner that we 20 did. 21 Q. Were there ongoing negotiations with regard to the 22 debt that took place with the IRS, Department of 23 Revenue? 24 A. I don't know of ongoing negotiations. Just pay this 25 amount of money or they're coming to get it. All	1 A. It was on the accounts payable. I'm sorry. What I 2 would look at was the accounts payable. I'm not an 3 accountant, so I really couldn't tell you what a 4 balance sheet necessarily represents. 5 Q. Would it have been on your monthly P&L? 6 A. Payments to it, I guess, would have been. 7 Q. Okay. But as far as the running balance and the 8 total, that would have been in the payables? 9 A. Right. Like a separate accounts payable. 10 Q. Did you ever personally disclose that to the bank in 11 any of your discussions with them? 12 A. I don't know that it was ever addressed or asked. 13 Q. Okay. Was it factored in any way into what had to be 14 paid on a monthly basis when the lease was entered 15 into with regard to Lander? 16 A. I don't recall that that was. 17 Q. All right. Is there anyone else that you can think 18 of that may have any of the corporate documents other 19 than Misty, perhaps you, and then as far as the 20 bookkeeping would be Misty or Patton? 21 A. Patton would have information associated with tax 22 returns. Again, none of the bookkeeping throughout 23 the year, that I understand, involved an outside CPA 24 office. Misty may have had an outside CPA do some 25 things, but I wasn't -- I trusted them to run the

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1 business. 2 Q. Did y'all have a server set up where you could 3 remotely log in to look at what you needed to look 4 at? 5 A. No. 6 Q. So you had to physically go there to look at it? 7 A. Uh-huh. 8 Q. That's a yes? That's the only time. 9 A. Yes. 10 Q. You've done fabulous. Almost everybody I depose has 11 a problem with that. Who's got the statements from 12 County Bank? 13 A. That would have all gone to Misty. I guess, I mean, 14 it went to the hotel address, but that was -- 15 Q. As far as when everything was packed up, you didn't 16 retain any copies of any of that? 17 A. I didn't. I'm mostly just saved, again, kind of 18 marketing materials and a few books and things that 19 we ordered from an education standpoint. 20 Q. Okay. What about the computer? 21 A. That is something that stayed there. Misty may have 22 taken that. I would assume she would have. 23 Q. Okay. Canceled checks, are you aware of whether or 24 not they got their canceled checks back from the bank 25 or not?	1 Q. Was that a formal listing agreement? 2 A. I don't think so. You mean -- well, not in 2004. 3 Not prior to us -- 4 Q. At any time throughout your relationship with John or 5 Misty? 6 A. Not that I recall. There may have -- I just don't 7 really recall. 8 Q. During this period of time, 2005 to 2009, what was 9 Craig White's level of involvement with the business? 10 A. Very hands off. I mean, he would visit maybe once 11 every three months or so to pop in, check on things. 12 Q. Do you know of any occasions where John said, hey, 13 man, we need some money, and he never gave it to him? 14 A. Again, I referenced a time in early 2005 that that 15 money eventually came through in time, just in time. 16 Q. What was the debt? I mean, what was the invoice that 17 y'all were having to pay? 18 A. I don't recall anything specific. 19 Q. All right. At any point during the existence, and 20 I'm going to loosely say partnership even though I 21 know technically y'all were an LLC -- did you file as 22 a partnership or a corporation? 23 A. LLC. 24 Q. Okay. 25 A. Yeah, I'm not sure.
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1 A. I don't remember. 2 Q. Did you ever review any of the checking account 3 statements? 4 A. Not really. 5 Q. Did they do their checks through QuickBooks? Or did 6 they have -- 7 A. I think it was all QuickBooks. 8 Q. Okay. So they didn't actually have a check register 9 that you could go and look at? 10 A. Right. 11 Q. All right. Following up on the -- 12 A. I mean, I would have had access, but it's not 13 something I necessarily looked for. 14 Q. Okay. You didn't have any kind of brokerage 15 relationship with the property itself? You didn't 16 ever list the property or -- 17 A. Not officially list it, no. I just made inquiries 18 for Craig in 2004. 19 Q. Okay. And as far as any type of potential purchasers 20 throughout the period of time that you were involved, 21 would that have been something that you and John did 22 jointly, he did by himself? 23 A. Yeah, we would have each involved ourselves in that 24 to an extent, but there really wasn't much activity 25 in that area.	1 Q. You were the managing member throughout the entirety 2 of -- 3 A. Uh-huh. Yes. Still would be technically, I guess. 4 Q. And you don't have a status as a creditor? You have 5 any notes that are due to you or -- 6 A. No. No. Just debts that I am associated with. 7 Q. How much did you come out of pocket in order to 8 satisfy anything that you would have been jointly and 9 severely liable to for the IRS or the Department of 10 Revenue? 11 A. None that I'm aware of. I came out of pocket for 12 legal representation. 13 Q. Was that with regard to the Upper Savannah Council of 14 Governments and Greenwood Development or with regard 15 to this? 16 A. This. 17 Q. Okay. All right. And with regard to, again, any 18 inventory as far as furnishings, anything that would 19 have actually been owned by IOS, either by virtue of 20 a bill of sale from Craig or by virtue of a bill of 21 sale from Tel-A-Rent, where would those records be? 22 A. I know -- I mean John kept a bill of sale from Tel-A- 23 Rent for a while, because it was something he would 24 reference. I guess whatever bill of sale would have 25 come with us purchasing the hotel in the beginning of

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1 2005 would be perhaps with those closing documents. 2 There was very little -- and the bill of sale that 3 John would have done on purchasing mini bottles from 4 the previous bartender would have also been something 5 at the time that he would have kept. 6 Q. What was on the bill of sale at the time of closing 7 in 2005? 8 A. I really -- I can't recall other than, I mean, we 9 certainly tried to address everything in the hotel, 10 but we weren't in any -- in danger of any of that 11 walking out of the hotel. I mean, it wasn't -- 12 Q. Were y'all aware of the lease relationship with Tel- 13 A-Rent from the beginning? 14 A. No, not really. I don't know. 15 Q. My question is did y'all pay for the furniture twice? 16 I guess is what I'm asking. 17 A. I think the bill of sale that -- the bill of sale of 18 the initial transaction, again, we actually did not 19 put money into it at the time. It was just kind of 20 transferred over. 21 Q. Okay. So it was just consideration for the 22 assumption of the Business Carolina debt? 23 A. I think so. Right. And from my understanding with 24 Tel-A-Rent, hey, we own this property now. We have 25 no bill of sale for it. No, we don't really have a	1 of. So I just want to make sure that at the time 2 that any negotiations were taking place with Lander 3 or with Business Carolina during the time that the 4 lease was being formulated, I'd like to know how the 5 interest lined up, if that makes any sense. 6 MR. JAMES SMITH: I'll object to the form 7 that question. 8 Q. Because it was awful. I don't blame you a bit. 9 A. You asked earlier about, I guess, like a listing 10 agreement. It could have been -- it seems like there 11 might be reference to that with Southcorp Properties. 12 It's kind of a standing agreement in our initial 13 operating agreement. I don't know if there was a 14 fixed term or anything like that associated with 15 that, but -- 16 Q. Okay. 17 A. There was definitely something for John's protection 18 at the time coming in that -- 19 Q. Would there have been a commission split between you 20 and John? 21 A. Possibly. I think that would kind of depend on 22 circumstances or the nature of who brought whom, 23 selling agent, listing agency sort of thing. 24 Q. Okay. I mean -- 25 A. We weren't actively trying to sell the property. It
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1 bill of sale for it because it's leased. Well, then 2 either come pick it all up or we'll give you X amount 3 of dollars for it, which I believe is kind of gist 4 of, maybe, the negotiation that John had with Tel-A- 5 Rent. 6 Q. Okay. 7 A. What Craig or any previous ownership entities' 8 relationship or liabilities, I really have no idea. 9 Only we did -- we would receive communications from 10 Tel-A-Rent, and when I would see Craig, here's some 11 stuff that's come to you from Inn on the Square. 12 Q. But he never -- was he supposed to be making those 13 payments? 14 A. I don't know. I mean, I am assuming somebody was 15 supposed to be paying somebody at some point, but -- 16 Q. All right. Let's take a break for one second. 17 (Off the record 12:59 p.m. - 1:11 p.m.) 18 BY MS. MEREDITH: 19 Q. I just wanted to make sure that I had satisfied 20 myself, because I'm not sure that I did. I think I 21 got off track as to which of the operating agreements 22 that Leonard had sent us that we were actually 23 operating under. Let me just tell you what I've got, 24 because, like I said, I don't know what people might 25 have a signed copy of that I don't have a signed copy	1 was more of a should things come up. 2 Q. Did you speak to several potential buyers along the 3 way over the four or five years? 4 A. We had -- I mean, we had a couple door knockers at 5 some point. There was a group that was staying there 6 that they were investing in Greenwood. Like a 7 Belgian group that we had talked about, like, a 8 potential partnership maybe. 9 Q. Okay. All right. I've got three operating 10 agreements. The first one is 29 pages, and I'm 11 sorry, I don't have a hard copy of it, but it is 12 dated 3/9/05, and it has 50-50 Charles L. Smith and 13 Misty R. Huffman. 14 MR. JAMES SMITH: I will just object to 15 asking a question about documents which he does not in 16 front of him. 17 Q. I can print one. I don't have a signed copy of that 18 one, I guess. I'll tell you that. How many did you 19 sign? How many operating agreements did you sign, to 20 your recollection? 21 A. I mean, my recollection would probably be one. 22 Q. All right. I have a signed copy which -- 23 A. I mean, if there's any question as to whether John 24 Huffman had full authority to negotiate or do 25 anything from a leasing-sales standpoint on behalf of

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1 the ownership group, then yes, from all parties. 2 Q. I guess what I'm getting at when I'm asking this is 3 the only signatures that I see on any of the 4 documents that were executed with regards to the 5 Lander leasing option on behalf of IOS were yours? 6 A. That's correct. 7 Q. And you were still set up as the managing member, so 8 that any type of -- 9 A. Any type of legal indebtedness contract, anything, my 10 signature was required. 11 Q. Okay. 12 A. And mine alone. 13 Q. All right. And with regard to this other agreement 14 where Chesterfield Express -- I mean, is it your 15 recollection that that deal actually went through? 16 Or -- and I have a 3/29/05, I have a signed and an 17 unsigned copy. I haven't compared them line by line 18 to see if there's any, you know, difference between 19 the two agreements, but -- 20 A. What deal went through? What deal are you referring 21 to? 22 Q. There's another proposed, it looks like; and I'm 23 reading between the lines. So don't -- you know, I 24 may have no idea what I'm talking about. It wouldn't 25 be the first time, but there is a first addendum to	1 period of time that it was that we -- I think it was 2 -- it seems like it was a relatively short period of 3 time. 4 Q. Okay. As far as the 2006 first amended operating 5 agreement, it's your understanding that was executed 6 and that's what y'all were operating under? 7 A. I suppose. 8 Q. Because I remember you said it started out as 50-50. 9 In 2009, at the time that the negotiations were 10 ongoing with Lander for the lease, what was your -- 11 A. I guess, technically, at that point -- 12 Q. -- original interest? 13 A. -- at 25 percent. In 2007, 2008, I was 14 disassociating or kind of dissolving my partnership 15 with Craig and his brother in the office buildings. 16 Part of that was an enhanced option for an additional 17 12 and a half percent in IOS, LLC. Part of that was 18 also tied into the business partner I took on 19 Waterstone Hospitality. That he would have an 20 interest in this property. That was never formalized 21 over to them, but it was there. So, technically, at 22 the time I would have been at 25 percent. 23 Q. Okay. And that was consideration for some sort of -- 24 A. Ownership interest in Granby, those percentages being 25 returned or transferring it back to --
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1 the amended operating agreement of IOS, LLC that's 2 got a 2006, that has got a 12 -- 3 A. What are you showing me? 4 Q. -- a twelve five -- this is what was produced by 5 Leonard, and it's got twelve five to you and then 6 it's got Chesterfield Express, and then it's got an 7 asterisk, and it says something about Chesterfield 8 Express and a \$253,000 debt. 9 A. That was probably the amount that we agreed that 10 Craig or his entity had put into, like, the business 11 prior to and as part of our transaction. 12 Q. I don't have an executed copy of that. I guess that 13 was my question. And it says in the bottom, plus the 14 amount, if any, paid by Chesterfield to or on behalf 15 of Tel-A-Rent, and that would give him voting rights 16 of 75 percent and financial rights of 75 percent, but 17 you were the actual managing member as far as 18 signature authority to bind the company to a 19 contract? 20 A. Right. 21 Q. All right. 22 A. Initially, Craig's portion was set up as an option. 23 Q. First right of refusal, so to speak? 24 A. If we weren't able to take care of the Business 25 financial or Business Carolina debt within whatever	1 Q. Back to him? 2 A. Yeah. If he split it with his brother, I don't know 3 and don't really care. 4 Q. Okay. What's his brother's name? I can't remember. 5 A. Van. 6 Q. All right. As far as what's on paper, you said that 7 was never reduced to writing? 8 A. Which? I'm sorry. 9 Q. The agreement with Craig as the acquisition of the 10 other 12.5 percent of his interest in IOS. 11 A. We kept a paper trail of acknowledging that. I 12 shared that with Misty to make sure no one had any 13 problems, because internally, you know, we had to 14 agree to any kind of equity change. 15 Q. Okay. That was my next question. 16 A. I mean, in hindsight it probably wasn't the smartest 17 thing to do, because -- 18 Q. Well, if nobody cares, you know, you can -- 19 A. Right. And also, it was after even I had already 20 signed on as personal guarantor at 12 and half 21 percent interest for quite a bit of financing we did 22 in 2007 for all the renovations. 23 Q. What's your recollection of the quorum that was 24 required to approve any type of purchase? 25 A. Over 75 percent, I believe.

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1 Q. What about any sale? 2 A. I think it was over 75 percent. 3 Q. Okay. 4 A. Essentially making sure that Misty or myself would 5 have to be party to any transaction. 6 Q. Right. There's some language in here about, you 7 know, requiring that you stayed as managing member 8 through 2007. What was that all about? 9 A. I couldn't tell you. I don't know. There may not 10 have been the highest level of trust between John and 11 Craig. 12 Q. They had some kind of bad blood between them over 13 some previous deal or something? 14 A. No. I think it was all just tied in -- John has his 15 way of doing business and Craig has his. He is a 16 different entity, so. 17 Q. I know John. I haven't met Craig or if I have, I 18 don't remember it. I know John can be a pretty 19 strong personality, and if Craig is equally so, I can 20 understand how you and Misty would be caught in the 21 middle of that. 22 A. I was quite a mediator, I guess, which also has a lot 23 to do with the problem with my position as member 24 manager, that more the trusted go-between. 25 Q. Do you still have any business relationship with	1 A. We had contacted Charlie Barrineau in the summer of, 2 I guess, 2009 that we were contemplating closing the 3 hotel, hotel portion of the business. And he 4 immediately suggested that Lander was in a urgent 5 need of bedding and rooms. I may have made a phone 6 call to -- I made a phone call to someone within 7 Lander who Charlie had given the information to. 8 There was really no response to it, and then, 9 eventually, what I understand Diane Newton, maybe -- 10 at some point Lander figured out we need to do 11 something with this. Really, at that point, John 12 Huffman was the pure point person. Other than 13 initiating and truly signing up or showing up in Doug 14 Bell's office to sign the lease, I actually had no 15 one-on-one correspondence with Lander. Was not part 16 of those discussions. 17 Q. Okay. All right. Did you meet with anybody with the 18 South Carolina Budget and Control Board? 19 A. No. 20 Q. Okay. 21 A. But I understood that those meetings had taken place. 22 Q. Okay. All right. So with regard to the actual terms 23 of the agreement, John would have handled all of 24 that? 25 A. Yes. I believe -- I mean, Leonard was working with
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1 Craig White? 2 A. Just this. 3 Q. Okay. As far as anything else, he bought you out in 4 2008, 2007 or 2008? 5 A. Excuse me? 6 Q. Any other business relationship you had with him he 7 bought you out in 2007? 8 A. Oh, from the other, 1200 Main and Granby, no. I 9 mean, I keep up with him, but -- 10 Q. Okay. 11 A. He's been my attorney for an unrelated matter. 12 Q. Okay. Is he still a member of IOS, LLC? 13 A. I believe so. I don't believe that has changed. 14 Q. All right. As far as -- 15 A. Or Chesterfield, his entity, is. 16 Q. Chesterfield? Anybody else in Chesterfield with him? 17 A. I don't know. 18 Q. What about Bridge, is that just him? 19 A. I don't know. 20 Q. Other than -- 21 A. I think his brother, Van, may have been a member of 22 Bridge Financial. 23 Q. All right. Okay. Tell me how the discussions with 24 Lander started with regard to the lease for student 25 housing.	1 John at that time. 2 Q. Okay. All right. The decision to close the hotel 3 was based on cash flow issues? 4 A. Cash flow -- the recession certainly was at that 5 point beginning to impact our room side much more 6 than our food and beverage side. There's a lot more 7 overhead associated with operating the rooms than for 8 the rest of the property. So it became, you know, we 9 no longer need to operate the hotel portion of this. 10 Q. So if you could close the upstairs for a period of 11 time -- 12 A. Cut the recession right out. There was nothing, no 13 refinancing. If you look at the hotel industry from 14 -- and the recession started in November of 2007. We 15 know that. I especially knew that when I started 16 doing consulting work, looking at past hotel numbers. 17 I mean, it started back in November, is when 18 basically leisure traffic kind of died down. I don't 19 know if it impacted us that much that early, but, 20 certainly, it began to catch up. So the -- like, in 21 a recession, it doesn't stop people from enjoying 22 themselves. It cuts out a lot of travel. 23 Q. And business travel gets curtailed, as well? 24 A. Absolutely. 25 Q. Closing the upstairs portion of the hotel would have

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1 triggered the same breach of contract with regard to 2 the Choice Hotels agreement that you had to operate 3 for five years? 4 A. Yes and no. That is something that could have been 5 negotiated with. They had also made a change in 6 their brand. Clarion Collection was a brand that 7 Choice was no longer going to support. So we had a 8 very clear out as far as not utilizing the hotel 9 rooms. 10 Q. Okay. Then how did they get the judgement for -- 11 A. We couldn't afford the attorney to fight a portion of 12 the contract that basically said it's all going to be 13 arbitrated out of district office in Maryland. 14 Q. Got you. 15 A. You understand we had zero resources at our disposal 16 once Lander had left the property. 17 Q. As far as the decision to sign the lease was 18 concerned, was there any contact with Clarion as far 19 as negotiations to -- 20 A. Not at that point, no? 21 Q. All right. So you were not actually present with 22 Diane Newton and John for the majority of their 23 negotiations? 24 A. That's correct. 25 Q. And the only thing you signed would have been the	1 the lease or the agreement that we were signing. 2 That was then the situation that was brought to all 3 lenders. I actually -- I think John handled the 4 Business Carolina meeting. I was present for 5 Cornerstone Capital, Upper Savannah. These were 6 entities that I had reached out to and initiated 7 financing contact for. And we presented forbearance 8 agreements and described the process at hand, as we 9 were led to believe. 10 Q. Okay. What type of involvement did you have with 11 regard to any other issues, either environmental, 12 physical plant, or otherwise with regard to the 13 building and suitability for student housing? 14 A. None. 15 Q. So you negotiated with the junior lienholders a 16 forbearance. John negotiated Business Carolina a 17 forbearance? 18 A. John and I both negotiated with the junior 19 lienholders. 20 Q. Okay. And was Craig involved at all? 21 A. No. I mean, other than being aware that this is what 22 we were doing and why. 23 Q. Okay. With regard to the forbearance agreements, the 24 actual payment of the junior lienholders was 25 administered through Business Carolina; is that
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1 lease with the option? 2 A. Yes. 3 Q. And anything else that required a signature you would 4 have had to have signed, and more than 75 percent of 5 the members of the LLC will have had to agreed? 6 MR. JAMES SMITH: Object to the form of the 7 question. If you can, answer it. 8 A. Sounds right. 9 Q. If there were any other agreements between John or 10 alleged agreements between John and Lander 11 University, there would have had to have been an 12 agreement? 13 A. In writing, yes. 14 Q. And any other type of approval for any type of sale 15 would have to come from a more than 75 percent 16 approval of the members of IOS which -- 17 A. Yes. 18 Q. -- would include you and Craig White and Misty, 19 correct? 20 A. Yes. 21 Q. What type of discussions did you have, if any, with 22 Business Carolina during the time that the lease was 23 actually being negotiated? 24 A. We were, I believe, mandated by Doug's office to get 25 forbearance agreements from all lenders to accompany	1 accurate? 2 A. Yes. 3 Q. And as far as operating capital for anything else, 4 any other obligations that y'all had, was that 5 something that was passed through and then y'all had 6 additional funds to meet any other obligations? Or 7 was it split amongst the primary junior lienholders? 8 A. I'm not sure I understand your question. Were junior 9 lienholders expected to add any money towards? 10 Q. Was there a complete forbearance by the junior 11 lienholders or were you paying them a small portion 12 of whatever their indebtedness was? 13 A. It was a payment plan that was established. 14 Q. Okay. How much did you have left over after all the 15 payments were made for any operating capital? 16 A. I don't recall. I really don't. Business Carolina 17 administered all of the funds. 18 Q. Okay. 19 A. That is part of what a forbearance agreement said. 20 They would probably have that answer. 21 Q. Did they manage the payroll, as well, for the 22 maintenance man? 23 A. I believe so. 24 Q. What was his name again? I can't remember. 25 A. I don't know. After the date of signing this lease I

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1 was in Greenwood two times over the course of two 2 years. 3 Q. Okay. What occasions were those? 4 A. April of 2010 in Doug Bell's office with John and Tim 5 Kovar to discuss the appraisal and status, and then 6 the following year, 2011, with on-site with John, 7 Misty, Doug. What was the woman's name that had 8 taken over Diane's position, perhaps, with Lander -- 9 was there. I think there was a maintenance 10 supervisor. 11 Q. A physical plant guy there? 12 A. A physical plant guy was there, and James Fleischman 13 was actually there. Cornerstone Capital, one of the 14 junior lienholders. 15 Q. Is that one of the walk-throughs that was done? 16 A. Yes, except and Doug and Diane's replacement did not 17 join us for the walk-through. We had a discussion 18 outside where she had referenced a verbal agreement 19 that allowed them to -- I think it was reference to 20 fill in the pool, which I made a comment, great to 21 know we have -- you recognize we have verbal 22 agreements. Three minutes later, Doug and her were 23 no longer with us for the walk-through. 24 Q. What was that date? 25 A. I don't recall. I believe it was in June. It was	1 term lease, that there was an entity out of Georgia, 2 maybe, that had some interest in purchasing the 3 property and that they were scheduled for a visit. 4 Were you involved in that? 5 A. No, not in meeting someone onsite for the -- at that 6 point I was reaching out to entities that might 7 entertain essentially a purchase option with a long- 8 term lease as a fallback plan to the situation that 9 we found ourselves in with Lander in April of that 10 year. 11 Q. Okay. Is that something that you and John 12 collectively presented to Tom Kovar? 13 A. No. The only thing that was presented to Tom Kovar 14 that day in your office or in Doug's office was, 15 first of all, acclimating to the fact that Lander is 16 not living up to the verbal agreement as we had 17 understood their obligations. The shock of I had 18 signed a lease that I never would have signed knowing 19 that this is an option of what they -- the path 20 they're going to take. So it was, gosh, we are -- 21 not only the forbearance agreements that had all been 22 for one year time that we had signed in the summer 23 prior, there's an extra year to Lander lease that -- 24 again, we should have been closing around that time, 25 it was my understanding.
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1 shortly after, I guess, the students had finally 2 vacated. It could have been May or June. I'm not 3 sure. 4 Q. Okay. All right. With regard to the pool itself, 5 the person that you said indicated that there had 6 been any kind of verbal agreement to fill in the 7 pool, that would have been Diane Newton's 8 replacement? 9 A. Yes. 10 Q. What other conversation, if any, did you have with 11 her regarding -- 12 A. That was -- that was it. There was no more 13 conversation. 14 Q. The sum total? 15 A. John may have been voicing some frustration over 16 trying to get up here and having visits cancelled or 17 no one being there to meet him. 18 Q. And John had indicated at some point around the time 19 that you were going to be meeting with Tom Kovar 20 about the long-term lease that there was another 21 entity that was -- 22 A. Or about the purchase. 23 MR. JAMES SMITH: Object to the form of the 24 question. Let her finish. 25 Q. Around the time that y'all were discussing a long-	1 Q. This is 2010. 2 A. What was presented in 2010, spring of 2010, letter 3 through either Budget and Control Board or, as a 4 backup, the Lander Foundation, I think John's covered 5 a lot of that. So we had been presented with the 6 appraisal, which had already been forwarded to 7 apparently the State Budget and Control Board prior 8 to our review, knowing there is no closing. They are 9 not purchasing. There was another study that was 10 also presented along with this appraisal that, all 11 right, what are our long-term options, long-term 12 lease, which they had shown they were very open to 13 it. That was -- it was presented as a potential 14 option while we sorted out, I guess, internally what 15 do we do next. It was never seriously considered or 16 followed up on Lander's behalf. 17 Q. As far as the time line is concerned and maybe I need 18 to preface it by this, you are aware that the Budget 19 and Control Board had ultimate authority over the 20 content of the lease and approval of the sale? 21 MR. JAMES SMITH: Object to the form of the 22 question. 23 A. Yes. That was something that was presented prior to 24 signing the lease, that this is a lease that we have 25 to sign because Lander cannot do anything without the

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1 State Budget And Control Board originated lease, that 2 there was agreement outside of that of what the 3 expectations were, but this is the process in order 4 for Lander to be able to move forward. 5 Q. As far as the intentions that you understood both 6 parties had, was there going to be some request for, 7 at some point in the future, approval of the sale? 8 MR. JAMES SMITH: Object to the form of the 9 question. 10 A. Not -- that would be an option. That South Carolina 11 Budget and Control Board, that would be their first 12 option, would be to approve the sale. And failing 13 that, the Lander Foundation would be in a position to 14 -- ideally, we go through the State Budget and 15 Control Board, because -- I don't know. Tax funding 16 or whatever reasons Lander had, or state entities. 17 So we abided by this request. 18 Q. Okay. And as far as the actual approval for, let's 19 stick with first any potential sale that was approved 20 by Budget and Control Board, what was your 21 understanding of the requirements that Lander had to 22 meet in order for that process to go forward? 23 MR. JAMES SMITH: Object to the form of the 24 question. 25 A. The lease would have been presented to me and a, I	1 Q. Let me ask you about that just in general. What were 2 your numbers for the prior two or three years before? 3 A. We grossed -- I mean, 2000 -- 4 Q. Net? What were -- 5 A. I mean, net is such a moving number in that service. 6 I mean, I would say the gross numbers were around a 7 million dollars. I don't really recall what the net 8 numbers were, and that was hotel and food and 9 beverage included. One of the -- from an accounting 10 standpoint, it was never really broken out. It was 11 broken out. Food and beverage had its own separate 12 category, but so much of the overhead of the hotel 13 was actually, you know, included -- it was very hard 14 to separate as far as what areas of business were 15 more profitable from looking at a, you know, looking 16 at a document. 17 Q. From a property evaluation standpoint, in your 18 opinion, and I'm just asking you as a real estate 19 agent, not as an appraiser, not as an expert witness, 20 but just as one of the members who happens to be a 21 broker, was it appropriate to use income numbers from 22 the hotel side of the property -- 23 A. Yes, I mean that's the way -- 24 Q. -- that was no longer being used as a hotel? 25 A. Well, certainly the rental numbers on Lander would
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1 mean, an appraisal would be part of the State Budget 2 and Control Board's actions. 3 Q. Environmental study? 4 A. Perhaps. 5 Q. Seismic study? 6 MR. JAMES SMITH: Object to the form of the 7 question. 8 Q. You can go ahead and answer. He has to do that just 9 in case we ever have to take anything up with the 10 judge. 11 A. Possibly. 12 Q. All right. What was, from your perspective as the 13 managing member, the price point that you were aiming 14 for if a sale could have been negotiated? 15 A. It was discussed somewhere between 2.2 and 2.4 16 million. The appraisal that was ordered for us in 17 either late 2006 or early '07 had come in at 2.3 18 million. That was prior to renovations. The 19 appraisal that Lander ordered, where Doug freely 20 admitted his involvement with the appraiser to throw 21 out approaches, that he was instructed not to include 22 income approach, which would have included, 23 certainly, Lander's lease with being in that space, 24 plus operating numbers from the hotel from our 25 business prior to that.	1 have been sufficient. Probably would've added up to 2 about the same as far as looking at an income 3 approach. I mean, looking at location, what is it 4 capable of gross on an annual basis? Working in 5 hotels, especially on a commercial real estate side, 6 it's a very common practice of valuing hotel based on 7 gross numbers. Everyone has their own approach to 8 expenses. Everyone has a better mousetrap that they 9 can put in place to manage expenses. They are very, 10 very heavily tied to gross income. But to have a -- 11 for Lander, Lander's representative to have a direct 12 involvement with the appraisal process to throw out, 13 not include, things that would obviously have changed 14 this ridiculous number that was presented in that 15 appraisal is certainly highly suspect, and the comp 16 properties, basically they only used sale properties. 17 They were all limited service hotels. They weren't 18 in the same star category classification. It seemed 19 like the most rigged document I have ever come 20 across. 21 Q. Did you have any conversation with the appraiser 22 himself? 23 A. Not the appraiser himself. We brought it up to 24 Doug's attention at the time and Tim Kovar, who was 25 with Lander, that this is -- it seems like a bogus

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1 appraisal, but we did not pursue filing anything with 2 the appraisal board. I'm not sure why we didn't at 3 the time, but we didn't. 4 Q. How many other appraisals, other than the one that 5 was done then, were done either by you or by the 6 bank? 7 A. Just the one I referred to, the \$2.3 million 8 appraisal that was done in either late '06 or early 9 '07 that was back ordered. 10 Q. Okay. 11 A. Actually, that was — we were — we may have gotten 12 that order when we thought we were refinancing and 13 went through that process. That did not work out, 14 but — 15 Q. Was there an actual application that was turned down 16 with regard to refi? 17 A. No. It was the — the group or the bank, the entity 18 that was supposed to do the refinancing was brought 19 to us through a mortgage broker. That entity turned 20 out to not be a legitimate, I think, banking entity. 21 So we weren't necessarily denied. Just we're not 22 sending you \$5,000 to continue this process until we 23 see some more — 24 Q. Credentials? 25 A. Yes. Activity. It didn't pan out, so.	1 that today based on the no new rooms, no new 2 construction period that happened for a while. So 3 supply pretty much maintained itself, and again, 4 riding through the storm and having an opportunity to 5 let the market settle back down and reopen the 6 upstairs was always something that we had great 7 consideration for. 8 Q. You mentioned earlier that as far as the anticipated 9 sales price, if a sale had been agreed upon, it would 10 be between 2.2 and 2.4, that that was sort of y'all's 11 price point? 12 A. That was my understanding. That seemed to be a very 13 acceptable range based on gross numbers, based on the 14 appraisal that we had done, that had been performed 15 earlier. Just market awareness. 16 Q. And that would've gotten y'all out of debt? 17 A. That would have, yeah. It would have basically 18 satisfied all lenders. Yeah, that was — 19 Q. Taking into account the \$300,000 that was due to the 20 IRS and the South Carolina Department of Revenue, 21 which I haven't calculated, where was that in the — 22 A. I mean, that number was never not factored in. 23 Q. Okay. 24 A. We did always feel like — John always had felt like 25 the IRS payroll tax number, we might have some leeway
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1 Q. Was that the only time that you actually got that far 2 with the refinance? 3 A. Yes, pretty much. We knew — 2007 we talked to 4 lenders about, because we had just finished 5 renovations. With them we're going to need a year's 6 history of being flagged. That's a minimum before we 7 can get into refinance situation. Unfortunately, that 8 put us into September, October of 2008 where we could 9 even make a phone call about it. I mean, there was 10 no opportunity at that point. So at that point it 11 was more of great, we had good relationships with our 12 lenders. We've put up everything we borrowed into 13 this, this property. We've renovated. We've done 14 everything we said we would do to this point. This 15 is tough. How do we get through this together? And 16 that's especially with hotels. It was in the 17 interest of lenders to do whatever they could to work 18 with the hotel owner to keep it above board, to keep 19 it afloat. Business Carolina had already lost, I 20 think — in 2009 they came to visit in the spring and 21 had mentioned, like, eight properties. Four of them 22 were disappearing, you know, with no hope. So it was 23 a difficult two to three year period for hotels. Not 24 just from a cash flow, raw business standpoint, but 25 financing was nonexistent. They are benefiting from	1 to satisfy that at the end. We wound up, I guess, 2 just negotiating it down to just the trust fund, but 3 of course, it wasn't tied into the sale at all. But 4 yes, those numbers were certainly part of that, as is 5 also evidenced by the forbearance agreements that we 6 had signed. And really, allowing John and Misty to 7 save their house. I mean, they had mortgaged 8 everything pretty much and had — they had put a lot 9 into it. So saving their property would have also 10 been on that list. 11 Q. All right. I realize that until the tax liens were 12 filed in April of 2010 that it may not have been tied 13 into the sales price, but what you're saying is that 14 y'all had an actual calculation? 15 A. We knew what the number was that we owed, and we knew 16 there's no — you don't close on a property owing the 17 IRS. 18 Q. Even if they don't have a mortgage or a tax lien that 19 is filed? Where is the calculation that was done as 20 to how y'all planned to — 21 A. You know, it was written on notes. I mean, certainly 22 before we took forbearance agreements out to lenders, 23 we had done the math on it. 24 Q. Did you have agreements with each one of the lenders 25 that actually gave you a payoff that was good through

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1 a certain date? 2 A. We did. Those forbearance agreements were exactly 3 that, and they were all drawn up for a year's time. 4 Forbearance agreements were also something that, as 5 my understanding, was requested of us by Doug, Doug 6 Bell, in order to satisfy the conditions of the State 7 Budget and Control Board. So we essentially went out 8 and did the math. Here are the numbers that we can 9 live with. Can y'all live with this? Everyone said 10 they could live with it. 11 Q. But it is your assertion that there were actual 12 negotiated payouts in each one of those agreements? 13 A. The amount in each forbearance agreement was -- 14 generally involved some reduction in the principal 15 balance or a target number that would, yes, this will 16 satisfy us. Based on also being paid throughout the 17 course of the year, making those payments that 18 Business Carolina structured. 19 Q. But you had a firm number from each one of those 20 people that would not change? 21 A. Yes, as did Doug, because he had copy of all the 22 forbearance agreements once we had done that. So he 23 was fully privy to what those, I mean, what we had 24 negotiated with each lender. 25 Q. All right. At the time of your walk through, which	1 Q. What was the partnership's or the LLC's intention for 2 the building at that point during the takeover? 3 A. From Lander? We would have liked to have, obviously, 4 kept a business going here. There was -- it was -- 5 the property was essentially trashed, destroyed. I 6 mean, there was nothing we could do without 7 significant investment at that point to do anything. 8 Even if it was just reopening the pub, which would 9 have involved rebuilding of essentially the Fox and 10 Hound area because of the destruction, the damage 11 that had been done to the physical plant. Sinks. I 12 don't know what they needed, but -- 13 Q. What was the condition of the Fox and the Hound, 14 kitchen and the dining room? 15 A. The kitchen have been closed. It was no longer 16 licensed. There was equipment missing: power, 17 coolers, refrigerator. 18 Q. Was the kitchen ever used after -- 19 A. By Lander? I don't know. It was our understanding 20 that they were maintaining everything. They had 21 looked at -- our understanding that if -- Lander had 22 a catering operation. They were going to use this 23 for events and such. 24 Q. My question, I think, was what was the -- who cleaned 25 it when y'all left? Or was it? How was it turned
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1 would have been in June or July -- June or July? 2 A. I think it was June. It could have been May. It 3 seems like someone set off a fire alarm and just got 4 everybody out of the building. That was kind of the 5 condition it was in. I don't know how long the 6 students had been gone. So as far as what date it 7 was that I was on site and did a walk-through, John 8 did more follow-ups. That was his role. He was 9 property manager, not only through IOS, LLC but as 10 part of the agreement with Business Carolina. They 11 wanted John to manage the property. They had a good 12 history, and that's John's forte. 13 Q. With regard to the walk-through, did you take any 14 photographs yourself that would have memorialized 15 what the condition of the property was at the time? 16 A. I didn't at that time, no. It was more of a -- it 17 was a walk-through, but it wasn't so much of the 18 walk-through as it was meeting with Lander, Doug. I 19 mean, it was for John -- essentially for John to try 20 to get a sense of -- but also we wanted to see, as 21 partners, where all the -- condition of the hotel. 22 Now, we spent so much time running through, cutting 23 off air conditioners that had been left on full blast 24 and were already burnt out. It was just not a pretty 25 sight.	1 over to Lander? 2 MR. JAMES SMITH: Object to the form of the 3 question. 4 A. That would be a question for -- maybe that John's 5 answer in his deposition. That is more of a 6 maintenance facility standpoint that I really 7 wouldn't have been involved with. 8 Q. Okay. And as far as inventory is concerned, what 9 inventory was prepared by John that was kept in your 10 ordinary course of business with regard to any of the 11 equipment, furnishings, so forth and so on that -- 12 A. We turned everything over to Lander as part of the 13 property. I mean, Lander -- when we turned it over to 14 Lander, they were -- it was their property. They 15 were purchasing. You know, it was part of the 16 accepted dialogue at the time that -- they were 17 pretty much going to do with it pretty much what they 18 wanted because it was theirs. My understanding that 19 our maintenance would be very minimal, again, based 20 on our understanding going in. My understanding 21 going in as related through John and Leonard. 22 Q. Who actually owned the furnishings? 23 A. The IOS, LLC. I think we have already determined 24 that. 25 Q. Okay. All of them?

24 (Pages 93 to 96)

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1 A. There may have been -- I think John and Misty bought, 2 like, a credenza, television stand, I think, on their 3 own. They bought it with their own money and kept it 4 at the hotel. That was in the lobby. My 5 understanding is that was the only piece of furniture 6 or something at the hotel. 7 Q. Okay. And with regard to the condition of the 8 property, how extensively did you go through the 9 actual building itself? I mean, did you look at -- 10 A. Prior to Lander often. I mean, once or twice a week. 11 You know, granted, this is within two years of 12 spending six or \$700,000 in renovations throughout 13 the property. In 2007 while Lander was there, I 14 wasn't there. I didn't step on the property once. 15 Q. When you visited in May or June of 2011? 16 A. Right. 17 Q. How far did you actually go when you visited? 18 A. We walked the hallways, the rooms. Again, it looked 19 like it had just been evacuated, like there was a 20 bomb threat or something. 21 Q. You went in the dining area? 22 A. Dining area, pub. I walked through, but I wouldn't 23 necessarily, as far as an equipment inventory, 24 probably necessarily have known what to convey or not 25 to convey. I think John and Misty did a pretty	1 A. I didn't take any photos that day. I don't know if 2 John and Misty took photos that day. I don't 3 necessarily know that the day I was up there was a 4 transition day. Lander was still under lease. There 5 was still time left on -- it seems like there was, 6 maybe, another month or went to the end of June, and 7 as much of anything, too, that meeting was actually 8 put together for -- that was the first time I had 9 been on the property for two years, gosh. And 10 bringing one of our junior leaders along, James 11 Fleischman with Cornerstone, to see how bad a fix it 12 was going to be in. And also to try to get some 13 answers. He didn't really believe that we were being 14 blown off as badly as we were, and I think he got to 15 witness that firsthand. 16 Q. As far as any photos that were taken, do you know if 17 they were taken contemporaneously with the turnover 18 or at a later date? 19 A. I'm not sure. 20 Q. Do you know who physically took them? 21 A. I don't. 22 Q. Okay. But you did not? 23 A. I did not. 24 Q. Okay. All right. With regard to inventory, 25 furnishings, anything that would have been subject to
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1 thorough job of inventorying. 2 Q. And with regard to -- I know you said it was trash, 3 but what specifically did you see, other than you 4 didn't believe there were furnishings? Be more 5 specific when you say that it looked trashed. 6 A. I guess specifically would be -- I mean, there's 7 furniture in disarray. Certainly pieces of 8 furniture, I guess, that were, king rooms, certain 9 property that was part of the hotel had been, I 10 guess, the transition was different, different 11 furniture. I guess just overall condition due to the 12 fact that there was no -- no one from maintenance had 13 obviously gone and turned off any air conditioning or 14 anything, turned off lights. They had done, 15 basically, zero follow-up, prep work, when students 16 leave. It was literally as if -- it seemed as if 17 there was someone in this room that left 15 minutes 18 ago before we got here. Except the whole place was 19 vacant. 20 Q. Okay. 21 A. I believe there's -- I mean, what I also understand, 22 there are photos out there that are of the property 23 following Lander's exit. 24 Q. Were those taken at the time that you were there? Or 25 did you actually --	1 the Tel-A-Rent lease, it's your testimony that that 2 had been purchased by IOS? 3 A. Yes. 4 Q. Okay. 5 A. With a bill of sale. John was very proud of his bill 6 of sale for all of the inventory that was on the Tel- 7 A-Rent thing at some point in 2005. 8 Q. Okay. 9 A. There was no leased property or assets that I'm 10 familiar with. 11 Q. Okay. And with regard to that property, was there 12 any discussion that you were a part of with regard to 13 furnishings as to what Lander wanted to keep and what 14 y'all needed to dispose of or put in storage? 15 MR. JAMES SMITH: Object to the form of the 16 question. 17 A. I wasn't party to whatever that list would have been 18 or Lander's specific requirements were. 19 Q. Okay. Were you present at the Fox and Hound Pub the 20 night that John closed it? 21 A. No, actually, I was not. That was my wife's 22 birthday, and I was at home in Columbia. I was there 23 the night before. 24 Q. Do you know what he personally took with him as far 25 as any of the furnishings, televisions?

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1 A. Furnishings, I mean, I'm not aware of any 2 furnishings. 3 Q. Okay. What, if anything, are you aware of that he 4 had authority to sell? Or give away? 5 A. It seems like there was, I mean, some particular, 6 maybe, like bed frames, bedding that was not going to 7 be utilized, but I guess there was also some -- it 8 was actually my understanding that Lander -- that was 9 kind of y'all's bailiwick. Here's what we don't 10 need. We'll throw down in the -- I remember seeing a 11 lot of furniture that was in the ballroom area, I 12 guess. What was that? I guess, I was -- I mean, I 13 wasn't there after the lease. After the 15th I was 14 back at the property. Before -- after, with 15 everything kind of closed at that point, because I 16 remember crossing the bar area with a good bit of 17 furniture in there. 18 Q. And based on your specific knowledge, what happened 19 with the furniture that was there? 20 A. I think -- I mean, it seems that some was sold to 21 staff, folks. Who was administering that, though, 22 I'm not really sure. 23 Q. Were there employees of the hotel that actually 24 purchased some of the -- 25 A. I'm not really -- I don't really know. I mean, it	1 A. I was not directly involved with any conversations 2 with Lander representatives on that. So that was 3 definitely through John Huffman. 4 Q. Okay. All right. Okey dokey. I think that's all 5 I've got. 6 EXAMINATION: 7 BY MR. JAMES SMITH: 8 Q. Just a few questions. Mr. Smith, I'm going to talk 9 to you a little bit about signing the lease. Do you 10 recall that? 11 A. Yes. 12 Q. The lease hasn't been introduced or attached as an 13 exhibit, but you signed a lease agreement with Lander 14 to lease the property as a dorm? 15 A. Yes. 16 Q. And before that it had been a hotel; is that correct? 17 A. Uh-huh. 18 Q. Why would you agree to lease the property as a dorm, 19 Mr. Smith? 20 A. The -- I mean, it was a situation that made sense for 21 both parties. Lander needed space. We were going to 22 be closing down the hotel portion, the rooms portion. 23 Initially, what John was negotiating was strictly the 24 use of just the upstairs, just the room portion, 25 because we had food and beverage operation downstairs
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1 was more of a collection of furniture, because, you 2 know, I guess y'all had to put double beds in certain 3 rooms or configure it different. What exactly was 4 going on with the furniture, I'm not really sure. I 5 know we don't need it; they don't need it. 6 Q. Was there a bill of sale that John signed off on on 7 behalf of IOS with IOS's permission for furniture 8 that was sold to Lander? 9 A. I'm not sure. 10 Q. All right. 11 A. Is there? I mean, is there a bill of sale from IOS? 12 MR. JAMES SMITH: You answer questions. 13 She asks them. 14 A. Okay. 15 Q. I think that's all I've got. Give me one second, 16 though. We may be able to be done. 17 (Off the record 2:11 p.m. - 2:13 p.m.) 18 BY MS. MEREDITH: 19 Q. I think I just have one other question. The 20 reference you made to the Lander Foundation -- 21 A. Yes. 22 Q. -- being involved, is that something that you got 23 from conversations you've had with John Huffman or 24 were you directly involved in any conversations where 25 that was mentioned?	1 that was, again, a vastly different entity. And we 2 had a cost associated. So the -- I mean, I signed a 3 lease essentially for the entire property. It became 4 either all or nothing. However, this is -- they are 5 purchasing this property in the spring of this year, 6 either in February through the State Budget and 7 Control Board or some point. By April at the latest 8 with the foundation as a backup. 9 Q. Would you have signed a lease if there was not a 10 promise or an inducement that they were going to 11 purchase the -- 12 A. No. That would -- 13 MS. MEREDITH: Object to the form question. 14 Q. You can answer. 15 A. It would have made no sense to have signed a lease 16 without the purchase being a part of it, because, I 17 mean, basically -- I mean, we had no way to control 18 our destiny with that. 19 Q. Did you expect Lander to comply with the terms of the 20 lease that they signed? 21 MS. MEREDITH: Object to form of the 22 question. 23 Q. You can definitely answer that. 24 A. Absolutely. I mean -- 25 Q. At any time did you provide any waiver of any of the

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1 provisions in the lease? 2 A. Not I. I mean, I wasn't, again, part of the 3 negotiated conversations about it but signed off on 4 the lease as this is a necessary step. 5 Q. When you heard in the tour that you testified to 6 earlier that there was an oral agreement that they 7 were permitted to fill the pool, did you agree to 8 that? 9 A. Not -- I didn't agree to anything specifically that 10 Lander did onsite. It was, again, knowing that this 11 was going on to me was perfect, perfectly in tune 12 with the intention that Lander had, to my 13 understanding coming into this agreement, that they 14 essentially -- they're treating it like they want to 15 because it doesn't matter what we do, we're buying 16 property anyway in the spring. So there was no -- I 17 had no specific reservation on anything because it 18 was keeping in lockstep. Lander was acting as they 19 had talked. It was my understanding that they had 20 thought it leading up to signing the lease. They 21 were going through -- 22 Q. You weren't a party to these conversations? 23 A. No, I was not. 24 Q. Okay. Thank you. I have nothing further. 25 RE-EXAMINATION:	1 Lander, were those primarily discussions that were 2 had with John? 3 A. John and -- I mean, it was my understanding that Doug 4 Bell was present for a number of those. State Budget 5 and Control Board personnel were on hand for some. 6 Leonard Jordan was on hand. That -- yes, that team 7 worked that out, and I was invited to, this is the 8 lease, you know, that has come from all of this 9 negotiation. It is a standard lease of the State 10 Budget and Control Board, the wording of the state 11 lease is -- you know, it didn't seem like there was 12 really a whole lot of -- at that point, not really 13 much to put into it other than I trust the process. 14 Q. Okay. With regard to the 2005 forbearance agreement, 15 was IOS not in default of that forbearance agreement prior 16 to the lease being signed with Lander? 17 MR. JAMES SMITH: Object to the form of the 18 question. 19 A. I think we'd gotten a notice of default at some 20 point, like a year prior maybe. I don't remember 21 exactly what was going on, but at the time, it's not 22 my understanding that we were under any eminent 23 threat from Business Carolina -- 24 Q. What was the plan -- 25 A. -- or any other lender.
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1 BY MS. MEREDITH: 2 Q. Were you aware at the time, at the time the pool was 3 filled in, that it was filled in? 4 A. I wasn't actually -- not when it was happening or 5 after. I mean, I learned about it after the fact. 6 Not really much you can do about a filled-in pool 7 after the fact -- 8 Q. Okay. 9 A. Other than, it's y'all's filled-in pool. 10 Q. When after the fact, as far as time frame, are we 11 talking about? 12 A. I mean, the first time I actually saw the filled-in 13 pool was day in June or May, whenever it was, in 14 2011. 15 Q. But did you learn of it before that? 16 A. I believe so. Along with the gates that had been put 17 up outside to restrict parking access. 18 Q. Had Business Carolina continued to have on-site 19 visits to the property after the lease was signed? 20 A. I believe so. I believe that was actually their 21 agreement with John. I mean, John was present. 22 Misty would head to Greenville -- Greenwood, excuse 23 me -- on a fairly regular basis. I didn't really 24 keep up with their timetable. 25 Q. And again, as far as any type of discussions with	1 Q. What was the plan on how you were going to service 2 the debt, the \$7000 a month in operating expenses, on 3 just food and beverage? 4 A. Well, we would have also been working with lenders at 5 that point to go back to as much of an interest only 6 arrangement. Business Carolina had clearly shown a 7 willingness to do that. The alternative -- it's not 8 a good alternative, you know. I would say the same 9 for Upper Savannah, Fleischman, Cornerstone. All of 10 the debt service that we had, they knew what was 11 going on. This is a really difficult time. This 12 industry in particular is what can we do to save 13 them? So they would have gone along with just about 14 any plan, I would imagine, that we would have had 15 from a debt servicing standpoint. The lounge, it was 16 a highly profitable area of the hotel. Without 17 question, the lounge probably carried the hotel for a 18 number of months per year on average. It was a very 19 robust portion. The food and beverage as well. Not 20 even -- sometimes banquets are tied into people 21 staying there, but very often we would do large group 22 banquets without guests being a part of it. We had 23 limitations on how far would we could push the Fox 24 and Hound Pub lounge-wise. When you have guest 25 staying in your hotel, second floor, third floor,

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1 music was an issue of having to close down. So there 2 was a lot of flexibility that we were looking at of 3 having to be able to expand, actually, that area by 4 not having the rooms in use at all. Cutting out all 5 that overhead. It is very manpower heavy, the rooms, 6 very cost heavy, again, on cleaning supplies, things 7 that are very unique to that particular portion of 8 the business. So we hadn't probably had all the time 9 in the world that we needed to do a full assessment 10 of exactly what we would do, because before we knew 11 it Lander was basically knocking on -- giving us this 12 deal. We need the specs. Yes, it was a huge sense 13 of urgency that impacted our decision making 14 certainly on that. 15 Q. Had you had any personal conversations with Business 16 Carolina regarding closing the hotel and gotten their 17 approval for that? 18 A. No. Again, I don't think we ever have enough time to 19 actually even get to that point. What I would say is 20 that we were always very upfront with Business 21 Carolina. When they came to visit us in the spring 22 they knew exactly where things were, what was the 23 impact. There were -- and some other properties in 24 the portfolio were seeing some horrible things go on, 25 much worse than they were seeing with us, but we were	1 was my question, with them that would have approved 2 that? 3 A. No specific agreement. The timing never really 4 allowed for that specific agreement. Based on 5 Lander's entry into the equation. 6 Q. And as far as a balance sheet for food and beverage, 7 either catering, lounge, lunch and dinner, whatever, 8 did you have a separate accounting? 9 A. That's -- earlier I mentioned where it was never 10 split extremely well, because a lot of food and 11 beverage, some of it would tie into rooms, and 12 certainly, some of the overhead that was there on the 13 hotel side. The lounge itself, it was netting about 14 \$20,000 a month. This is after cost, after cost of 15 sales at least, maybe not labor that was part of 16 that. But it was a highly profitable area. Again, 17 that made up for shortfalls elsewhere. And that 18 really, also, did not seem to depend on hotel 19 traffic. Our crowd was very local. It hit me as one 20 of those great things for us to have, you know, had 21 and really built up over the amount time? 22 Q. So in your opinion, if you had been able to proceed 23 with that, plan, you would have been able to service 24 the debt, pay any withholding or trust fund 25 indebtedness --
Page 110	Page 112
1 quite frank with them. We don't know how we're going 2 to be able to continue this business. I mean, at 3 first, certainly, it was the whole business we're 4 going to have a tough time with. What are we going 5 to do? We're not going to be able to continue the 6 negative cash flow. There's no way to really work 7 something out. However, if we knocked out the hotel 8 portion only and concentrated on these areas that are 9 very profitable for us, probably better reputation 10 overall, local, visitor. It's a great mix. Well, 11 this really solves a lot of problems. It could at 12 least get us through the -- it could buy us a lot of 13 time, by keeping an eye on, you know, not destroying 14 the upstairs, which is what happened over the course 15 of the two years, just using everything up. It 16 wouldn't have been. You just keep it fresh. Do we 17 rent out some of these rooms for a business to use 18 during the week as someone's office and someone's 19 meeting that we could cater. They were a lot of 20 possibilities for us to look at, but the most 21 importantly the ones that we actually had existing 22 business going. It should have, could have, most 23 likely would have cash flowed the debtors to the 24 extent that we needed to. 25 Q. You didn't have any specific agreement, though? That	1 A. I don't -- 2 Q. -- before the lien was attached in April 2010? 3 A. I don't know -- I think we would -- I mean, that 4 would've been something, again, you kind of deal with 5 the obstacles as they come along. We knew it was out 6 there. If they had come and, hey, this is what we 7 have done, I think they were working with us. If we 8 come up with some kind of, you know, this is a plan. 9 Nobody wants things to capsize. Lenders don't want 10 it. IRS doesn't want it. They want their money as 11 quickly as they can get. So I can't promise you yes, 12 but I can certainly say it would have been something 13 we would have dealt with like we had been dealing 14 with every other aspect. 15 Q. Was John willing to put any more money into the 16 business in order to continue to fund day-to-day 17 operations? 18 MR. JAMES SMITH: Object to the form of the 19 question. 20 A. I don't know how to answer that. I can't speak for 21 John, where he was at that point from a financing 22 standpoint. Would we have needed it? I don't know. 23 I don't think we would have, based on the operations. 24 You've got to keep in mind, too, at the time 25 everything was in tip top shape. The kitchen 98

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Page 113	Page 115
1 percent rating. We had no major glaring equipment 2 issues. I think a hot water heater -- 3 Q. Y'all went through a couple hot water heaters, but 4 that was about it. 5 A. Yeah, so that was the something that was very 6 manageable for the operation we would have been 7 running. Especially with not having to address the 8 upstairs rooms from that standpoint. 9 Q. Okay. All right. I think that's all I've got. 10 Thank you. 11 RE-EXAMINATION: 12 BY MR. JAMES SMITH: 13 Q. One last question. Mr. Smith, when it became 14 apparent that Lander was not going to follow through 15 with their promise to purchase -- 16 MS. MEREDITH: Object to form of the 17 question. 18 Q. That's fine. You can certainly answer this. When it 19 became apparent that they did not -- well, Lander 20 ultimately did not purchase the Inn, did they? Did 21 they purchase it? 22 A. They did not. 23 Q. Did you expect Lander to comply with the terms of the 24 lease? 25 A. Absolutely. I mean, that's why we originally had --	1 shutdown. There's nothing we can do with this 2 property. Essentially, it was do some debt service 3 for two years. That benefited nothing. We would've 4 been much better off not having signed this lease 5 without question. At least, we would have controlled 6 our own destiny, and we had a very reasonable plan 7 that we could have enacted based on our relationships 8 with lenders. Based on our operating history. 9 Q. Thank you, Mr. Smith. I don't have nothing further. 10 RE-EXAMINATION: 11 BY MS. MEREDITH: 12 Q. With regard to that last statement, and I understand 13 that it's your assertion that you would have been 14 able to step in and open back up as a hotel. And 15 that was allowing furniture, you know, that was 16 disposed of at the beginning. There was some 17 indication that you planned, if there was a 18 contingency, that you would be able to reopen as a 19 hotel? 20 A. 2011 would have been too soon to operate. I mean, 21 immediately following up Lander, I wouldn't have 22 expected to immediately open up the rooms, but we 23 could have, should have been in a position where we 24 could utilize the facility, and it was all of those 25 areas had been neglected. The kitchen had been shut
Page 114	Page 116
1 Q. As a result, did you expect them to return the 2 property in the condition in which you provided it to 3 them? 4 A. Or at least mitigate. Ideally, yes, you get the 5 property back in a fully functioning, you know, we 6 can turn-key back to where it was day one before we 7 turned it over. 8 Q. Was that important for you to continue to conduct 9 sales at the Fox and Hound? 10 A. Absolutely. Right. 11 Q. Did the condition in which -- 12 A. We wouldn't have even gotten an operating license to 13 open the business. 14 Q. Did the condition in which Lander left the premises 15 when they abandoned the place, did it provide you any 16 ability to continue operating the business? 17 A. No, not any aspect of any of the businesses, whether 18 it be just the pub, the kitchen. No. 19 Q. What is the reason why -- who is responsible for you 20 going out of business ultimately? 21 MS. MEREDITH: Object to form the question. 22 Q. You can answer the question. 23 A. Yes. The -- if we had not signed this lease and 24 entered into an agreement with Lander, it would not 25 have had -- two years later or not in a complete	1 down. Essential pieces that are necessary to operate 2 a commercial kitchen in the state of South Carolina 3 gone. The Fox and Hound Pub, that lounge area 4 removed to a sense that met Lander's needs while they 5 were there for the two years, however they utilized 6 that area, but left it in a condition where we could 7 not have reopened as a pub in any reasonable amount 8 of time. 9 Q. How did you quantify the result of the -- as far as 10 damages are concerned, is that something that you 11 used -- 12 A. John -- again, John was much more tied to the 13 physical plant, the physical aspect of the building. 14 As far as specific equipment necessary to operate, 15 John was the operations guy. I was marketing and 16 sales. So I would defer to his rundown of equipment, 17 the state of the equipment before and after, and what 18 would be needed to replace if that's what you're 19 asking. 20 Q. All of that equipment would have been subject to a 21 UCC that was filed by Business Carolina? 22 A. Excuse me? 23 Q. All of that equipment would have been subject to a 24 financing statement that was filed by Business 25 Carolina?

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Page 117 1 A. I'm not sure. I don't know how to answer that. 2 Q. With regard to the calculation of damages, you, I 3 guess from your testimony just now, you have been no 4 separate, independent calculation of damages that -- 5 A. I did a -- in 2011, maybe April, May, had reached out 6 FFE, Furniture Fixtures and Equipment, on -- 7 basically, for a room property, getting it, 8 basically, up to a three-star level, which actually 9 would've been a half star lower than where the Inn 10 was before we turned it over to Lander. Three and 11 half stars is very difficult to come by, and that's 12 the official AAA designation, was a three and a half 13 star hotel out of five. I was given a \$550,000 14 quote, essentially, for furniture, inner furniture 15 but also dining furniture, table and chair for Fox 16 and Hound. It wasn't necessarily split in one 17 direction or the other. What I had seen certainly 18 when John was talking about lists and here's the 19 numbers we're coming up with, that certainly makes a 20 lot of sense. I mean, just this portion I'm getting 21 this bid. Didn't really push it. There's nothing we 22 could do. From the state of the property that we 23 found it in, there was no amount of money that we had 24 at our disposal to do anything next. There was just 25 no option.	Page 119 1 CERTIFICATION 2 I, Rebecca A. Bazzle, CVR, a court reporter and 3 Notary Public in and for the State of South Carolina, do 4 hereby certify that the foregoing is an accurate 5 transcript of the deposition of LOUIS SMITH, which was 6 taken on behalf of the PLAINTIFF, by me by stenomask, and 7 transcribed by me personally. 8 I further certify that the deponent was first duly 9 sworn by me, and that the deponent was not required to 10 review the deposition. 11 I further certify that I am not personally interested 12 in the outcome of this action, a relative, employee, 13 attorney or counsel of any of the parties, nor a relative 14 or employee of such attorney or counsel. 15 Witness, my hand and seal, this date: APRIL 6, 2016. 16 My Commission expires August 24, 2021. 17 18 19 20 Rebecca A. Bazzle, CVR-M 21 Certified Court Reporter 22 Bazzle & Associates Court Reporting 23 721 Cypress Point Drive 24 Chappells, South Carolina 29037 25
Page 118 1 Q. Have you reviewed the tax returns to see what the 2 depreciated value of the furnishings and fixtures 3 would have been at the time? 4 A. I haven't. 5 Q. All right. I think that's it. 6 (Whereupon the deposition concluded at 2:43 p.m.) 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25	

1 STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS)))) COUNTY OF GREENWOOD) C/A NO.: 12-CP-24-0576 DAY 1 VIDEO DEPOSITION OF IOS, LLC,))) Plaintiff,) JOHN W. HUFFMAN)))) vs.) September 3, 2015)))) Lander University, Lander College and) the Lander Foundation,))) Defendants.) COPY Deposition on oral examination of JOHN W. HUFFMAN, reported by Diane Grubowski, Court Reporter and Notary Public in and for the State of South Carolina; Said deposition taken pursuant to Notice and in accordance with the South Carolina Rules of Civil Procedure, at the Law Offices of James E. Smith, Jr., 1422 Laurel Street, Columbia, South Carolina, on Thursday, the 3rd day of September, 2015, scheduled for 10:00 a.m. and commencing at the hour of 10:25 a.m. PALMETTO REPORTING (803) 463-3526	3 CONTENTS (Video deposition of JOHN W. HUFFMAN) <table style="width: 100%;"> <thead> <tr> <th></th><th style="text-align: right;">PAGE</th></tr> </thead> <tbody> <tr> <td>Exhibit Index</td><td style="text-align: right;">3</td></tr> <tr> <td>Stipulations</td><td style="text-align: right;">4</td></tr> <tr> <td>Examination by Mr. Smith</td><td style="text-align: right;">4</td></tr> <tr> <td>Examination by Ms. Meredith</td><td style="text-align: right;">268</td></tr> <tr> <td>Certificate of Reporter</td><td style="text-align: right;">374</td></tr> </tbody> </table> * * * * * EXHIBIT INDEX EXHIBITS: IDENTIFIED AT PAGE: *** See Exhibit Index Court Reporter's note: -- indicates interruption; incomplete phrases; trailing off; unfinished sentences		PAGE	Exhibit Index	3	Stipulations	4	Examination by Mr. Smith	4	Examination by Ms. Meredith	268	Certificate of Reporter	374
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2 APPEARANCES: Representing the JAMES E. SMITH, ESQUIRE Plaintiff: 1422 Laurel Street Columbia, South Carolina 29201 -- AND -- LEONARD R. JORDAN, ESQUIRE 4500 Fort Jackson Boulevard Columbia, South Carolina 29209 Representing the LENA Y. MEREDITH, ESQUIRE Defendants: Nicholson Meredith and Anderson, LLC P.O. Box 457 Greenwood, South Carolina 29648 -- AND -- DOUGLAS L. BELL, ESQUIRE McDonald Patrick Poston Hemphill and Roper, LLC P.O. Box 1547 Greenwood, South Carolina 29648 Also Present: Gary M. McCombs	4 1 This deposition is taken in accordance with 2 the South Carolina Rules of Civil Procedure. 3 It is agreed and stipulated by the deponent 4 and respective counsel that the reading and 5 signing of the deposition by the deponent is 6 expressly waived. 7 WHEREUPON: 8 JOHN W. HUFFMAN: being duly sworn and 9 cautioned to speak the truth, the whole truth 10 and nothing but the truth, testifies as 11 follows: 12 EXAMINATION 13 BY MR. SMITH: 14 Q Mr. Huffman, please state your full name for the 15 record, sir. 16 A Johnny Wayne Huffman. 17 Q And what is your current address? 18 A 316 Murphy Branch Road, Burnsville, North Carolina 19 28714. 20 Q Now we are taking your videotaped deposition here 21 today and before we get into that, I do want to put 22 a couple of stipulations on the record with my 23 counsel or opposing counsel here, Ms. Meredith. 24 MR. SMITH: We've agreed to withhold all 25 objections and reserve all those rights for a												

5 1 later date, so we won't need to reserve any of 2 those on the record today. Is that correct? 3 MS. MEREDITH: I believe our stipulation 4 is we would object only to the form of the 5 question -- 6 MR. SMITH: Uh-huh. 7 MS. MEREDITH: -- and that any additional 8 objections would be argued at a later date. 9 MR. SMITH: That is correct. And so we 10 also agreed that we are taking this deposition 11 by video, de bene esse, for use at trial should 12 Mr. Huffman not be available and you have no 13 objection to us proceeding on that basis now. 14 MS. MEREDITH: I do not. 15 Q So Mr. Huffman, obviously today you're having to 16 whisper and if you could just, for the record, 17 share with the jury and others who might be seeing 18 this video why you are having to whisper? 19 A Last April I lost my voice and went through a 20 battery of tests and they determined that I had 21 lung cancer, specifically, and it's wrapped around 22 my aorta which squeezes my vocal cords, and 23 therefore I can't speak through my vocal cords, I 24 have to speak through my chest. 25 Q Right. And so because of that what has the doctor	7 1 Q Okay. And then what was your job in the Army? 2 A I was an infantryman. 3 Q So you were in the infantry and you were airborne, 4 right? 5 A A paratrooper, yes. 6 Q A paratrooper. Did you ever deploy? 7 A Yes. I deployed in July 1966 to the Republic of 8 Vietnam, assigned to the 101st Airborne Division. 9 I was reassigned in the country to the 25th 10 Infantry Division who had just suffered a 11 devastating encounter with an ... inaudible ... so 12 I was one of their replacements for them. 13 Q Okay. And during that tour, were you decorated for 14 your service? 15 A Yes. I was wounded four times, although I only 16 received three Purple Hearts because I was wounded 17 twice in one battle, 31 hours apart. I also 18 received three Bronze Stars, an Army Commendation, 19 a V, a couple of Vietnamese ... inaudible ... 20 Q And so I understood it to be three Purple Hearts. 21 You were wounded actually two times in one 22 engagement, so four times total wounds, and that 23 was a 31 hour engagement. You received three 24 Bronze Stars and I think two ARCOMs with V Device, 25 indicating valor in the face of the enemy, two
6 1 given you in terms of your prognosis now? 2 A When he first diagnosed it, they thought I had a 25 3 percent chance of recovery. After eight weeks of 4 chemotherapy and radiation -- when they started the 5 tumor was 2 centimeters in size. They had hoped to 6 be able to reduce it 60 to 80 percent, however, at 7 the end of eight week treatments, it had grown to 8 4.7 centimeters, which is 270 percent increase. 9 They currently, unless they find an alternative 10 treatment that works, think I have about six to 11 eight weeks. 12 Q John, let's get right to the issue here. But I 13 wanted the jury to know a little about who you are 14 and where you come from. I believe you were born 15 in Texas? 16 A Hemphill, Texas. 17 Q And then the earliest opportunity you joined the 18 Army, correct? 19 A When I was 17 years old. 20 Q You were seventeen. So did your parents have to 21 sign you up for it? 22 A Yes, my mother did. I joined the paratroopers. 23 Q When was that? 24 A I actually joined in December, but I was sworn in 25 in January, January the 12th, 1966.	8 1 Crosses of Gallantry. 2 A Sixteen Air Medals. 3 Q And 16 Air Medals. And so by the Air Medals you 4 went from being an airborne soldier, airborne 5 infantryman soldier, to flying helicopters? 6 A Correct. 7 Q And so in doing that very risky mission, you were 8 returned to Vietnam, correct? 9 A I went back in -- on a second tour in 1972, 10 '73. 11 Q All right. And so there you completed another tour 12 of duty. And how long did you continue in your 13 military service? 14 A I retired in January 1986, after 20 years. 15 Q I am sure a very highly decorated and honorable 16 discharge? 17 A Very much so. 18 Q Upon leaving the service, what did you do after 19 that? 20 A I went into real estate -- 21 Q Real estate? 22 A -- initially working for a local real estate 23 management company. 24 Q Yes. 25 A Then I got into turning around depressed

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1 properties. And then I went out on my own and
 2 started my own company called South Corp
 3 Properties, Inc.
 4 Q Yes.
 5 A And started turning around depressed properties.
 6 Q So how many properties by, as I understand it,
 7 taking depressed properties and properties under
 8 foreclosure, you know, rehabbing them and turning
 9 them into successful enterprises, how many times
 10 did you do that?
 11 A I believe it's -- I counted it up the other day. I
 12 think there were 22 different properties.
 13 Q Yes. And these all became successful
 14 concerns after that?
 15 A Some of these were under the old management
 16 company, and some of them I purchased, and some of
 17 them I worked for other people.
 18 Q Did you purchase and rehab the Whaley's Mill
 19 project in Columbia?
 20 A Yes, I did.
 21 Q And describe that. What is that facility?
 22 A It's a student housing project containing 419
 23 student housing beds. I also had three other
 24 student housing projects beyond that.
 25 Q So you've done -- prior to this incident, which was

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1 Inn on the Square matter, which is why we are here,
 2 you had four other times where you rehabbed and
 3 created student housing?
 4 A That's correct.
 5 Q And you were responsible for that yourself?
 6 A Yes.
 7 Q So were you familiar with the cost of renovation,
 8 with the cost of equipment, that kind of thing?
 9 A Exactly.
 10 Q And you have done that 22 times?
 11 A Well, that plus commercial office buildings and
 12 apartment complexes.
 13 Q And that's what you have been doing ongoing since
 14 your departure from the military in '86?
 15 A That's correct.
 16 Q Tell me about your wife, Misty.
 17 A My wife was very much a partner in my company and
 18 very much my right hand in doing these turnaround
 19 jobs. She was primarily acquisition, procurement
 20 officer and administration officer. She was very
 21 hands-on and very involved in all operations.
 22 Q In all of these projects, not just Inn on the
 23 Square, right?
 24 A Right, all of them, going back to Whaley's Mill.
 25 Q So she's been your right hand in life and right

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1 hand in business?
 2 A Correct, 25 years.
 3 Q Let's turn now, John, to IOS, LLC. What does IOS
 4 stand for?
 5 A Inn on the Square.
 6 Q And how did you become to develop a relationship
 7 with IOS?
 8 A I was approached by two owners that owned the Inn
 9 at the time. I believe it was called Emerald Inn,
 10 or the partnership was called Emerald Inn, I can't
 11 recall. But they approached me about taking on the
 12 project as a turnaround. It was upside down and
 13 not doing well.
 14 Q What year was that?
 15 A It would probably be the latter part of 2004,
 16 probably October, November. I went up and looked
 17 at the Inn. I wasn't too much interested in it. I
 18 came back. They approached me again in December.
 19 We sat down, drew up an agreement and I agreed to
 20 go in and do a turnaround on it, and I believe I
 21 went in and took charge of it either the 5th of
 22 January, 2005, or the 10th of January, 2005.
 23 Q So why do you think they came to see you?
 24 A Because the property was upside down and I had a
 25 history of turning these properties around and one

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1 of the people that was a partner in it had worked
 2 for me for a number of years and he's the one that
 3 got the other partner to approach me.
 4 Q So they were in trouble and they came to see you to
 5 get it fixed?
 6 A That's correct. The property was actually going
 7 into foreclosure at the time.
 8 Q And that was in the end of '04, and you took the
 9 reigns in January of 2005?
 10 A That's correct.
 11 Q Now tell me about, of course your right hand,
 12 Misty, what role did she have?
 13 A She went in day 1 with me. I fired two-thirds of
 14 the staff on the first day and immediately started
 15 hiring new people, started getting a hand on the
 16 accounts, what money we had in the bank, what was
 17 due in, what was due out. We found out the
 18 electricity was being turned off the next day for
 19 nonpayment, so the first week was just turmoil,
 20 trying to keep the place open, trying to find the
 21 right personnel for the right jobs. We had a lot
 22 of deadbeats living in the hotel that I had to get
 23 rid of. So she was part of that whole process on
 24 the administrative side.
 25 Q Right. And so did she have an ownership or does

13 1 she have an ownership interest in IOS, LLC? 2 A She was given a 10 percent ownership if I would 3 take on the project as a turnaround, so she was in 4 fact a 10 percent silent partner owner. 5 Q Okay. And the understanding of the turning 6 something around, did you have personal knowledge 7 of the finances of Inn on the Square when you 8 started and throughout the time that you worked 9 there? 10 A Yes. Before I took over the Inn, I went and meet 11 with a lender and cut a deal. I cut several 12 different deals with the existing partnership, with 13 the existing lender, as to what would occur on 14 certain triggers -- 15 Q Right. 16 A -- if certain objectives were reached. The first 17 thing I did was reduce the debt of I believe it was 18 a million, a million one something, to \$900,000. 19 Q Okay. 20 A The second thing I did was secure \$150,000 21 partnership loan to start operating and turning the 22 building around. 23 Q Turn it around. 24 A Other finances were added as we stabilized the 25 building and started renovations and got it	15 1 rags, things like that to keep it operational. As 2 far as the full upfitting of the hotel, which 3 carried it to a 4-star status, that started in '07. 4 Q Okay. So you mentioned the hotel reached 4-star 5 accommodation status, is that correct? 6 A It was franchised under Clarion as a 4-star 7 boutique hotel. It needed a weight room, exercise 8 room, to go to a full 4-star. So it had 4-star 9 accommodations, although it was rated as a 3-star 10 until we could put in a weight room. 11 Q A weight room. 12 A A weight room, an exercise room. 13 Q Okay. And you mentioned getting the Clarion 14 franchise. Tell the jury a little bit about that. 15 How does that process go and does it add value to 16 the facility? 17 A The Clarion franchise initially was \$150,000 for 18 the franchise. I went and negotiated with Clarion 19 and got them down to \$45,000. When I brought the 20 Clarion boutique franchise into there, it put the 21 hotel on the map, that and the \$670,000 renovations 22 that we had done to the facilities. It in essence 23 made us and carried us to a 3.3 million dollar 24 operation. 25 MR. SMITH: Lena, I wish I had more copies
14 1 franchised through Clarion. 2 Q So a couple things. So you had -- from 1986 to 3 January 2005, you had experience of 22 separate 4 turnarounds, successful turnarounds, and I imagine 5 in doing so you built a good reputation amongst 6 lenders? 7 A I did, yes. 8 Q And that was important in your ability, I would 9 imagine, to turn this around, wasn't it? 10 A Oh, yes, that was, I believe, the only reason I was 11 approached about taking this project on. 12 Q And so in the process of turning things around, you 13 all made some investments to do some upfits on the 14 building. So after you arrived there about how 15 much money was spent in upfitting Inn on the 16 Square? 17 A Six hundred seventy thousand dollars for total 18 upfitting that we did. 19 Q And that was in the period beginning in January 20 2005 to when? 21 A It was really the first year was more or less 22 stabilizing the property versus upfitting. We 23 didn't start our upfitting until 2007. We went in 24 and basically cleaned the hotel. The hotel was 25 rundown, raggedy. We got new towels, sheets, wash	16 1 of this, but they are pretty straightforward 2 pictures. I think we sent them on disc to you, 3 but I'm going to -- 4 Plaintiff's Deposition Exhibit #1, 5 consisting of 1 sheet, marked for 6 identification and made a part of this 7 deposition. (Photograph) 8 Q John, I've got a picture here and it's marked as 9 Plaintiff's Exhibit One. I just want you to look 10 at it and see if you -- 11 A That's the main entrance to the Inn on the Square 12 after renovations. We had repainted the building, 13 refurbished all the rooms, put new windows in, 14 redid the kitchen, the ballroom and the 15 entranceways. And this is facing Main Street. 16 Q That's facing Main Street. And so about what year 17 would this have been? 18 A It probably would have been probably late 2007, 19 early 2008. 20 Q I've got a succession of pictures that look like 21 they might have all been taken about the time and 22 good days. These are -- I'll show these to Ms. 23 Meredith. But these are additional photographs of 24 the Inn. 25 Plaintiff's Deposition Exhibit Numbers 2

17 1 through 4, consisting of 1 sheet each, marked 2 for identification and made a part of this 3 deposition. (Photographs) 4 Q John, you have what's been marked as Plaintiff's 5 Two, Three and Four, as well, and there are 6 additional pictures. And if you could describe 7 them by -- let's go by number, by Number Two. 8 A These pictures were taken a day before Lander took 9 over the operations at Inn on the Square. 10 Q Who took the pictures? 11 A My wife -- 12 Q Misty. 13 A -- and the manager of the hotel went around and 14 took the pictures. And it basically shows the 4- 15 star accommodations of the rooms prior to turning 16 it over to Lander. This is the ballroom 17 (indicating) which -- 18 Q When you say, this is the ballroom, what exhibit is 19 that, Number? 20 A The ballroom? 21 Q Yes, Number Three, is that -- 22 A Yes -- 23 Q Okay. 24 A -- Number Three. 25 Q And the other two are pictures of a bedroom?	19 1 we will necessarily pursue. But I would like 2 to see the actual photographs of all of the 3 rooms at this point. And I understand that you 4 are marking these for exhibit at this point and 5 not formally offered them. If you are going to 6 offer them, I just preserve my objection on a 7 running basis so that we don't have to keep 8 stopping and starting with regard to the 9 photographs and then maybe once I have seen 10 them, I may withdraw my objection. 11 MR. SMITH: Certainly. And I'll just add 12 for the record we have -- these photographs are 13 not within John's custody or control. We think 14 we know where they are and we will endeavor to 15 go get those and produce those, assuming they 16 still exist. And as soon as we're able to get 17 a hand on them, we'll certainly produce them. 18 MS. MEREDITH: Absolutely. 19 Q John, so you -- get us back where we were. You 20 operated -- well, I guess what was the date that 21 Lander took over? 22 A Lander took over I guess effectively the 12th of 23 August, although there was a lot of transition 24 going on throughout the month of August. The Inn 25 was still doing certain events I believe, going
18 1 A These are typical bedrooms inside the Inn. There 2 were 48 rooms. We actually have pictures of all 48 3 rooms. I just took these two as typical. 4 Q But these are representative of the rest of the 5 rooms? 6 A And it shows the bedding, the pictures, the 7 covering, the pillows that we have. 8 Q Okay. 9 MS. MEREDITH: Can we go off the record 10 for just one second? 11 MR. SMITH: Yes, sure, absolutely. 12 (OFF THE RECORD) 13 MS. SMITH: We took a brief break and gone 14 off the record, but I think, Ms. Meredith, you 15 wanted to make a request on the record. I'm 16 certainly happy to have that. 17 MS. MEREDITH: I did. I'd like to reserve 18 an objection which may or may not be necessary. 19 The witness just testified that there were 20 additional photographs which were taken of each 21 room of the Inn that would indicate by room the 22 condition of each room and that he did not 23 actually physically take the pictures. 24 Although I don't believe that will be an 25 objection, other than just to preserve it, that	20 1 through a shutdown process. I believe we closed 2 our pub down on the 15th. I believe we did our 3 last event, which was a wedding, on the 28th or 4 29th of August. 5 Q Okay. 6 A Lander was coming in starting on about the 12th or 7 15th and moving furniture, setting up rooms. It 8 was just a turmoil, hodgepodge of activity. 9 Q We'll get into more of that. So you operated as 10 IOS, LLC, and ran it as a hotel and turned it into 11 a 4-star accommodations and giving it a Clarion 12 hotel, boutique hotel, franchise from January 2005 13 through to about August 2009? 14 A Correct. 15 Q During that time was the business profitable? 16 A It had -- it had its up and downs. We were very -- 17 we were sort of profitable the first year -- 18 Q Right. 19 A -- the turnaround year I call it. We did our 20 renovation. We went through a very profitable 21 period. 22 Q Yes, a very profitable period? 23 A A very profitable period. And then we first got 24 franchised -- 25 Q Right.

21 1 A -- and everything else. And then we went through 2 the 2008 to 2009, what do you call it, period where 3 the -- 4 Q Economy went down, yeah. 5 A Crashed. And we really struggled that last year, 6 which is why we decided to go ahead and put the 7 hotel up for sale. 8 Q For sale. 9 A So we were struggling the last year, doing okay, 10 but struggling. 11 Q You were still profitable then or no? 12 A Marginally profitable. We were still trying to do 13 some renovations that had not quite been completed. 14 And but we were losing business. For instance, we 15 were -- our typical rooms were operating -- we were 16 renting 31 a night, we dropped to 7. Our typical 17 events, they would come in and spend 8 to \$12,000 18 an event and they were coming in wanting to do 19 events for \$2,000. 20 Q Right. 21 A So nobody had any money and we were really -- 22 everybody around us were struggling. We were doing 23 okay and holding our own. 24 Q So the hotel it seemed to have like as the best I 25 can -- there were three profit centers and was it	23 1 Q Right. 2 A So we never really stabilized the rooms. In fact, 3 when I sold the property to Lander, my intention at 4 that point in time was to close down the rooms 5 upstairs and just operate The Fox and Hound, the 6 restaurant and the events. 7 Q Right. 8 A Except for special events we would rent the rooms 9 for weddings, anniversaries and stuff. As far as 10 the free market, I was looking to possibly close 11 those rooms -- 12 Q Okay. 13 A -- when Lander approached me about purchasing. 14 Q Okay. So let's talk about when that began. I 15 guess after '05, had you felt like you turned 16 things around there to a large extent? 17 A Oh, yes. Before the big blowout in 2008, the big 18 national downturn, the hotel was probably tracking 19 in about \$150,000 a year profit. 20 Q So when we didn't have the downturn of the economy, 21 you saw \$150,000 in profit -- 22 A Right. 23 Q -- on an average year? 24 A We were well on our way to \$150,000 profit margin 25 prior to the big blowout in August, September 2008,
22 1 the rooms, having events and the pub? 2 A There were four profit centers. 3 Q Four profit centers. 4 A Profit one was the pub, The Fox and Hound, which 5 was -- 6 Q Tell us about that. 7 A It was the happening place in Greenwood. It was 8 the place to go and the place to be. It made 9 approximately \$22,000 a month. 10 Q A month. 11 A The second profit center was the restaurant. The 12 restaurant operated on basically a break even 13 status or a sliding loss. We had just never really 14 made any money on the restaurant, but didn't lose a 15 lot either. 16 Q Yes. 17 A The event was our big profit margin. Weddings, 18 birthdays, anniversaries, bringing in 250 people to 19 the ballroom, feeding them and et cetera. We were 20 bringing in a quarter million dollars a year off 21 events of which profit was probably 30 or 35 22 percent. And then we had the rooms upstairs. The 23 rooms upstairs, the actual rental, was hit and 24 miss. We made profits part time of the year, we 25 lost money other times of the year.	24 1 when everything went upside down. 2 Q So in late or I guess it was somewhere around July 3 maybe, or you tell me exactly when or tell the jury 4 exactly when, 2009, you were tasked with looking to 5 sell the property? 6 A I had met with the partnership and I said I've done 7 all I can with this property. It's currently 8 appraised at 3.3 million. We are hanging on 9 through these economic times. I suggest we go 10 ahead and sell the property on the upside now. 11 Q Right. 12 A We never listed the property for sale. I had 13 exclusive rights to sell the property, so I put out 14 feelers to certain individuals that I knew of 15 and/or had worked with in the past that the 16 property was for sale. I had two potential buyers, 17 one out of Charleston and one out of Charlotte, 18 that approached me and were interested in the 19 property when Lander approached me about the 20 property. 21 Q And just so the jury understands and appreciates, 22 while your wife was a part owner, you were hired to 23 be the manager and then have the exclusive rights 24 to sell the property? 25 A That's correct.

25

1 Q So tell me about how you were approached by Lander.

2 A Initially, my -- one of my partners, Louis Smith,
3 approached me and said that Charlie Barrineauw, who
4 was one of the city officials there, had heard that
5 we were trying to sell the Inn on the Square.

6 MS. MEREDITH: James, I'm going to note a
7 running objection to hearsay at this point.

8 MR. SMITH: Sure.

9 MS. MEREDITH: I've allowed the leading
10 because I wanted --

11 MR. SMITH: Yes.

12 MS. MEREDITH: -- to get to the heart of
13 the issue, but I think if I just note an
14 objection at this point as a running objection
15 to leading. I don't want to keep interrupting
16 you all.

17 MR. SMITH: That's fine and I understand
18 all of those are reserved from the outset, so I
19 don't need -- I think you can consider them all
20 running.

21 A Louis approached me and said Charlie Barrineauw, if
22 we were in fact selling the hotel, would it be okay
23 to tell Lander that we were looking to sell the
24 hotel. And I said, sure, tell them. So a few days
25 later I was contacted by Diane Newton from Lander.

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1 Q Okay. So based upon what you understood you heard
2 from Charlie Barrineauw, what did you do?

3 A I didn't do anything.

4 Q Okay.

5 A I just told Louis to tell Charlie to tell Lander,
6 yes, we would talk to them.

7 Q You would be interested in talking to them?

8 A Yes.

9 Q Okay. And then what happened?

10 A Well, Diane Newton came down from -- she called,
11 made an appointment. She came down with about
12 three other people, seems like there was two women
13 and a man, and she wanted to look at all 48 rooms.

14 Q And about when was this?

15 A Some time around the middle of July or shortly
16 after the middle of July.

17 Q Okay.

18 A So I carried her and her little entourage through
19 all 48 rooms to show it to them.

20 Q Okay. What kind of interest did she express?

21 A At the end of the thing, she asked me would I be
22 willing to lease the 48 rooms to Lander to house
23 approximately 100 college students. I told her
24 that I absolutely would not be interested in that
25 at all, that we were only interested in selling the

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1 hotel. She asked me the list price of the hotel
2 and I told her 3.3 million dollars. She then told
3 me that she would have to think it over and get
4 back with me and her and her entourage departed.

5 Q Okay.

6 Plaintiff's Deposition Exhibit #5,
7 consisting of 3 sheets, marked for
8 identification and made a part of this
9 deposition. (July 31 '09 Letter from Newton)

10 Q John, I've got a document here. It's marked
11 Plaintiff's Exhibit Five and I ask you to take a
12 look at it. On the third page of the document are
13 you referenced there?

14 A Yes, John Huffman, Inn on the Square.

15 Q What is this three-page document?

16 A This is a document through two weeks of
17 negotiations with Diane Newton. Diane Newton came
18 back initially after a couple of days --

19 Q And John, excuse me for interrupting. Who is Diane
20 Newton? Who did you understand Diane Newton to be?

21 A She presented herself to me and gave me a business
22 card as the chief housing acquisition person for
23 Lander University.

24 Q Okay.

25 A I forget her exact title, but she procured all

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1 student housing.

2 Q Okay.

3 A She had approached me the second time, I think it
4 was two days after the first visit, and she asked
5 me -- I was actually playing golf. My wife called
6 me on the golf course and said Diane Newton just
7 called and wants to know if you would entertain an
8 offer to purchase Inn on the Square by Lander for
9 2.3 million dollars.

10 Q And based just on what you heard from Misty, your
11 wife, your right hand, what did you do?

12 A I told Misty, call Diane Newton back, tell her I'm
13 playing golf and I'll be back around four this
14 afternoon, that I would be happy to carry any
15 bonafide offers to the partnership for
16 consideration.

17 Q And then what did you do?

18 A I got back around four. Diane Newton was waiting
19 on me. I went upstairs, took a shower, I was hot
20 and sweaty. I come back down. She and I went into
21 the dining room and we met. She said Lander, it
22 would be willing to purchase the Inn on the Square
23 at 2.3 million dollars, however, we have a problem.
24 She says, we want to use Obama's money, which will
25 not be available until April of next year, so --

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1 but we need student housing, a hundred beds,
2 immediately. We need a hundred beds in August.
3 Would you lease us a hundred beds, in essence, the
4 second and third floors, until April when we can
5 close on the property? I said, well, I'm open to
6 that. I'll have to check with the partnership.
7 She and I -- I worked up a budget that night and
8 faxed it to her the next day, which was basically
9 to rent the 48 rooms came to \$51,000 a month. She
10 sent me back a revised budget that afternoon which
11 was \$48,000 a month. And she says, if we lease
12 this, \$48,000 a month on a ten month lease and buy
13 it for 2.3 million dollars in April, will this be
14 acceptable? And I said, yes. We walked across the
15 street to Lander's attorney's office, which was
16 Doug Bell, and sat down at a conference table in
17 his office and fed him the details. Doug Bell was
18 supposed to draw up a lease at 41, \$48,000 a month
19 for ten months and a purchase price of 2.3 million
20 dollars to close in April with Obama's money.
21 Q Were there any contingencies on that agreement?
22 A None, at that point. Now not at that point in
23 time, but many contingencies came in after that.
24 Q But at that time did you -- well, would you have
25 agreed or would the partnership have agreed to

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1 lease the property --
2 A I actually --
3 Q -- without a commitment to purchase?
4 A Before we went to Doug Bell's office, I actually --
5 MS. MEREDITH: Object to the form of the
6 question.
7 A I actually went and called the two partners and the
8 major lender, which was Business Carolina, and ran
9 the basic deal by them and got a verbal agreement,
10 yes, proceed. So I had the major lender and both
11 partners in verbal agreement before we went across
12 the street to Doug Bell's office. Everybody was in
13 agreement that we would lease the top two floors
14 for \$48,000 a month. Now the IOS was going to
15 continue running the Inn on the Square, The Fox and
16 Hound, the dining room and the events. We had
17 events booked for the next year in the ballroom.
18 We were going to continue running those. We were
19 only leasing the 48 rooms upstairs for a hundred
20 beds for Lander students.
21 Q Would you have agreed to just a lease without a
22 purchase?
23 A No, absolutely not.
24 Q Why not?
25 A I had run many student housing projects. I had a

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1 4-star hotel that was worth 3.3 million dollars. I
2 knew for a fact if I turned it into student
3 housing, although I did not think student housing
4 was a bad use of it, but I knew it would no longer
5 be a 3.3 million dollar 4-star hotel if I put
6 students in there for ten months. So no, I --
7 there's no way I would have leased that only as
8 student housing.
9 Q So how would you describe the offer and the
10 commitment to purchase made by Diane to your
11 decision to enter into the lease arrangement?
12 A Well, using Obama's money, whatever Obama's money
13 was -- she had fell out with the Indian guy who
14 owned, according to her, some apartment complex,
15 who was trying to jerk Lander around.
16 Q Okay, wait a minute. So there was another -- so
17 where were these kids staying the year before 2009?
18 I mean what -- help the jury understand.
19 A They were staying at this apartment complex. And
20 Diane Newton and this Indian that owned the
21 apartment complex had had some big falling out and
22 she did not want to deal with him. But she had to
23 secure a hundred beds for the students to be able
24 to do that, so she was all fit to be tied to get a
25 lease signed to get the students -- so she knew she

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1 could house the students. On the other hand,
2 getting Obama's money was not going to happen until
3 April to purchase. I personally in Doug Bell's
4 office was concerned about that because I knew our
5 governor was not prone to taking federal money.
6 And I told her, I said, I cannot do this deal based
7 on what you call "Obama money". She says, well,
8 Doug Bell and I are both members of the Foundation
9 and we can guarantee you that if we don't get
10 Obama's money to make this purchase, Lander will
11 use Lander Foundation funds. And I said then I
12 want that made part of the contract.
13 Q Right.
14 A Because I want to know this sale is absolute before
15 -- either using Obama's money or Lander money,
16 before I will sign a lease for these hundred
17 students. So that was supposed to be incorporated
18 into the purchase that Doug Bell was writing up.
19 Q So you understood Mr. Bell was writing the lease.
20 What would you call that document?
21 A I called it a lease/purchase. It was going to
22 lease the top two floors. This is initially.
23 There were many changes. It was going to lease a
24 hundred beds on the top two floors for \$48,000 a
25 month, with a purchase to be completed in April.

33 1 They were going to present Phase I to the Budget 2 and Control Board to get Obama's money in December. 3 March was the second reading of Obama's money and 4 April was the release of the money and closing. 5 Q And all these terms, they were agreed to before you 6 signed the lease? 7 A Yes, sir. Doug Bell was making notes on his yellow 8 pad to draw this lease/purchase up. 9 Q All right. Now -- 10 A And this would have been probably somewhere the 11 last week of July. 12 Plaintiff's Deposition Exhibit #6, 13 consisting of 10 sheets, marked for 14 identification and made a part of this 15 deposition. (Draft Lease) 16 Q John, I've got here what's been marked as 17 Plaintiff's Exhibit Six. 18 A Yes. 19 Q I'm going to ask if you can identify it, please. 20 A Yes. This is the draft lease for the Budget and 21 Control Board for the Inn on the Square. 22 Q Okay. And I'm going to ask that you go to the -- I 23 think there are the signature page -- 24 A Yes. 25 Q -- which is number 6 out of 10. Do you see that?	35 1 A Yes, I did. 2 Q And physically saw her do it? 3 A Yes. 4 Q Now why would the parties be signing a document 5 which is clearly marked Draft? 6 MS. MEREDITH: Object to the form of the 7 question. And again, I'm sorry, I'm going to - 8 - 9 MR. SMITH: That's fine. 10 MS. MEREDITH: I'll just reserve everything 11 until a later time that way I just have -- 12 unfortunately, it's nature. I apologize. 13 MR. SMITH: That's not -- as you like, as 14 you like, Ms. Meredith. 15 Q So John, tell me, you know, you were presented with 16 a draft -- 17 A Yes. 18 Q -- document? 19 A We got this draft I believe a day before on the 20 11th. Diane Newton had called me in a tizzy. She 21 was desperate to get those students in the Inn on 22 the Square by the end of the month. We didn't have 23 anything from Doug Bell in the form of a lease or a 24 contract. She had to move furniture in and out. 25 She was waving her hands in the air, was just in a
34 1 A Yes. 2 Q Okay. And that page -- it's clearly marked Draft, 3 the document, is that correct? 4 A That's correct. 5 Q But it's signed and it looks like -- who is Louis 6 Smith? 7 A Louis Smith is the managing partner of IOS, LLC, 8 the partnership. I was the manager of the hotel. 9 Q What date -- did he sign this document? 10 A Yes, he did. 11 Q And on what date was that? 12 A The 12th of August. 13 Q And you have seen Mr. Louis Smith's signature 14 before? 15 A Oh, yes. 16 Q Are you confident that that is indeed his 17 signature? 18 A I watched him sign it. 19 Q So you actually physically watched him sign this 20 document? 21 A That's correct. 22 Q And Diane Newton, it appears she signed on behalf 23 of Lander, is that correct? 24 A That's correct. 25 Q Did you watch her sign this document?	36 1 tizzy. She called me around the 8th, 9th, 10th of 2 August, and she says, we've got a problem, can I 3 come see you? So she came down to the Inn and she 4 was in near tears. She says I really f'd up. She 5 says I done pissed off this Indian guy. I got no 6 chance to go back there. I've got to have this 7 property for my hundred students, but I just found 8 out today that we can't sign a lease with you. We 9 have to do a lease through the Budget and Control 10 Board. 11 Q And can you negotiate the terms of this lease? 12 A Well, at the time I didn't know. I said I don't 13 even know what the Budget and Control Board is. Is 14 that part of Lander? She said, no, it's a the 15 State Budget and Control Board. They are actually 16 the people that's going to give us Obama's money in 17 April and because they are going to fund the 18 purchase, we have to go through them to do the 19 lease. Doug Bell will still draw up the purchase 20 contract, but he won't be doing the lease contract. 21 And I said, well, I have to see this thing. So 22 they faxed, "they" being somebody from the State 23 Budget and Control Board, faxed this to Diane, who 24 faxed it to me. I faxed it to Leonard Jordan. 25 Q Who is Leonard Jordan?

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1 A Leonard Jordan was my personal attorney and IOS'
 2 acting attorney at the time. I sent it to my
 3 attorney, Leonard Jordan, who said this is pure
 4 bullshit.
 5 Q Yes.
 6 A There is no way in hell you can sign this lease.
 7 Q Right.
 8 A So I called --
 9 Q What was his concern?
 10 A Everything. Everything that Diane Newton and I had
 11 agreed to this draft took away.
 12 Q Yes.
 13 A For instance, maintenance, Lander was doing all the
 14 maintenance.
 15 Q Right.
 16 A This says I have to do all the maintenance.
 17 Q Right.
 18 A Taxes, Lander -- the taxes are \$32,000 a year.
 19 Taxes -- this says I have to pay the taxes. On and
 20 on. Everything in here was --
 21 Q Is Exhibit -- I'm sorry, go ahead. I didn't mean
 22 to interrupt you.
 23 A Everything in here was completely counter to what
 24 Diane Newton and I had agreed to in Doug Bell's
 25 office.

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1 Q Now is this Exhibit Number Six, as it has been
 2 presented to you, is it in the same form as it was
 3 when it was signed --
 4 A Yes.
 5 Q -- on the 12th of August?
 6 A Exactly.
 7 Q All right.
 8 MR. SMITH: I'll ask that it be admitted
 9 into evidence.
 10 A So Diane Newton was in a real tizzy. She says how
 11 do we overcome this. So she calls me back I guess
 12 the next day, it must have been the 11th --
 13 Q Right.
 14 A -- and she says, I talked to the Budget and Control
 15 Board attorney. They said you cannot change so
 16 much as a comma on this. You can't change
 17 anything. This is a State lease and it has to be
 18 signed As-Is. And I said, well, I guess this deal
 19 is dead. She says, no, it ain't. The attorney
 20 will be down tomorrow. So the attorney came --
 21 Q This is the Budget and Control Board attorney?
 22 A The state -- a little short, blonde-headed girl
 23 named Lisa something. She and Diane Newton came to
 24 the Inn on the Square the next day and met with
 25 Louis Smith and I.

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1 Q Okay.
 2 A She had this draft and she explained to me that
 3 this was a State lease. The State did not
 4 negotiate leases. This was a take it or leave it.
 5 And I said, we'll leave it. And Diane went berserk
 6 and she says, no, no, no. You and I can work all
 7 this out on the side. So she started saying I'll
 8 give you a signed agreement that Lander will pay
 9 for all the maintenance. I'll give you a signed
 10 agreement that we'll pay the taxes. Lisa got up,
 11 she says, "Stop. I represent the Budget and
 12 Control Board. I cannot be a party to this. What
 13 you all are talking about is illegal. I will not
 14 be in this room while it's discussed." So she got
 15 up and she left the room. Diane Newton and I and
 16 Louis Smith sat there and went through this,
 17 paragraph by paragraph, and we wrote down our
 18 signed agreement. We then left, went across the
 19 street to Doug Bell's office.
 20 Q All right.
 21 A And she instructed Doug Bell, based on our note, to
 22 draw a separate agreement outside of this lease,
 23 whereby we were going to acknowledge that we were
 24 going to sign this State Budget and Control lease,
 25 but that Lander was going to be bound by this side

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1 agreement.
 2 Q What were the terms, the specific terms, of that
 3 side agreement?
 4 A The only copy that we had was given to Doug Bell
 5 because we had sat there and made notes. But
 6 basically, Lander would do and pay for all the
 7 maintenance.
 8 Q Right.
 9 A Lander would pay for the taxes. Lander would use
 10 Foundation funds in April to close on the deal if
 11 they did not get Obama money.
 12 Q And what was the price for the sale?
 13 A The price of the sale -- well, there was one other
 14 one. The price of the lease would only -- the
 15 State Budget and Control Board would only pay
 16 \$31,000 a month. The lease called for \$48,000.
 17 Q Right.
 18 A So in a second agreement, after Lisa left the room,
 19 Diane says, we will take the \$17,000 and put it on
 20 the back end. We'll take the 2.3 million dollars
 21 and we'll add in ten months of \$17,000, which is
 22 \$170,000, to the sales price. Plus I was concerned
 23 -- we had a major item in there of maintenance
 24 which is a \$10,000 hot water heater. I had three
 25 of them in tandem. One had already failed.

41 1 Commonsense says if one fails, the other two are 2 going to go. With them cutting us to \$31,000 a 3 month, we had no money for maintenance. So part of 4 the agreement was we would fund the maintenance on 5 a month to month basis and they would reimburse us. 6 If one of them hot water heaters broke, they would 7 pay the \$10,000 for one or both of those remaining 8 two hot water heaters. Because I didn't have the 9 10 or 20 thousand to do it getting \$31,000 a month, 10 so that was built into it. It was probably two and 11 a half pages countering this -- 12 Q Right. 13 A -- that we gave to Doug Bell to do a separate 14 agreement. Diane said this absolutely had to be 15 signed that day, the 12th, because she had to get 16 her crew in there to start cleaning rooms. Oh, we 17 also had to give up The Fox and Hound, we had to 18 give up the dining room, and we had to give up all 19 events after August. So we -- that was also we 20 signed those over to Lander. Lander got 21 operational control of The Fox and Hound. 22 Q The whole building? 23 A They got all of our special events that were 24 already signed except for the ones in August. And 25 they got the operational control of the dining	43 1 Lander and no qualms about them at all. 2 Q So you had -- 3 A The only one going nuts was my attorney over there 4 (indicating). 5 Q Well, and just for the record, you're pointing to 6 Mr. Leonard Jordan, is that right? 7 A Yes. 8 Q Who is in the room. Now I'm going to -- so the 9 terms that you mentioned, did they also include a 10 date of closing? 11 A Yes, they did, the end of April. 12 Q Okay. Of 2010, is that correct? 13 A And they included the terms Obama money -- this is 14 my writing (indicating). 15 Q Right. 16 A If you do not receive the Obama money, you will use 17 Foundation money. 18 Q And they guaranteed that, did they not? 19 A That was guaranteed because apparently Doug Bell 20 and Diane Newton were both on the Foundation, 21 that's what they told me. 22 Q In fact that was represented to you by both of 23 them? 24 A By both of them. 25 Q And do you --
42 1 room, that was part of the agreement. 2 Q Did you believe Diane Newton when she said she was 3 going to do all these things? 4 A Absolutely. She was a desperate woman. She really 5 wanted that for student housing. She was between a 6 rock and a hard place. 7 Q Were you somewhat sympathetic to her situation? 8 A Very much. And the State was jerking her around 9 and screwing her around with the lease, the 10 purchase money and everything else. Lander, in my 11 opinion, was bending over backwards to do 12 everything they could to make this deal work. And 13 you had a bunch of idiots in the State Budget and 14 Control Board who were a bunch of bureaucrats who 15 didn't even understand what was going on, who were 16 putting us all through the hoops that we didn't 17 need to jump through. 18 Q Right. 19 A At that point in time I would have told you Lander 20 University was the most honorable people I had ever 21 dealt with. I actually went to Lander as an author 22 and taught classes at Lander. 23 Q You mentioned you're an author. How many books 24 have you written? 25 A Eight. And I had a great working relationship with	44 1 A. They represented to me (a) the money was there and 2 (b) would be used. 3 MR. SMITH: We're going to take a short 4 break to change the video. 5 (OFF THE RECORD) 6 Q John, we took a brief break to swap the tape on the 7 video and I want to get back to I think where we 8 were in your testimony. And I believe you had just 9 finished describing a meeting with you, Mr. Bell 10 and Ms. Newton, Diane Newton, wherein a side 11 agreement was established, is that correct? 12 A Which basically verified all the points that we 13 could not live with in this. So Diane was still in 14 a tizzy. She had to have those rooms. Which we 15 left Bell's office, we had agreed -- we went back 16 over and met with Lisa. We agreed to sign the 17 draft and she was supposed to get a clean version 18 in the next day or so for everybody to resign. 19 Q Okay. And by signing the draft, that is what has 20 been marked as Plaintiff's Exhibit Six, that I have 21 requested -- 22 A That's right. 23 Q -- to be admitted into evidence? 24 A That's right. 25 Q And you were there. You have seen that document?

45 1 A I was there and watched them both sign it. 2 Q And read the document? 3 A And so was Lisa. 4 Q And you read the document? 5 A Yes. 6 Q And that what is marked as Exhibit Six is in the 7 exact same condition it was when it was signed? 8 A Yes. 9 Q And would you have -- or would Louis and would you 10 have advised since you were responsible for this 11 transaction, allow that to go forward without the 12 side agreement being established? 13 A No, absolutely not. I'd have two side agreements. 14 (A) without a side agreement that we ain't going to 15 do this crap that they want us to do, we wouldn't 16 have signed it. 17 Q Yes. 18 A And secondly, without the agreement they were going 19 to purchase in April, we wouldn't have signed it. 20 There's no way we would have leased this as student 21 housing, not a 4-star hotel. And there was no way 22 we could sign this lease and live up to it, 23 especially when they just reduced it \$17,000 a 24 month. 25 Q Why did you have such confidence in the	47 1 identification and made a part of this 2 deposition. (E-mail from D. Newton) 3 Q So I want to present to you, John, what's been 4 marked as Plaintiff's Seven, and ask if you can 5 identify that for us? 6 A (Reviews document) 7 Q Is it an e-mail? 8 A Yes. 9 Q And who is the e-mail from? 10 A It's from Diane Newton to my wife, Misty. Inn on 11 the Square. 12 Q What is the date and time of that e-mail? 13 A It's August the 4th, 2009, 6:09:44 p.m. 14 Q Okay. What is being expressed in the e-mail? 15 A Diane says, "We are working on the parking issue 16 with the City." Lander wanted to put barriers up 17 in the city parking lot, which had been built for 18 the hotel so that Lander students exclusively could 19 use the parking lot. 20 Q Right. 21 A She said, "I feel confident that we'll work that 22 out". And in fact they did. "Lisa is still 23 working on the reserve issue." 24 Q And what is that? What do you understand that to 25 be?
46 1 representations made to you by Ms. Newton and Mr. 2 Bell? Why did you have confidence in their 3 representations to you? 4 A I thought -- I paid no attention to Doug Bell. 5 He's an attorney and require him ... inaudible ... 6 Q Well, was he a member of the Foundation? 7 A I don't know. He presented -- Diane presented him 8 to be. He did not correct her. 9 Q Okay. 10 A I felt like Lander was dealing in good faith. I 11 felt like -- they had already named it Lander on 12 the Square. They were chomping at the bits to get 13 in there. They were excited about it. 14 Q Right. 15 A They -- I thought it was an excellent use, as a 16 real estate man, for that property. 17 Q Right. 18 A There was no questions in my mind that Lander were 19 honorable people. There was no question in my mind 20 that their intent was to purchase this. 21 Q Right. 22 A But we had to get around Columbia. 23 Q Right. 24 Plaintiff's Deposition Exhibit #7, 25 consisting of 1 sheet, marked for	48 1 A That is the maintenance reserve and tax reserve. 2 Since they had reduced our payments from \$48,000 a 3 month to \$31,000 a month, I wanted the \$32,000 in 4 taxes escrowed, plus the maintenance escrowed on a 5 monthly basis. 6 Q Right. 7 A Because there was absolutely no funds on the 8 partnership's part to take care of this. 9 Q Sure. 10 A But yet we were going to be required to take care 11 of it on a month-to-month basis with a letter 12 personally from Lander. 13 Q Right. 14 A I wasn't real comfortable with that. 15 Q And so in the next sentence what is she saying when 16 she says, "... working on the reserve issue", and 17 then -- 18 A She says, she's not -- she being Lisa -- "Lisa's 19 not crazy about Lander having to pay, I ran by her 20 the option of reducing the purchase price by 21 whatever we have to spend for major repairs, she 22 wasn't fond of that either. My latest thought was 23 something similar to a home warranty, I haven't 24 heard back. I go to Columbia tomorrow for 25 approval. I am assuming your mortgage holders are

49 1 all on board with this." We had set the purchase 2 price at 2.3 million and then whatever -- we had 3 added \$170,000 on top of that, ten months on the 4 back end. 5 Q For the rent. 6 A Which made it \$2,470,000. 7 Q Right. 8 A So now we're arguing about maintenance items that 9 should, could or could not, who was going to pay 10 for them. Lander was supposed to handle all the 11 maintenance, but by the lease we had all the 12 maintenance, yet we didn't have the money. So if 13 something broke, Lander had to give us the money, 14 which they were responsible for it anyway, to fix. 15 Q Right. 16 A So it was a very convoluted thing. I have no idea 17 how Diane was presenting this to Lisa. 18 Q And Lisa, who do you understand that to be? 19 A That is the little, blonde Budget and Control Board 20 attorney who said I can't be a party to any of 21 this. So here's the crazy situation we were in. 22 We were already putting \$170,000 on the back side 23 of the purchase price, so we're at \$2,470,000. We 24 are concerned about the maintenance for the next 25 ten months. We are going to fix it, but Lander has	51 1 Q So all of those concerns of yours, based upon the 2 agreement with Diane and Lander as you understood 3 it, whose responsibility were those items? 4 A They were all Lander's. 5 Q Okay. 6 A Lander's responsible for all these. 7 Plaintiff's Deposition Exhibit #8, 8 consisting of 1 sheet, marked for 9 identification and made a part of this 10 deposition. (E-mail from D. Newton) 11 Q I'm providing you with what's been marked as 12 Plaintiff's Exhibit Eight. 13 A The problem was I wanted an escrow. 14 Q Right. 15 A I wanted Lander to have a tax escrow and a -- which 16 they ended up screwing us on the taxes -- and I 17 wanted a maintenance escrow to cover those high-end 18 items because the lease said I'm responsible for 19 them. Everybody knew I didn't have the money. I 20 wouldn't -- I didn't want to worry about getting my 21 money out of Lander -- 22 Q Right. 23 A -- to fix it. I'm sorry. 24 Q This is what's been marked as Plaintiff's Exhibit 25 Number Eight and I ask if you can identify it.
50 1 to pay us for it. 2 Q Right. 3 A Even though the lease says we have to pay for it. 4 Q Sure. 5 A So how do we get the money out of Lander to fix 6 what's wrong when technically we are responsible 7 for fixing it? 8 Q Right. 9 A It was crazy. It was absolutely -- it was almost 10 comical at the time. But this was something Lisa 11 and Diane were trying to work out. 12 Q Right. 13 A I didn't care how they worked it out. My biggest 14 problem was not the monthly maintenance stuff, it 15 was if one of those \$10,000 hot water heaters went 16 down. I didn't have \$10,000 to go buy one. 17 Q Right. 18 A So I was concerned about a major. Another one 19 would have been HVAC. If the HVAC went down, you 20 are talking about \$5,000 to \$6,000 to replace it. 21 If you have got to buy it, \$4,000. You have to 22 rent a crane to put it on the roof. You have got 23 to hire somebody to take the other one out and 24 install the new one. I didn't have 5, \$6,000, to 25 replace it.	52 1 A Yes. This is from Diane Newton to Lisa on the 2 Budget and Control -- Budget and Control Board. 3 Q So Lisa is the -- 4 A Attorney. 5 Q -- attorney for the Budget and Control Board. And 6 when was the first e-mail sent and from whom and to 7 whom was it sent? 8 A On this one? 9 Q Yes. 10 A August the 10th, 2009, at 1:58 p.m. 11 Q What's the request on there? 12 A "Will landlord be responsible for any renovations 13 to the building (painting, carpet, cleaning, et 14 cetera)?" 15 Q Right. And what is the response by Ms. Newton? 16 A Ms. Newton said -- 17 Q You've got to work backwards on an e-mail. 18 A It says, "We'll clean and ready the building". 19 Which means Lander would take care of all of that. 20 Q Okay. Hold onto those. 21 A So Lander basically said, no, that's our 22 responsibility. 23 MS. MEREDITH: Do Seven and Eight have 24 Bates numbers? 25 MR. SMITH: They do not. They do not.

53 1 Some of them do, some of them don't. They have 2 been produced with Bates numbers though. 3 Plaintiff's Deposition Exhibit #9, 4 consisting of 1 sheet, marked for 5 identification and made a part of this 6 deposition. (E-mail from D. Newton) 7 Q John, I'm presenting you with what's been marked as 8 Plaintiff's Exhibit Nine and ask if you are 9 familiar with that document? 10 A Yes. 11 Q And what is it? 12 A This is from Diane Newton to Misty Huffman. It 13 says, "Well apparently it will be in the morning 14 when we get the lease". It's dated 11 August 2009. 15 Q So that was the exhibit we looked at earlier, the 16 draft -- 17 A Draft. 18 Q -- signed lease that was done on August 12th? 19 A Yes. We had the draft. 20 Q Yes. 21 A But they were talking about the lease. 22 Q Okay. 23 A "I tried to call Michelle Phillips who was 24 preparing the lease, but she didn't answer. John, 25 if you're still available, I'll come on down to	55 1 A Yes. 2 Q And it looks like there's an additional signature 3 there compared to the draft one? 4 A Yes. 5 Q Whose signature is that? 6 A That's Lisa Catala -- I can't read her name. 7 Q The Budget and Control Board? 8 A Yes. 9 Q That's who signed it? 10 A I assume. I never -- I wasn't at the signing of 11 this lease. 12 Q Okay. 13 A She -- this lease was either -- was either driven 14 down or faxed down from Columbia after the draft 15 was signed, which I was a party to. 16 Q Okay. 17 A And then Lisa, Louis and Diane, I want to say, met 18 in Doug's office and signed the cleaner version. I 19 could be wrong. They may have been at the hotel 20 and signed it. 21 Q Would that have been on the same day, August -- 22 A That same day. 23 Q -- 12th? 24 A Probably within a few hours of the draft being 25 signed, some time in the afternoon of the 12th.
54 1 talk about the events." 2 Q Okay. And up there in the heading it says, John 3 Huffman, and it looks like it was at a later date 4 these were forwarded. Wes Huffman, is that you? 5 A Wes Huffman is my son. 6 Q Okay. 7 A He had a fax machine, we didn't, so we were 8 forwarding faxes from IOS files to his house. 9 Q So you could gather these -- 10 A Yes. 11 Q -- previous e-mails? Okay. 12 A He just -- he had a fax machine, I didn't. 13 Q Got it. 14 Plaintiff's Deposition Exhibit #10, 15 consisting of 11 sheets, marked for 16 identification and made a part of this 17 deposition. (Lease) 18 Q John, I've got what's been marked as Plaintiff's 19 Exhibit Ten and I'm going to ask you again the 20 question, are you familiar with this document and 21 can you identify it? 22 A Yes, I've seen this document, yes. It's the, what 23 you call the clean version of the lease from the 24 Budget and Control Board to IOS, LLC. 25 Q Okay. Let's go to page 6 out of 11, I believe.	56 1 But I wasn't there for this. 2 Q It looks like Lisa signed it on the 17th of August, 3 if you look at page 6. 4 A Yes. 5 Q And her letter -- what's the date of her letter on 6 the cover, of at least Ms. Phillip's letter? 7 A You're talking about this one (indicating)? 8 Q Yes. 9 A The 30th. 10 Q Okay. 11 A Wait a minute. My glasses are weak. Or is that 12 20th? August 20th. 13 Q Where was it sent to? 14 A To State Budget and Control Board, General Services 15 Division. 16 Q All right. Let's go down a couple provisions of 17 this lease. If you'll turn to page 1 of 10, and 18 the lease, it is between -- who are the parties to 19 the lease? 20 A Am I on the right page here? 21 Q Yes. 22 A Okay. 23 Q The first paragraph, who are the parties? 24 A I, Wes -- oh, I'm sorry. 25 Q Take your time.

57 1 A These glasses:-- "This lease agreement is made as 2 of the effective date ..." -- 3 Q Is IOS the landlord in this lease? 4 A Yes, IOS, LLC. And it looks to me like -- 5 Q And who is the tenant? 6 A Lander University. 7 Q And the period and it is to lease what property? 8 A The Inn on the Square, 104 East Court Street. 9 Q And it is to lease the entire property, right? 10 A That's correct. 11 Q You turned over the keys to them. They had full 12 lease of the entire property? 13 A That's correct. 14 Q The term of this lease, at least the initial term 15 in paragraph 2.1, how long is that? 16 A It says, August 15th until June 14th, 2010. 17 Q Initial term was ten months, is that correct? 18 A I believe this lease is, yes, ten months. 19 Q Okay. And the amount of the rent was \$31,000 per 20 month? 21 A That's correct. 22 Q If you will turn to page 5 with me. 23 A I'm having a horrible time with my glasses. 24 Q Yes, I'll try to make this -- I guess as you look 25 at Exhibit Ten, does it reflect the original lease	59 1 premises to landlord in good order and condition 2 except for ordinary wear and tear, permitted 3 additions, improvements or alterations made by the 4 tenant as the results -- and the results of any 5 damage, destruction or taking. Tenant shall remove 6 from the demised premises on or prior to such 7 expiration or earlier termination all of its 8 properties situated therein. 9 A Yes. 10 Q Does that accurately reflect 17.1? 11 A It does, yes. 12 Q And do you believe that under this agreement 13 landlord -- the tenant, Lander, is obligated to 14 comply with that term? 15 A Absolutely they were required to comply with it. 16 Q Do you believe they in fact did comply with it when 17 they surrendered the premises? 18 A Absolutely not. 19 Q And we'll get to that, more of that later. 20 Plaintiff's Deposition Exhibit #11, 21 consisting of 1 sheet, marked for 22 identification and made a part of this 23 deposition. (E-mail to Business Carolina) 24 Q John, this has been marked as Plaintiff's Exhibit 25 Eleven. I'm going to ask if you can identify it
58 1 that was engaged between IOS and Lander to lease 2 the premises for that first ten months? 3 A Exhibit Ten. 4 Q This is Exhibit Ten, this document you are holding, 5 John. 6 A Oh, yes. 7 Q Is that an accurate reflection of the original that 8 was signed? 9 A I believe it to be. 10 Q Yes. 11 A I can't tell you I've read this one -- 12 Q Yes. 13 A -- like I did the first one. 14 Q But you believe this is an enforceable lease signed 15 by the parties? 16 A I do. 17 Q And that they are obligated, Lander is obligated to 18 comply with the terms of this lease? 19 A I do. 20 Q And paragraph 17, article 17, and I'm just going to 21 -- out of courtesy, I'm just going to just read 22 17.1 into the record and you can confirm if I've 23 read it correctly. And it says, 17.1 says, Upon 24 expiration or earlier termination of the lease 25 tenant -- comma, tenant shall surrender the demised	60 1 for me, please. 2 A Yes. 3 Q What is it? 4 A This is a video that I mailed to Todd Lucas at 5 Business Carolina, which basically -- 6 Q Who is Todd Lucas? Excuse me. 7 A Todd Lucas was my financial control officer for 8 IOS, LLC, at Business Carolina. 9 Q And they had a mortgage on the property, right? 10 A They did. Todd Lucas was getting very antsy. This 11 is 31 August. Because throughout this time Doug 12 Bell had not delivered to us a contract to 13 purchase. We had already signed the lease. They 14 had already went in and started doing all these 15 alterations to the property. They were in the 16 property, had students living there. I could not 17 deliver to Business Carolina a contract to purchase 18 because Doug Bell had not given us one. 19 Q Now, John, you described earlier that -- are you 20 saying that you don't have any written contract to 21 purchase or there is an oral contract to purchase? 22 A There was not a written contract to purchase, which 23 Doug Bell was supposed to deliver to us. This is a 24 video of one of the Lander officials talking to one 25 of the news networks, I believe it was out of

61 1 Greenville, where they talked about they had just 2 purchased Lander on the Square, is what they called 3 it, as student housing. 4 Q And who was in the video speaking? 5 A It was a Lander official. I don't recall their 6 name. I had not met with them. I talked with — 7 Q Was he speaking to the press? 8 A Yes. He was speaking outside the doors of the Inn 9 on the Square. The Inn on the Square was in the 10 background. Students were moving in and out and 11 they were giving a news interview and they were 12 talking about how excited they were to have 13 purchased the Inn as part of Lander's new student 14 housing complex. 15 Q And they were proclaiming that to the public at 16 large? 17 A Yes. 18 Q Did you believe at the time that you had a 19 commitment to purchase from Lander? 20 A Oh, no question. I didn't even question. I was 21 trying to reassure Todd Lucas who was getting 22 nervous. 23 Q Now you described in your testimony earlier 24 alterations? 25 A Uh-huh.	63 1 A This was IOS' furniture. So I — 2 Q Did you authorize them to sell IOS' furniture? 3 A No, I did not. So I called -- Diane Newton was not 4 there, so I called her office and said, Diane, we 5 have a huge major problem, get down here. So she 6 got there in about ten minutes. I said you have 7 got to stop this insanity. You can't sell any of 8 this furniture, it's not yours. You can't cover up 9 the swimming pool. She says, why not, we're buying 10 the building and everything in it. I said I have 11 to answer to the lenders until such time for you to 12 do any of this. I have to go to the lenders and 13 get approval. 14 Q So every time she raised selling things and making 15 changes, what was her basis for doing that? 16 A Well, Lander is buying it. We own everything in 17 the building anyway. 18 Q So she continually made representations about their 19 intent to purchase? 20 A On several occasions when this was ongoing and I 21 objected to it. Her answer was, why, Lander bought 22 everything in the building. Why can't we do -- she 23 was moving kitchen stuff to their kitchen. She was 24 moving furniture up to their lounges. I said you 25 can't do this. She says, it's ours, we bought it.
62 1 Q Would you have permitted all of the alterations 2 that were made or did you permit the alterations 3 that were made by Lander? 4 A No, I would not have permitted any of them. 5 Q What kind of alterations did they make? 6 A God, I don't know if I can remember. They ripped 7 down the fencing around the pool, filled it in 8 cemented it in. 9 Q They did what to the pool? 10 A They ripped down the fencing around the pool, 11 filled it in, put gravel and cemented it in. 12 Q So they emptied the water and covered the pool with 13 cement? 14 A Covered it, cemented it in. 15 Q And did you authorize that change? 16 A No, absolutely not. 17 Q When you raised -- did you raise an objection to 18 it? 19 A Oh, yes. I got there as they were pouring cement 20 into it and I went crazy. They also had a sign on 21 the ballroom that says, For Sale, and had all this 22 furniture and stuff in the ballroom and they had 23 cars and trucks backed up there and they were 24 carting furniture and stuff out. 25 Q So whose furniture was this?	64 1 I said you haven't closed on it yet. 2 Q Yes. 3 A I have to have lender approval for you to do this. 4 And she said, hogwash, or something like that. 5 They never stopped. They kept moving. 6 Q The Exhibit Number Eleven, you wrote that e-mail? 7 A Yes. 8 Q And that is in fact your e-mail account, 9 jhuffman46@aol.com? 10 A Yes. 11 Q And you recall specifically writing that e-mail on 12 August 31, 2009 at 8:19 a.m.? 13 A Correct. 14 Q And this copy, as it is in Plaintiff's Exhibit 15 Number Eleven, does it accurately reflect the e- 16 mail that you wrote at that time? 17 A Yes. 18 Q Okay, thank you. 19 MR. SMITH: I'll ask that it be admitted 20 into evidence. 21 Q Thank you, John. 22 A Now I've got three other things here, should I — 23 Q Yes, hold onto those for me. I'm going to come 24 back to some of that. 25 Plaintiff's Deposition Exhibit #12,

65 1 consisting of 1 sheet, marked for 2 identification and made a part of this 3 deposition. (E-mail from D. Newton) 4 Q John, I've got here what's been marked as 5 Plaintiff's Exhibit Twelve and I ask that you 6 identify it, please. 7 A Yes. This is the e-mail from my wife to me on 8 Wednesday, September the 2nd. 9 Q So do you remember receiving this e-mail on 10 Wednesday, September 2nd? 11 A Yes. 12 Q And that's 2009, correct? 13 A This is -- I was -- I was getting a lot of 14 pressure, pressure put on me by the partnership and 15 the lenders. "Where's the contract? Where's the 16 contract? Where's the contract?" So I was in turn 17 putting a lot of pressure on Diane. Doug was 18 supposed to be drawing up this contract. And we 19 had already taken the lease off of Doug, so now he 20 was only drawing up the contract of sale. 21 Q Right. 22 A So I was calling Diane. Leonard was calling Doug. 23 Everybody was trying to get this contract -- 24 Q Right. 25 A -- because the partnership and the lenders were	67 1 A A written contract? 2 Q Yes. 3 A I had a verbal contract. 4 Q Okay. And based upon that verbal contract, they 5 moved in, correct? 6 A Correct, and took control of the property and 7 operated it as though they owned the property. 8 Q Okay. 9 MR. SMITH: I want to take a brief break. 10 If we could go off the record for a second. 11 (MOMENTARILY OFF THE RECORD) 12 Plaintiff's Deposition Exhibit #13, 13 consisting of 2 sheets, marked for 14 identification and made a part of this 15 deposition. (The Forum - Campus Life) 16 Q John, I've got what's been marked as Plaintiff's 17 Thirteen. It's a -- what is it? 18 A I hadn't seen this document until recently, but 19 it's some sort of a news release from Lander about 20 the Inn on the Square and it becoming student 21 housing. 22 Q Do you know what "Campus Life - The Forum - Lander 23 University", do you know what that is? 24 A I'm sorry, what? 25 Q Do you know what -- up at the top it reads, "Campus
66 1 calling me. 2 Q Okay. 3 A And so the e-mail that was forwarded to you, that 4 was forwarded to you from Misty -- 5 A Yes. 6 Q -- at that time? 7 A Misty said, "You should be hearing from Doug. He 8 had been trying to reach Leonard ...". 9 Q Now you're reading from the e-mail? 10 A Yes. "... and was trying again. I gave him your 11 number to call, as well. We have some work to do 12 on our part to come up with an offer amount on the 13 property. We are actively working on it." 14 Q And who is that e-mail from and to? 15 A From Diane. This was from Diane Newton to Misty. 16 Misty forwarded it to me. 17 Q But at this time, you know, did you think you 18 already had a deal to sell this property? 19 A Oh, absolutely. 20 Q And that's why you entered into the lease to begin 21 with? 22 A Absolutely. We were simply waiting on the 23 contract. 24 Q A written contract. Did you have a contract though 25 at that time?	68 1 Life - The Forum - Lander University". Do you know 2 what that is? 3 A Not really. I wasn't familiar with that. 4 Q Okay. 5 A Some kind of internal student newspaper. 6 Q So have you ever been to www.landerforum.com? 7 A I don't know if I have or not. 8 Q Okay. In the first paragraph it reads, and I'll 9 just read it into the record. "Most were shocked 10 to find themselves at Greenwood's finest hotel, Inn 11 on the Square." Your understanding of the 12 reputation of the Inn on the Square, what was it at 13 the time? 14 A It was the best hotel in Greenwood at the time, the 15 only 4-star and the only full-service. The other 16 hotels did not have dining room, ballrooms, event 17 coordinations or pubs. We were the only 4-star in 18 the area and the only 4-star. 19 Plaintiff's Deposition Exhibit #14, 20 consisting of 2 sheets, marked for 21 identification and made a part of this 22 deposition. (E-mail from D. Newton) 23 Q John, this is another document. I marked this one 24 as a new one, Plaintiff's Fourteen, and again it's 25 an e-mail, so I'll ask you if you can identify that

69 1 document. 2 A Yes. This is from Diane Newton to me, initially 3 from me to Diane Newton, on November the 17th. 4 Going back further -- yes, some correspondence from 5 Diane Newton and myself. 6 Q You know the way e-mails work where they sort of 7 start as the end of the document and it kind of 8 moves up? 9 A Yes. 10 Q This is an exchange between you and Diane Newton, 11 is that correct? 12 A That's correct. 13 Q And it goes over a couple of days. 14 A Yes. 15 Q And is it initiated by you? 16 A Yes. 17 Q And when was that? 18 A It was by me on Monday, November 16th, 2009, 4:10 19 p.m. 20 Q Okay. And let me read -- I'll read into the record 21 and you just tell me if I'm accurate. Your e-mail 22 to Diane says, "Hi, Diane, I hope this finds you 23 well and all is well with your father. As you can 24 imagine, my investors are getting nervous because 25 November is slipping away and they still have not	71 1 stating that the contract is subject to Phase II 2 approval from the B&CB to purchase the property. 3 That won't happen until the next meeting, which has 4 not been set. It has usually been in March, but 5 things are very different down at Cola these days. 6 I hope this helps. Di." Now is the B&CB, is that 7 the Budget and Control Board? 8 A That's correct. 9 Q And she references a Phase I approval for this 10 purchase to take place on December 13th -- 11 A Yes. 12 Q -- and this is November 17th, when she is writing 13 that? 14 A Yes. 15 Q Did the Budget and Control Board approve the 16 purchase on that date? 17 A She wrote me back in December that they had. 18 Q So that hurdle if it was to a written version, had 19 been completed? 20 A According to her. 21 Q Then it looks like you responded 12:25, a couple 22 hours later, and you say, "Diane, I take it that 23 you expect to submit a contract some time after the 24 13th of September which must be approved in a 25 second meeting sometime in March. Is this correct?
70 1 seen a contract from Lander. Would you please give 2 me an update on where things stand at the moment 3 and when we might receive something from you in 4 writing? Thanks, John." Does that accurately 5 reflect your e-mail? 6 A Yes. 7 Q Now when you asked for something in writing, did 8 you believe at this time you had an oral contract 9 for the purchase of the building? 10 A There was no question. 11 Q And you were looking for the written version of 12 that? 13 A That's correct, which was supposed to be coming 14 from Doug Bell's office. 15 Q And her response to you, and I'll just read it and 16 you tell me if I read it accurately as you received 17 it then. It was on November 17th, 2009, at 10:18 18 a.m. Diane Newton writes to you by e-mail and 19 says, "Hey, John, Daddy is having surgery again 20 today. Hopefully, this will get him all fixed up. 21 I can understand about your nervous investors, but 22 as I said earlier, we still have to wait until we 23 receive the Phase I Budget and Control Board 24 approval on December 13th before we can submit a 25 proposal. It will require language from the State	72 1 Thanks, John." Is that what your e-mail said? 2 A Yes. 3 Q And then she responds to you in a very short and 4 she says, "That's our plan". Is that correct? 5 A Correct. 6 Q And she responded actually within about a little 7 over an hour? 8 A Yes. 9 Q Back to you on the same day. 10 A Uh-huh. 11 Q Then on the next day, November 17th, 5:25 p.m., you 12 write to her, "Diane, I did not get that 13 understanding from you when we discussed this deal 14 in August. It was my understanding a contract 15 would be drawn up before the end of November to 16 submit to your Board for first round approval in 17 December and that the final approval would go 18 before your Board in March. Unfortunately, comma, 19 this new time frame leaves me no option other than 20 to proceed with a backup contract. I have a group 21 out of Charleston and another out of Columbia that 22 are interested in the property and we will need to 23 schedule them both in for inspections in the next 24 few weeks prior to negotiating a contingency 25 contract with them should your efforts to purchase

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1 the property prove unsuccessful. I'll get back
 2 with you on the dates. Thanks, John." Is that
 3 accurate?
 4 A That's correct.
 5 Q And then she responds at 5:42, only about 20
 6 minutes later or less than 20 minutes, and says,
 7 "John, I think we are saying the same thing. The
 8 March time frame is still what we are hoping
 9 happens. We had hoped the Budget and Control Board
 10 would have a meeting prior to December, that just
 11 didn't happen, totally out of our control. Our
 12 schedule is still December 13th, Phase I approval
 13 from the Budget and Control Board to perform a
 14 building conditions assessment, get an appraisal,
 15 perform a Phase I environmental assessment.
 16 Shortly after that approval we will begin the
 17 assessments to draw up the purchase contract. The
 18 contract will contain language stating the sale
 19 will be pending Budget and Control Board approval.
 20 We hope that meeting will be in March, but I can't
 21 say for certain until they put out the schedule. I
 22 hope this helps. Di." Now when the oral contract
 23 that you testified earlier in Mr. Bell's office and
 24 based upon that signed the lease, did it include
 25 anything about a Budget and Control Board approval?

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1 A No. Initially, when we met in Doug Bell's office,
 2 Diane was planning to get control of the property.
 3 Doug Bell was going to draw up a lease/purchase
 4 agreement some time in August so that she could get
 5 control of that property. That transferred to
 6 Budget and Control Board as to the lease, Doug Bell
 7 is going to have a contract by September. That
 8 transferred to we can't do a contract until we do
 9 an appraisal and environmental and a building
 10 assessment, which is going to be done October,
 11 November, so you will get a sales contract by the
 12 end of November. And then that changed to
 13 December. So this thing was flopping all over the
 14 place.
 15 Q Did that concern you?
 16 A Oh, yes. It concerned me, Leonard Jordan, my
 17 lenders, everybody.
 18 Q So you entered --
 19 A Except Doug Bell and Lander, who didn't seem to be
 20 concerned at all.
 21 Q Right. So again, why did you sign a lease?
 22 A Because I thought I would have a contract in hand
 23 to purchase by the first of September.
 24 Q And did they promise you that?
 25 A Yes.

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1 Q With definite terms?
 2 A No uncertainties.
 3 Q And in fact did they make renovations --
 4 A Yes.
 5 Q -- significant renovations, to the property?
 6 A Throughout August, in fact, throughout their stay
 7 there.
 8 Q And did those renovations harm the value of the
 9 property?
 10 A Oh, yes. I couldn't -- it certainly detracted from
 11 a 4-star hotel.
 12 Q Right. Could you take that property back over and
 13 turn it back into an ongoing --
 14 A No.
 15 Q -- hotel?
 16 A Not without reversing those things.
 17 Q And that would cost a significant amount of money?
 18 A Somewhere in the neighborhood of \$600,000.
 19 Q And the renovations that they made, the alterations
 20 that you described earlier, the pool, the rooms
 21 themselves, removing The Fox and the Hound, the
 22 most profitable center, those were done without
 23 your authorization?
 24 A Oh, absolutely.
 25 Q But they said that it was okay, why?

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1 A Because they owned it.
 2 Q They said they owned it, right?
 3 A We own -- we own it -- Diane said I'm really tired
 4 of you getting in my damn face every time you come
 5 up here. We own this damn building and everything
 6 in it. Why don't you go to Columbia and come back
 7 in April and get your damn money? Quote, unquote.
 8 Plaintiff's Deposition Exhibit #15,
 9 consisting of 2 sheets, marked for
 10 identification and made a part of this
 11 deposition. (E-mail to Attorney Jordan)
 12 Q John, I've got what's been marked as Plaintiff's
 13 Exhibit Fifteen. Again, it's a series of e-mail
 14 communications and again they start on the back
 15 page.
 16 A Uh-huh.
 17 Q I first ask you is this document, Plaintiff's
 18 Fifteen, is it familiar to you?
 19 A Yes.
 20 Q And on the second page, which is where the e-mail
 21 chain begins, how does it start?
 22 A It's from me to Diane Newton.
 23 Q Okay. And so I'll just --
 24 A On December 16th, 2009.
 25 Q And let me read it to save -- and you just again

77 1 confirm for the record that I've accurately read 2 the e-mail. It's from you to Diane Newton dated 3 December 16th, 2009, 8:56 a.m. "Diane, can you 4 please advise me as to where we stand on the 5 purchase of the Inn? If you no longer -- if you 6 are no longer the point of contact for Lander, 7 please advise me as to who is and give me contact 8 information. I am under a lot of pressure on this 9 deal and would appreciate your assistance. John." 10 Now there's some handwriting and adds an e-mail and 11 a number down at the bottom. Whose handwriting is 12 that? Do you know whose handwriting that is? 13 A I do not. 14 Q Okay. 15 A I do not recognize it. 16 Q The next e-mail was a response from Diane, December 17 16th, the same day, a few hours later in the 18 afternoon. "John, yesterday the Budget and Control 19 Board approved Phase I of the purchase of IOS. We 20 are scheduled to meet with the code officials to 21 discuss changes that will be required of us in 22 order to occupy the building." In fact, on 23 December 16th, 2009, they were already in the 24 building? 25 A Yes.	79 1 help or be there to help facilitate? 2 A Never. 3 Q Then after that it looks like you forwarded this e- 4 mail chain to Todd Lucas and Todd is the business 5 guy through -- 6 A Yes. 7 Q -- your loan? 8 A Yes. 9 Q And he's at Business Carolina? 10 A Yes. 11 Q And Business Carolina is who? 12 A Business Carolina was the first mortgage on the 13 property. 14 Q And you said, "Todd, this is the latest update on 15 Lander's purchase of the Inn. It appears we have 16 passed the first hurdle with the State and are 17 moving forward. If you have any questions, please 18 advise. Thanks, John." And then it looks like you 19 forward the same chain to Leonard Jordan, who at 20 the time was counsel, correct? 21 A Yes. 22 Q And did the same, "This is the latest input from 23 Lander. Diane has accepted a position with the 24 University of Arkansas and will leaving at the end 25 of the month. I have already forwarded this to
78 1 Q And had been since August? 2 A Uh-huh. 3 Q "The purchase will initiate an zoning change and as 4 a state building we will be required to meet the 5 codes associated with the new occupancy. In 6 addition, we are pursuing an appraisal and an 7 environmental assessment. Once we know what the 8 code changes will require, we will be in a better 9 position to settle on a price. Tom Covar, Director 10 of Financial Services, will be your new contact in 11 my office. Of course, Randy Bouknight will still 12 be on this project. Feel free to contact either of 13 them. I wish this was -- I wish there was a, 14 quote, easy button, for making purchases through 15 our current system, but there just isn't one. We 16 appreciate your patience with us as we jump through 17 hoops. All the best, Di." Does that accurately 18 reflect her e-mail to you on that date? 19 A Pardon? 20 Q Does that accurately reflect -- 21 A Yes, it does. 22 Q And then you respond on December 16th at 2:19. 23 "Diane, thank you for the update. If I can be of 24 assistance, please advise. John." Was there 25 anything ever they asked of you that you didn't	80 1 Todd Lucas at Business Carolina. John." So your 2 contact, Diane, is leaving Lander at this time? 3 A Right. 4 Q And this is the individual that made all the 5 representations and promises to purchase on behalf 6 of Lander, is that correct? 7 A And she's -- the new point of contact is that Tom 8 Covar. 9 Q And all these new conditions that were not present 10 in the original meeting, in the original, you know, 11 side, oral contract to purchase, you know, it 12 sounds like your response to them has been what? 13 A I'm not sure of the question. 14 Q Yes. Well, I know it was a poorly asked question. 15 So at the time of your meeting and when the side 16 contract was established, did you believe you had a 17 contract to purchase? 18 A Oh, certainly, yes. Never questioned it. 19 Q Yes. Any of these Budget and Control Board 20 conditions in Phase I, were they ever a part of 21 that original contract? 22 A No. 23 Q And she never said that these were contingencies on 24 the oral contract to purchase? 25 A Never.

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- 1 Q When she raised those things as they were
2 happening, what was your reaction to those?
3 A Well, it seemed to be happening on a weekly basis
4 starting in August when she first ... inaudible ...
5 the lease. It had to be their lease, non-
6 negotiable, couldn't change a word. And it was a
7 constant thing like that. Then it became Doug
8 Bell. Where's this contract? Why ain't he got it
9 to us? Why hasn't he, you know -- Leonard was in
10 the game at that point in time hounding Doug Bell.
11 When this happened, I called Diane up. I said,
12 Diane, I'm very concerned. You're telling me Phase
13 I has been approved by the Budget and Control
14 Board, but you still can't tell me a purchase
15 price. She said, we went in at \$2,550,000. If
16 there's anything above that, we will pay it out of
17 Lander Foundation funds. If there's anything below
18 that, you can kick it back to us. So I said we're
19 looking at \$2,550,000. Because I was wondering how
20 in the hell did she get Phase I approved. We
21 didn't even know what the price was.
22 Q Right.
23 A We knew it was somewhere around \$2.5. That was her
24 answer to me on the phone. She says, I'm now
25 leaving today to go to my Dad's for Christmas. I

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- 1 won't be back. So all correspondence and
2 negotiations --
3 Q Goes to Tom.
4 A -- will be with Tom.
5 Q Now but when the oral contract was established and
6 the side contract prior to you entering and signing
7 a lease, you had a definite price term?
8 A Yes.
9 Q You had a definite time for closing?
10 A Yes, definitely.
11 Q And you've testified to all of these. You had
12 definite conditions about who was --
13 A With backup for closing. If the Obama money didn't
14 come through, which I was concerned that the
15 Governor was not going to let it go through, we had
16 Foundation funds, which were verified by Doug Bell
17 and Diane Newton (a) the funds were there and (b)
18 would be used because they were members of the
19 Foundation.
20 Q So I want to make sure we understand this. So
21 before you signed the lease, did Diane Newton
22 promise to purchase the property --
23 A She did.
24 Q -- on behalf of Lander?
25 A She did.

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- 1 Q And did that agreement, that oral agreement, did it
2 include a price term?
3 A \$2.3 million, initially.
4 Q Right. And did it also include a date for closing?
5 A Yes, the end of April.
6 Q And did it also include the contingencies to deal
7 with the lease amount during the time between you
8 signed the lease to start and when the closing
9 would occur?
10 A Yes, that was a negotiated process that occurred
11 over the next week to ten days, when everything
12 started going south, when Doug Bell was no longer
13 going to draw up the lease ... inaudible ... the
14 Budget and Control Board, which basically negated
15 everything we had agreed on with Lander when all of
16 this began.
17 Q That was after you had already gotten -- after you
18 had already been pregnant, so to speak, after you
19 already signed the lease the changes came, right?
20 A Yes.
21 Q But at the time before you signed the lease and the
22 promises were made, were there any contingents that
23 would prevent the closure in April?
24 A No. In fact, there was a guarantee if Obama funds
25 did not come through --

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- 1 Q Yes.
2 A -- they had Foundation funds available and would
3 use those funds to --
4 Q Yes.
5 A The funds are there and we'll use them.
6 Q And I understand there are -- you know, the bank
7 has money in this. I'm sure the partners and IOS
8 have money in this. Did you have or your family
9 have anything at risk here?
10 A Yes. My wife had right at \$400,000 of her personal
11 money and I had \$52,000 of mine.
12 Q So if this fell apart, you had a personal stake in
13 this coming together and making sure it happened?
14 A Yes. And in fact, when this fell apart, we lost
15 our home, our credit and everything else.
16 Q And up until this time, what kind of credit did you
17 have?
18 A A-1.
19 Q And based upon, you know, years of doing these
20 types of projects and bankers who you've had a good
21 reputation with?
22 A I had a \$300,000 personal signature line of credit
23 prior to this going upside down. Right now I can't
24 buy a used car on credit. I lost my house. I lost
25 my personal credit. My wife lost her personal

85 1 credit and we lost all of our savings. 2 Q I want to go back to Fourteen real quick. This is 3 that e-mail exchange again between you and Diane 4 Newton. We've been through it. I accurately read 5 that e-mail into the record, correct? Did I 6 accurately read it into the record, John? Did I -- 7 when I read it -- 8 A Yes. 9 Q -- into the record, was it accurate? 10 A Yes. I'm sorry. 11 Q And does this exhibit, Plaintiff's Fourteen, 12 accurately reflect the e-mails you wrote? 13 A Yes. 14 Q And it is in fact your writings? 15 A Yes. 16 Q And what you received from Ms. Newton? 17 A Yes. 18 MR. SMITH: I ask that that be admitted 19 into evidence. 20 Q The same with Plaintiff's Fifteen. It's also an e- 21 mail exchange between you and Ms. Newton and then 22 Todd Lucas -- 23 A Yes. 24 Q -- and Leonard Jordan? Does that accurately 25 reflect --	87 1 those contacts. 2 (OFF THE RECORD FOR VIDEOTAPE CHANGE) 3 Q John, we are continuing with your deposition and 4 your testimony. I believe we left off where Ms. 5 Newton had left the employ of Lander and your new 6 contact was a gentleman by the -- what was his 7 name? 8 A Tom Covar. 9 Q Tom Covar? 10 A Covar, yes. 11 Q Did you have an occasion to communicate with Mr. 12 Covar? 13 A Yes, by telephone, e-mail and in person. 14 Plaintiff's Deposition Exhibit #16, 15 consisting of 1 sheet, marked for 16 identification and made a part of this 17 deposition. (E-mail Routh to Shawver) 18 Plaintiff's Deposition Exhibit #17, 19 consisting of 2 sheets, marked for 20 identification and made a part of this 21 deposition. (E-mail chain Huffman/Covar) 22 Q I'm marking what's been -- or providing you what's 23 been marked as Plaintiff's Exhibit Seventeen, an e- 24 mail exchange between you and Mr. Covar. 25 A Yes.
86 1 A It does. 2 Q -- the emails that you exchanged? And you in fact 3 wrote those e-mails -- 4 A Yes. 5 Q -- and received those from Ms. Newton? 6 A Yes. 7 MR. SMITH: I ask that be admitted into 8 evidence, as well. 9 Q So now your primary contact is Mr. Covar at Lander, 10 is it not? 11 A That's correct. 12 Q Ms. Newton has departed the scene, is that right? 13 A Yes. My last conversation with her was on or about 14 the 17th of December by phone. She stated she was 15 leaving that evening to go see her father in 16 Arkansas and I never spoke to her or had an e-mail 17 exchange with her after that that I know of. 18 Q Okay. 19 A I turned to Tom Covar after that. I should correct 20 that. Leonard -- due to Leonard Jordan's urging, I 21 tried a number of times after Lander left the 22 property to contact Diane Newton. I called her on 23 her phone, I sent her e-mails and I attempted to 24 contact her by Facebook at my attorney's 25 insistence. She never once responded to any of	88 1 Q Am I correct about that? 2 A Yes. 3 Q And it was started by you, is that correct? 4 A That's correct. 5 Q On January 11th, 2010, 12:41, is that correct? 6 A Yes. 7 Q It's an e-mail from you to Mr. Covar? 8 A Yes. 9 Q And Subject is Inn on the Square, and I'm just 10 going to read it into the record again. It is my 11 understanding -- and this is you writing to Tom? 12 A Yes. 13 Q "Tom, it is my understanding from Diane Newton that 14 you are the new point of contact for the leasing 15 and purchase of the Inn on the Square by Lander 16 University. Please advise as to when you and I may 17 meet on the subject in order to get an update on 18 where we stand on the contract. It is my 19 understanding that Lander has contracted for an 20 appraisal and environmental study. Could you also 21 please update me on the status of these initiatives 22 and the firms that are handling them? Thank you, 23 John Huffman." And now when you say "contract", 24 are you talking about a written contract or what 25 are you referencing?

89 1 A Are you talking about me? 2 Q Yes, that reference. 3 A I initially was told by Doug Bell and Diane Newton 4 in August that they would be getting a building 5 assessment, an appraisal and an environmental 6 impact study in October/November. Here I'm telling 7 Tom I'm finding out or I'm hearing now you all are 8 just now contracting these out. In other words, 9 they weren't done in October and November, and I'm 10 just basically trying to get an update, who's doing 11 them, when were they contracted, what's the status. 12 Q Okay. Then he replies to you later. Your e-mail 13 went to him at 12:41 on the same -- or actually the 14 next day at 3:10, January 12th, from Mr. Covar to 15 you, copying Mr. Jeff Beaver. Tom Covar writes, 16 "John, I will be your Lander finance interim point 17 of contact until Diane's replacement is named. On 18 December 15th the Budget and Control Board gave us 19 approval to proceed with a building conditions 20 assessment, building appraisal and environmental 21 impact study. The State will only allow us to 22 choose one firm from their pre-approved list of 23 businesses qualified to perform a building 24 conditions assessment. We have chosen Jenkins 25 Engineering from Greenville. They are in the	91 1 moment and an estimated time frame for us to 2 complete this transaction. Thank you for your 3 assistance. John Huffman." Have I accurately read 4 that exchange, e-mail exchange, between you and Mr. 5 Covar? 6 A Yes, you have. 7 Q And please share with the jury again what were your 8 efforts here? 9 A I was -- had been given a new point of contact and 10 the only person that I had dealt with up to that 11 time, Diane Newton, had departed. I was simply 12 trying to get onboard with Lander and a new point 13 of contact, where we were, stood, what's going on, 14 when were these things that's been promised happen, 15 what do we need to do to move this deal along. 16 Q And on January 12th, 2010, was Lander treating it 17 like the building was their own, like they owned 18 it? 19 A Oh, yes. 20 Q And how were they treating the building like it was 21 theirs anyway? 22 A Anything they wanted to do to the building, they 23 had already done or were in the process of doing. 24 Q Did they ask you permission to fill in the pool? 25 A No.
90 1 processing of sending us their paperwork and job 2 cost estimate. Once we have received their 3 information, they can begin assessment of the 4 building. We plan to use Davis and Floyd for the 5 environmental assessment. We have yet to contract 6 an appraiser. Thanks, Tom Covar." Your response 7 again, just a little more than an hour later same 8 day, January 12th at 4:31. You write, "Tom, thank 9 you for the update. I am concerned that no 10 contract of sale presently exists for Lander to 11 purchase the Inn. Initially, Diane and I agreed we 12 would enter into a lease/purchase agreement due to 13 the necessity of getting the students into the 14 hotel in August and that a contract of sale for 15 \$2.3 million would be forthcoming in the September 16 time frame with an appraisal, environmental and 17 facilities inspection conducted in 18 October/November, all to be submitted to the State 19 in December for initial approval with a final 20 approval occurring in March and the closing to 21 occur in April. Additionally, Diane informed me 22 Lander had Foundation funds available if the State 23 did not approve the purchase for whatever reason. 24 None of this has happened as we agreed. I would 25 appreciate your position on where we stand at the	92 1 Q Did they ask you permission to sell the property, 2 sell the furniture? 3 A No. They did not ask permission to tear out the 4 room telephone systems and the keyboards and the 5 switchboards, any of that. 6 Q Did they ask your permission to take out the bar 7 equipment? 8 A No. Or the kitchen equipment or the dining room 9 equipment. It just left. 10 Q They just did it on their own? 11 A Yes. 12 Q And when you raised concern about this with them, 13 what was their response? 14 A They owned the building and everything in it, so 15 what's the problem. 16 Q This e-mail exchange between you and Mr. Covar 17 that's marked as Plaintiff's Exhibit Seventeen that 18 I just read into the record, did I accurately read 19 that as it is written? 20 A Yes, you did. 21 Q Is that in fact the e-mail exchange that you had on 22 those dates and times as indicated? 23 A Yes. 24 Q And the exhibit reflects those accurately? 25 A It does.

93 1 MR. SMITH: I would ask that that be 2 admitted into evidence. Thank you. 3 Q John, I've got what's been marked -- and again I'm 4 stepping back one -- Plaintiff's Sixteen, but I'd 5 like for you to look at that. Do you know who 6 Charles Shawver is? 7 A No. 8 Q Or Routh or Carol Routh? 9 A No, never heard of either. 10 Q Do you know who Jeff Beaver is? 11 A No. 12 Q Do you know who Tom Covar is? 13 A Yes, he was my point of contact from Lander after 14 Diane left. 15 Q Okay. 16 A This apparently was generated based on my inquiry 17 to Tom Covar. 18 Q Right. And that was an inquiry about time lines? 19 A That's right. 20 Q And I'll just read it into the record just for the 21 benefit. An e-mail between Carol Routh and Charles 22 Shawver. "Subject, Lander Inn on the Square 23 Acquisition. Tom Covar and Jeff Beaver called me 24 last week on the possibility of getting this 25 acquisition on the Board's agenda for February	95 1 A Yes, I do. 2 Q And it looks like this is an e-mail from Carol 3 Routh to Tom? 4 A Yes. 5 Q Copying Charles Shawver. 6 A And this was never shared with me. 7 Q You never saw that during this time. When did you 8 see this document for the first time? 9 A Yesterday in your office. 10 Q What did you understand it to be? 11 A This is apparently Carol Routh has responded to Tom 12 Covar on when Lander will make the purchase or 13 acquisition of the building. And apparently it's 14 now going to be completed by June the 30th. 15 Q What happens between -- you know the original 16 closing date was going to be when? 17 A April. 18 Q April twenty -- 19 A The end of April. 20 Q End of April of 2010? 21 A Yes. 22 Q And were they going to be able to meet that time 23 line? 24 A According to this, no. 25 Q What was going to happen to the lease?
94 1 based on Diane's parting request. I told them, as 2 they had only ordered the building condition 3 assessment, that it was virtually impossible to get 4 this to the February meeting. They understood and 5 Tom called this morning and asked for a time line 6 on what it would take to get this approved as the 7 seller is pushing them. Their attorney thought 8 something in writing from someone other than the 9 college would help and they plan to tell the seller 10 that they would have to negotiate to lease further 11 as the sale can't take place on the seller's time 12 schedule. I did the time line liberally to help 13 Tom enter negotiations with the seller. FYI." 14 Plaintiff's Deposition Exhibit #18, 15 consisting of 1 sheet, marked for 16 identification and made a part of this 17 deposition. (E-mail Routh to Covar) 18 Q I provided you, John, with what's been marked as 19 Plaintiff's Eighteen. And again you said you don't 20 know Charles Shawver, right? 21 A No. 22 Q And don't know -- 23 A Carol Routh. 24 Q -- Carol Routh or Routh? R-O-U-T-H. But you do 25 know Tom Covar?	96 1 A They -- 2 Q Was the lease going to terminate during that time 3 period? 4 A Yes, it was, the lease was going to terminate on 5 June the 15th. And they're saying here they 6 couldn't complete the acquisition until June the 7 30th. 8 Q Did you have any concern about that coming up, the 9 end of the lease, the original lease term? 10 A Oh, yes. We still didn't have a contract. We 11 still didn't know what was going on. I, primarily 12 through Leonard Jordan, was pressuring Doug Bell on 13 an almost daily basis. Doug Bell was trying to get 14 us to renew the lease. We refused to do so. I 15 said I'm not renewing this lease with Lander. 16 Q Why? 17 A Without a contract for sale in hand. 18 Q Now you say "without a contract for sale". Did you 19 believe you already had an oral contract for sale? 20 A Oh, absolutely. 21 Q So when you say "a contract for sale", what are you 22 saying? 23 A I'm saying I wanted to see a written contract. 24 Q Right. 25 A From Lander with a firm closing date. And I was

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1 not going to sign another lease with Lander until I
2 had that in hand.
3 Q So in your estimation, you thought -- again the
4 lease that you are under is Exhibit Number Ten.
5 A Yes.
6 Q It's Exhibit Ten, Plaintiff's Exhibit Ten. That is
7 the lease that the Budget and Control Board
8 drafted?
9 A That's correct.
10 Q And you understood it to terminate at the end of
11 that ten months?
12 A Yes, June the 15th.
13 Q And Lander wanted to renew it?
14 A Yes.
15 Q I'm providing you with what's been marked as
16 Plaintiff's --
17 A But Lander -- now let me say this. Lander never
18 said to renew it to extend the closing date to June
19 the 30th. I probably would have been acceptable to
20 that.
21 Q Yes. But they never told you that?
22 A They never told me that. Right now my closing date
23 was still 30 April.
24 Q Okay. Now as far as you knew?
25 A Yes.

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1 Plaintiff's Deposition Exhibit #19,
2 consisting of 1 sheet, marked for
3 identification and made a part of this
4 deposition. (E-mail Bell to Jordan)
5 Q Now this is a document that's been marked
6 Plaintiff's Nineteen and I'm going to ask if you
7 can identify it, please, sir.
8 A From Doug Bell to Leonard Jordan, 25 January. Yes.
9 Q And I'll read it. It's an e-mail. Did this e-mail
10 get forwarded to you?
11 A Yes, it did.
12 Q And the e-mail is between Doug Bell and Leonard
13 Jordan. And Leonard Jordan was your attorney and
14 IOS' counsel, correct?
15 A That's correct.
16 Q And so he would routinely talk to Mr. Bell on your
17 behalf, is that --
18 A Well, Mr. Bell at that point in time was refusing
19 to have any communication, direct communication,
20 with me, either e-mail or telephone. He would only
21 talk to Leonard Jordan.
22 Q Okay.
23 A So I was having to go through Leonard for
24 everything.
25 Q So I'm going to read it into the record and then

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1 ask a few questions. But the e-mail from Doug Bell
2 to Leonard Jordan on Monday, January 25th, 2010, at
3 10:29 a.m. "Leonard, I appreciate your taking the
4 time to discuss the status of the lease and
5 perspective purchase of the Inn on the Square
6 building. Lander elected to renew the lease in
7 accordance with its renewal option provisions. We
8 will need a formal reply from your client and its
9 primary lender as to the lease renewal on or before
10 February 15th, 2010, in order that Lander will have
11 sufficient time to make housing arrangements for
12 the 2010-2011 school year. I'm available at your
13 convenience to discuss." So what was the concern
14 you had about renewal of the lease?
15 A Me?
16 Q Yes.
17 A All my lenders were all expecting this deal to
18 close 30 April. We had forbearance agreements
19 through 30 April. We had worked out reduced loan
20 payments to accommodate Lander's reduced lease
21 through 30 April. On 1 May this thing with my
22 lenders turned into a pumpkin.
23 Q Right.
24 A I had nothing beyond 30 April. Lander coming in
25 wanting me to renew for another year was ludicrous.

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1 Q Right.
2 A There was no way. I also had a potential outside
3 buyer in the Inn that was very interested. My
4 position was if Lander ain't closing by 30 April,
5 get your rumps out of my building.
6 Q Right. Now in extending -- or you mentioned the
7 forbearance and that your lenders had reduced your
8 loan payments --
9 A That's correct.
10 Q -- the amount of those, correct?
11 A Greatly. I had to go --
12 Q And based on your request, correct?
13 A Right. Based on the reduction of \$48,000 a month
14 to 31. As I said, that came nowhere near covering
15 our lenders, expenses and et cetera, so I had to go
16 and negotiate all of this for a ten month period
17 with each and every lender.
18 Q And why do you think they -- well, why did you have
19 to do that?
20 A Well --
21 Q Why was it required for you to do that?
22 A Lander was concerned that once I started making
23 reduced payments that one or more of the lenders
24 would come in and foreclose on the building with
25 them having students in it.

101 1 Q Right. 2 A Because I made it clear to them at \$31,000 a month 3 we could not service our debt. 4 Plaintiff's Deposition Exhibit #20, 5 consisting of 3 sheets, marked for 6 identification and made a part of this 7 deposition. (E-mail chain Bell/Jordan) 8 Q Again, marked as Plaintiff's Twenty, John, is a 9 series of e-mails and they appear to be all between 10 Mr. Jordan and Mr. Bell and which you are copied on 11 all of these. 12 A Yes. 13 Q You were copied on each one of these transmittals. 14 Do you recall this? 15 A Yes, I do. 16 Q Okay. What was this all about? 17 A This was primarily me, through Leonard, trying to 18 get something from Lander. We were trying to get 19 the appraisal, trying to get the building assessed. 20 We are trying to get the environmental. We are 21 trying to get the purchase contract. We are trying 22 to get a closing date. You know once Diane left, 23 we could get nothing out of Lander. 24 Q Right. 25 A It just went to Doug Bell and died on his desk.	103 1 anybody else what was going on. I was in a black 2 void of non information. Very frustrating. 3 Q I'll ask this what we have been through, what you 4 were copied on, Plaintiff's Exhibit Twenty, it 5 accurately reflects those transmittals — 6 A It does. 7 Q -- that occurred at the time? 8 A Yes. 9 Q And what I read of it, I accurately read into the 10 record? 11 A Yes. 12 MR. SMITH: I'll ask that it be admitted 13 into evidence. 14 Plaintiff's Deposition Exhibit #21, 15 consisting of 1 sheet, marked for 16 identification and made a part of this 17 deposition. (E-mail Covar to Catalanotto) 18 Q John, I've got what's been marked as Plaintiff's 19 Twenty-One and it is an e-mail between Tom Covar 20 and Lisa -- and Catalanotto, I guess it is, but 21 anyway, she -- I apologize for not getting her name 22 correct. But Lisa, this is Lisa the Budget and 23 Control Board lawyer, correct? 24 A Yes. 25 Q Okay. And so the -- it begins first with an e-mail
102 1 Q Now on part of this, you know, your counsel, 2 Leonard Jordan, addressed Doug Bell. It says, 3 "Doug, I trust that I need not be concerned about a 4 2/15 2010 deadline. I nevertheless renew my 5 request for confirmation regarding the extension of 6 the lease. Leonard." And his response. "Leonard, 7 I'm trying to get updated information regarding the 8 appraisal." Then response. Doug, I again request 9 -- this would be four days later. "Doug, I again 10 request confirmation that the lease has been 11 extended for one year. Thank you, Leonard." And 12 that was on February 16th, 2010. So was it hard to 13 get information about what was going on at this 14 point? 15 A Impossible. 16 Q What did you understand was happening to your 17 building? 18 A I didn't -- I absolutely didn't know. Doug Bell 19 ignored my e-mails, would not accept my phone 20 calls, would not return my phone calls. I was 21 forced to work through Leonard. Leonard couldn't 22 get any information for me. I was in a complete 23 quandary. I had my lenders going nuts trying to 24 find out what's going on. I did not know what was 25 going on. I couldn't tell the partnership or	104 1 from Tom Covar on Wednesday, March 3rd. We are now 2 in March of 2010. At this time have you seen a 3 written contract yet? 4 A No. 5 Q But you expected them to purchase nonetheless? 6 A I expected them to purchase and close in April. 7 Q Right. 8 A And this right here says now they are looking to 9 proceed and to close June 2011. I never heard that 10 date. 11 Q Never heard that? 12 A Never. 13 Q And so the exchange here says -- 14 A I mean they are talking -- they're talking over a 15 year. 16 Q Right. 17 A March the 3rd, 2010 until June 2011. No one ever 18 explained that to me, talked to me or discussed 19 that with me. 20 Q And Tom Covar is the Lander representative, 21 correct? 22 A He is the point of contact for Lander. 23 Q First he says, "FYI, attached is a letter drafted 24 by Doug Bell that I signed to notify Mr. Huffman 25 and 'friends' that we are optioning the IOS lease.

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1 Tom." Then from Lisa Catalanotto it says, "Thanks,
2 Tom." And Lisa Catalanotto is the Budget and
3 Control Board lawyer?
4 A That's correct.
5 Q And it's her address on there —
6 A Yes.
7 Q -- B&C Board? Thanks, Tom. Is Lander's plan still
8 to purchase it by June 11th -- June 2011, question
9 mark? Tom responds on the same day a few hours
10 later, March 3rd, 1:41 p.m., to Lisa Catalanotto.
11 "Yes. BCB gave approval for Phase I studies,
12 environmental impact, building assessment and
13 appraisal in December. We are scheduled to receive
14 those documents this week. Pending detrimental
15 study data, we wish to proceed with the June 2011
16 purchase." And again, had you been told about a
17 June 2011 purchase?
18 A No. Never seen this.
19 Q And what would it take to get to a June 2011
20 purchase?
21 A Oh, my God. It would have been a -- well, I'll
22 tell you what it will take because I had to do it.
23 Q Yes.
24 A Yes. I had to go to every lender and go through
25 all the hoops, all the renegotiating, taxes. The

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1 taxes were due on the building. Lander did not
2 escrow the taxes as they agreed to. I had to come
3 up with the taxes, \$32,000. I had to go to the
4 lender, negotiate reduce payments again. I had to
5 negotiate money for forbearance agreements again.
6 I had to go through everything again.
7 Q Everything because they --
8 A Exercised an option that I refused to give them. I
9 would not extend it, so they just took it.
10 Q They just took it?
11 A Yes.
12 Q And they asserted their right, did they not?
13 Plaintiff's Deposition Exhibit #22,
14 consisting of 2 sheets, marked for
15 identification and made a part of this
16 deposition. (March 3rd Letter)
17 Q And I will show you Plaintiff's Twenty-Two, John,
18 and ask if you can identify it.
19 A Yes.
20 Q What is the document? It's kind of faded. It's
21 kind of hard to read. It's been copied probably
22 too many times.
23 A I'm going to have to ask you to read it.
24 Q Okay. I will reference for the record it is two
25 pages. The first is an e-mail cover and it

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1 attaches the lease option letter and it's from Tom
2 Covar to all the individuals on the earlier
3 exchange, which is Plaintiff's Exhibit Twenty-One.
4 And it sends the correspondence from Mr. Covar to
5 IOS, Louis Smith, Leonard Jordan, unilaterally
6 exercising a lease option to continue the existing
7 lease for one year beginning January 15th and
8 terminating June 14th, 2011. June 14th -- or the
9 June 2011, would coincide with what?
10 A With their stated new intention to purchase the
11 building, I assume. Is that what you're asking?
12 Q Yes. I asked you if that would be --
13 A Yes.
14 Q -- what was provided earlier as a date for closing?
15 A Now earlier you also asked me what all it involved.
16 Keep in mind during this first year we were doing
17 all the maintenance with my maintenance men and
18 Lander was reimbursing us. The second year I met
19 with Tom Covar and said this is too convoluted, so
20 Lander took over the maintenance in the second
21 year. I let my maintenance man go and I got out of
22 the maintenance business completely. So year two
23 Lander handled all the maintenance on that
24 building.
25 Q And in fact that's what they were obligated to do

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1 under the lease?
2 A That's right.
3 Q And in fact that's what the e-mail commitment made
4 by Ms. Diane Newton earlier. She affirmed that was
5 their obligation, correct --
6 A Correct.
7 Q -- to the Budget and Control Board?
8 Plaintiff's Deposition Exhibit #23,
9 consisting of 2 sheets, marked for
10 identification and made a part of this
11 deposition. (E-mail exchange Huffman/Bell)
12 Q So John, I've got another e-mail exchange, again,
13 continuing along the time line. We are now into
14 March of 2010. This is March 4th. You have
15 received their unilateral exercise of your
16 objection of the lease option to continue the lease
17 and you have this e-mail exchange with Doug Bell,
18 John Huffman and Leonard Jordan. Take a look at
19 Plaintiff's Twenty-Three and I ask if you recognize
20 it?
21 A Yes. I was very, very upset when Lander
22 unilaterally extended the lease for another year
23 without a purchase contract and a closing date,
24 anything else. So I wrote Doug Bell a message on
25 March the 4th of what Leonard had informed me.

109 1 Q Okay. And does this — 2 A That reiterated everything that had been agreed on 3 with Diane Newton and me that had not come to pass. 4 Q And so -- sorry, go ahead. 5 A And this was Doug Bell's response. 6 Q And this was -- the date was March 4th, 2010? 7 A Uh-huh. 8 Q And Plaintiff's Exhibit Twenty-Three, does it 9 accurately reflect the e-mail as you sent it — 10 A Yes -- 11 Q -- on that date and time? 12 A -- it does. 13 Q And also Doug Bell's response that was received — 14 A Yes. 15 Q -- that same day? I will read it into the record 16 and I'll have a few questions. The first e-mail 17 from you to Doug Bell dated March 3rd, 2010, 11:13 18 a.m., Inn on the Square. "Doug, Leonard informed 19 me yesterday that you were the new point for Lander 20 in reference to the Inn on the Square. I am unsure 21 of what that means and would appreciate 22 clarification. I am leaving the country on Sunday, 23 the 7th of March, and returning Sunday, the 14th of 24 March. I will be unavailable for phone 25 conversations during this period. I will be	111 1 my potential buyers. I informed her one of the 2 groups was inspecting the building as we spoke. 3 She requested a meeting that afternoon to present a 4 proposal on Lander's behalf. Ms. Newton stated 5 Lander would be interested in purchasing the 6 building for \$2.3 million, but would need to enter 7 into a ten month (August 2009 - June 2010) lease 8 agreement in order to obtain State Budget and 9 Control Board funding. She stated Lander would 10 obtain an updated appraisal, environmental study 11 and building inspection by November 2009, and 12 present a contract for purchase for first reading 13 to the State Budget and Control Board in December 14 2009, with final approval coming in March 2010, and 15 close in April 2010. Ms. Newton further stated 16 that if she did not receive the State Budget and 17 Control Board funding, Lander would use, quote, 18 Foundation funds, closed quote, to purchase the 19 building. Based on this, I agree to enter into a 20 lease with Lander for a ten month period. The 21 initial lease proposal was \$51,000 a month. Ms. 22 Newton and the attorney from the State Budget and 23 Control Board met with me and negotiated various 24 agreements to reduce that amount to \$31,000 a 25 month, among them Lander's agreement to pay the
110 1 checking my e-mail daily with the ability to 2 correspond via this medium. I have received 3 Lander's notification of intent to extend the lease 4 from the middle of June 2010 through the middle of 5 June 2011. I still do not have the appraisal or 6 contract to purchase." I'm going to pause here. 7 Again, when you reference "contract", you're 8 looking for a written contract, correct? 9 A Yes. 10 Q For clarification -- continuing on the e-mail, 11 "For clarification purposes, I offer the following. 12 I was approached by Lander's representative, Diane 13 Newton, in August of 2009 about leasing the Inn on 14 the Square for student housing. I informed Ms. 15 Newton that I was not interested in a lease of the 16 premises and further informed her I was in 17 negotiation with potential buyers from Charleston, 18 South Carolina, and Charlotte, North Carolina. Ms. 19 Newton inquired as to the price of the building and 20 I informed her the listed price was \$3.3 million. 21 She asked me if I would be willing to discount the 22 price to \$2.3 million. I stated I would present 23 any and all offers to my partnership for 24 consideration. Ms. Newton contacted me a couple of 25 days later to inquire if I had reached a deal with	112 1 utilities, monthly utilities, the majority of the 2 maintenance and upkeep of the building, and in 3 particular the deferral of some \$2,500 a month in 4 real property tax escrow, which would be, quote, 5 built into the sales price, closed quote, at 6 closing. I presented this offering to my partners 7 and lenders and received approval for the deal. In 8 December, I was informed by Ms. Newton that the 9 Budget and Control Board had approved the purchase, 10 that she was leaving Lander for another position 11 and that my new contact would be Tom Covar. Since 12 January, I have repeatedly requested updates and to 13 meet with Mr. Covar and received no answers or 14 responses. My attorney has requested information 15 and updates and received little or no response or 16 been outright ignored. I would like answers to the 17 following questions in order to properly inform the 18 partnership and my lenders of the current status of 19 the deal. Why is Lander not closing in April of 20 this year as proposed with either State funds or 21 Foundation funds? Why does Lander need another 22 year extension in order to purchase this property? 23 Why has Lander not provided a contract to purchase, 24 an appraisal, an environmental and a building 25 inspection due in November 2009? What is the

113 1 current status with the Budget and Control Board's 2 approval of this purchase? What are Lander's 3 intentions concerning the real property taxes which 4 were to be covered in the April closing and since 5 they have elected to extend the initial lease for 6 an additional year? I am ready to meet with 7 Lander's representatives today, tomorrow or 8 Saturday of this week or at anytime upon my return 9 after the 14th. Please advise. John Huffman." 10 John, this recitation that you wrote on March 4th, 11 11:13 a.m. to Doug Bell, does it adequately reflect 12 the oral agreement that you made with Diane -- 13 A Yes, it does. 14 Q -- prior to signing this lease? 15 A Yes, it does. 16 Q And it was based upon those promises and this oral 17 agreement that you signed the lease? 18 A That's correct. 19 Q Mr. Bell's response to you that same day reads, 20 "John, I will prepare a formal response to this e- 21 mail later today." Did you ever receive a formal 22 response? 23 A No. 24 Q Continuing with the e-mail. "Although the lease 25 extension is a unilateral right of which you	115 1 Plaintiff's Twenty-Four, again, a series of e-mail 2 exchanges. The first one is from you, is it not? 3 A Yes. 4 Q And this was in March, so we're backing up a little 5 bit on our time line. That last e-mail was in -- 6 actually, no, a correction. 7 A March 4th. 8 Q It's March 4th. 9 A This is March 17th. 10 Q Yes. 11 A It's two weeks later. 12 Q So it's later. It is later. We are still on the 13 right -- we are headed consecutive. Correct, thank 14 you. So yes, March 17th, 2010, 5:38 p.m. You are 15 writing to whom? 16 A Tom Covar. 17 Q Okay. And what you write and say to Tom is, "I 18 will arrive at the Inn next Thursday, the 25th of 19 March 2010, at 9:30 a.m.. The purpose of my visit 20 will be to inspect the facilities with a potential 21 purchaser from Atlanta". Now you know it was 22 important for you to notify them of your showing up 23 why? Why did you have to do that? 24 A Because they have students living in all the rooms. 25 Q Okay.
114 1 acknowledge receipt of notice, I need to confirm to 2 the State Budget and Control Board and Lander 3 housing officials that this has been done. Please 4 sign and return the letter to me. I would like a 5 scanned copy today with a hard copy to follow. 6 This is the next item on our checklist. Upon 7 receipt we can address matters relative to 8 negotiation of a purchase." Does that accurately 9 reflect your exchange on March 4th? 10 A It does. 11 Q And in fact you wrote that e-mail? 12 A Yes. 13 Q And you received that response from Mr. Bell? 14 A Yes, I did. 15 MR. SMITH: I would ask that Plaintiff's 16 Twenty-Three be admitted into evidence. 17 MS. MEREDITH: Subject to my running 18 reservation. 19 MR. SMITH: I am certain to that. Yes. 20 Thank you. 21 Plaintiff's Deposition Exhibit #24, 22 consisting of 1 sheet, marked for 23 identification and made a part of this 24 deposition. (E-mail Covar to Catalanotto) 25 Q John, I provide you with what's been marked	116 1 A They have to notify the students we are going to go 2 through the rooms. 3 Q And who had custody of the property? Who had 4 control over the property as the tenant? 5 A Lander. 6 Q And in order to get on the property, it was proper 7 to give them notice? 8 A I had to go through Lander, yes. 9 Q And here you are coming to bring potential 10 purchasers. Obviously, are you trying to -- why 11 would you be talking to potential purchasers if you 12 had a contract with Lander? 13 A I still -- I was in a black void. I did not know 14 what Lander's position was, what they were going to 15 do. I was contacted by this potential buyer out of 16 Atlanta and I explained the situation to him. I 17 said I am under verbal contract to sell to Lander, 18 but I cannot find the status of what's going on. 19 He says can we come in and look at the property as 20 a backup to Lander if they don't close. 21 Q Okay. 22 A So they were a backup to Lander if Lander did not 23 close. 24 Q So continuing with your e-mail on that day, it 25 says, "As such, I will need access to all common

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1 areas and a select number of rooms, a minimum of
 2 four each of the king, double queen, and queen, or
 3 double queen and queen. I will also have various
 4 public officials meet me there throughout the day
 5 to perform certain due diligence requirements
 6 related to the purchase of the building. If you
 7 have any questions, you may call me at my home, 803
 8 754-5898, or by e-mail. Thank you, John Huffman."
 9 A response to you from Tom Covar comes the next day
 10 in the morning at 10:24 a.m. He writes and says,
 11 John -- and he adds it looks like some individuals
 12 to the cc line. Tom writes, "John, we will
 13 certainly do all we can to accommodate you during
 14 your visit. Please notify your buyer that we have
 15 exercised the option to renew the lease for another
 16 year. Thanks, Tom." And did you do that --
 17 A I --
 18 Q -- advise the potential buyer that --
 19 A Yes, I did.
 20 Q You then write, "Tom, thank you for your
 21 assistance, and the buyer is aware of the lease
 22 extension. John." And then Tom Covar forwards
 23 that entire thread of your exchange with him to
 24 Lisa, the B&C Board lawyer. And he says, "Lisa,
 25 See e-mail thread below about owner of Inn on the

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1 Square acknowledging of the lease option. Thanks,
 2 Tom." Does that accurately reflect that exchange
 3 that you had with Tom?
 4 A It does.
 5 Q Why do you think they were concerned about your
 6 acknowledging the --
 7 A Because I was refusing to acknowledge that they
 8 extend the lease for a year, I was refusing to give
 9 Doug Bell -- sign that paper he sent me. I was not
 10 acknowledging their lease extension at all for that
 11 next year.
 12 Q Well, what ultimately ended up happening though?
 13 Did they continue with the lease for --
 14 A Yes, they did. And they took this answer as I have
 15 now accepted it for a year.
 16 Q Okay.
 17 A I was not sure it was a legal one year extension
 18 and as it turned out it wasn't, but I did not know
 19 that at the time.
 20 Q Okay.
 21 Plaintiff's Deposition Exhibit #25,
 22 consisting of 1 sheet, marked for
 23 identification and made a part of this
 24 deposition. (E-Mail Covar to Huffman)
 25 Q John, this is Plaintiff's Number Twenty-Five, and

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1 it's dated April 23rd, 2010. It's an e-mail from
 2 Tom Covar to yourself, correct?
 3 A Yes.
 4 Q On April 23rd, 2010, at 12:49, Inn on the Square.
 5 And how was it working with Tom Covar?
 6 A Tom was a very honorable and good man. I never had
 7 a problem working with him at all. He was not up
 8 to date on everything, but he tried hard to get up
 9 to date and he had tried hard to accommodate all of
 10 our needs. Probably, Tom Covar, when all was said
 11 and done, he's the only person in that whole Lander
 12 organization that I walked out with any respect or
 13 admiration for.
 14 Q And so on that day he writes to you and he says,
 15 "John, I have spoken with President Ball regarding
 16 our meeting on Wednesday and he is quite interested
 17 in continuing our relationship. Your proposal of
 18 entering into a five year lease with an additional
 19 five year option while continuing with our option
 20 to purchase the Inn on the Square is attractive.
 21 Of course, the purchase option would be conditioned
 22 on the outcome of the South Carolina State
 23 Engineer's recommendation and approval by the five
 24 member Budget and Control Board. It is my
 25 understanding that we, Lander, will make the

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1 necessary arrangements to be placed on the December
 2 of 2010 Joint Bond Review Committee, JBRC, and the
 3 Budget and Control Board agenda's for consideration
 4 of our multi-year leasing arrangement. Prior to
 5 this meeting, we shall negotiate our monthly lease
 6 payment in consideration of a multi-year option and
 7 ensure language such that Lander will provide the
 8 maintenance of the property. Should the JBRC and
 9 Budget and Control Board vote favorably on our
 10 lease request, then you, the landlord, will address
 11 the life safety issues we discussed on Wednesday,
 12 fire alarms, room sprinklers and wiring, pursuant
 13 to the requirements and standards set forth by both
 14 Greenwood County building officials and the South
 15 Carolina State Engineers Office (or the more
 16 stringent, as the case may be). My campus engineer
 17 has indicated that he will speak with Laurence
 18 Ouzts (Greenwood Building Official) and express
 19 Lander's interest in extending the lease
 20 arrangement and get a feel for the position the
 21 City might take with respect to their occupancy
 22 requirements as a dormitory. I am confident that
 23 you will want to visit with Mr. Ouzts regarding the
 24 City's occupancy requirements for your own interest
 25 and benefit. Thanks, Tom Covar."

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- 1 A Uh-huh.
 2 Q Have I accurately read that e-mail as it was
 3 written?
 4 A Yes.
 5 Q As you received it?
 6 A Yes.
 7 Q On April 23rd, 12:49, p.m.?
 8 A Yes.
 9 Q Obviously, you and Tom had a meeting?
 10 A Yes.
 11 Q And out of that meeting he writes this e-mail to
 12 you, is that correct?
 13 A That's correct.
 14 Q When you were originally signing the lease that was
 15 executed, Plaintiff's Exhibit Ten, was there any
 16 concern for City occupancy requirements as a
 17 dormitory?
 18 A No.
 19 Q Any mention as to fire alarm, room sprinklers and
 20 wiring?
 21 A None.
 22 Q If they were requirements for occupancy as a
 23 dormitory by Lander as a college housing students,
 24 did they show any consideration or concern for
 25 those issues —

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- 1 A No.
 2 Q — when they moved in?
 3 A No.
 4 Q In fact, they did in fact house students there
 5 without those issues being addressed?
 6 A For two years.
 7 Q And was the promise to purchase as you restated in
 8 that earlier e-mail exhibit, as well as you
 9 testified earlier that was offered to you by Ms.
 10 Newton, were any of these contingencies on her
 11 promise to purchase on behalf of Lander?
 12 A No. This was -- she was buying the building As Is.
 13 Q Right.
 14 A Or is.
 15 Q And so the meeting you had and the discussion of
 16 the five year lease and five year option, how did
 17 this come about?
 18 A This came about -- back up to March with that
 19 potential purchaser who was interested in it.
 20 Q Right.
 21 A They initially was interested in the building to
 22 turn it into some sort of a -- and I can't remember
 23 the name. It's not -- it's not a -- where do you
 24 put old folks?
 25 Q A nursing home?

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- 1 A Yeah, a nursing home.
 2 Q Assisted living, maybe?
 3 A Assisted living.
 4 Q Okay.
 5 A And it wasn't where you are going to die.
 6 Q Right, right.
 7 A Assisted living. They were interested in that.
 8 And I went back and said, well, Lander has now
 9 extended their lease for another year, through June
 10 2011, and they theoretically -- I don't know if I
 11 can enter into a contract to sell to you because I
 12 theoretically have a contract to sell to them. I
 13 don't know what the legal ramifications are. So
 14 they came in and switched to Lander and they said,
 15 well, you know, we might make student housing out
 16 of it for five years. Would Lander be interested
 17 in a long-term lease, five or ten years? I said I
 18 have no clue. And so we had a meeting and I called
 19 Tom Covar who set up a meeting in Doug Bell's
 20 office. So we went to Doug Bell's office and
 21 presented this to them. Hey, look, if you all are
 22 looking at a five or ten year --
 23 Q When did this happen?
 24 A It was back in April.
 25 Q And who was there?

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- 1 A I'm sorry?
 2 Q Who was there?
 3 A Me, Louis Smith, Doug Bell, Tom Covar. It might
 4 have been somebody else, but that's the ones I
 5 remember offhand. And we, "we" being Louis and I,
 6 basically pitched this to Tom Covar. Hey, listen,
 7 this is April, you guys ain't -- ain't bought the
 8 building yet. You don't know what the hell is
 9 going on. Would you like to do a five, ten year
 10 lease, keeping your option to purchase? We need to
 11 sell this property. Because I was at my wits end
 12 on my lenders. Everything -- every agreement I had
 13 was running out June the 15th.
 14 Q Right.
 15 A Actually, April the 30th. This was April the 23rd.
 16 I mean I don't know what I'm going to do.
 17 Q Yes.
 18 A These people can start foreclosing on me.
 19 Q Yes.
 20 A So I was -- these people, these new potential
 21 buyers are interested in working with Lander on a
 22 long-term, five to ten year extended lease. So we
 23 met with Tom Covar and only Tom Covar, even though
 24 I had been told Doug Bell was the new point of
 25 contact. Both Louis Smith and I contacted Doug

125 1 Bell a half a dozen times. He never responded to 2 us, totally ignored us. So we went to Tom Covar -- 3 Q Right. 4 A -- and said, Doug Bell won't answer us. We've got 5 a short fuse. 6 Q Yes. 7 A So Tom Covar had a meeting in Doug Bell's office. 8 Q Okay. 9 A And we presented this deal to them and they said 10 we're interested. 11 Q Okay. 12 A Let's pursue this. As long as they can keep their 13 option to purchase. 14 Q So they continued to state a desire -- 15 A Yes. 16 Q -- to purchase the building? 17 A But they were interested in a five to ten year 18 lease, as long as they kept their option to 19 purchase any time in that five to ten year. 20 Q I don't think I've done this yet. This is an e- 21 mail. Plaintiff's Twenty-Five is to you from Tom 22 Covar on that date and did I accurately speak it 23 into the record? Is that correct? 24 A That's correct. 25 Q And this e-mail, this copy of the e-mail, marked as	127 1 did things progress after that meeting that you 2 described earlier? 3 A Very frustratingly. We could not -- Doug Bell was 4 the point of contact. We could not communicate 5 with Doug Bell. We went through a series of 6 numbers trying to get a monthly lease amount from 7 Lander to give the potential buyers out of Atlanta, 8 to try to put together some sort of a deal so that 9 we could sell the property to the Atlanta group who 10 would lease it back on a long-term lease with 11 Lander. Doug Bell mentioned that the Foundation 12 might want to do that. 13 Q Right. 14 A I said we've been waiting over a year for the 15 Foundation to buy the damn thing to begin with. 16 Q As promised? 17 A Yes. So why not go ahead and buy it? If not, let 18 these people buy it. I'm going to turn into a 19 pumpkin here shortly -- 20 Q Right. 21 A -- with my lenders. It fell on deaf ears. We -- 22 Doug Bell started \$29,000 a month, down from 31, 23 went to 28, 26, possibly 24, 22, maybe 18. We 24 never got anything in writing. 25 Q And you mentioned earlier in your testimony that
126 1 Plaintiff's Twenty-Five is in the exact same 2 condition as it was when you received it? 3 A Yes. 4 MR. SMITH: I ask that it be admitted into 5 evidence. If it's okay with everybody else, 6 maybe take a brief break and grab our lunches 7 and continue. 8 (LUNCH BREAK) 9 Q Thank you. John, we just took a little break for 10 lunch and getting back into your testimony. We had 11 ended on Plaintiff's Exhibit Twenty-Five, wherein 12 it appeared -- well, based upon Plaintiff's Exhibit 13 Twenty-Five, did you understand that Lander still 14 intended to purchase the property? 15 A Yes. 16 Q And to follow through with the original inducement 17 to your signing the lease agreement to purchase the 18 property? 19 A Yes. 20 Q And that was expressed to you by whom? 21 A Tom Covar. 22 Q He was also expressing in that e-mail the wishes of 23 the president of the University, correct? 24 A That's correct. 25 Q So from that e-mail, that's April 23rd, 2010, how	128 1 you, you know, got into distressed properties, 2 turned them over to beneficial use and turned them 3 into a profit. Have you ever had an experience 4 like this before? 5 A Never. 6 Q How many of those prior experiences have been 7 student housing specifically? 8 A I think I owned, managed and/or operated four, may 9 have been five. 10 Q Yes. 11 A Five student housing. 12 Q Are all those successful? 13 A Oh, yes. 14 Q And so you are aware of the projects for those 15 types of operations? 16 A Absolutely. 17 Q The kinds of infrastructure you would need in the 18 building? 19 A Yes. 20 Q Whether there are fire safety codes? You were 21 familiar with that before? 22 A Uh-huh. Yes. 23 Q And when Lander took possession of this building 24 from you, were any of those type issues raised, 25 were those of concern at all?

129 1 A None. We had just had our yearly inspections on 2 all of the building, the fire safety inspections, 3 the Clarion inspection, the fire marshal's 4 inspection, food service inspection. 5 Q Elevators? Did you have an elevator? 6 A Elevator, all of that. The lowest rating we had 7 gotten was a 97. 8 Q But obviously all passed in flying colors? 9 A All passed, most 98's, 99's. They don't give 10 hundreds. Everything was in perfect working order. 11 I went through with Diane and her crew, showed them 12 all the inspection sheets, which you have to pin on 13 the walls. 14 Q Right. 15 A I mean you have to actually hang them. And we did 16 a complete walkthrough. I showed her all the 17 systems. Everything was in perfect working order 18 on the 15th of August when I turned it over to her. 19 Q The 15th of August, is that 2009? 20 A 2009. No outstanding inspections, nothing needed 21 to be done, nothing was held in abeyance. It was 22 all ready. 23 Q It was all working properly? 24 A That's right. 25 Q And did they -- were there any repairs requested or	131 1 deposition. (E-mail Huffman/Smith/Ridgely) 2 Q Who was Glenda Ridgely? 3 A Glenda -- let me see. Let me make sure. 4 Q This is Plaintiff's Twenty-One (sic Six). It's an 5 e-mail exchange between you and a Glenda Ridgely 6 and then you and Louis. 7 A Glenda Ridgely was Diane Newton's replacement. 8 Q Okay. 9 A When she came in, I sent her e-mails. I sent her 10 telephone messages asking to meet with her. 11 Because Doug Bell was the point in contact at that 12 point in time and we were going nowhere with Doug 13 Bell. 14 Q Right. 15 A He wouldn't even talk to us. So I was trying 16 desperately to get somebody in the Lander system. 17 Her response to me was Doug Bell is your point of 18 contact. 19 Q So let me read her e-mail to you on this date of 20 September 9th, 2010. The last exchange in the 21 Exhibit Twenty-Five was April 23rd, understanding 22 you had -- as you testified, I think you still had 23 been trying to make contact. She writes you, 24 "John, The expectation here at Lander was that you 25 work with Doug Bell on the resolution of the fire
130 1 changes that Lander demanded of you prior to their 2 taking possession of the property? 3 A There were none demanded. There were a number of 4 things they wanted us to do and build into the 5 sales price. 6 Q Okay. But that was all supposed to be about the 7 sales price and they -- 8 A Yes. They wanted us to put a second elevator in, 9 which was some \$35,000, and raise the sales price 10 \$35,000. So there were eight or ten things along 11 that line that Lander approached us about doing 12 that we would fund and increase the sales price 13 with. 14 Q And that would be part of the purchase price? 15 A That's right. 16 Q All calculable at the time that you signed the 17 lease? 18 A Yes. 19 Q Correct? 20 A Yes. 21 Q To an exact price? 22 A Yes. 23 Plaintiff's Deposition Exhibit #26, 24 consisting of 1 sheet, marked for 25 identification and made a part of this	132 1 safety issues and terms for any new lease agreement 2 for the Inn on the Square. Until that has been 3 completed, it is difficult for us to meet with you. 4 Please contact Doug with your plan to cover the 5 cost of upgrading the fire safety systems and your 6 proposed new lease terms. Thank you, Glenda." And 7 then you wrote, as the exhibit, to Louis Smith. 8 And who is Louis Smith? 9 A Louis Smith was one of the partners, the managing 10 IOS, LLC, partner. 11 Q And you were the manager working for IOS and had 12 the responsibility -- 13 A Right. 14 Q -- to either sell the property or manage it? 15 A That's correct. 16 Q And you wrote on September 9th, 2010, at 2:50 p.m. 17 to Louis Smith. "Stall, stall, stall. Trying to 18 talk to Doug Bell who doesn't answer e-mails or 19 telephone calls in ridiculous. I have asked him 20 several times and been assured each time that he 21 would forward to me the requirements and he has yet 22 to send them. When I met with the fire marshal and 23 city inspector they basically didn't know what I 24 was talking about outside of the sprinkler system." 25 What's going on here, John?

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- 1 A Doug Bell had told us at this meeting with Tom
2 Covar that the City was going to approve the
3 building as was for student housing, that the
4 security system had to be upgraded, the fire
5 detection system had to be upgraded, the sprinkler
6 system had to be expanded to all rooms.
7 Q And when was this meeting when this happened?
8 A In April.
9 Q In April. And but in April of 2010 when that
10 meeting occurred, there were students already
11 living in there?
12 A Yes, been living there over a year.
13 Q And they are now saying that it doesn't meet City
14 code requirements even though they leased to put
15 students in there?
16 A According to Doug Bell they were grandfathered in
17 as long as we owned the building, but if Lander
18 bought the building, then the City had a different
19 code. So I went out and got all these estimates to
20 put in the codes that they said --
21 Q Right.
22 A -- that we needed. It was about \$110,000 for a new
23 sprinkler system and a new fire detector system.
24 Q Okay.
25 A Between the two of them. One was like 44, 45, one

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- 1 happen. Sending anything to Doug Bell's office was
2 like walking there and beating your head against
3 the telephone pole. No response, no answer,
4 nothing. It just died.
5 Q So did you come up with -- you stated I think
6 earlier, but I want to make sure I understand and
7 the jury understands. Did you provide a
8 comprehensive proposal to deal with any fire safety
9 issues?
10 A Yes, both of those. And both of those were
11 submitted to Doug Bell with a proposed monthly
12 lease amount based on a three year, five year and
13 with a five year option. He never responded to any
14 of those. And at some point in time, Atlanta threw
15 up their hands and said, you guys are not reliable
16 people to deal with --
17 Q Yes.
18 A -- we are out of this deal, and they walked. This
19 was after probably four months of trying to get
20 information out of Doug Bell and them to try to put
21 this deal together.
22 Q And so but during all those months students are
23 living in --
24 A Living in there.
25 Q And they are going to school and --

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- 1 was like 65, 66, and we went back to the Atlanta
2 group and they were willing to spend those funds --
3 Q To do the update?
4 A -- to do that.
5 Q Okay.
6 A What we couldn't get out of Doug Bell, slash,
7 Lander was any commitment as far as a monthly lease
8 amount or a time frame. Were they willing to lease
9 for five years with a five year extension at what
10 price. Every time we did get anything from Doug
11 Bell, it dropped from 29, to 26, 24, 22, 21. The
12 last number I got out of him was \$18,000 a month
13 and I basically told him he had frigging lost his
14 mind.
15 Q Yes.
16 A I said there's no way --
17 Q Right.
18 A -- ... inaudible ...
19 Q Right.
20 A He basically said, it is what it is. I said we
21 can't do anything with Atlanta until you give us
22 something in writing. As our only point of
23 contact, we were demanding a meeting with Doug
24 Bell, Mr. Ball; the President of Lander, Tom Covar.
25 We were desperately trying to make this deal

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- 1 A And for the next year.
2 Q Now during all this time Lander is required to
3 perform --
4 A By the way, I then -- after I went around and got
5 all this, I met with the fire department people and
6 the building code people and said here's all the
7 stuff that Doug Bell says we need. They looked at
8 that and they said "what's all this".
9 Q Right.
10 A I said I was told by Lander's point of contact we
11 had to upgrade all this. They said, "we don't know
12 what the hell you're talking about".
13 Q Right. But you had whatever he was asking for to
14 do?
15 A Whatever Doug Bell said they said we needed.
16 Q Right.
17 A They denied that in my meeting. They said we don't
18 even know what you are talking about.
19 Q Who were you meeting with? These are the fire
20 officials?
21 A I was meeting with the fire chief --
22 Q Yes.
23 A -- and the buildings code guy.
24 Q Do you remember their names at all?
25 A I've got them in my records.

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- 1 Q Okay.
 2 A But I met with both of them at the Inn on the
 3 Square after I had spent all this time getting all
 4 of these estimates together --
 5 Q Right.
 6 A -- to upgrade this information as Doug Bell had
 7 said they required Lander to do.
 8 Q Right.
 9 A And they said they didn't know what the hell I was
 10 talking about.
 11 Q And so you testified earlier you've had and managed
 12 student housing before. Do you have any -- I guess
 13 do students wear on a facility different than say
 14 other inhabitants might?
 15 A Oh, goodness, yes.
 16 Q And was that a concern for you?
 17 A Oh, absolutely. As I stated, I had a 4-star hotel
 18 with 4-star bedding, pillows, sheets. There's no
 19 way I was going to turn that into a student housing
 20 project under a lease.
 21 Q Right.
 22 A I would only do so under a sale. Having run
 23 student housing, I knew what students would do to
 24 the facilities.
 25 Q But if run properly, you thought it wasn't a bad

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- 1 real estate decision?
 2 A Well for student housings I ran, I didn't put 4-
 3 star equipment in there.
 4 Q Oh, yes, right.
 5 A Yes. For instance, we had 200 thread sheets in
 6 there, really stuff you get in, you know, the real
 7 expensive hotels, where students I would have had
 8 80 thread. We had \$65 pillows. For students I
 9 would have had \$10 pillows.
 10 Q Right.
 11 A You know the fancy photographs we had on the walls,
 12 none of that because students just eat that stuff
 13 up.
 14 Q Yes. Who was responsible during all this time to
 15 maintain the facility and care for it?
 16 A The last year Lander exclusively. The first year I
 17 was.
 18 Q And did you do that?
 19 A Yes.
 20 Q But they paid for it, right?
 21 A Yes. And the second year I turned it over to them
 22 exclusively, let me maintenance man go, and I got
 23 out of the maintenance business.
 24 Q Okay.
 25 A So they ran it the last year.

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- 1 Q And did they do what they were supposed to to
 2 maintain the building?
 3 A Absolutely not.
 4 Q The plumbing?
 5 A The first thing they did was cancel the elevator
 6 contract, which is illegal.
 7 Q Right.
 8 A You have to have state certified maintenance and
 9 state certified inspectors.
 10 Q Right.
 11 A It's expensive. I don't remember offhand how it
 12 is, 3, 4, \$500 a month.
 13 Q Right.
 14 A Lander canceled that outright and did their own
 15 elevator maintenance. The elevator people wrote me
 16 a really ugly letter, which I passed on to Lander,
 17 saying basically you are at risk and you are
 18 responsible. We are out of here.
 19 Q Yes.
 20 A What you all are doing is illegal.
 21 Q Yes.
 22 A You cannot do this. They were also doing the same
 23 thing with the plumbing, and heating, and air
 24 conditioning, and lighting. They had non-qualified
 25 personnel in there working on all of this equipment

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- 1 and they couldn't do that. But I had several
 2 meetings with Randy Bouknight to point out these
 3 deficiencies with their maintenance people and said
 4 you all simply can't do this. And Randy says, I'll
 5 take care of it, I'll take care of it. It didn't
 6 change.
 7 Q And did he ever take care of it?
 8 A No.
 9 Plaintiff's Deposition Exhibit #27,
 10 consisting of 1 sheet, marked for
 11 identification and made a part of this
 12 deposition. (Letter Feb 24, '11 from Bell)
 13 Q Plaintiff's Twenty-Seven. I've marked this
 14 document as Plaintiff's Twenty-Seven and I ask if
 15 you can identify it for me, please.
 16 A Yes, this is a funny letter. Basically, this is to
 17 Leonard Jordan from Douglas Bell basically saying
 18 the City of Greenwood would not approve a new lease
 19 between IOS and Lander for the property without the
 20 fire safety renovations outlined by the city fire
 21 marshal, blah, blah, blah, blah, blah. This is
 22 February the 24th. This is when I went out and got
 23 all of those estimates, which is going to be about
 24 \$110,000, and met with the fire marshal and the
 25 city official to say, okay, this is to meet you

141 1 all's approval. And they said, "what the hell are 2 you talking about?" 3 Q Right. 4 A We never asked for any of that. 5 Q So you believe this statement at the beginning of 6 Mr. Bell's letter to Leonard Jordan -- 7 A I think it was a bluff on Mr. Bell's part to get us 8 to fund it for Lander. He had tried previously to 9 get us to fund it outside the sales price -- 10 Q Yes. 11 A -- and we said you guys are sitting here paying 12 \$31,000 a month. We can't even pay our bills -- 13 Q Right. 14 A -- on that. 15 Q Right. 16 A How do you think we are going to fund that? 17 Q Right. 18 A You are going to have to fund it. 19 Q Right. The opening sentence says, "It is Lander 20 University's understanding that the City of 21 Greenwood will not approve a new lease between IOS, 22 LLC, and Lander University for the Inn on the 23 Square property without the fire safety 24 renovations, which were outlined by the City Fire 25 Marshal." Okay. Did the City of Greenwood approve	143 1 Q Right. You had stated earlier that these were 2 conditions of a purchase to have these upgrades? 3 A Doug Bell said that. 4 Q Okay. 5 A Doug Bell said -- I went back and confronted Doug 6 Bell with this. I said you said all of this and 7 that's bullshit. I just left a meeting with them 8 two people and they said they didn't know what I 9 was talking about. 10 Q Yes. 11 A He said, oh, well, no, no. As long as you own the 12 building it's okay, but if Lander buys the 13 building, it has to be upgraded. I said they did 14 not say that. 15 Q Yes. In this letter from Mr. Bell, it doesn't talk 16 about a purchase, it just talks about a lease -- 17 A A lease. 18 Q -- and the requirements being there. 19 A That's correct. 20 Q But you stated earlier these were never 21 requirements -- 22 A No. 23 Q -- on the first lease or on the renewal? 24 A No, never. And apparently not on any other 25 renewal.
142 1 the first lease? 2 A Yes. 3 Q Did the City of Greenwood approve the exercise of 4 the option on the first lease? 5 A Yes. 6 Q Did you ever see the communication from the City of 7 Greenwood that they would not approve a new lease? 8 A No. I got a 97 -- I'm sorry, a 99 percent approval 9 rating when they inspected the building. I had 10 nothing wrong with that building. We were told by 11 Doug Bell that the City required that. When I got 12 the estimates and met with the City to make sure it 13 met with their approval, they acted like they 14 didn't know what the hell I was talking about. 15 Q Did he ever, Mr. Bell, ever provide you any 16 documentation from the City itself describing what 17 their issues were? 18 A No. I operated off of notes in his office that he 19 stated to me. I took him at his word. I had no 20 reason to think that he would tell me an untruth 21 about something like that. If I had not met with 22 the fire marshal and the building inspector to make 23 sure this was acceptable to them -- 24 Q Right. 25 A -- I wouldn't have known.	144 1 Q Right. 2 Plaintiff's Deposition Exhibit #28, 3 consisting of 2 sheets, marked for 4 identification and made a part of this 5 deposition. (Letter Jordan to Bell) 6 Q And so I've got for you, John, Plaintiff's Exhibit 7 Twenty-Eight, another bit of correspondence, and 8 ask if you can identify it, please. 9 A Yes. This was provided to me by my attorney, 10 Leonard Jordan. 11 Q And it was sent on March 7th, right? 12 A Yes. 13 Q And this Plaintiff's Twenty-Seven, which is the 14 letter from Doug Bell providing the reasoning for 15 their Notice of Termination right? Plaintiff's 16 Twenty-Seven is a Notice of Termination of the 17 relationship with IOS, right? 18 A Yes. 19 Q That they are not going to lease the building, they 20 are not going to buy the building? 21 A That's what they said on the 24th. 22 Q And that's February 24th, 2011? 23 A Yes. 24 Q Is this the first time you ever heard any 25 expression by Lander about a change in their intent

145 1 to — 2 A It is. 3 Q -- not purchase the building? 4 A Yes. 5 Q At any other time did they ever express that we 6 have reservations, we don't want to buy the 7 building anymore? 8 A No. In fact, when I dealt with other buyers, they 9 freaked out. Their biggest concern seemed to be 10 that I was going to sell the building out from 11 under them. 12 Q Yes, because you had every expectation that Lander 13 was working to fulfill their obligations in 14 purchasing it? 15 A That's correct. All the way up until I got this 16 letter the assumption was Lander was either going 17 to extend, they were going to purchase, or they 18 were going to do this five or ten year lease 19 agreement. 20 Q Had you up until this point ever thought that you 21 would have to receive this building that had been 22 inhabited by students and somehow turn it back into 23 a hotel somehow? Had it occurred to you that you 24 would be faced with that challenge? 25 A Never. Not until this day (indicating) and this	147 1 24th, our Exhibit Twenty-Seven? 2 A I would have to assume so. This is Leonard 3 Jordan's answer back to him, I assume. 4 Q Let me read it into the record and then I'll ask 5 you a couple questions about it. It's from Leonard 6 Jordan, correspondence dated March 7th, 2011 to 7 Douglas Bell, Attorney at Law, Greenwood, regarding 8 Lander University (Tenant) and IOS, LLC, 9 (Landlord), and it gives the address of the Inn on 10 the Square. "Dear Doug, Thank you for the notice 11 regarding Lander University's decision to vacate 12 the leased premises upon the expiration of the 13 lease on June 15th, 2011 (actually June 14th, 14 2011). At some point between the end of the 15 current semester and June 14th, 2011 John Huffman 16 will want to conduct a walkthrough with Lander to 17 inspect the premises for damage in anticipation of 18 to the Landlord's retaking of possession. IOS, 19 LLC, and Lander will have to address, among other 20 things, the personal property removed from the 21 premises by Lander including, but not limited to, 22 furniture, televisions, framed pictures and kitchen 23 equipment and accessories, and the alterations to 24 the improvements on the premises made by Lander as 25 this property was released by IOS, LLC, to Lander
146 1 letter. Then I thought we would get the hotel 2 back. The good news was the market was up, hotels 3 were vibrant and were doing great business. My 4 personal thing was, great, fix my damages, we'll 5 reopen as a hotel. 6 Q Right. 7 A Or I'll approach the unit in Atlanta and they can 8 come here and do their assisted living. 9 Q Right. 10 A I wasn't overly concerned at that point in time, 11 you know. 12 Q Because they had an obligation to leave it in good 13 condition, right? 14 A I was almost relieved to get Lander the hell out of 15 there. 16 Q Right. 17 A After two years of jerking me around, I was frankly 18 fed up with them -- 19 Q Right. 20 A -- especially dealing with Doug Bell. 21 Q Sure. 22 A Who was the only point of contact that we could 23 deal with. 24 Q Okay. So Plaintiff's Twenty-Eight dated March 7th, 25 is it in response to Doug Bell's letter of February	148 1 and alterations by Lander were approved by IOS, 2 LLC, in the mutual anticipation that Lander would 3 purchase the building. IOS, LLC, will expect all 4 alterations made by Lander which are acceptable to 5 IOS, LLC, to remain upon its vacating the premises 6 and it will expect the personal property removed by 7 Lander to be returned or replaced, and the 8 alterations not acceptable to IOS, LLC, be reversed 9 and the premises returned to its pre-lease 10 condition. In that regard, John Huffman also 11 requests that he be allowed a walkthrough in the 12 next week or so to identify and evaluate all 13 alterations. He intends to make a preliminary list 14 of the alterations he wants reversed and a list of 15 personal property and fixtures that will have to be 16 returned ..." He also has a footnote that all this 17 was mention in my e-mail to you dated March 2nd, 18 2010. It says, those personal items shall be 19 returned or replaced by Lander. "This list will be 20 subject to being revised upon the final walkthrough 21 in May, or June, or thereafter. Doug, I am 22 disappointed that Lander has decided not to follow 23 through with its announced plan to purchase the 24 building. As you know, the lease was also 25 considered to be a temporary arrangement to address

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1 an emergency shortfall in Lander's student housing
 2 requirements. The plan from the start was for
 3 Lander to purchase the building and since the
 4 parties had reached tentative agreement regarding
 5 the purchase, Lander was allowed to utilize the
 6 property in all respects as though it were the
 7 owner rather than as a tenant. Now that Lander has
 8 reneged on this agreement to purchase, it will be
 9 expected to pay for its actions in preparing to
 10 purchase the property and/or dealing with the
 11 property as an owner. I intentionally do not make
 12 a demand herein with regard to Lander's or it's
 13 Foundation's obligation to consummate a purchase of
 14 the property. Please do not take from this lack of
 15 a demand that we are not willing to pursue a claim
 16 in that regard. We will do that reluctantly if it
 17 appears to us that Lander is unwilling to resolve
 18 to our satisfaction all other issues. I am sure
 19 you will be hearing from John Huffman to request
 20 Lander's cooperation and assistance in a
 21 walkthrough in the next week or so. With kindest
 22 regards, I am, sincerely yours, Leonard R. Jordan."
 23 And it's copied t you. Did you receive this
 24 letter?
 25 A Yes.

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1 Q And is this Plaintiff's Exhibit Twenty-Eight in
 2 substantially the exact same condition and writing
 3 as it was when it was written originally and you
 4 received it?
 5 A Yes, it is.
 6 Q Do you know -- well, scratch that.
 7 MR. SMITH: I'll ask that that be admitted
 8 into evidence, as well.
 9 Q So now give us, John, what's on your mind.
 10 A At this point, this February/March time frame, my
 11 thinking was, hey, I'm so frustrated and tired of
 12 dealing with Lander, I just wanted them to go away.
 13 The second thing was the market had improved
 14 dramatically and that I would go back in and open
 15 this as a 4-star restaurant again -- I mean hotel
 16 again, bring the restaurant, events, pub, The Fox
 17 and Hound, all that back into being. And the third
 18 thing was we could sell it to the people out of
 19 Atlanta.
 20 Q Yes.
 21 A So I was not overly aggravated in this time frame.
 22 I was just tired, just ready to get rid of the tar
 23 baby called Lander.
 24 Q Right.
 25 A And I still thought I could do something good with

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1 this property.
 2 Q Yes. And so you were ready to take control. And
 3 as Plaintiff's Twenty-Eight, that letter from your
 4 lawyer, Leonard Jordan, to Douglas Bell says, you
 5 would be contacting Mr. Bell, you in fact did so.
 6 Plaintiff's Deposition Exhibit #29,
 7 consisting of 2 sheets, marked for
 8 identification and made a part of this
 9 deposition. (E-mail Huffman/Bell)
 10 Q And here is Plaintiff's --
 11 A Yes.
 12 Q -- Exhibit Twenty-Nine.
 13 A Yes.
 14 Q And it's an e-mail exchange, correct?
 15 A Correct.
 16 Q And as they do, you read from back to front, in the
 17 order in which it occurs.
 18 A I would have to say I did two walkthroughs.
 19 Q Okay, you did two walkthroughs.
 20 A Yeah. The first one I was -- it was me, Doug Bell,
 21 John Carter, my wife, my maintenance man and I
 22 believe a maintenance man from Lander, and some
 23 woman from Lander who had something to do with the
 24 student housing. So we attempted to do a
 25 walkthrough. It was impossible. The place was a

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1 total wreck. Lander still had all their leased
 2 furniture in there. There were items missing and
 3 nobody could say where they were. The doors to all
 4 48 rooms were standing wide open, propped open,
 5 with the air conditioners set on 65 degrees,
 6 hammering away, beating themselves to death. I
 7 went in there with them and I said there's no way.
 8 Doug Bell said I'll have all this corrected by your
 9 next walkthrough on the 15th of June. Lander will
 10 come in, get all this crap out, clean it up, bring
 11 all of your stuff back. We'll get all of this
 12 stuff shut down, all your kitchen material,
 13 furniture and everything from where we stored it.
 14 And I said, lots of luck on that.
 15 Q Yes. You were dubious about that?
 16 A Yes. In a week? I couldn't do it in a week.
 17 Q Yes.
 18 A I mean admittedly Lander has got tremendous
 19 resources --
 20 Q Right.
 21 A -- but I also say they are about the most
 22 disorganized group of people I have ever seen in my
 23 life.
 24 Q Right.
 25 A And if I couldn't do it, I couldn't imagine them

153 1 doing it, but that ain't my place to say so. 2 Q Right. 3 A I said, lots of luck, I'll see you in a week. 4 Q And when was that? What date was that? 5 A That was the week before this. 6 Q The week before this e-mail? 7 A Maybe it was May. I've got an e-mail in there to 8 that effect. 9 Q Okay. But before this, what is marked Plaintiff's 10 Exhibit Twenty-Nine -- 11 A It was either one week or two weeks before this and 12 I would have to find my e-mail to be sure. 13 Q Okay. So Plaintiff's Exhibit Twenty-Nine, what you 14 have, is an e-mail exchange between you and Doug 15 Bell? 16 A This is when -- that's when I walked through for 17 the final inspection on the 15th -- 18 Q Right. 19 A -- after this. 20 Q It was after you had done one, the previous one. 21 Well, let me read it into the record then I'm going 22 to ask you some questions about it. So your first 23 e-mail to Mr. Doug Bell and it looks like you also 24 include to Louis Smith and Leonard Jordan and John 25 Carter at Business Carolina. You said, "Doug, a	155 1 functioning properly. If you run into any issues, 2 you can certainly give me a call. You will have 3 possession of the Inn when you leave. Thank you." 4 This report, did you ever receive any type of 5 written report or it was just -- 6 Q No. 7 A I walked in and this is what I found. 8 Q Okay. And then you respond because you already 9 were headed down there, it was 9:30 that morning -- 10 A Yes. 11 Q -- when you were going to be there at 10:00. And 12 you wrote back to Doug at 6:21 that day, after your 13 visit at 10:00. And you said, "Doug, I arrived at 14 the Inn this morning shortly before 10:00 a.m. for 15 a final joint inventory and equipment inspection 16 with Lander's personnel as the lease calls for and 17 we discussed on my visit last week, in the final 18 task of Lander officially turning over control of 19 the building. I also had heat, air, refrigeration, 20 elevator, kitchen, pool, telephone and roofing 21 inspectors scheduled to visit before transferring 22 the utilities out of Lander's name in an orderly 23 fashion this afternoon. Upon my arrival, I find 24 the power and water turned off, the building 25 abandoned and standing open to the public, the
154 1 reminder that I will be arriving at the Inn at 10 2 a.m. in the morning with my heat and air and 3 refrigeration inspectors if you want to have the 4 Lander maintenance man accompany them. I assume I 5 will be taking control of the Inn tomorrow when I 6 leave. Is this correct? John." So you sent that 7 on June 14th at 2:05 saying, hey, it's, you know -- 8 A Yes. 9 Q -- the 15th and I'm coming to inspect and 10 anticipate taking control. Is that correct? 11 A This was -- I was to get the keys when I left. The 12 building would be mine on the next day. 13 Q And so on June then that same -- correction, you 14 sent that on the 14th, telling him you were going 15 to be there at 10 o'clock on the next day -- 16 A Yes. 17 Q -- and then on the 15th, at 9:34, just about 26 18 minutes before your stated arrival, you get that 19 call from -- or not call, correction, I'm sorry, 20 the response to your e-mail from Doug Bell to you. 21 And it says, "John, after our last meeting I 22 requested Lander have their engineering department 23 inspect all units and address any issues. This was 24 carried out over the last several days and I 25 received a report yesterday that all units are	156 1 battery-powered emergency alarm system blaring and 2 all emergency battery lights drained dry. I was 3 informed Lander shut the utilities off Tuesday. No 4 one from Lander showed up to do a walkthrough and 5 formally release the building. Lander maintenance 6 personnel did not show up after Leonard Jordan 7 called you and replaced the locks on the front door 8 and back doors that had ..." -- 9 A Personnel did show up. 10 Q Oh, I'm sorry, I read that wrong. Lander 11 maintenance personnel did show up -- thank you -- 12 after Leonard Jordan called you to replace the 13 locks on the front and back doors that had -- they 14 had removed to allow me to secure the building. 15 With power I was forced -- without power, excuse 16 me. Without power I was forced to cancel all 17 inspections. Frankly, I do not understand Lander's 18 rationale. The building being in a grid down, 19 unprotected situation for two days while under 20 Lander's control is very disturbing. Gridding the 21 building back up is a time consuming operation to 22 ensure appliances and systems are not damaged in 23 the process, and draining the pipes and then re- 24 pressuring the system invariably blows joints and 25 causes leakages, all of which I consider a Lander

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1 responsibility. As for Lander's personnel doing
2 their inspection and assuring you that everything
3 was fine, I do not consider that a joint inventory
4 in acceptance of the facility and equipment. I
5 remind you that when Lander assumed control of the
6 building I spent several days walking with --
7 walking them through the building and inventorying
8 the equipment and the utilities were left on in
9 IOS' name for over a month before they were finally
10 switched -- switched them to their account. Please
11 advise. John Huffman. John, tell us what
12 occasioned you to write this e-mail and what you
13 wrote.

14 A I'm sorry?

15 Q Just if you would elaborate. You wrote this e-
16 mail, correct?

17 A Yes. I wrote it that day when I went down to do
18 the final -- we had done the walk, one of the
19 walkthroughs the week before, which we could not
20 complete because of all the trash, all the
21 furniture still in there, at least the furniture
22 from Lander, missing equipment, doors open, that
23 sort of stuff. So this was to be the final
24 walkthrough, joint acceptance. Lander was to have
25 their personnel. I had all these people there, so

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1 if there was any dispute about anything being
2 wrong, I could -- I'd say this air conditioner is
3 broke. Lander's people are right there to say, no,
4 it's not.

5 Q Right.

6 A My people are there to say, yes, it is. And that
7 would have been resolved on the spot. They took my
8 own locks off the building.

9 Q Right.

10 A The building was standing open. There was a
11 vagrant in the building that I had to run out.
12 People would just walk in and out. Everything was
13 grid down, shutdown, burned up and used up. The
14 entire emergency system had burned itself out in 40
15 something hours, just burn itself up.

16 Q And so how did you feel at this time?

17 A Oh, I was super pissed. I called Leonard Jordan
18 and was screaming so bad he hung up on me.

19 Q Yes.

20 A Finally he called back and said if you're through
21 yelling, I'll listen to you.

22 Q Yes.

23 A And so then he told me was going to call Doug Bell
24 and get somebody from Lander. I said I can't even
25 lock it up. I've got a vagrant who just scared the

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1 hell out of me walking around the building. So he
2 said he would have somebody come down and replace
3 the locks. And I said what else do I need to do?
4 I said I've got no power, I've got no water. I
5 can't go turn the power and water on because I'll
6 blow stuff all over this place.

7 Q Yes.

8 A He says come back home, have a Bourbon and Coke,
9 calm down and we'll figure out what we're going to
10 do from here. So then I left and went across the
11 street to Doug Bell's office when Doug Bell and I
12 had a confrontation at which time Leonard called my
13 wife and said I told you to come home, damn it,
14 come home.

15 Q Yes. So now did Lander surrender the premise --

16 A No.

17 Q -- or abandon the property?

18 A They abandoned it.

19 Q And why do you say that?

20 A Because they abandoned it the day before, stripped
21 all the locks off, turned off the power and the
22 water and left the building totally unsecured.
23 None of the doors had locks on it, no power,
24 nothing.

25 Q Did they take property?

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1 A Oh, yes.

2 Q What did they take?

3 A I had a -- all kinds of stuff. I have it in my
4 inventory sheet.

5 Q We'll go through that.

6 A Yes.

7 Q Now you had spent -- when you arrived, in your
8 earlier testimony, to take control of Inn on the
9 Square in January of 2005, I think it was your
10 testimony you all invested \$670,000 to create a 4-
11 star accommodations?

12 A It was over a period of about three years. The
13 first year we didn't invest more than 50, \$70,000.

14 Q Right.

15 A The second two years is when we decided to
16 franchise and upgrade it and that's when the
17 majority of the upgrades were done.

18 Q Okay. I'm going to start showing you a series of
19 pictures and asking you a few questions about these
20 pictures.

21 MR. SMITH: And I'll get copies, Ms.
22 Meredith, to you, as well.

23 MS. MEREDITH: Are those the -- they have
24 already been sent to us?

25 MR. SMITH: Yes. They were on a disc, but

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1 we're going to -- I plan on redelivering a
2 bunch of stuff. We have lost track of what we
3 got sent to you, so that's why we did a second
4 list, you know, summation with Bates stamps, so
5 you'll get a second submission with of all
6 these on them.

7 Plaintiff's Deposition Exhibit #30,
8 consisting of 1 sheet, marked for
9 identification and made a part of this
10 deposition. (Photograph)

11 Q The first is Exhibit Thirty, John, and I've got a
12 stack of -- I'm going to show you the stack and
13 we'll number them in a little bit, but a stack of
14 pictures. When were these pictures taken?

15 A This was -- we went, myself and my wife, after we
16 dismissed all the people there that was to do their
17 stuff, went through and took pictures of the
18 property. That is one thing Leonard told me to do
19 was to be sure to take pictures of everything.

20 Q So that was June 15th --

21 A Yes.

22 Q -- when you said in this e-mail that you had -- on
23 the exhibit, Plaintiff's Twenty-Nine, that was the
24 same day that you took these pictures?

25 A Yes.

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1 Q And you dismissed all the other inspectors why?

2 A I had no power and I had no water. We couldn't do
3 the inspections.

4 Q You couldn't inspect anything?

5 A Couldn't inspect anything. The building had been
6 abandoned.

7 Q Yes. And it was open to the public?

8 A Oh, yes. I had -- I actually had a black guy in
9 there, a street person. I went walking down into a
10 hallway and walked up face-to-face. I almost
11 punched him he scared me so much.

12 Q Yes, that's not very funny. So let's go through
13 these pictures and what you saw that day. The
14 first is Exhibit Thirty and tell me what that is.

15 A This right here is a meeting room where -- that we
16 leased out for \$75 an hour where people would meet
17 for small gatherings. In fact, Lander actually
18 rented this room numerous times. It was perfect
19 for their little wine stuff that they got together.
20 This is mildew and -- on the carpet, on the floor.
21 And what do you call them things?

22 Q Mushrooms or --

23 A Mushrooms growing in the carpet.

24 Q The mushrooms were growing in your carpet?

25 A Yes.

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1 Q And mildew --

2 A Mildew.

3 Q -- is on Exhibit Thirty?

4 A Yes, in that little meeting room.

5 Q Did it look that way --

6 A And the meeting room was just a little bit larger
7 than this room.

8 Q Was there water damage present?

9 A Oh, yes. That's water damage, mildew and
10 mushrooms.

11 Q Was it in that condition when you turned it over to
12 them in August --

13 A Oh, no.

14 Q -- of 2009?

15 A No. It was in perfect condition.

16 Plaintiff's Deposition Exhibit #31,
17 consisting of 7 sheets, marked for
18 identification and made a part of this
19 deposition. (Photographs)

20 Q John, here's what's been marked Plaintiff's Thirty-
21 One and it's one, two, three, four, five, six
22 pictures. They are all pictures I believe of the
23 pool and the pool area. John, if you will take a
24 look at those and see if you can identify those for
25 me.

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1 A Yes. This was formerly our swimming pool, which
2 Lander filled in and cemented over. When I
3 challenged them on it, they said it was a hazard to
4 students, so they filled it in and cemented it
5 over.

6 Q Did you authorize them to fill in your pool with
7 cement?

8 A Absolutely not. I did not know it was even being
9 done or they intended to do it. I drove up there
10 and a cement truck was actually backed up pouring
11 cement into the pool.

12 Q When you asked them about why are you pouring
13 cement in my pool, what did they say?

14 A We bought the whole damn building and everything in
15 it. What's the problem?

16 Q And who was that? Who said that to you?

17 A Diane Newton.

18 Q Did she say that to you more than once?

19 A Oh, numerous occasions. She told me she was tired
20 of me getting in her face about it. Diane could
21 not seem to understand that even though Lander was
22 buying this building and everything in it, until
23 they actually closed on it, the partnership was
24 responsible to the lenders for this stuff.

25 Q Right.

165 1 Plaintiff's Deposition Exhibit #32, 2 consisting of 1 sheet, marked for 3 identification and made a part of this 4 deposition. (Photograph) 5 Q So this is another photograph I'm going to provide 6 to you. It looks like it's an inspection sticker. 7 It's marked as Plaintiff's Exhibit Thirty-two. 8 A All the fire equipment in the building we turned 9 over for maintenance to Lander in August. This is 10 part of the inspections — 11 Q Right. 12 A -- that are due in the building and you can see 13 here they're expired (indicating). The next year 14 they never got any inspections. 15 Q So you turned them over -- a building that had all 16 the inspections current — 17 A Up to date on everything. 18 Q -- and had all the systems operating and they — 19 A Elevator, fire extinguishers, fire systems, 20 kitchen. The kitchen has to have an inspection 21 with your little hose in there in case of grease 22 fires and stuff, all that stuff. There's was 23 probably 15 inspections the building has to have — 24 Q Right. 25 A -- on a yearly basis. They were all up to date the	167 1 identification and made a part of this 2 deposition. (Photographs) 3 Q John, I've got a series of photographs and I think 4 they are all of the -- they might be of different 5 things, but let me give you the first four. The 6 first one is marked Thirty-Three and it's followed 7 by three other photographs. It appears that it 8 might be -- what is that? 9 A This is The Fox and Hound Lounge. 10 Q Now The Fox and Hound Lounge, that was your big 11 moneymaker when you were operating? 12 A This was the happening place in Greenwood, South 13 Carolina. 14 Q Right. 15 A It was packed every night. It was the in place to 16 be. It was -- it was just the most popular place 17 in Greenwood. 18 Q Yes. 19 A And we operated up -- the night of August the 15th 20 was our last operating night. We turned it over to 21 Lander when we closed that night. 22 Q Right. 23 A And it then became Lander's property. 24 Q Did they make alterations to The Fox and Hound? 25 A They ripped it apart.
166 1 day we turned it over to Lander. None were up to 2 date in the next year. 3 Q Now it was important for you to have everything 4 inspected and working, particularly fire systems, 5 when you were housing, you know, customers and -- 6 A Oh, yes. 7 Q -- guests in the hotel. 8 A You go to jail for that. 9 Q You think it's important if you're a university and 10 you have your inspections up to date when you house 11 students there? 12 A 13 A Good God, I can't -- I cannot imagine the 14 University, any university, carrying that kind of 15 liability. If that -- if that -- if those kids -- 16 one of those kids, just one, had got killed in that 17 hotel through that kind of negligence, somebody 18 would have gone to jail big time. 19 Q Yes. 20 A Yet Lander was so worried about them, they went 21 around and nailed all the stupid windows shut so 22 the kids couldn't commit suicide by jumping out of 23 a window, but they won't do a simply thing like get 24 a fire inspection. Crazy, insane stuff. 25 Plaintiff's Deposition Exhibit #33, consisting of 9 sheets, marked for	168 1 Q They ripped it apart? 2 A Just destroyed it. 3 Q What did they do to it? 4 A Well, you can see here (indicating), the bar area 5 is all -- all the glasses and stuff is gone. This 6 is your wash area. It was pulled out. Apparently, 7 it developed a leak. They ripped all the plumbing 8 out and just pulled it out. This was the wall 9 where the TVs were mounted. 10 Q So there were TVs in there? 11 A Oh, yes. 12 Q They were your TVs, right? 13 A Oh, yes. 14 Q Where did the TVs go? 15 A Lander sold them. 16 Q Well, of course, they left the building open and I 17 mean could they have gotten -- 18 A No, this was gone the week before when Doug Bell 19 and I walked through. 20 Q Oh, so all the TVs were gone then? 21 A I pointed all this out to Doug. Yes. This is -- 22 Q Wait, let me get these things marked. Before we go 23 through them, I want to get -- 24 A These are the shutters (indicating). 25 Q Okay, hold on. Is that part of the bar, too?

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- 1 A Yes, it's part of the bar.
 2 Q So you're still talking about the bar?
 3 A Yes.
 4 Q So the shutters were broken?
 5 A Yes. This is the carpet that was ripped
 6 (indicating). This is the mildew (indicating).
 7 Q Did the carpet look like that when you turned it
 8 over —
 9 A Oh, no.
 10 Q -- in August of 2009?
 11 A It was brand new.
 12 Q Okay.
 13 A And you could see all the mildew and mushrooms
 14 growing through it. This is where the pipes leaked
 15 and got the carpet wet and they ripped it out and
 16 didn't do anything, so it mildewed.
 17 Q Now you gave them that place in good condition and
 18 they were contracted by the lease and required to
 19 give it back to you in good condition?
 20 A Oh, absolutely.
 21 Q Do you consider that they gave you back it in good
 22 condition?
 23 A You look at it.
 24 Q Is that normal wear and tear to you?
 25 A Gah, no, that's destroyed. Plus the stink in there

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- 1 was so bad. Walking through there we had to go
 2 open the windows because we couldn't even breathe
 3 with the mildew spores.
 4 Q So there were mildew spores in more than one
 5 location?
 6 A Oh, all over. That whole carpet had gotten wet and
 7 mildewed.
 8 Q And is that in the bar, too, right there
 9 (indicating), or is that in the restaurant?
 10 A This is rooms. This is all bar (indicating).
 11 Q Okay. So this is all bar here (indicating)?
 12 A Yes.
 13 Q So I'm going to call the bar pictures are at
 14 Exhibit Number Thirty-Three, plus, one, two, three,
 15 four, five, six, seven, eight, nine pictures behind
 16 it. And could you open back up as The Fox and
 17 Hound after they turned this over to you?
 18 A No way. No way.
 19 Q Would it even meet DHEC inspections?
 20 A No way. It had no plumbing.
 21 Q No plumbing?
 22 A It had no machinery and no glasses, of course, no
 23 liquor. It had no -- the carpet was completely
 24 mildewed, had mushrooms growing out of it.
 25 Q You had an ice machine, too. You actually had

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- 1 equipment that was missing, right?
 2 A I had 47, \$4,500 ice machine gone.
 3 Q And it just disappeared?
 4 A It went to Lander.
 5 Q And the TVs were gone?
 6 A TVs were gone. Here's more pictures of the bar
 7 area.
 8 Q Okay.
 9 A Now the bar was totally destroyed. It probably
 10 would have taken 10 or \$15,000 to re-outfit it, get
 11 it up and running again.
 12 Plaintiff's Deposition Exhibit #34
 13 consisting of 4 sheets, marked for
 14 identification and made a part of this
 15 deposition. (Photographs)
 16 Q John, I've got what -- a couple pictures that's
 17 been marked Thirty-Four, Plaintiff's Thirty-Four.
 18 I'm going to ask if you can identify what's in
 19 those two pictures.
 20 A Yes. I had put brand new super windows -- what do
 21 you call that windows that help you to stay cool
 22 and warm? Thermostatic?
 23 Q Thermostatic windows, yes.
 24 A All through the hotel at great expense and they had
 25 a lifetime warranty.

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- 1 Q Yes.
 2 A Lander went through and nailed 2 by 4's in all of
 3 these window sills to keep the windows from
 4 opening, which voided the entire warranty of every
 5 window in the building.
 6 Q And so when you look at this, I mean so this is
 7 originally a 4-star accommodations place. And
 8 these windows and they nailed 2 by 4's in the
 9 windows?
 10 A Nailed 2 by 4's into the frames of the windows,
 11 right through them.
 12 Q Did they ask you?
 13 A No.
 14 Q And did you ask them about why did you nail --
 15 A Yes.
 16 Q -- 2 by 4's in my very expensive, nice windows?
 17 A They said we don't want any kids committing suicide
 18 by jumping out of the window. I said it's a 3 feet
 19 drop here from this window to the top of the
 20 building.
 21 Q Yes, it's 3 feet.
 22 A They are going to commit suicide in 3 feet?
 23 Q Might there be other ways to deal with the windows
 24 opening than nailing a board through the sill?
 25 A I guess there would have been. Not to void a

173 1 warranty, I would have certainly asked before I 2 went and nailed 2 by 4's into them and killed the 3 warranty. None of those windows are under warranty 4 now. None of them can work. Once you pull the 2 5 by 4's out, they will no longer open and close. 6 They are dead. 7 Q And how many windows -- was this done in every 8 window in the building? 9 A Every window in the building, to include the ones 10 on the first floor I guess in case you want to jump 11 out of the first floor on your head at 3 feet to 12 break it. Dumbest thing I've ever heard in my 13 life. This was also pointed out to Doug Bell the 14 week before in a walkthrough. He said he would 15 have Lander remove all of those. 16 Q So he told you he would have it all fixed? 17 A I said you can have them remove it if you want to. 18 You still screwed the windows. 19 Q Right. 20 A So nothing got done. 21 Q And obviously that didn't happen, right? 22 A The only thing I seen between the week before and 23 that week was the rental furniture was taken out. 24 Q The rental furniture was taken out? 25 A Yes. But Doug Bell walked through the dining room,	175 1 A It was a 4-star restaurant when I turned it over to 2 them on August the 15th. 3 Q Now what is this here (indicating)? 4 A That's the main ballroom. 5 Q The main ballroom. But that's kind of the way it 6 looked? This is Plaintiff's Exhibit Three. 7 A This was taken the day before we turned it over. 8 Q The day before you turned it over? 9 A Right. 10 Q And this is what the hotel on Plaintiff's Exhibit 11 Thirty-Five looked like -- 12 A When we took it back two years later. 13 Q -- when you took it back? 14 A Two years later. 15 Q Do you consider this to be in compliance with their 16 lease obligations to deliver the property in good 17 condition? 18 A Not with mildew, no. 19 Q Do you consider it normal wear and tear? 20 A No. It's a health hazard. 21 Q Yes. 22 A There are spores in there that can kill you. 23 Q Plaintiff's Exhibit Ten requires a surrender of the 24 leasehold, the leased property, and that it should 25 be surrendered by the tenant to the landlord in
174 1 the Inn on the Square, he seen all the mildews, the 2 stain, the mushrooms growing. It's not like just 3 me. 4 Plaintiff's Deposition Exhibit #35, 5 consisting of 1 sheet, marked for 6 identification and made a part of this 7 deposition. (Photograph) 8 Q This is Thirty-Five, another picture. I think it's 9 the -- 10 A Let me see. That is the dining room. What happens 11 here -- 12 Q Yes. 13 A -- the ceiling leaked apparently from a plumbing 14 problem, a bathtub overrunning. The water run down 15 through the ceiling all over the dining room, so 16 the ceiling caved in. It had to be -- it needed to 17 be completely ripped out and a new one because it 18 mildewed and of course the carpet mildewed and 19 mushrooms. 20 MR. SMITH: Can I get that back from you. 21 Thanks. 22 Q So this was the dining room? 23 A It's the formal dining room. 24 Q And did it look anything like this when you turned 25 it over in April?	176 1 good order and condition. Is there anything about 2 this that indicates to you that it's in good order 3 and condition? 4 A No. It was a total wilful neglect. I don't even 5 know -- it was a hazard to the students staying in 6 the rooms -- 7 Q Right. 8 A -- on the second and third floors due to the mold 9 spores. It was a health hazard. 10 Q I've got some of the rooms here. Now let me mark 11 these. 12 Plaintiff's Deposition Exhibit #36, 13 consisting of 5 sheets, marked for 14 identification and made a part of this 15 deposition. (Photographs) 16 Q Plaintiff's Exhibit Thirty-Six is a picture and 17 several pictures of some rooms and I will start 18 with the top one there on Thirty-Six. What do you 19 see there? 20 A This is an employee bathroom (indicating). It was 21 out of order yet they continued to urinate in it 22 and defecate in it. It was a solid block of 23 squiggly, stinky maggots that stunk up the whole 24 place and they was just crawling around in this 25 muck. This is one of the room bathrooms

177 1 (indicating), where we put down the new molding, 2 and you can see where they took something — 3 Q Yes. 4 A -- and broke it. 5 MR. SMITH: John, what we'll do is we're 6 going to pause right here so we can change the 7 tape and then we'll continue. 8 (OFF THE RECORD) 9 Q John, we're continuing through some of the pictures 10 that you took when you and Misty were going through 11 the property on June 15th, 2011, and right now 12 we're on Exhibit Thirty-Six. In those pictures 13 what do you see? 14 A This is an example of a ceiling leak that was not 15 repaired. 16 MR. SMITH: Let the videographer zoom in 17 on that. 18 Q And then what else do you have? 19 A This is an example of a -- we had these real nice 20 room numbers on there. Obviously, somebody ripped 21 one off so they just spray painted room 208 on the 22 wall. 23 Q On the wall? 24 A On the wall. 25 MR. SMITH: Hold that still.	179 1 but that's the way it was left. 2 MR. SMITH: Let's mark that. Mural ripped 3 off of the wall is marked as Thirty-Seven. 4 Plaintiff's Deposition Exhibit #37, 5 consisting of 1 sheet, marked for 6 identification and made a part of this 7 deposition. (Photograph) 8 Q Do you consider that to be leaving your place -- 9 A No. 10 Q -- in good condition? 11 A Not at all. 12 Q Let me go back just to get the pictures on the 13 record very quickly, a couple of just choice 14 pictures of the -- this is the -- Exhibit Thirty- 15 One, the pool with the cemented out. 16 MR. SMITH: Get a good picture of that. 17 A The pool was filled in and cemented over. 18 Q Okay. And the mildew on the -- and the mushrooms 19 on the floors. 20 A Yes. This is that little meeting room. We 21 actually inside the circle called this the Lander 22 because they did all their wine tastings and stuff 23 in there. 24 Q So it was a nice place for that at some point, but 25 you wouldn't --
178 1 Q So that was spray paint? 2 A Spray pain 3 Q On the wall. And do you consider that leaving it 4 in good condition? 5 A Good gosh, no. 6 Q I think you talked about the plumbing earlier -- 7 A Yes. 8 Q -- being a problem. 9 A The bathroom had stopped up and they just kept 10 using it and it was full of urine and defecation 11 and maggots, and this was in the basement area, and 12 the whole basement just stunk. 13 Q Did you have -- 14 A And all that did was add was put an "out of order", 15 which everybody apparently ignored. 16 Q Okay. 17 MR. SMITH: Do you have that? 18 Q That picture, this is what? 19 A This is a picture of a mural and a mirror as you 20 come in the main entrance, which is just ripped off 21 the wall and broken. 22 Q Okay. Hold that still so -- 23 A I don't know why. I don't know if somebody ripped 24 it off on their way out or bumped it with something 25 toting something out and it just fell and broke,	180 1 A It was the perfect size for Lander to do their wine 2 get-together, wine and cheese. 3 Q And the condition of these floors, that looks like 4 it was the same condition in the dining room and in 5 the ballroom? 6 A Yes. It's mildewed and it's got the stuff growing 7 through it. 8 Q Was any of that carpet serviceable once you -- 9 A It was all extremely serviceable, clean, smelled 10 good. I -- 11 Q When they received it in August of 2009? 12 A Oh, yes. I shampooed the carpet in the hotel every 13 six weeks. 14 Q And did they -- was there any evidence that they 15 did any of that kind of maintenance? 16 A None. In fact, I had a carpet cleaning machine 17 there that Lander took. 18 Q Do you know where that carpet cleaning machine is? 19 A No. 20 Q That was your machine, right? 21 A Somewhere on Lander. 22 Q And I say "your machine", it was IOS'? These are 23 IOS'? 24 A It was IOS' machine. 25 Q Let's show the videographer Exhibit Number -- what

181 1 is that, Thirty? 2 A Yes. This is where the fire extinguishers have not 3 been serviced in over a year. 4 Q Yes. And so was there indications that other 5 things that required servicing, that the 6 maintenance was not done? 7 A None of it was done. The stove was not done. The 8 freezers were not done. The refrigerators were not 9 done. The fire alarm system was not done. The 10 security system was not done. None of those 11 inspections. The elevators were not done. There 12 was not a single required inspection done in the 13 last year. When I confronted the fire marshal 14 about it, I said you were on my butt every three 15 months. Lander sat here for a year and didn't do 16 any of these. He said, we were told it was 17 shutdown and non-operable. There is no requirement 18 for us to inspect it if it's not operable. Here's 19 a copy -- a picture of the windows that the 2 by 20 4's were nailed shut, which destroyed the windows 21 and voided the warranty. 22 Plaintiff's Deposition Exhibit #38, 23 consisting of 2 sheets, marked for 24 identification and made a part of this 25 deposition. (Photographs)	183 1 A Outright, gone. 2 Q And that's Exhibit Thirty-Eight. 3 Plaintiff's Deposition Exhibit #39, 4 consisting of 1 sheet, marked for 5 identification and made a part of this 6 deposition. (Photograph) 7 A This is a picture where all the telephones were 8 ripped out of all 48 rooms. The entire what you 9 call communications nerve center, which is a huge 10 computer that sits on the front desk that operates 11 that system is completely missing. 12 Q Could you reopen as a hotel with your phones piled 13 up like that? 14 A No. 15 Q So and the brains, you said, I think that causes 16 this to operate, where was it? 17 A Gone, not on the property. 18 Q And how much does something like that cost? 19 A Depending on the system you buy, anywhere from 150 20 to \$500,000, depending on sophistication. Like if 21 you wanted to log in long distance calls, you had 22 to go through the keyboard to make the outside 23 calls, et cetera, et cetera. Ours was a pretty -- 24 pretty sophisticated system. 25 Q Right. And I've marked that as Plaintiff's Thirty-
182 1 Q What is this a picture of here (indicating)? What 2 is it? 3 A This is a picture of my utility room. We did all 4 the laundry in the hotel. Notice that a \$12,000 5 dryer and two \$1,000 commercial washers are 6 missing. 7 Q So again here there is equipment that is yours that 8 is not present? 9 A Not present. 10 Q Was it there when you turned it over to -- 11 A Absolutely. In fact -- 12 Q -- to Lander? 13 A -- we showed Diane's staff how to use it, how to 14 use the dryers and the washers. 15 Q And these were industrial size, so you are like 16 washing a bunch of towels in the hotel -- 17 A Yes. 18 Q -- or a bunch of -- 19 A For the hotel. 20 Q And these were your equipment? 21 A Oh, yes. 22 Q And it's not a question that it's damaged or not, 23 right? 24 A It's gone. 25 Q It's just not there?	184 1 Nine. 2 Plaintiff's Deposition Exhibit #40, 3 consisting of 1 sheet, marked for 4 identification and made a part of this 5 deposition. (Photograph) 6 Q Tell me what this is a picture of here 7 (indicating). 8 A This is a picture down in the basement where lamps, 9 chairs, sofas, tables were just thrown into the 10 basement, which is very dark and damp. This stuff 11 mildewed, turned colors and et cetera. This was 12 the excess furniture that Lander did not want in 13 the rooms and they just basically helter-skelter 14 threw it into the basement. 15 Q Yes. 16 A It was all ruined. You can see it's bent, broke, 17 tore, stained. 18 Q Do you consider this normal wear and tear of your 19 property -- 20 A No. 21 Q -- by a tenant? 22 A It was improperly stored -- 23 Q Yes. 24 A -- for two years. 25 Q And that's how you found it when you --

185 1 A All I did was walk in and take pictures. 2 Q Now when you turned the place over in August of 3 2009 these lamps were in the rooms, I assume? 4 A Yes. 5 Q They were placed there? 6 A Every room, all 48 rooms, was a 4-star room, 7 complete with lamps, desks, tables, bedding, 8 everything. 9 Q Yes. 10 A There was nothing that wasn't in those. And I've 11 got some pictures of what the rooms looked like. 12 Q Right, right, and we had those in evidence earlier, 13 I think, Plaintiff's Two, Three and Four. So these 14 alterations or changes made to the rooms, you know, 15 did you authorize and tell them it was okay to pile 16 your lamps into a room like that? 17 A Absolutely not. According to our agreement, Lander 18 said we are going to be bringing a hundred beds in 19 here -- or excuse me, we want a hundred beds. 20 You've got 56. I had 56 beds, so they wanted to 21 bring another 44 beds in. They said we want you -- 22 we will want you to take certain furniture out so 23 we can do that. So in that walkthrough, Diane 24 Newton had me remove ten beds from our 56. 25 Q Right.	187 1 us what Forty-One is a picture of? 2 A This is just a picture of the maintenance room, 3 where the maintenance -- the elevator -- elevator 4 is on the left. By law you can store nothing in 5 these rooms. It's a felony to put anything in 6 these rooms. And all I did was walk in and took a 7 picture of the crap they pushed in there. 8 Q Yes. 9 A If a fire marshal had seen that, somebody would 10 have had handcuffs on. 11 Q Yes. But that's important for the escape, fire, to 12 get out of there if there was a fire? 13 A That's a fire hazard. 14 Q Right. 15 A Because you are in the electrical room and all your 16 electrical boxes are here. 17 Q Right. 18 A So there can be nothing stored in this and they 19 just shoved this stuff in there. I thought it was 20 hilarious when I seen it. I said, man, I'd go to 21 jail for this bullshit. 22 Q Right. 23 A Yes. So that was just a picture I took. 24 Q What's this picture of (indicating)? 25 A This is where they were nailing the windows shut.
186 1 A And then they brought in their 44 beds to carry 2 their bed count up to a hundred. 3 Q Right. 4 A So I removed those ten beds. That was the only 5 thing that I removed from that Inn. 6 Q But everything else that you had and had operating 7 as a 4-star accommodations -- 8 A Was left in place. 9 Q -- hotel was left in place? 10 A To include the overages down in our maids quarters. 11 We had extra bedding -- 12 Q Right. 13 A -- extra bed covers, sheets, pillows, pillowcases. 14 In fact, we had a 60 percent reserve. So not only 15 did you have all the rooms -- 16 Q Right. 17 A -- but we had a 60 percent reserve of the -- of the 18 -- what do you call them, covers for the beds -- 19 Q Covers for the beds, sheets, yes. 20 A -- and et cetera. 21 Plaintiff's Deposition Exhibit #41, 22 consisting of 1 sheet, marked for 23 identification and made a part of this 24 deposition. (Photograph) 25 Q I marked this picture as Forty-One. Can you tell	188 1 I wanted to show you the building that they were -- 2 Q Oh. 3 A The hotel, this is the first room (indicating). 4 Q Right. 5 A The rest of -- how were they going to jump out and 6 kill themselves -- 7 Q When it's a 3 foot drop. 8 A -- when it's a roof? 9 Q Okay. And what is this a picture of here? 10 A This is a picture where they cut out a section that 11 did have a water leak and re-patched it, but you 12 can see they never finished the job. 13 Q Yes. 14 A They just left it. 15 Q Yes. With something like this would you -- being 16 considered, you know, 99 percent with Clarion? 17 A Oh, no, no. This had to be mudded in, had to be 18 sanded, had to be painted. It had to be blended so 19 that you couldn't see it anymore. 20 Q Yes. This Clarion rating that you received is -- 21 MR. SMITH: Let me see that picture. I'm 22 going to have this picture marked as 23 Plaintiff's Forty-Two. 24 Plaintiff's Deposition Exhibit #42, 25 consisting of 1 sheet, marked for

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1 identification and made a part of this
 2 deposition. (Photograph)
 3 Q You know how hard is it to get a rating from
 4 Clarion for 99?
 5 A If Clarion walked in there and seen one room with
 6 this in it, they would have probably have pulled my
 7 franchise.
 8 Q Right.
 9 A Not two rooms, not three. Clarion gets down on
 10 their hands and knees with gloves and crawls under
 11 your bed and looks for lint.
 12 Q Yes.
 13 A They take your door and open it and run it across
 14 the top --
 15 Q Right.
 16 A -- to see if there's dust.
 17 Q Yes.
 18 A They are bastards!
 19 Q And now when you got a 99 rating, were you
 20 satisfied with -- I guess is that 99 out of a
 21 hundred?
 22 A Ninety-nine out of a hundred.
 23 Q How did that happen?
 24 A I argued with the woman. I thought I should have
 25 got a hundred. She said she found a piece of lint

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1 on the carpet when she got out of the elevator, but
 2 she couldn't show it to me. So she finally said,
 3 "shut up, we don't give hundreds".
 4 Q And so when you got the 99 rating, how soon was
 5 that -- was it in that condition when you turned it
 6 over to Lander?
 7 A It was either the last week of July or the first
 8 week of August, the last Clarion inspection they
 9 did.
 10 Q Right.
 11 A And I turned it over to them on the 15th. It was
 12 truly a beautiful boutique hotel. I was very proud
 13 of it.
 14 Q Right. John, I want to --
 15 A Do you see -- did you want to get the fire hoses?
 16 Q Yes. Yes, yes, anything else you see there we need
 17 to go through.
 18 A Here's an example of what was left --
 19 MR. SMITH: Hold it up. Yes.
 20 A -- of the inventory, bed covers, sheets, pillows.
 21 They were all dirty, mildewed, looked like they had
 22 been swept out and just thrown in.
 23 Plaintiff's Deposition Exhibit #43,
 24 consisting of 1 sheet, marked for
 25 identification and made a part of this

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1 deposition. (Photograph)
 2 Q How did you -- is that how you kept it maintained?
 3 Is that what you did?
 4 A Oh, no. It was in pristine condition and we had it
 5 stored all in plastic, et cetera.
 6 MR. SMITH: Hold on one second.
 7 A Here's a picture of the basement with a lot of the
 8 pictures just jammed in there and stored, just
 9 willy-nilly. They were all mildewed, turning --
 10 Q Right.
 11 A -- after two years of moisture.
 12 Q The sheets are marked as Plaintiff's Forty-Three.
 13 Plaintiff's Deposition Exhibit #44,
 14 consisting of 1 sheet, marked for
 15 identification and made a part of this
 16 deposition. (Photograph)
 17 Q And the basement and the pictures are Forty-Four.
 18 A Here's just a lot of pictures of the lamps, chairs
 19 and stuff just thrown in. I mean just literally
 20 thrown on top of stuff, not packed, not stacked,
 21 just thrown like junk. This is the storage room up
 22 near the main ballroom where stuff was just willy-
 23 nilly thrown in. Here's one of four fire hazards
 24 (indicating). I want you to notice there's no fire
 25 hose. Somebody went to all four of them and

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1 literally -- I guess a student as a prank stole the
 2 fire hoses.
 3 Q So it wasn't a question of like your ice maker
 4 being damaged or the industrial washer and dryer
 5 being damaged or the, you know, the fire hose
 6 system, these were just -- and the TVs, things were
 7 looted out of the building?
 8 A Oh, yes, just taken out. I mean how can you steal
 9 fire hoses and how did the fire marshal allow that?
 10 But there it is.
 11 MR. SMITH: Let's mark that.
 12 Plaintiff's Deposition Exhibit #45,
 13 consisting of 1 sheet, marked for
 14 identification and made a part of this
 15 deposition. (Photograph)
 16 A I can't explain it to you.
 17 Q Fire hoses missing --
 18 A All four fire stations were missing their hoses.
 19 Like I don't know what they did with them.
 20 Q And did you find out what it would cost for you to
 21 replace the fire hoses?
 22 A Roughly, \$2,000 per station.
 23 Q The fire station fixtures are marked Forty-Five.
 24 The basement is marked --
 25 MS. MEREDITH: Storage room.

193 1 Q Yes. What is this one again (indicating)? 2 A That's a storage room. 3 Q Storage room. 4 Plaintiff's Deposition Exhibit #46, 5 consisting of 1 sheet, marked for 6 identification and made a part of this 7 deposition. (Photograph) 8 A Where stuff was just crammed in without regard to 9 any semblance of correct storage. Now this is the 10 computer center, what was left of it. 11 MR. SMITH: Can I get a picture of that? 12 A The computers were just gone. There were eight 13 computers in there. They controlled all the 14 telephone systems throughout the entire building 15 and the TVs. This is the only computer left 16 (indicating). The rest of them I don't know where 17 they went. They were just gone. 18 Q They were in there when you turned the building 19 over in August 2009 right? 20 A Everything functioned a hundred percent. 21 Q And then when they abandoned the building, you 22 found out on the 15th that they were gone? 23 A I guess some students went in there and stole the 24 servers. I don't know. 25 Q But we don't know that, right? You just know that	195 1 itself was missing and there's just an empty cavity 2 there. 3 Q Yes. 4 A Some rooms were completely barren, no lamps, no 5 desks, no beds, no chairs, nothing, just the 6 carpet. 7 Q What is this a picture of, John? 8 A This is a picture of the outside of the building 9 once Lander took the locks. Now these were Inn on 10 the Square locks. I personally bought these locks 11 and installed them, but when Lander abandoned the 12 premises, they took the locks off with them. Why, 13 I'll never know. Now they did come back the next 14 day and replace the locks and give me the keys. 15 But for 48 hours there was no locks and the 16 building was unlocked and they took the locks with 17 them. 18 COURT REPORTER: That's 49. 19 MR. SMITH: Thank you. 20 Plaintiff's Deposition Exhibit #49, 21 consisting of 1 sheet, marked for 22 identification and made a part of this 23 deposition. (Photograph) 24 Q What is this a picture of, John? 25 A This is a picture of the bar area where we did the
194 1 it was in there — 2 A I just know they were missing. 3 Q Right. 4 A The servers were not there. I have no idea where 5 they were. 6 Plaintiff's Deposition Exhibit #47, 7 consisting of 1 sheet, marked for 8 identification and made a part of this 9 deposition. (Photograph) 10 MR. SMITH: That's marked as Plaintiff's 11 Forty-Seven. 12 A This is examples here, and I don't know if your 13 camera can pick it up, of the drawers. 14 Q Oh, yes. 15 A If you'll notice, the little knobs are missing, 16 broken off. 17 MR. SMITH: Just hold that out and let her 18 focus in on it. 19 A Yes. 20 Plaintiff's Deposition Exhibit #48, 21 consisting of 1 sheet, marked for 22 identification and made a part of this 23 deposition. (Photograph) 24 A You can see knobs missing, in some cases the 25 drawers ripped off the front, some cases the drawer	196 1 clean up, washed the glasses and that sort of 2 stuff. It just shows how nasty it was and all the 3 plumbing ripped out. 4 Q Okay. That was plumbing you had in there when it 5 arrived? 6 A Oh, yes. The bar was fully functional up to that 7 night. We closed it that night, gave it to Lander 8 the next day. In fact, we had the biggest party of 9 the year in there that night. It was our closing, 10 our grand closing. Half of Lander was there for 11 it. This is just where the stuff was chunked into 12 the basement. 13 MR. SMITH: Hold that up for the 14 videographer. 15 A And the chairs, sofas, lamps, tables, you name it, 16 just helter-skelter thrown in. 17 MR. SMITH: We'll mark that. 18 COURT REPORTER: That's Number 50. 19 Plaintiff's Deposition Exhibit #50, 20 consisting of 1 sheet, marked for 21 identification and made a part of this 22 deposition. (Photograph) 23 Q John, did you communicate your concerns for what 24 happened to Doug Bell after you gathered an 25 assessment of what you could determine at least

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1 initially the damages were?
 2 A I initially on the 15th went across to Doug Bell's
 3 office and I was very upset, very outraged and
 4 probably could say very unpleasant.
 5 Q Yes.
 6 A I was mad that he had not met me there as the first
 7 point of contact for Lander --
 8 Q Right.
 9 A -- along with Lander's team --
 10 Q Right.
 11 A -- to assess the damages.
 12 Q Yes.
 13 A I was upset the things that he personally he had
 14 assured me of the previous week --
 15 Q Right.
 16 A -- that when he and John Carter and I went through
 17 there and everything, they were going to be taken
 18 care of had not been taken care of.
 19 Q Like the windows? Were they fixed?
 20 A Yeah. Doug Bell was very defensive. He basically
 21 said you realize I'm just an attorney. They pay me
 22 to do what I do. And I said a few more words. He
 23 didn't say anything.
 24 Q Yes.
 25 A My wife was pulling me out of the office because

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1 Leonard was on the line with her telling her get
 2 him out of there.
 3 Q Right. This was back when you went over there
 4 after you saw this --
 5 A Yes.
 6 Q -- you went to Doug's office, Mr. Bell's office.
 7 MR. SMITH: We'll mark that.
 8 Plaintiff's Deposition Exhibit #51,
 9 consisting of 4 sheets, marked for
 10 identification and made a part of this
 11 deposition. (Letter July 11, 2011)
 12 Q What I've just marked as Plaintiff's Fifty-One here
 13 I'll ask that you take a look at this and see if
 14 you recognize that.
 15 A There's another one that I sent on the 18th of
 16 June.
 17 Q Oh, yes, hold on a second. Was it an e-mail one?
 18 A Yes, an e-mail to Doug Bell.
 19 Q Before we do that, let me mark this.
 20 MR. SMITH: This will be marked as Fifty-
 21 One --
 22 COURT REPORTER: Two..
 23 MR. SMITH: No, Fifty-Two, excuse me.
 24 Plaintiff's Deposition Exhibit #52,
 25 consisting of 4 sheets, marked for

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1 identification and made a part of this
 2 deposition. (E-mail June 18, '11 to Bell)
 3 Q So let's talk about Plaintiff's Fifty-Two. This is
 4 an e-mail, right?
 5 A This is three days after the inspection. Leonard
 6 Jordan made me calm down and cool down because I
 7 was just beside myself.
 8 Q At this point, how do you get back in business?
 9 A At this stage my biggest concern was there's no
 10 chance in me selling this to Atlanta.
 11 Q Right.
 12 A There's no chance. The only chance I've got is
 13 litigating the damages incurred to that facility.
 14 Q Now when you arrived in January 2005 and took over
 15 management, the hotel, the Inn on the Square that
 16 you found at that time, was it in this poor
 17 condition then?
 18 A No, not in this poor condition.
 19 Q Yes.
 20 A It was not in great condition.
 21 Q It could operate, right? It had --
 22 A Yes. It was operating, had guests now.
 23 Q Could you have guests in this building now --
 24 A No.
 25 Q -- at this time when you picked it up?

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1 A No. On the 18th, which was three days of Leonard
 2 Jordan's cooling down period, I wrote this e-mail
 3 to Doug Bell and you can read it.
 4 Q Yes, let's do this. I'm going to -- let's read it
 5 into the record and then we'll talk about it. I'll
 6 let you have your copy.
 7 A Basically, I was outlining my concerns and
 8 disenchantment.
 9 Q Sure. So this is June 18th, 10:52 a.m. It's an e-
 10 mail from John Huffman to Doug Bell, copying
 11 Leonard Jordan, John Carter and Todd Lucas, at
 12 10:52 a.m., and it's Subject is the Inn. "Doug, I
 13 requested two meetings prior to Lander turning over
 14 the facility to IOS on the 15th of June. The first
 15 was to conduct an initial inventory of furnishings
 16 which, as you recall, could not be done on the
 17 first visit because Lander had not removed their
 18 furnishings. I was informed their furnishings
 19 would be removed the following week but was never
 20 notified by you, as we agreed, when that event
 21 occurred and my e-mail inquiry to you was not
 22 answered. I conducted the inventory the following
 23 week and discussed with you and the maintenance
 24 personnel a walkthrough on the 15th of June for a
 25 final inspection and inventory prior to the

201 1 official turnover of the facility. At no point did 2 you or they inform me that you intended to abandon 3 the property on the 14th and leave it unsecured 4 after removing the front and back door locks which 5 were IOS property or warn me that you planned to 6 turn off the utilities on the 14th. You were fully 7 aware that I had a number of inspectors coming in 8 on the 15th and that I expected to do a joint 9 walkthrough with you and Lander representatives as 10 a part of the final inspection and that I planned 11 to transfer utilities to IOS at the end of the day 12 after assuming control of the facility. As for the 13 HVAC units, you were present on both occasions when 14 the rooms were found open, all of the HVAC units 15 operating at max capacity. I personally turned 16 each unit off on each occasion, informing you and 17 the manager that you were putting an overload on 18 the units because they could not possibly run 24/7 19 attempting to cool the entire building. On the 20 second occasion, I informed you that 12 of the 21 units were no longer operational. The manager 22 informed me the cleaning staff -- quote, cleaning 23 staff -- had turned the units back on and set them 24 at their lowest setting and left all of the doors 25 open. I informed him that these units were \$3,500	203 1 you and no other Lander representatives showed up 2 for the joint walkthrough and formal transfer of 3 the control of the property. As for what I am 4 asking for now, I suppose as of now, nothing. Both 5 you and Lander have shown that attempting to work 6 with and through you in a cordial and professional 7 manner is pointless. I now have control of the 8 building and will do what is necessary to bring the 9 building back into operation. At this point I am 10 informing you and Lander that I expect compensation 11 for the unnecessary time, labor, harm done to the 12 facility and systems therein by your negligent 13 actions. John." 14 A At that point in time I didn't want Lander within 15 50 feet of me. 16 Q Right. 17 A I had just had it with them. 18 Q This whole exchange which is depicted on Exhibit 19 Fifty-Two, you were the author of this and it was 20 between you and Mr. Bell, correct? 21 A That's correct. 22 Q And Exhibit Fifty-Two here, it accurately 23 represents the exchange that you had with Mr. Bell 24 by e-mail, does it not? 25 A It does.
202 1 a unit and could be damaged if not properly 2 operated and, furthermore, that one of the freezers 3 and two of the refrigerators appeared to be not 4 functioning. I further informed you that I would 5 have heat, air and refrigeration personnel do a 6 joint inspection of the units with Lander 7 representatives on the 15th of June prior to 8 assuming control of the property from Lander. As 9 for me appearing with my spouse, you are well aware 10 that she is one of the partners in IOS and as such 11 conducted the inventory of the furnishings. As 12 for, quote, planning for the lease expiration for 13 weeks, closed quote, I communicated to you as the 14 designated representative of Lander on each and 15 every occasion, both in writing and verbally, 16 confirming my intentions and the need for an 17 orderly transfer of the property back to IOS 18 control. As for the utilities, Lander did not 19 transfer the utilities to their name for over a 20 month after assuming control of the facility and 21 only after me reminding them to do so on several 22 occasions, so I do not understand the haste to turn 23 them off a day before turning the facility over to 24 IOS, other than to interfere with the scheduled 25 inspection. I assume this to be the case because	204 1 Q And you were the author of your transmissions and 2 you received Mr. Bell's transmissions from his e- 3 mail, correct? 4 A That's correct. 5 MR. SMITH: At this time I'll ask that 6 that be admitted into evidence. 7 Q Next is let's go to Fifty-One, and this is the -- 8 A This is after I had the time I go back into the Inn 9 and walk the rooms, assess the damage, try to get a 10 feel for what it would cost to get things up and 11 running again -- 12 Q Right. 13 A -- as a hotel. The group out of Atlanta had pulled 14 out of the deal. They were no longer interested. 15 Q And when you're doing this -- first, you mentioned 16 earlier that you gave the property or transferred 17 the property rather to the control of Lander you 18 did not cut the power off -- 19 A No. 20 Q -- and the water off? You left it and it was up to 21 them to transfer that into their name, is that 22 correct? 23 A I spent two weeks almost on a daily basis, from the 24 15th of August, I was up there three, four days a 25 week showing them the systems, showing them the

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1 operating controls, on and off valves, et cetera.
 2 They didn't switch the power till some time in
 3 September from their name -- from IOS' name to
 4 their name.
 5 Q To their name.
 6 A For three weeks.
 7 Q And why would you -- what's the reason for keeping
 8 the power on and not cutting it off?
 9 A Well, you can't grid down a building.
 10 Q Right.
 11 A If you do -- especially an older building.
 12 Q Yes.
 13 A All kinds of bad things can happen when you grid
 14 back up.
 15 Q Right.
 16 A Electrical circuits blow, pipes blow, joints blow.
 17 Q Right.
 18 A It's just -- I mean you can have 10 or \$20,000
 19 worth of damage.
 20 Q And it sounds like IOS paid the first month of
 21 utilities --
 22 A Actually, Lander actually did reimburse us.
 23 Q Oh, they reimbursed you, okay.
 24 A They reimbursed me. But it took them three or four
 25 weeks to switch it from IOS' name to their name.

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1 Q To their name, yes.
 2 A We actually went down and paid the bill, but they
 3 did reimburse me.
 4 Q Any explanation for why they didn't provide you the
 5 same courtesy and why they cut off the power and
 6 the water?
 7 A I asked Doug Bell that in the confrontation in his
 8 office. He said, I'm a lawyer who does what I'm
 9 paid to do.
 10 Q Yeah.
 11 A That's the only explanation I got.
 12 Q And I mean after this time did anybody from Lander
 13 ever come to see you about your concerns?
 14 A No.
 15 Q Never, no one?
 16 A None.
 17 Q Anybody offer any explanation about where your
 18 washer and dryer, industrial washer and dryer went?
 19 A No.
 20 Q Your fire hoses, TVs?
 21 A No. And this is, you know, I think this is what
 22 she was talking about earlier. You hear rumor,
 23 innuendo. I had students tell me, oh --
 24 MS. MEREDITH: I have been extremely
 25 lenient throughout this entire deposition, but

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1 I'm --
 2 A No, I --
 3 MR. SMITH: Well object if you want to
 4 object, but we're still going to answer the
 5 question.
 6 MS. MEREDITH: I believe at this point
 7 that we are at about quarter to four in the
 8 afternoon and I don't wish to start now, but
 9 the witness just indicated that he was aware he
 10 was about to testify to hearsay and I would
 11 prefer that we just try to keep this moving if
 12 we can.
 13 A Sure.
 14 MR. SMITH: And that's what we're doing.
 15 Thank you.
 16 A No, I don't know. I heard rumors and innuendo.
 17 Q Yeah.
 18 A I never seen it for my own eyes and never had any
 19 firsthand accounts of where the stuff went. But I
 20 will say the people I heard it from were pretty
 21 reliable.
 22 Q But all these materials, it was in their custody
 23 and control throughout the lifetime of the lease?
 24 A Yes.
 25 Q And you expected to receive those items back?

208

1 A Sure, yes.
 2 Q Exhibit Fifty-One, what is Exhibit Fifty-One?
 3 A This was a letter that I wrote to Doug Bell on 11
 4 July basically outlining ... inaudible ... deal and
 5 the damages that I had at that point in time. And
 6 what was still outstanding that I was waiting on
 7 bids for to bring the hotel back up. And asking
 8 basically to get me a representative from Lander --
 9 Q Right.
 10 A -- to sit down and get this straight. My intent at
 11 that point in time was still to try to open the
 12 hotel back up in lieu of allowing it to go into
 13 foreclosure.
 14 Q And you were looking for Lander to address some of
 15 the damages --
 16 A Sure.
 17 Q -- for the missing equipment, correct?
 18 A Right.
 19 Q I'm going to read this into the record and ask you
 20 some questions. But first of all, this letter is
 21 as you wrote it, correct?
 22 A Exactly.
 23 Q And you were the author of it?
 24 A I was.
 25 Q And Exhibit Fifty-One is a reproduction of the

209 1 original, but it reflects exactly what the original 2 stated? 3 A It is. 4 MR. SMITH: And I'll ask that that be 5 admitted into evidence. As with the rest of 6 these that you have authored and published and 7 created to publish in the record. 8 Q But your letter, John, of 11 July 2011, reads as 9 follows, to Doug Bell. "Mr. Bell, in August 2009, 10 I entered into negotiations in your office with 11 Diane Newton, Lander University Vice President, 12 Business Administration, to purchase the Inn on the 13 Square offered for sale by IOS, LLC, at a list 14 price of \$3.3 million. Ms. Newton agreed later 15 that Lander would purchase the Inn for \$2.3 16 million. You and Mrs. Newton then explained that 17 in order to obtain funding from the federal monies 18 granted to the State to complete the purchase, a 19 contract would be prepared by September of 2009 to 20 be presented to the State Budget and Control Board 21 in mid December of 2009 for a first reading, and 22 then be presented again in March of 2010 for a 23 final Board approval with a closing date in the 24 month of April 2010. Ms. Newton further proposed 25 that in the interim Lander lease the top two floors	211 1 pointed out that \$31,000 a month did not meet the 2 minimum mortgage and tax requirements of the 3 property, Ms. Newton assured me that if I would 4 agree to the new terms, Lander would make up the 5 shortfalls from the Foundation funds on the back 6 end, in essence, fund the \$20,000 a month shortfall 7 at closing. Based on this assurance, I met with 8 IOS, LLC mortgage holders and entered into 9 forbearance agreements to facilitate the lease and 10 the sale of the property to Lander. 11 Based on the assurances of you, the attorney 12 from the State Budget and Control Board, and Ms. 13 Newton, I then turned over operational control of 14 the Inn on the Square to Ms. Newton and Lander 15 University in mid August after removing some ten 16 beds at Ms. Newton's request. I point out at this 17 point the hotel was operating under the franchise 18 of Clarion Boutique Hotels and rated three stars 19 with a 4-star accommodations, with all equipment 20 fully inspected, up to code, and verified as 21 operational by Ms. Newton and her staff. I also 22 point out that Ms. Newton and Lander took over a 23 month after taking possession of the facility to 24 transfer utilities, electric, water, telephone, 25 garbage, sewage, et cetera, from IOS, LLC to Lander
210 1 of the building containing 48 rooms for \$51,000 a 2 month through the month of April 2010 to 3 accommodate the influx of students arriving at the 4 end of August 2009. When I expressed concerns 5 about the State Budget and Control Board not 6 approving the funds to purchase the Inn for student 7 housing, you and Ms. Newton further assured me that 8 if funding was not obtained by the federal funds 9 given to the State, Lander's Foundation would fund 10 the purchase in full. Based on these assurances by 11 you and Ms. Newton, I agreed that you, as Lander's 12 attorney, would deliver a contract to purchase to 13 IOS, LLC in the month of September 2009, to be 14 executed in April of 2010 with or without State 15 funding. It was also agreed that I would continue 16 to operate the pub and catered events on the first 17 floor. 18 Ms. Newton and an attorney for the State Budget 19 and Control Board met with me two days later to 20 negotiate the lease at which time I was informed I 21 would be required to close the pub, cease all event 22 operations on the first floor of the hotel and turn 23 over the entire facility to Lander for \$31,000 a 24 month at least through April 2010 in order to 25 facilitate the sale of the property. When I	212 1 University. 2 Upon my visits to the property over the 3 following two weeks, I found the facility in a 4 state of upheaval with furniture moved about in 5 stacks of piles while workers rushed about 6 preparing the facility for the arriving students. 7 Of particular concern for me was a For Sale sign in 8 the ballroom where furniture was stored after being 9 removed from the rooms, items being loaded onto 10 trucks and the fence around the pool torn down with 11 contractors filling the swimming pool. When I 12 confronted Ms. Newton with these issues, her 13 response was, what does it matter -- excuse me, 14 quote, what does it matter, we're buying the 15 building and everything in it, right, question 16 mark, closed quote. 17 In the middle of September I e-mailed Ms. 18 Newton to inquire about the status of the purchase 19 contract and was referred back to you where you 20 ignored my request for a status update. My 21 attorney, Leonard Jordan, then contacted you 22 throughout October, November and December 2009, and 23 into January, February and March of 2010, inquiring 24 about the contract to purchase, with no definitive 25 response from you. In April 2010, you notified

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1 IOS, LLC that under the terms of the lease, Lander
2 was renewing its lease for an additional year.
3 When I inquired about Lander paying the \$34,000 in
4 accrued property taxes due from their deferred
5 lease payment, I received no response from you.
6 When I attempted to contact Ms. Newton's
7 replacement concerning this matter, I was informed
8 that you were the sole contact for Lander for Inn
9 on the Square.

10 In March 2011, after repeated requests from
11 IOS, LLC to meet with Lander representatives to
12 discuss the purchase of the property, you informed
13 IOS, LLC that Lander was terminating the lease in
14 June of 2011. I made arrangements with you to do
15 an initial walkthrough of the property in May and
16 for a final inspection and inventory of property
17 with you and Lander representatives on 15 June
18 2011, to return the property to IOS, LLC control.
19 When I arrived on 15 June 2011, I found the power
20 and water turned off, the alarms blaring at full,
21 the front and rear door locks removed with the
22 building standing open to the public and all
23 emergency lighting burned out indicating the
24 electric grid had been shut down for an extended
25 period of time. Upon calling my attorney who

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1 system when the building was put into an abrupt
2 grid down situation. Damage from water and
3 electrical malfunctions which may result when the
4 building is powered back up. And elevator repairs.

5 "In the interim, an additional rental of
6 \$51,000 per month is claimed beginning on 16 of
7 June 2011, and ending 30 days after the above
8 monetary funds have been delivered in full to bring
9 the building back up to serviceable condition, and
10 \$68,000 for property taxes incurred by IOS, LLC at
11 \$34,000 per year for the two years of the lease
12 period.

13 I would appreciate Lander's response within
14 five days. Sincerely, John Huffman."

15 Did you get a response to you —

16 A No.

17 Q -- letter, Mr. Huffman?

18 A On August the 22nd, Leonard Jordan got a response.
19 I never heard anything from Doug Bell or Lander.

20 Q Did anybody at all ever offer to help you with the
21 situation that they left you in?

22 A No.

23 MS. MEREDITH: James, can we go off the
24 record?

25 MR. SMITH: Yes, sure.

214

1 called you, Lander maintenance personnel came by to
2 install new locks on the front and rear doors, but
3 neither you nor any other Lander representative
4 showed up for the final inspection inventory or to
5 formally turn over the control of the building to
6 me as the IOS, LLC representative. This is a
7 preliminary demand by IOS, LLC and me for
8 compensation from Lander University to bring the
9 building back to a serviceable and operational
10 condition. An initial inspection of the property
11 revealed the following missing items, property
12 deficiencies, which hinder our ability to reopen as
13 a hotel."

14 There is a lengthy list of items, many of which
15 were depicted in the pictures we showed earlier
16 that at that time you tallied on that third page to
17 \$339,262, plus labor and the work it would take to
18 fix many of that, which was an added \$8,500.

19 In addition to the above, the following items
20 are awaiting bids for repairs: Alterations made to
21 the windows which have voided the warranty by the
22 manufacturer. Fire hoses removed from the hallway
23 stairways. Damages to the fire detection system
24 when the building was put into an abrupt grid down
25 situation. Damages to the emergency lighting

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1 (OFF THE RECORD)

2 Plaintiff's Deposition Exhibit #53,
3 consisting of 2 sheets, marked for
4 identification and made a part of this
5 deposition. (Damages Summary)

6 Q John, I'm providing what has been marked as
7 Plaintiff's Fifty-Three and I'm going to ask if you
8 can identify it.

9 A Yes.

10 Q What is that document?

11 A This is a preliminary list of damages in the
12 building and costs to bring them back up.

13 Q So this is a -- it's entitled, Inn on the Square
14 Damages Summary. Is that what this is?

15 A Yes.

16 Q And these numbers, you were involved in preparing
17 these numbers?

18 A Yes.

19 Q And your 22 prior experiences of doing this from
20 1986 through 2009 being involved in this type of
21 work, you've had experience with placing windows,
22 fire hoses, detection systems, all those kinds of
23 things?

24 A Right. And the fact that most of the stuff I was
25 able to call the manufacturers who did the original

217

- 1 work.
 2 Q Right.
 3 A Like on the windows and that sort of stuff and ask
 4 them outright.
 5 Q Right.
 6 A And like the pool guy, you see what they did to the
 7 pool?
 8 Q Right.
 9 A Yes. What's it going to cost to fix it?
 10 Q Yeah.
 11 A So they gave me verbal estimates, which I wrote
 12 down —
 13 Q Right.
 14 A -- and followed up with written estimates.
 15 Q And you've spent much of your life renovating and
 16 fixing property and figuring out —
 17 A Oh, yes.
 18 Q -- what it was going to cost, right?
 19 A Twenty, 30 years.
 20 Q And so all the numbers on this page, these aren't
 21 numbers that you picked out of thin air, they're —
 22 A No. If you go down to the sheets and the TVs, this
 23 is actual prices we bought them from.
 24 Q Right.
 25 A You know we had the receipts and stuff.

218

- 1 Q Do you consider these numbers exorbitant in any
 2 way?
 3 A No. In fact, I don't think anybody could do it for
 4 these numbers --
 5 Q Right.
 6 A -- but me.
 7 Q Yes. So these are on the low end of the scale of
 8 what you think —
 9 A On the low end.
 10 Q -- of what it would cost to do it?
 11 A I would happily entertain you getting other
 12 estimates.
 13 Q Right.
 14 A They will come in much higher than this.
 15 Q And let's just go down briefly some of these, but
 16 in the end this Damages Summary accurately reflects
 17 the damages that IOS has suffered as a result of
 18 Lander's conduct?
 19 A Right.
 20 Q Is that correct?
 21 A Right.
 22 Q And I'm looking at Exhibit Fifty-Three. The
 23 windows, you have that for \$75,000. Is that where
 24 they were driving the nails in the windows?
 25 A Yes. They said they would have to strip out every

219

- 1 single window and replace the frame and put it back
 2 in there. He estimated about \$75,000.
 3 Q And the next entry is the fire hoses and you have
 4 that for \$8,000?
 5 A There are four stations. All four stations are
 6 gone. I forget the exact length of the fire hoses,
 7 but each one of them run in the neighborhood of
 8 \$2,000 a piece, so I wrote down \$8,000.
 9 Q And those weren't damaged, they were just gone --
 10 A Gone.
 11 Q -- they had been taken?
 12 A Yes.
 13 Q Is that right?
 14 A Gone. They were just absolutely gone.
 15 Q The fire detection system, that was we saw where
 16 they had inspected that, I believe, but --
 17 A Yes, they came in and give me a written estimate of
 18 that and went through the whole system. They said
 19 the system was burned out, diffused and could not
 20 be repaired, it would have to be replaced. So this
 21 is the price of a replacement system.
 22 Q Right. And energy lighting, what is that?
 23 A Same thing. The other system burned itself out.
 24 It just sat there and beat itself to death once
 25 they put the building in a grid-down situation.

220

- 1 Q And that was done by their shutting the —
 2 A Yes.
 3 Q -- building down, right?
 4 A Yes, shutting it down.
 5 Q Do you consider that to be a proper way to -- using
 6 due care in managing a building?
 7 A I've never heard of that being done in my 30 years
 8 in this business.
 9 Q Would you consider it irresponsible to do that?
 10 A I would consider it negligent, irresponsible and
 11 probably even leaning towards deliberate.
 12 Q Right. Elevator repairs, tell me about that.
 13 A Elevator repairs. The last year Lander did not
 14 maintain the elevator contract so, therefore, they
 15 went in there with their own people and done
 16 repairs. The elevator people wrote a letter to me,
 17 which I passed on to Lander, basically saying
 18 Lander would now assume all, what's the word,
 19 responsibility and liability for the elevators.
 20 Once I got the building back, I called them and
 21 said, what would it cost me to get my elevators
 22 inspected, back up and back on the state grid.
 23 They said approximately \$35,000 because the damage
 24 that Lander had done to the circuitry cannot be
 25 undone.

221 1 Q Right. 2 A The entire circuitry is going to have to be pulled 3 out and replaced and upgraded. 4 Q The security system replacement, why did that have 5 to be replaced? 6 A It burned out. The security system was the cameras 7 throughout the building. I had cameras inside, 8 parking lot, had monitors and all that stuff. They 9 are gone. Lander took them with them. 10 Q They were just taken? They are gone? 11 A Yes. 12 Q And the pool replacement, we've seen pictures of 13 that with the concrete filled in it? 14 A Yes. 15 Q Having a pool, was that important to your status -- 16 A Oh, yes. 17 Q -- with Clarion? 18 A I couldn't have got a 4-star status without it. 19 Q And so obviously you want it to be a 4-star 20 accommodations again, right? 21 A Of course. Plus a pool, if you don't have a pool, 22 that's a big draw. You know you really don't want 23 to not have one. 24 Q So that was \$68,000 to take all the concrete out 25 and get it back to working order?	223 1 death. When Doug Bell and I and John Carter went 2 through, apparently the cleaning crews -- and they 3 really weren't cleaning crews because they didn't 4 clean the hotel. They left the hotel trashed. 5 Q Right. 6 A They were really moving crews. 7 Q Right. 8 A But they had these air conditioners chopped down to 9 65 degrees, which is your lowest, and your doors 10 propped open, as they moved the furniture out, and 11 they just left them that way. So these things, 68 12 units -- 13 Q Right. 14 A -- sat there and beat themselves to death. I know 15 of 12 units that wasn't working. Had we got in 16 there with power to do the inspection, I would say 17 we would have found 20 or 25 units -- 18 Q Right. 19 A -- but we never did that. 20 Q And you know the next several items, again, there 21 is just more stuff that isn't broken, it's just not 22 there. You've got 14 missing beds, 14, you know, 23 mattresses weren't there, missing commercial dryer, 24 so they weren't broken, they were just equipment 25 that you turned over to Lander that they either --
222 1 A Yes, bring it back up to operating condition. 2 Q Telephone system. I think you testified that 3 didn't even -- it wasn't even on the wall anymore? 4 A They cannot repair that. It would have to be a 5 complete replacement. 6 Q I think the brain you said wasn't even there 7 anymore, right? 8 A Yes. What they call the control system, the 9 control center, was gone. 10 Q Kitchen repairs, that's just \$2,500. What was 11 that? 12 A That was the fire system over the stove and a 13 couple of other things had not been done, most of 14 them minor, roughly \$2,500, but you can't do them. 15 You have to hire them done -- 16 Q Right. 17 A -- by the experts. 18 Q And you know -- 19 A But their estimate to bring my kitchen back up was 20 about \$2,500. 21 Q -- any of these things you consider to be normal 22 wear and tear? 23 A None. 24 Q HVAC and refrigeration repairs, \$70,000. 25 A Yes. The units for two weeks beat themselves to	224 1 A Yes. 2 Q -- misappropriated, but it wasn't there when you -- 3 A That's right. 4 Q -- got it back. Okay. Again, two missing washing 5 machines, missing commercial carpet shampoo 6 machine? 7 A Yes. 8 Q Right? 9 A Yes. 10 Q Did you expect they had a duty to take care of all 11 this equipment that you left in their care and 12 custody? 13 A Oh, yes, yes. There's no question they were going 14 to use all the equipment. I turned it over and -- 15 Q Yes. It wasn't a part of the lease that they get 16 to keep this stuff, right? 17 A No. No, absolutely not. 18 Q Forty-eight missing shower curtains? 19 A Yes. 20 Q Repair water damage to the dining -- so we're back 21 to repairing some more damages. It looks like 22 there was a lot of water damage? 23 A Yes. 24 Q And how did you have that assessed? 25 A A lot of it was bringing the people in who would

225 1 actually tear the ceiling out, the plumbers who 2 would fix the plumbing and then repair the ceiling, 3 put it back on. 4 Q Okay. And repair -- the plumbing repairs? 5 A And I done that all the time, so it was not any 6 surprises there. 7 Q The next series of entries, 28 missing lamps, TVs 8 missing, armoires. These are all IOS property left 9 in their care which is gone now -- 10 A That's right. 11 Q -- when you come back, right? 12 A Yes. 13 Q And you know let's talk about that because I think 14 at some point it looked like that they were selling 15 it when they had moved in or selling some stuff, 16 right? 17 A Yes. 18 Q When you inquired about that they had a For Sale 19 sign on your property, what did they tell you about 20 it? 21 A They said we bought the building and everything in 22 it, so what's the problem? 23 Q Right. 24 A This is stuff that we didn't -- we don't need, so 25 we may as well sell it. It's too expensive to	227 1 that furniture aside and put it on one side of the 2 lobby -- 3 Q Yes. 4 A -- and I pointed this out to Diane Newton, this is 5 not hotel property, this is John Huffman's 6 property. 7 Q Yes. 8 A So she inquired about buying this property, would I 9 sell it to her and/or Lander. 10 Q All right. 11 A So I sold to Diane some furniture here. I sold to 12 Randy Bouknight a karaoke machine, a sound system 13 and a lighting system for \$2,500. 14 Q What time was that, during the transition -- 15 A Yes. 16 Q -- when they were taking the property over? 17 A That was during the -- 18 Q This wasn't later? 19 A No. 20 Q This was right when they were assuming -- 21 A This was during the turmoil of trying to get the 22 students in. I sold to a Lander maintenance man a 23 cigar -- 24 Q Humidor? 25 A -- humidor. I either sold it to him for \$600 or
226 1 store it. 2 Q Now you didn't sell -- you, yourself, didn't sell 3 any IOS property? 4 A No, no IOS property. 5 Q And there was some -- you know, Mr. Bell I think at 6 one time tried to say that you had sold -- the 7 reason this property was missing because you had 8 sold it? 9 A Yes. 10 Q And what do you say about that? 11 A Well, when I first took over the hotel in 2005, 12 there were several lease -- furniture leasing 13 things outstanding. I went in and negotiated those 14 -- 15 Q Right. 16 A -- and in one instance I bought the property 17 myself, wrote a personal check, John Huffman, and 18 purchased the property. It was John Huffman 19 property in the hotel. At some point in time, the 20 intention was IOS was going to purchase it back 21 from me -- 22 Q Right. 23 A -- because they were using that furniture. 24 Q Right. 25 A When we leased/sold the hotel to Lander, I pulled	228 1 \$800. And I sold to one of the -- Diane's female 2 people that worked in housing a Jager machine, that 3 freezes your Jager shots -- 4 Q Oh, yes. 5 A -- for \$300. So there were several pieces of 6 property that I owned outside of IOS that I had 7 pulled aside and made Diane Newton aware of. A lot 8 of that property I sold to her or her staff. The 9 rest of it I moved out. 10 Q Okay. 11 Plaintiff's Deposition Exhibit #54, 12 consisting of 1 sheet, marked for 13 identification and made a part of this 14 deposition. (Furniture Invoice) 15 Q So take a look at what's been marked Plaintiff's 16 Exhibit Fifty-Four and I ask if you can identify 17 that for me? 18 A Yes. 19 Q What's that? 20 A This is the furniture that I sold to Diane Newton. 21 Q Okay. And whose handwriting is that? 22 A That's mine and Diane. 23 Q And like when listing out all the things here it 24 says: 5 couches, 10 wingbacks, 15 club, 23 25 armchairs, 110 pictures, all those things right

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- 1 there?
 2 A Yes.
 3 Q Well, it looks like Sold by IOS, but this says
 4 signed John Huffman, manager. Purchased by Lander.
 5 A Yes.
 6 Q And tell me about that. Tell me is that Diane's
 7 signature?
 8 A Yes, it is Diane's signature.
 9 Q And did she pay you that \$1,520?
 10 A Yes, she did.
 11 Q Okay. Now that's separate. Was this considered
 12 IOS furniture at the time?
 13 A No. At the time it was considered my furniture and
 14 I sold it under IOS because IOS was under
 15 obligation to buy it from me —
 16 Q Right.
 17 A — for \$5,000.
 18 Q Okay.
 19 A And it had been used for three years.
 20 Q Right.
 21 A So at some point in time IOS owed me \$5,000 for the
 22 furniture, so I put the money back into IOS and
 23 used it with the understanding IOS would reimburse
 24 me.
 25 Q Okay.

230

- 1 A They never did.
 2 Q Never did.
 3 A Now the karaoke machine, the sound machine, the
 4 lighting machine, Randy Bouknight wrote a check
 5 directly to me --
 6 Q Okay.
 7 A -- to John Huffman.
 8 Q Right.
 9 A I put that money in my pocket.
 10 Q Yes.
 11 A The humidor, I put that money in my pocket.
 12 Q Yes.
 13 A And the Jagermeister machine, I put that money in
 14 my pocket.
 15 Q So when you were —
 16 A That was not -- I did not put that back in IOS.
 17 Q Right. And so let's look at -- when we're looking
 18 back at Exhibit Fifty-Three, your damages, the IOS
 19 Inn on the Square Damages, none of the items listed
 20 on Fifty-Four, which is this sale agreement between
 21 you and Diane Newton, and none of the other
 22 property that you mentioned that you have sold to
 23 individual people, you're not claiming any of those
 24 —
 25 A No.

231

- 1 Q -- as damages?
 2 A No. This was outside of that. All of this
 3 furniture right here was packed up into a truck and
 4 carried to the Lander lounges and student housing
 5 area.
 6 Q And this was back in '09 when you all moved in?
 7 A Yes. It was the 21st, six days after they had
 8 taken control of it.
 9 Q And your assessment of what was missing here, you
 10 know, the year and a half later —
 11 A Was in the hotel.
 12 Q Right. And so none of that -- you're not claiming
 13 any —
 14 A No.
 15 Q -- personal property or any other property —
 16 A No.
 17 Q -- that you sold as damages in this case —
 18 A No.
 19 Q -- right?
 20 A Totally different.
 21 Q Okay. And so the list you created in Fifty —
 22 A All this furniture was in the rooms.
 23 Q Right.
 24 A This furniture was in the lobby.
 25 Q Okay. There was an ice maker for the bar, right?

232

- 1 A Right.
 2 Q That was missing, right? Was it broken or damaged
 3 or was it just gone?
 4 A It was operating the night of August the 15th, the
 5 last time we operated the bar.
 6 Q Right. And when you all had the party there,
 7 right?
 8 A And I had actually seen it on several occasions on
 9 my inspections after that.
 10 Q Yes.
 11 A I came through about every five to six weeks and
 12 inspected the property the first year.
 13 Q Yes.
 14 A And the ice maker was there. So the ice maker went
 15 missing some time the second year.
 16 Q Right. But when you took it back over, you
 17 expected all the missing property to be there,
 18 right?
 19 A Yes. My maintenance man, when he had it for that
 20 year, wouldn't let nothing leave that building.
 21 Q Right.
 22 A He would -- I mean you couldn't walk out of the
 23 door with a flyswatter.
 24 Q Right.
 25 A He would have you. The second year it was

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- 1 anybody's guess. Once I relinquished full control
2 to Lander, I had no control of what went in and
3 went out.
- 4 Q Right. So with the building in the condition it
5 was in when Lander abandoned the place, were you in
6 a position to take it over and start to get back to
7 where you were as a hotel?
- 8 A Oh, no. Goodness no.
- 9 Q I mean what did you do, John? What —
- 10 A I tried my best to meet with Lander and negotiate
11 something in a time frame to get the hotel back up,
12 working. I met with the lenders trying to buy time
13 to stay off of foreclosure. I did everything I
14 could feasibly do to try to -- to try to be able to
15 save the property.
- 16 Q Right.
- 17 A Lander showed no cooperation, refused to meet with
18 me, refused to talk with me. The lenders gave me
19 several, several months.
- 20 Q Yes. They were trying to work with you, right?
- 21 A The lenders were really on my side.
- 22 Q Yes.
- 23 A And I had a lot of credibility with the lenders.
- 24 Q Yes.
- 25 A But at some point in time they just said, Huffman,

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- 1 you're full of shit. We have to do what we've got
2 to do.
- 3 Q Right.
- 4 A And so they started their foreclosure and I don't
5 blame them.
- 6 Q Right.
- 7 A Because I knew by then Lander wasn't doing nothing.
- 8 Q Right. So why did you go in foreclosure? What
9 caused you to go in foreclosure?
- 10 A Because I could not reopen and I did not have the
11 funds to reopen and I couldn't sell my building in
12 the condition it was in, so I had no options. I
13 couldn't open. I couldn't reopen as a hotel. With
14 the damages, I couldn't sell the building with the
15 damages. And I couldn't pay the mortgages with the
16 hotel not functioning.
- 17 Q Right.
- 18 A So I had nowhere to go except foreclosure and
19 personal bankruptcy.
- 20 Q Right.
- 21 A And that's -- that's where we went.
- 22 Q And in your entire lifetime, in 22 prior
23 redevelopment efforts in the years that you are in
24 this business has that ever -- have you ever been
25 faced with a situation like that?

235

- 1 A Never, never.
- 2 Q And is there any other reason why or any other
3 potential cause to your going into foreclosure?
- 4 A I became paranoid at some point in time. I found
5 out that Doug Bell was talking to the Business
6 Carolina attorneys behind our back. This came up
7 with a slip that he made to us in a meeting. Also,
8 I thought that Doug had found out that the first
9 mortgage was around \$900,000, that I had
10 negotiated, so that Doug Bell was personally on
11 Lander's behalf trying to put us in foreclosure so
12 he could go to Business Carolina and buy that
13 property for Lander for \$900,000. I honestly
14 believed that at the end, especially when he
15 stopped cooperating with us trying to work with the
16 group out of Atlanta and mentioned the Foundation
17 buying the property and leasing it back to the
18 housing. The Foundation could have bought the
19 property any time they wanted to in the whole two
20 years. In fact, were obligated to buy it --
- 21 Q Right.
- 22 A -- if the Obama money didn't come through.
- 23 Q Right.
- 24 A So I thought that was an awful stupid comment for
25 him to make. And he definitely did not want me to

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- 1 sell that property. He done everything he could
2 personally to prevent us from selling that property
3 through three different potential buyers.
- 4 Q After Tom Covar and Mr. Bell became your point of
5 contact with Lander, do you feel like they were
6 negotiating, working with you in good faith?
- 7 A Tom Covar was. I will die on my saber and say Tom
8 Covar is a fine, honest, upstanding, sincere young
9 man. I will tell you he never, ever gave me doubt
10 about anything. He was not up to snuff, but when
11 he wasn't, he would run back and try to get that
12 way.
- 13 Q Did he —
- 14 A Nothing he ever told me to be wrong, proved to be
15 wrong, false or untrue. Nothing Doug Bell ever
16 told me turned out to be true or correct.
17 Everything Doug Bell told me was false and he lied.
18 As far as Diane Newton, I fully believe that had
19 Diane Newton stayed there and not gone to Arkansas,
20 Lander would have bought that property. She really
21 wanted it. I don't know what the hell happened
22 when she left.
- 23 Q Yes.
- 24 A But the whole deal went south.
- 25 Q Well, you had received multiple reassurances in

237 1 your testimony that they continued to show 2 interest, even after she left and Covar expressed 3 that they had an interest of still making sure the 4 sale went through, is that correct? 5 A That's correct. I never received any indication 6 that Lander was not going to purchase that property 7 until that letter the 24th of February 2011 when 8 they said they would not renew or exercise their 9 option. That is the first and only time Lander 10 ever indicated they were not going forward with the 11 lease/purchase. 12 Q Now IOS had worked for years to turn this place 13 around under your leadership and it had built up 14 some equity, is that correct? 15 A Yes. I think the hotel would have sold at \$3.3 16 million, probably \$2.8, \$2.9, and that sort of 17 thing. We owed about \$2,000,000 on it at the time. 18 To sell it to Lander for \$2.3 million, we were 19 still taking \$300,000 equity out of it, which I 20 didn't want to do, but the partners did. 21 Q Right. 22 A They were just sick of it. They had put money into 23 it. 24 Q Yes. 25 A We had gone through a rough year, 2008 and '09,	239 1 the other two buyers I was working with. Lander 2 stepped up, a credible buyer, take the money and 3 run. 4 Q Right. 5 A The partnership was just get me out of here. 6 Q Sure. 7 A They didn't care. 8 Q And you thought very clearly you had a deal that 9 you acted on to sell the property at \$2.3 million 10 with specific terms? 11 A I did it at their direction, not at — 12 Q Right. 13 A I disagreed with it, but I didn't have a vote. 14 Q Right. 15 A I honestly thought that we could hold out 2.8 and 16 2.9 with one of the other two buyers and make a 17 good profit. But like I say, I've been in 18 partnerships. They were just burned out, used up, 19 beat up, and we were going back through another 20 hard time. 21 Q Right. 22 A Those guys had just been through the mill. They 23 just — show them \$200,000. Tell them they are out 24 of the trap. I'm out of here. 25 Q So you are asking the jury to award you damages to
238 1 with a downturn in the economy. We were back to 2 struggling again. They just wanted out. 3 Q Right. 4 A Don't tell me about the chase anymore, just get me 5 out of the trap. 6 Q Right. 7 A So I was -- they were going to give me \$110,000 8 selling fee — 9 Q Right. 10 A -- and they were going to take the other \$200,000 11 and split it and walk out. And I said, it's your 12 property. And I didn't want to do it. 13 Q Right. 14 A I thought we could get more, but that was their 15 decision. 16 Q But the \$2.3 million sale would have realized to 17 IOS a — 18 A It would have got everybody — 19 Q -- \$300,000 -- 20 A -- their money back, plus a hundred and -- I 21 believe it was actually \$110,000 commission to me. 22 I thought it was a poor deal, but sometimes you 23 take the bird in hand. 24 Q Right. 25 A I was still -- I thought I could sell it to one of	240 1 the property and to the missing property, which is 2 on your damage summary totals \$590,262, correct? 3 A Correct. 4 Q And that accurately reflects the damages suffered 5 by Inn on the Square? 6 A That would have reopened the Inn on the Square. 7 Q Right. And then you're asking also for the loss in 8 equity because your loss of the benefit of the 9 bargain that you would have gotten, should have 10 gotten if they had complied with -- both if they 11 had complied with their obligation to purchase, and 12 if they had simply not destroyed the place you 13 could have still sold it? 14 A Yes. 15 Q And then you're asking \$300,000 in the loss of 16 equity? 17 A That's correct. That's what we would have made had 18 Lander closed on the deal. 19 Q Right. 20 A Three hundred thousand. 21 Q And you also are demanding lost profits, that you 22 had a going concern? 23 A Yes. 24 Q It was a profitable concern. 25 A If I could have reopened as a 4-star boutique hotel

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- 1 under Clarion's banner, yes.
 2 Q And so for a total damages to IOS you are seeking
 3 \$1,490,262, correct?
 4 A Correct.
 5 Q And this document, which has been marked as
 6 Plaintiff's Exhibit Fifty-Three, accurately
 7 reflects the damages that IOS has suffered because
 8 of the conduct of Lander?
 9 A Yes.
 10 MR. SMITH: I will ask that that be
 11 admitted as their Plaintiff's Damage Summary.
 12 Q Going back through some of these for admission
 13 purposes, John.
 14 MS. MEREDITH: I believe, at least for the
 15 purposes of that document, that I would consent
 16 that that is his estimate of what he believes
 17 the damages are, but not what accurately the
 18 damages are as reflected on any sort of
 19 estimate that's ever been produced to us in
 20 discovery.
 21 MR. SMITH: Right. Well, I think he's
 22 competent to testify to his own damages, but
 23 you know I'll look forward to addressing that
 24 and of course we'll have much more to provide
 25 at trial.

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- 1 Q This is Plaintiff's Fifty-One, your demand letter
 2 which recited what occurred. Again, you wrote
 3 that, it accurately reflects what you wrote, you
 4 authored it?
 5 A Yes.
 6 MR. SMITH: I ask that that be admitted
 7 into evidence.
 8 Q Fifty-Two, Plaintiff's Fifty-Two, which is the e-
 9 mail of June 18th, this is the e-mail accurately
 10 reproduced and it's your authorship.
 11 MR. SMITH: And I ask that that be
 12 admitted, as well, into evidence.
 13 Q The same with Twenty-Nine, which is also your
 14 authorship?
 15 A Yes.
 16 MR. SMITH: And admitted into evidence, as
 17 well.
 18 Q And lastly, the Plaintiff's Fifty-Four, which is
 19 this invoice between you and Mrs. Diane Newton,
 20 that's authored by you, signed by you, correct?
 21 A Yes.
 22 MR. SMITH: And I ask that to be admitted
 23 into evidence, as well.
 24 Q Having been penned by yourself and signed by
 25 yourself.

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- 1 A Yes.
 2 Q All of the property, John, that you've testified to
 3 that is missing, did you authorize Lander or any of
 4 their representatives to take that property into
 5 their own custody at anytime?
 6 A At no time. In fact, when I seen it was happening,
 7 I stopped it, that's why all the other stuff ended
 8 up thrown into the basement and chunked into the
 9 basement. I explained to Diane that that could not
 10 be done without Business Carolina and the other
 11 lenders and IOS, LLC's, approval --
 12 Q Right.
 13 A -- in writing. And I explained to her what I had
 14 to go through to sell the ten beds that she did not
 15 want.
 16 Q Right.
 17 A I had to get IOS approval, had to get the lender's
 18 approval and to sell those ten beds.
 19 Q Right. And so when all these actions were taken by
 20 Lander as you've testified to to sell the property,
 21 to fill in the pool, to make alterations to the
 22 rooms, to rip out the plumbing in the bar, you
 23 know, was that permitted alterations under the
 24 lease?
 25 A No. Not only did they ever ask, they just did it.

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- 1 Q Right. And they did it because of why? Why was it
 2 done?
 3 A Well, the pool; they told me that they thought the
 4 pool was a hazard to the students, a student might
 5 fall in and drown.
 6 Q Right.
 7 A The furniture that they were selling and later on
 8 chunked in the basement, initially she said she
 9 thought they were going to use all the furniture
 10 and initially I was responsible for moving the
 11 furniture and storing it that they didn't want,
 12 which encompassed ten beds. Later on she found out
 13 a lot more stuff wasn't needed. Since I could not
 14 move it or store it at my expense, she figured that
 15 since she owned it, she would just sell it.
 16 Q Right.
 17 A Because it wasn't worth them storing neither. As
 18 far as the bar, it was leaking water across the
 19 whole bar room floor, so they went in and somehow
 20 turned out the water and ripped all the plumbing
 21 out I guess with the intention of repairing it, but
 22 in two years they never did.
 23 Q Right. So you testified that there was an oral
 24 contract to purchase, which is the reason why you
 25 were induced to sign the lease, but it was their

245 1 conduct -- by their conduct after that they showed 2 that they -- they behaved like they owned the 3 property, right? 4 A Their conduct and their statements. Diane -- not 5 only did they treat the property like it was their 6 own, they announced on TV that they had purchased 7 the property as student housing. And Diane on at 8 least three, possibly five occasions, stated to me 9 in front of witnesses, well, we bought the whole 10 damn building and everything in it, so what's the 11 problem. 12 Q Now so assume for a moment there was never an offer 13 to purchase, that it was never even contemplated a 14 purchase, that all you had in terms of a 15 relationship between you, IOS rather, and Lander 16 was the lease that's Plaintiff's Exhibit Ten. The 17 lease that is signed, the four corners of the 18 document, is a lease that provides that they are 19 supposed to return everything to you in good 20 working order. 21 A I would not -- I would not have leased those 48 22 rooms to Lander for a hundred student beds at 23 \$51,000 a month. 24 Q Right. I'm just saying that even assuming there 25 was no offer.	247 1 purchase, they still had a duty to you as the 2 landlord, right? 3 A Oh, absolutely. 4 Q And what was that duty? 5 A That duty was to operate that property on the terms 6 of that lease and return that property to me under 7 fair wear and tear conditions. 8 Q Yes. And did they do that? 9 A No. 10 Q And the damages that you suffered are all of the 11 damages that you have already identified on 12 Plaintiff's Exhibit Fifty-Three? 13 A That's correct. 14 Q In entering the lease and signing the lease, did 15 you rely on the statements made by Diane Newton 16 about her promise to purchase the Inn on behalf of 17 Lander? 18 A Absolutely. I would have never entered a lease 19 under any circumstances for student housing without 20 a purchase. 21 Q And did she advise you that she was the -- a 22 representative from Lander with the authority to 23 make that representation? 24 A She did indeed, yes. 25 Q And how did you know that?
246 1 A Yes. 2 Q It didn't exist and all you had was a lease. 3 A Right. 4 Q Let me finish my question. Assume all you had was 5 this lease, Exhibit Ten. Are they permitted to 6 damage and take the materials that were taken? 7 A Oh, no, absolutely not. 8 Q So even under the lease agreement, do you consider 9 that they breached the terms of the lease? 10 A Oh, absolutely. 11 Q In what ways? 12 A Oh, every way. 13 Q Yes. 14 A Everything they did was a breach of that lease. 15 Q Right. In terms of the damages to the property 16 that you've testified to? 17 A Yes. 18 Q You don't consider any of those to be normal wear 19 and tear? 20 A No. 21 Q How about in terms of taking property for their own 22 use, do you consider that valid and permissible 23 under the lease? 24 A No, not at all. 25 Q So even if you couldn't prove a contract to	248 1 A She told me that and showed me her business card. 2 She also represented to me that she and Doug Bell 3 were on the Foundation and could certify funds for 4 their and those funds would be used if the Obama 5 money didn't come through because I wouldn't have 6 entered into a lease just on the assurance that 7 Lander was going to buy it in April with Obama 8 money. 9 Q Right. 10 A Because I knew our Governor wasn't taking no Obama 11 money. 12 Q At the time these representations were made to you, 13 was there any reason that you had that would fall 14 into suspicions I mean of the veracity of what they 15 were telling you? 16 A Never. The only time I started getting uneasy was 17 after Diane left and -- 18 Q That's already after you signed the lease though, 19 right? 20 A Oh, yes. 21 Q I mean the deal is done for you. 22 A The only time I ever become uneasy is when Tom 23 Covar left and Doug Bell became the point of 24 contact. 25 Q And but at the time when you were asked to sign and

249 1 the promises made to you, you had no reason not to 2 believe the truth of the statements they were 3 making to you? 4 A No. In fact, I believed them unequivocally. I 5 knew Lander to be an upstanding, honest, 6 straightforward organization that I had dealt with 7 for, what, four years, and never had a problem 8 with. They rented facilities in my hotel. Half 9 their students were in my bar every night. They 10 rented facilities from us. They had wine tastings, 11 cheese tastings there. They did events there. 12 They were fine, upstanding people. I was proud to 13 call them my friends. 14 Q And at the time I mean you -- 15 A I never ever had a problem with Lander. 16 Q Right. And at the time you think that they -- they 17 in fact believed that they were going to be able to 18 do this? It wasn't -- 19 A They were excited. 20 Q Yes. 21 A From the top down. They were genuinely excited 22 about getting the Inn as student housing. 23 Q Right. 24 A On TV, to hear them talk on TV, the newspaper, the 25 -- all the students coming in and out, their	251 1 Q Right. 2 A -- those representations to me. What was there for 3 me to doubt? You've got her that's supposed to be 4 the Lander rep. You've got the Lander attorney 5 there making notes of everything that's said. 6 You've got her assistant sitting there agreeing. 7 Why would I have any doubts that this was not what 8 she was representing it to be? 9 Q Right. And when you later learned that you had to 10 have a State typed up format lease, and when you 11 later learned that you were required to have all of 12 these other additional approvals, do you consider 13 it to be irresponsible for Diane and others to make 14 those representations with all of those hoops in 15 place and not making it clear? 16 A At the time I felt Diane Newton and Lander were a 17 victim, the same as me, that Diane thought that 18 they had come in there and put the property under 19 lease with a purchase. 20 Q Right. 21 A And Doug Bell in fact was supposedly drawing that 22 up. 23 Q Right. 24 A I felt like Lander, slash, Diane Newton, got blind- 25 sided by the Budget and Control Board, i.e., those
250 1 banners. They were as happy as they could be. 2 They thought they had really pulled a good coup in 3 getting Lander on the Square and so did I. 4 Q Yes. 5 A I thought they made a heck of a deal. 6 Q Yes. 7 A I mean to me this was a win/win/win situation. 8 Everybody was happy. I was happy for them. I was 9 happy for the partnership. I was happy for the 10 students. I mean what kind of better deal is there 11 than everybody is happy. 12 Q Do you think that when Ms. Newton made the 13 representations to you that Lander would purchase, 14 and multiple representations throughout this, that 15 they would purchase the Inn on the Square, do you 16 think that she used due care in making those 17 statements, knowing that she had all of the 18 information necessary to make that commitment? 19 A At the time I never questioned her. Later on I 20 seen some documentation that would indicate she may 21 not have had that kind of authority, but at the 22 time, I did not doubt her authority. I did not 23 doubt Randy Bouknight's authority. I did not doubt 24 Doug Bell, the University's attorney sitting at the 25 table hearing her making --	252 1 thugs in Columbia. 2 Q And by "those thugs" -- 3 A Those bureaucrats. Because she came to me 4 absolutely in a panic. 5 Q Yes. 6 A Oh, my, God, I did not know this. We have to do -- 7 and she was presented as she was learning as she 8 went along and I was working with her trying to go 9 through this to make the deal work. So no, I 10 didn't doubt her or blame her. 11 Q Now she was Landers' Vice President of Business and 12 Administration, but should she have known better? 13 Shouldn't she have known those things? 14 A I don't know. She was so high muckety-muck. And 15 Lander, and her attorney, Lander's attorney, was 16 sitting next to her. What was I to doubt? She in 17 fact ain't who she is representing herself to be? 18 Q Right. Well, the representations made by her on 19 Lander's behalf to purchase didn't come to 20 fruition? 21 A Yes. But I say again, had she stayed, Lander would 22 own Lander on the Square today and it would be 23 student housing. She was so enthused and excited 24 about that property. I cannot image -- when she 25 left, whoever the powers that be in Lander, whoever

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1 decided they did not want to do that. When they
2 decided, I don't know. How they decided and why
3 they decided, I don't know. I do know an appraisal
4 was never obtained of that property, never.

5 Q Yes.

6 A Lander never did an appraisal. They did do an
7 environmental assessment and they did do a building
8 assessment. They never did an appraisal. They
9 tried to pass one off which even when I confronted
10 Doug Bell about it, admitted that it was phoney.

11 Q Right. And why was it phoney?

12 A Because he was trying to beat the price down.

13 Q Okay. But what made it not a valid appraisal?

14 A It was not done by a valid appraiser on a three-
15 step commercial appraisal value. I had one which I
16 had provided to them for \$2.3 million. I figured
17 the property with the 670 we put in was going to
18 appraise somewhere between 3 million and 3.3
19 million.

20 Q And what did it appraise at?

21 A Eight hundred thousand was coincided with what the
22 first mortgage was —

23 Q That was their appraisal?

24 A Yes.

25 Q Yes.

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1 A But it was not an appraisal, but they tried -- Doug
2 Bell tried to foster it off as an appraisal until
3 confronted and then he admitted it was not an
4 appraisal. It was a phoney one.

5 Q John, did Lander owe a duty of due care in
6 surrendering the Inn to you when the lease ran out?

7 MS. MEREDITH: I think that calls for a
8 legal —

9 A Unquestionably.

10 MS. MEREDITH: -- conclusion. You can
11 rephrase the question I believe would cure
12 that.

13 A I think the lease -- the lease pretty much points
14 that out.

15 Q But what did you expect -- how did you expect
16 Lander to act —

17 A I expected them —

18 Q Wait, let me finish my question. How did you
19 expect Lander to act when handing over ownership of
20 the property back to you or the tenancy back to
21 you?

22 A I thought they would come down with their experts
23 who would marry up with my experts. Together we
24 would go through the building, do a joint inventory
25 and a joint appraisal of the property, the damages,

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1 and sit down in a meeting, possibly in Doug Bell's
2 office, come to an agreed upon end settlement and
3 they would turn the keys and the operational
4 control of the building back over to me in a very
5 amicable fashion as I had turned it over to them.

6 Q Do you think by not showing up at all to that event
7 is that using due care?

8 A I think that was spitting in my face.

9 Q Yeah. Did you feel insulted?

10 A I think that was personal contempt and I took it
11 that way.

12 Q Do you feel like failing to restore alterations
13 that were made to the Inn, do you feel like that
14 that was using due care in surrendering the
15 property to —

16 A No. It was very immaturish, very stupid and I
17 cannot even begin to explain to you why they would
18 even in their professional conduct act accordingly.

19 Q And I mean, John, I mean surely, I mean, did you do
20 anything that would cause them to treat you like
21 this?

22 A Doug Bell and I had many altercations and run-ins
23 over the months. Doug Bell was the one and only
24 point of contact. It was very well-known that I
25 had no respect or like for Doug Bell and apparently

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1 he didn't like or respect me either because I would
2 get in his face.

3 Q Okay. But when it started out, when you got into
4 this agreement and you started in August of 2009,
5 you know, was there any animosity there?

6 A No. I didn't know Doug. Throughout Diane's
7 tenure, if Doug Bell said five words, I didn't hear
8 them.

9 Q Yes.

10 A The only -- I don't know that he ever spoke to me.
11 He always spoke to Diane or clarified things with
12 Diane. He sat at the head of the table, I sat
13 there, Diane sat there. The two of us discussed,
14 he made notes and he would clarify with Diane. I
15 don't think Doug Bell and I ever had a one sentence
16 conversation. When Diane left -- now I started
17 pressuring Diane who basically started saying call
18 Doug Bell.

19 Q Right.

20 A And I started calling Doug Bell, e-mailing Doug
21 Bell, and having my attorney do that, chasing this
22 purchase.

23 Q Right.

24 A Now I'm not somebody you can ignore easily. Give
25 me the courtesy of talking back to me.

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- 1 Q Yes.
 2 A Doug Bell did not do that, so I left several rather
 3 sharp messages and e-mails —
 4 Q Right.
 5 A -- to him stating that. You know at least be a
 6 professional. If you are going to be the attorney
 7 for Lander, give me the courtesy or my attorney the
 8 courtesy of replying.
 9 Q And so during this time when you were serving as
 10 the landlord or IOS' landlord and you're the
 11 manager for IOS, is there anything that -- any
 12 complaint made by the tenant, Lander, anything that
 13 they complained about that you didn't respond to or
 14 didn't handle properly?
 15 A No, not a thing. Everything Lander asked us to do
 16 within reason, we did and did very quickly and
 17 usually the same day. Now there were several
 18 things for Lander I refused to do, like put in
 19 another elevator for \$35,000.
 20 Q Right.
 21 A And there were, I can't remember offhand, several
 22 other things that cost 5, 6, 8 \$10,000, that I just
 23 refused to do.
 24 Q Yes.
 25 A That they wanted me to do and up the price on the

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- 1 back end.
 2 Q Yes. So they were always you spend the money —
 3 A Yes.
 4 Q -- on these repairs or upfits and we'll give it
 5 back to you on the purchase?
 6 A
 7 A Diane was a very go-getter type person. She was
 8 go, go, go, go. She was excited about this. She
 9 wanted to do all these marvelous things —
 10 Q Right.
 11 A -- and make it all a done deal in April. I had an
 12 attorney over there who had me on a short leash,
 13 basically telling me you have done too much
 14 right now. You ain't doing another thing unless
 15 you got it in writing. And so Diane got frustrated
 16 with Doug Bell and started having me and Leonard
 17 bypass her to go to Doug Bell.
 18 Q Right.
 19 A And Leonard and I were getting no further with Doug
 20 Bell than she was.
 21 Q Right.
 22 A We simply were not communicating or getting
 23 answers.
 24 Q And so when surrendering the Inn, when Lander was
 25 to surrender the Inn to IOS, when they, as you
 testified, abandoned the Inn leaving it open and

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- 1 unsecured for a period of time, of days, do you
 2 feel like that was meeting their duty of due care
 3 and --
 4 A No.
 5 Q -- responsibility?
 6 A I think it was very unprofessional, certainly
 7 outside the conduct of any responsible business
 8 person and entity. And no, by no means, shape or
 9 form did I consider that as a professional job.
 10 Q When you handed the Inn over in August of 2009, to
 11 Lander, did you at any time leave it unsecured or
 12 unpowered or —
 13 A Oh, no. And I spent the next two weeks with
 14 Landers' maintenance personnel, administrative
 15 personnel, going through here's the water shutoffs,
 16 here's the electrical panels, here's the elevator
 17 box, here's this, here's that. I mean like I say,
 18 we even left the power on in our name for three or
 19 four weeks until they could get it turned on in
 20 their name.
 21 Q Yes.
 22 A And paid the bill.
 23 Q Now all of the missing items that you testified to
 24 earlier, the substantial numbers of equipment and
 25 furniture, the missing items, those were in the

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- 1 custody and care of Lander at this time, right?
 2 A They were in Lander's custody and care in August
 3 when I turned it over to them.
 4 Q Did they fail to protect the Inn from damage and
 5 loss of furniture, and rooms, and facilities, and
 6 equipment?
 7 A I suppose they did, you know.
 8 Q Was anybody else responsible for it at this point?
 9 A No, 100 percent Lander.
 10 Q Did they surrender the Inn to you in good order and
 11 condition?
 12 A No. It was nasty, filthy, it stunk, mildewed, eat
 13 up with maggots and a health hazard.
 14 Q Is there anything else that you can identify, is
 15 there anything that you've seen in the time of this
 16 transaction that was the cause of those losses?
 17 A Negligence, pure negligence. I don't -- I don't
 18 know who was supposed to be in charge. My point of
 19 contact, the only person I was authorized by Lander
 20 to talk to was Doug Bell, who would not talk to
 21 anybody, me, my attorney, anybody else. It was
 22 like talking into a megaphone into darkness.
 23 Hello, anybody there?
 24 MR. SMITH: I'm going to take a brief
 25 break if we might and I'm going to see where I

261 1 am. We might be done with our direct. 2 (OFF THE RECORD) 3 Q Thank you. John, just a couple of concluding 4 matters. One of the elements of damages that we've 5 got to get to is the money that was promised to you 6 by Diane, in other words, the difference between 7 the \$31,000 of the lease and the \$51,000, being 8 \$20,000 per month. And I want to make sure I 9 understand, but what was your testimony as to how 10 IOS would be entitled to that? 11 A This was a moving target on Diane's part. We had a 12 firm price on the sale at \$2.3 million. 13 Q Right. 14 A That target -- that number didn't move. Diane was 15 trying to negotiate a ten month lease, but for 16 whatever reasons the State Budget and Control Board 17 could only pay or would only pay \$31,000 a month. 18 Which the price had dropped from 51 to 48 because 19 of the taxes, so the difference was \$17,000, at 20 that point in time. 21 Q Okay. So it was a \$17,000 difference between what 22 she promised to pay you and what was in the lease? 23 Am I correct about that? 24 A No. The lease said \$31,000. 25 Q Right. But what --	263 1 Q So there is no damages for them failure to pay 2 maintenance -- 3 A No. 4 Q -- costs while you were doing the maintenance? 5 A They reimbursed us on a monthly basis on that. 6 Q And that just happened in the first ten months? 7 A Yes. And that was okay. The second year we pulled 8 out of maintenance altogether and Lander took it 9 over. Now the third thing was the taxes. The 10 taxes were 32 or \$34,000 a year. We were escrowing 11 taxes to be paid. To reach that amount, she said 12 Lander would put the taxes on the back end. 13 Q Right. 14 A So she would add another \$34,000 divided by 12 15 times 10 onto the -- 16 Q Right. 17 A -- back end of the lease so we could pay the taxes. 18 Q But the total for those two years was \$34,000? 19 A For one year's taxes. 20 Q Oh, \$34,000 for one year. 21 A Sixty-eight. 22 Q So I want to get to the bottom line number. 23 A They were \$68,000 for two years. 24 Q So you maintain that Lander owes you for not paying 25 the taxes?
262 1 A She and I had agreed on \$48,000. 2 Q And how was that made up? 3 A That was why I had sat down with her and submitted 4 a budget on what it would cost -- 5 Q Right. 6 A -- for her to lease the second and third floors. 7 Q And so that differential, how was IOS to be paid 8 that differential between the 31 and the 48? 9 A She -- she was going to take the \$17,000 a month -- 10 Q Right. 11 A -- for those ten months and put it what she called 12 the backside of the lease. So the purchase price 13 was going to go to \$2,470,000 -- 14 Q Right. 15 A -- plus or minus some other contingencies -- 16 Q Okay. 17 A -- that we were dealing with, such as the 18 maintenance. Under the initial lease agreement, 19 the maintenance was all done by Lander. Under the 20 Budget and Control Board lease, maintenance had to 21 be done by IOS. So she and I agreed we would do 22 the maintenance but Lander would reimburse us, 23 which is what we -- 24 Q Which that happened though, right? 25 A Yes.	264 1 A They didn't pay the taxes either year. 2 Q And that was a total of \$68,000? 3 A That's correct. 4 Q So that number is to be added to the damages 5 summary on Fifty-Three, okay. 6 A Because we had to pay that out of our pocket. 7 Q And the \$17,000 per month that she promised to pay 8 on the back end as well, for the two years that was 9 not paid, correct? 10 A That's correct. 11 Q And so do you contend that Lander still owes you 12 that lease because they were in there and that was 13 the agreement you had up front? 14 A That was the agreement. 15 Q And that number for 23 months or the period of the 16 lease would equal \$391,000, is that correct? 17 A That's correct. 18 Q So in addition to the amount you testified to on 19 your damages summary, it's your contention that 20 Lander also owes you the additional rent that they 21 failed to pay per month of 17. 22 A Yes. 23 Q Is that correct? And the failure to pay the taxes 24 that they promised to pay? 25 A That's correct.

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- 1 Q Which has a total of \$68,000?
 2 A That's correct.
 3 Q And plus the damages for the loss of damage to the
 4 property, which was the \$590,262, correct?
 5 A Correct.
 6 Q Plus the loss in equity of \$300,000?
 7 A That's correct.
 8 Q And the loss in profits of \$600,000?
 9 A That's correct.
 10 Q And have I accurately stated your assessment of the
 11 damages in this case?
 12 A Yes.
 13 Q Now I want to talk lastly before I conclude --
 14 John, I just want you to share with us, you know,
 15 as someone who is very successful in life, served
 16 his country, worked hard, played by the rules --
 17 MS. MEREDITH: I think he has to testify
 18 for himself.
 19 MR. SMITH: I understand that. I'm just
 20 reciting. I'm happy to make this go a little
 21 further. I'll be glad to take longer if you
 22 would like.
 23 Q But you spent your life serving our country, right?
 24 A Twenty years in the military, yes.
 25 Q And then you worked. You and your wife started a

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- 1 business together?
 2 A I started the business and then later on I married
 3 my wife and she joined me.
 4 Q But she's been a big part of it?
 5 A She was a part of my business when I first started
 6 it as an employee and then later on we began
 7 dating. We dated five years and got married.
 8 Q And you get recruited to run Inn on the Square?
 9 A Correct.
 10 Q And --
 11 A I had semi-retired. I was getting out of the
 12 business. I was financially secure, happy and
 13 basically was just looking to play golf, enjoy
 14 life.
 15 Q Who is responsible for the Inn on the Square going
 16 into foreclosure?
 17 A Lander University.
 18 Q Did that affect you and your family personally?
 19 A It destroyed me and my family.
 20 Q Tell us about it.
 21 A It destroyed me professionally and my family. We -
 22 - I owned a half a million dollar house out in
 23 Crickentree, had no debt on it. My wife put two
 24 mortgages on it to help fund the renovations and
 25 get us through this period with Lander. In

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- 1 addition to that, she ran up \$100,000 on credit
 2 cards to keep the Inn operating, and I also ran up
 3 \$52,000 of my money on that. This was all getting
 4 through this period of ten months of trying to
 5 bring this deal to conclusion. When Lander walked
 6 out the door and left us with the property we
 7 couldn't do anything with, we defaulted on all the
 8 mortgages on the property. We defaulted on our
 9 house payments. We defaulted on our VISA payments.
 10 We lost our house. We lost our credit ratings. We
 11 lost everything. They foreclosed on the house.
 12 And I -- at one time I could have gone into any
 13 bank in Columbia and had a \$300,000 personal
 14 signature note. I can't borrow ten cents right
 15 now. I can't finance a new car or a used one.
 16 Q Right.
 17 A My credit is gone. It sucks. I'm buying a house
 18 through a lease/option through a church in North
 19 Carolina because I can't even buy a house and it's
 20 a 1,450 foot mobile home after living in a 4,400
 21 square foot half a million dollar home.
 22 Q So you are living in a mobile home now?
 23 A That's right. And I have not a dime in savings.
 24 When we went into this, I had over \$200,000 in
 25 savings. It's all gone. I have nothing. I live

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- 1 paycheck to paycheck, which is my Social Security,
 2 my disability and my military retirement.
 3 MR. SMITH: John, thank you. I know this
 4 hasn't been easy today. I know this is
 5 important to you. Thank you for your time and
 6 your efforts. Please answer any questions that
 7 opposing counsel might have. Thank you.
 8 EXAMINATION
 9 BY MS. MEREDITH:
 10 Q Mr. Huffman, I'm Ms. Meredith. We met earlier and
 11 I'm going to kind of rewind. I promise not to drag
 12 if I can help it, but I would like to go over some
 13 things I'm not sure that we've talked about yet and
 14 then I will go through some things that I think we
 15 have touched on, but I would like some more detail
 16 on. Is that fair?
 17 A That's fair.
 18 Q You are presently living in Burnsville?
 19 A North Carolina.
 20 Q How long have you been there?
 21 A I guess, what, four years, ever since I lost my
 22 house.
 23 Q Where was the house you lost?
 24 A Crickentree here in Columbia.
 25 Q Okay. And was that home titled in your name?

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- 1 A No, it was in my wife's name. I bought it for her
2 when we were dating because I told her I would
3 never marry her.
- 4 Q Changed your mind at some point, huh?
- 5 A Leonard advised me that she had all the money, I
6 better marry her. If we split, he was going with
7 her.
- 8 Q When was that house purchased?
- 9 A '92 or '94.
- 10 Q Now I don't want to plow this ground all the way
11 through again, but you found out that you were
12 sick, I believe, some time earlier this year or
13 last year?
- 14 A April of this year.
- 15 Q This year. And I believe your diagnosis was in
16 July, is that right?
- 17 A We went through about 12 weeks where they didn't
18 know what the hell was wrong with me. And I
19 actually went to an ear, nose and throat specialist
20 to try to figure out why I couldn't talk. He did a
21 CAT scan on my throat and he caught just the top of
22 something he didn't like in my lung, so I went back
23 to -- I can't remember all these fancy names,
24 whatever, and that's when they did -- discovered I
25 had cancer and did a biopsy. So that was about,

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- 1 from the time I couldn't speak, 12 weeks, and then
2 I've just completed 8 weeks of chemotherapy and
3 radiation last week, so that's 20, this week, about
4 21 weeks ago.
- 5 Q So that's how many rounds of chemo?
- 6 A I had chemo every Tuesday for three and a half
7 hours and radiation every day, Monday through
8 Friday, 30 rounds of radiation, and I believe it
9 was six, might have been seven, rounds of chemo.
- 10 Q And that's all pretty much throughout this summer?
- 11 A Yes. The hope was -- they told me in the beginning
12 that I only had a 25 percent chance of them curing
13 it, but they had hoped that the chemo and radiation
14 would reduce it some 60 to 80 percent and put it in
15 remission. The tumor was 2 centimeters when I
16 started the treatment. When I finished the
17 treatment, it was 4.7 centimeters, so it was loving
18 the radiation and chemo. It jumped 270 percent.
19 Right now they say unless I can find an alternative
20 treatment that the tumor responds to, I have
21 roughly six to eight weeks and that's part of the
22 thing tomorrow.
- 23 Q The chemotherapy itself I know is horrible from
24 what I understand. I don't know firsthand,
25 obviously. But are you on any medication to try to

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- 1 counteract the effects of the chemotherapy?
- 2 A I was on multiple medi -- I'd have to have my wife
3 to tell you. I had 32 types of medication. I took
4 anywhere from 18 to 22 a day based on was I
5 nauseous, could I keep my food down, was I in pain,
6 was I uncomfortable. I can't even tell you
7 everything I was taking. It was the worst eight
8 weeks of my life.
- 9 Q It sounds like you've definitely been through it.
10 The chemotherapy itself, have you noticed any
11 adverse effects on your memory?
- 12 A Oh, yes. I lost a lot of hair. I can't breathe.
13 It's affected my chest. Somehow or another it's
14 like a band across my chest and at night I wake up,
15 I can't get any oxygen and I'm coughing. And I'm
16 very forgetful. I'll sometimes look at Leonard and
17 say, Leonard, you know, it takes me a minute to
18 think of his name, and it comes to me. I haven't
19 lost my mind yet, but I do have short-term memory
20 loss. I can still tell you what happened in 1966
21 on July the 27th, when I got shot in the left rear
22 shoulder from a sniper.
- 23 Q That was a very, very memorable day --
- 24 A Yes.
- 25 Q -- so I imagine that you could.

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- 1 A But if you ask me what I had for breakfast this
2 morning, I'd have to stop and try to remember who I
3 ate with and what I had.
- 4 Q Well, sitting here today, do you feel like you've
5 been fairly accurate, give or take some details, on
6 your recounting of what's happened over the last
7 four years?
- 8 A With the exception of Doug Bell, yes. I mean I've
9 got a lot of animosity for that man and I held a
10 lot back because he made me.
- 11 Q Well, setting aside any personal feelings that you
12 may have or any reason for personal feelings at
13 this point towards the attorney for Lander, do you
14 feel like you have had a clear mind today, been
15 able to testify as best you could and to the best
16 of your ability remembered all of the details that
17 you needed to remember to tell your story?
- 18 A I think so. There were a couple of instances where
19 I thought of something later on. I mean once or
20 twice I went back and corrected it if I thought it
21 was important. But for the most part, yes, I think
22 I've pretty much recalled everything and told it as
23 I recalled it.
- 24 Q Okay. Well, I'm going to kind of skim through some
25 of these things because I want to find out a little

273 1 bit more about your background. 2 A Okay. 3 Q Now I understood you had a real estate license at 4 one point -- 5 A Yes. 6 Q -- is that right? 7 A Uh-huh. 8 Q And I believe your direct testimony was that you 9 went in the military at a very young age? 10 A Yes. 11 Q That was like 17, 16? 12 A I think I joined when I was 17, the paratroopers. 13 Q Parents had to sign you up? 14 A My mom did. My dad wouldn't. 15 Q And you had a career in the military? 16 A Twenty years. 17 Q And retired at what age? 18 A Thirty-seven. 19 Q Okay. And I won't ask you to go through all of the 20 training obviously that you got in the military and 21 anything else that they taught you as far as the 22 training that you received. What was the highest 23 rank that you received? 24 A I retired as a major. I was on the lieutenant 25 colonel list, but looking at it I figured it would	275 1 Authority. They were -- it was all this corruption 2 that was going on out there and by accident -- let 3 me back up. What do you do with a helicopter pilot 4 that can't fly? They stuck me over the Family 5 Housing Division to put me out to pasture. 6 Q Base housing? 7 A Base housing. 8 Q Okay. 9 A Just be real quiet, Major, go on and retire. But I 10 walked into one of the motels on base one night and 11 a little black girl that works there jumped and 12 threw something in the trash, which I thought was 13 interesting. So I walked around behind the counter 14 and pulled it out of the trash and it was a receipt 15 for a room. And she started crying and giving up 16 everybody else. Before it was over, I had over 200 17 people fired at Fort Jackson and all kind of 18 criminal charges. Boyd's Management was following 19 all this on TV and they were doing Whaley's Mill 20 Apartments and tied up in litigation and having all 21 kinds of problems with it, which is a student 22 housing project. So Boyd's Management approached 23 me and recruited me two months before I retired to 24 take over Whaley's Mill when I got out of the Army. 25 Q And it was Boyd's Management?
274 1 be about 18 months before I got promoted and once I 2 got promoted, I had to spend another three years, 3 so I was looking at another four and a half, five 4 years in the military. I was going through a very 5 bad divorce and fighting over custody of my son, so 6 I just decided to retire as a major and I did. 7 Q All right. So that was at 37 years old? 8 A Yes. 9 Q And you were stateside at that point? 10 A Stationed here at Fort Jackson. 11 Q All right. Have you been in Columbia for the most 12 part outside of your -- 13 A I got here -- 14 Q -- moving to North Carolina recently? 15 A I came -- came here from the National Reserve Corps 16 in the Netherlands in '82 -- 17 Q Okay. 18 A -- and retired in '86. 19 Q All right. Now once you retired from Fort Jackson, 20 you were living in Columbia at that point, is that 21 correct? 22 A That's correct. 23 Q And tell me what you did at that point. 24 A I had just made national news at Fort Jackson. I 25 went out there and busted the Civilian Housing	276 1 A Boyd Management. 2 Q B-O-Y-D? 3 A B-O-Y-D. 4 Q And so you became employed by Boyd Management -- 5 A Right. 6 Q -- as a property manager? 7 A Property manager and project manager for Whaley's 8 Mill Apartments, initially. Later on I ended up 9 with 12 apartment units and -- but at the time I 10 only had the one project, which was in a lot of 11 trouble and upside down. 12 Q The base housing assignment that you had, how long 13 were you in that particular position? 14 A I don't remember, six or eight months. I had run 15 the drug and alcohol abuse and prevention program 16 for three years and carried it to number one in the 17 U.S. Army and we had civilianized my position. So 18 they -- as I said, they put me out to pasture, just 19 kind of stuck me over family housing to get me out 20 of the way until I retired. 21 Q Now at the time you went to work for Boyd 22 Management, what other type of background or 23 training did you get as far as property management? 24 Did you go get your license at that point? 25 A Yes. Prior to retiring from the Army, once Boyd

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- 1 hired me then I went ahead and went to real estate
 2 school and got my license prior to retiring, so I
 3 had my license when I retired. And I think two
 4 years later, three years later, I got my brokers
 5 license, quit Boyd and went off on my own.
 6 Q Okay. So you were licensed as both a broker and --
 7 A Broker-in-charge.
 8 Q -- a real estate agent. Now you worked exclusively
 9 for Boyd or you had your own ---
 10 A I worked for Boyd until I became a BIC. BIC is the
 11 highest rating you can get. Once I became a BIC, I
 12 quit Boyd and started my own company.
 13 Q And that would have been about how long you were
 14 with Boyd, I guess?
 15 A '88, '89.
 16 Q Okay.
 17 A From '86 to '88, '89, about two years, two and a
 18 half, two and a half/three years.
 19 Q You don't have to tell me in great detail, but just
 20 generally speaking, what were your responsibilities
 21 as project manager and as a property manager for
 22 Whaley's during that time frame?
 23 A They were upside down with the construction
 24 company, a year behind the project.
 25 Q That was Venture or who? Which company are we

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- 1 speaking of?
 2 A They were out of Alabama. It may come to me in a
 3 minute. Anyway, everybody was shooting at
 4 everybody, nobody getting along. They had 10 or 12
 5 million dollars in the project, no students. It
 6 was just a quagmire. And so I went in there like
 7 Genghis Khan and started chopping heads off and
 8 turning it around. And I finally got everything
 9 straightened out, got the construction finished,
 10 started leasing it out and they were paying me a
 11 lot of money to do that. So once I got students in
 12 there, they said, well, we can get a property
 13 manager for a third of what we're paying you, so
 14 they fired me. And so I went out on my own and six
 15 months later they went into bankruptcy, so the bank
 16 called me and said would you go to back to Whaley
 17 for the bank? I said, yes. They said, how much?
 18 So I named \$20,000 more than they were paying me
 19 before and they agreed to it. So I went back in,
 20 ran it for nine months. They said, damn, we can
 21 get somebody for half of what we're paying you, so
 22 they fired me. So they brought somebody else in
 23 there. Nine months later it went into foreclosure
 24 and the bank called me and I said, no, I'll only
 25 come back in there if you sell it to me and you

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- 1 finance it for me. They said how much money you
 2 got? I said I think I got about \$200 in the bank.
 3 They said this is a 5 1/2 million dollar property --
 4 no, this is a 12 million dollar property. I said,
 5 well, I'll give you 3 1/2 for it. So they sold it to
 6 me 3 1/2, and I went back in, got it, managed it,
 7 sold it for 5.5. That's the first time I became a
 8 millionaire.
 9 Q Well, what year, give or take, would that have
 10 been?
 11 A I went back in off and on, '88, '89, '90, '91,
 12 probably bought it in '91, '92, sold it in '92,
 13 '93, might have been '94, I don't remember. It was
 14 my first project. I just knew I wasn't going to go
 15 back in and turn it around for somebody else. I
 16 had taken another project that was in bankruptcy
 17 out in West Columbia. The partnership was upside
 18 down. I went around and turned it around in six
 19 months, got them out of bankruptcy. They sold it
 20 for a 2 million dollar properties. The jackasses
 21 gave me a \$20,000 bonus. I said no more ever.
 22 Q That was the apartments on the river in West
 23 Columbia?
 24 A That was Sutton Towne back then. It's got a new
 25 name today. It was full of druggies, prostitutes,

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- 1 everything else. I went out there and moved 22
 2 police officers in with free utilities and free
 3 rent as long as they had kids and parked their
 4 patrol cars there to clean that place up overnight.
 5 Q At Whaley's, what was the name of the entity that
 6 you had that owned that property?
 7 A Let's see, I started out as Huffman Realty. After
 8 my divorce, my wife and I split the company. I
 9 became South Corp Properties, Inc., and I bought
 10 Whaley's Mill under --
 11 MR. HUFFMAN: Leonard, what did I buy it
 12 under? You were my attorney back then.
 13 Q Southwood is what you said?
 14 A No, South Corp, was my new company.
 15 Q South Corp.
 16 A But I didn't buy it under South Corp. I didn't buy
 17 anything under South Corp, but I just operated
 18 under it. I don't remember. Whaley's Mill was my
 19 first acquisition. I don't remember what I bought
 20 it under. God, it's been 20 years ago.
 21 Q So you and the first wife split?
 22 A No, that was my third wife.
 23 Q Third wife. Split the Huffman Properties?
 24 A Huffman Realty.
 25 Q Huffman Realty. And that was a sole

281 1 proprietorship, LLC, partnership? 2 A Yes, I guess. We split the company -- and actually 3 we didn't split it. She sued me for half the 4 company. I gave her the whole thing and started a 5 new company called South Corp. She lasted three 6 months before she went belly up. 7 Q Okay. 8 A I don't remember what I bought Whaley's Mill under. 9 I just don't. It's been too long. 10 Q Were you involved in any of the litigation in the 11 Whaley's Mill? 12 A Litigation, no, not really. The bankers did that. 13 I just managed the property. I just stayed on the 14 sidelines and -- 15 Q You had an ownership interest in it at some point. 16 I mean as a property manager, I understand you 17 wouldn't have been involved in the litigation. 18 A I wouldn't. 19 Q You would have been an employee of -- 20 A The third -- the third time I took it over, I owned 21 it. 22 Q Okay. 23 A The bank sold it to me and financed it for 2 1/2 24 million dollars. 25 Q Which bank was that?	283 1 properties and I began to take them over and turn 2 them around. Some of them I bought outright, 3 that's how I met my attorney, Leonard Jordan. He 4 was in a depressed property going into foreclosure 5 and I went and bought the building out from under 6 his law firm and he and I became lifelong friends. 7 And I turned that building around. Of course, they 8 didn't like me very much in the beginning. 9 Q He came around though? 10 A He did, not necessarily the rest of them. 11 Q Apart from your brokers license and your real 12 estate license, what other type of work have you 13 done in addition to what we talked about? And I 14 know people refer to it as doing a flip, which I 15 don't know, it's never been my favorite term, but 16 that's what -- you know they watch these stupid 17 reality shows on television and that's what they 18 call it. 19 A I've done some of that, never made a lot of money, 20 wasn't worth my time. I've done a little bit, 21 about everything there is to do in real estate. I 22 went to work when I was eight years old in a Texas 23 theater. I worked my way all the way up to 24 management of the theater, the drive-in. I joined 25 the Army. When I retired from the Army, I went to
282 1 A A bank out of Atlanta. 2 MR. HUFFMAN: Leonard, do you recall? 3 ATTY. JORDAN: (Shakes head negatively) 4 A I don't know, American Properties. They originally 5 had a 12 million dollar loan on the property when 6 it was built, but I can't -- I'd have to go back 7 into my records. Like I say, it's been 20 years 8 and that was my first deal. I don't -- I wasn't 9 really expert at doing this in those days. I was 10 learning. 11 Q By the third time you probably had gotten pretty 12 good at it though, I would imagine? 13 A I had gotten real good at it by the end. 14 Q And by the time you had taken it over and 15 straightened it out for somebody else who couldn't 16 keep it straight -- 17 A Three times. 18 Q -- you had probably become fairly accomplished? 19 A Well, that and while I was doing it I had done 20 several more around here, so I was gaining a 21 reputation as a turnaround artist. So people began 22 to approach me about taking over their properties, 23 troubled partnerships, foreclosures, bankruptcies, 24 negative cash flows, and so I began to get 25 approached by other people to take over these	284 1 work for Boyd Management. When I left Boyd 2 Management, I went to work for myself in real 3 estate. I worked 30 years in real estate until I 4 retired. So if you name it in real estate, I've 5 done it, thought about doing it or tried to do it. 6 Q You would consider yourself to be a very 7 sophisticated businessman then, I would say, in the 8 real estate area? 9 A Oh, I think I am. My attorney doesn't necessarily 10 think so. 11 Q Sometimes attorneys don't know everything, do they? 12 A He's pretty thick-headed. 13 Q The type of work that you were doing for yourself 14 here in Columbia, is that what allowed you to buy 15 the home that was at Crickentree or build the home 16 at Crickentree? 17 A Yes. 18 Q I forget when Crickentree came about. 19 A I bought the home out of a bankruptcy, then I 20 turned around and bought Crickentree out of 21 bankruptcy. I bought the whole subdivision, golf 22 course and everything else. 23 Q That was back when real estate was good? 24 A Well, it was bad, that's when you make your best 25 deals. You don't make good deals when real estate

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- 1 is good.
 2 Q Well, I guess you took a calculated risk when you
 3 bought Whaley's at that point and it panned out, is
 4 that fair to say?
 5 A Never took a risk in my life.
 6 Q Never?
 7 A Never. I never used my money, OPM. The only time
 8 I ever used my money was Inn on the Square and you
 9 see where I'm at today.
 10 Q Well, you borrowed the money to buy Whaley's?
 11 A From the bank that owned it.
 12 Q And you owed the bank?
 13 A But I had no personal guarantees.
 14 Q Had no personal guarantees and no personal
 15 investment at that point?
 16 A ... inaudible ... to turnaround and sell it and
 17 that was the only way I would take it back. A
 18 normal property manager back in those days got a
 19 free apartment, free utilities and maybe a thousand
 20 a month. They were having to give me all of that
 21 and \$5,000 a month, so I was way overpaid. So as
 22 soon as it started cash flowing, why pay me that
 23 when they could go find some young lady and pay her
 24 a thousand a month.
 25 Q And I'm sure --

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- 1 A When I say "young lady", that's not sexist. When I
 2 went to work for Boyd, there were 101 women and me.
 3 It was party time.
 4 Q Is that how you met your wife?
 5 A No. She's too wise for that. But it was every
 6 whole property manager was a female. A male was a
 7 dinosaur, you didn't see any.
 8 Q I'm sure there was definitely a market for that?
 9 A Property management?
 10 Q Yes.
 11 A Yes.
 12 Q And you capitalized on it as --
 13 A I found out I had a niche for it. It's something I
 14 stumbled into. It's not something I ever set out
 15 to do. It was just Boyd hired me to straighten out
 16 Whaley's Mill. By the time I did that, other
 17 people started hiring me, so the opportunities kept
 18 presenting themselves. It was not anything I said,
 19 whoopee, this is going to be my second career.
 20 What I was actually going to do was divorce my
 21 wife, get my son, go to Texas and write novels,
 22 that was my ambition.
 23 Q It seems you've managed to do both.
 24 A Yes. And I got custody of my son, too. The only
 25 case in the State of South Carolina that a male has

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- 1 ever gotten custody.
 2 Q The projects in Columbia that lasted off and on up
 3 until -- how long were you in Columbia --
 4 A Oh, I was always --
 5 Q -- working for yourself?
 6 A I was always in Columbia, but I bounced all over
 7 the place. I was -- I got into speedways. I owned
 8 seven speedways, NASCAR speedways. I got into
 9 touring series. I developed three touring series.
 10 I bought Ann R. Berry's apartment complexes,
 11 student housing, in Gainesville, Florida, and
 12 Augusta, here in Columbia. It just -- wherever
 13 there was a need or somebody needed a hired gun, I
 14 went. And I had a reputation for a no-nonsense
 15 guy, I walked in the door and cut heads off. I
 16 took no prisoners. And I turned things around very
 17 quickly. The day I walked into the Mill up there,
 18 they had 22 people working there. I fired 16 day
 19 one. I would have fired the other six, but they
 20 had the keys.
 21 Q It takes a special personality to be a hatchet man.
 22 A Uh-huh.
 23 Q You have to be fairly self-confident.
 24 A Yeah.
 25 Q Know what you're doing, be committed to what you're

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- 1 doing, as well. The property, other student
 2 housing that you had in Columbia other than
 3 Whaley's, where were they?
 4 A God, it was one in Augusta, one in Gainesville, one
 5 in -- there was another one here in Columbia. At
 6 some point -- I did student housing all during the
 7 beginning. I got fed up with student housing. It
 8 was a lot of work for nothing, so I got out of it
 9 and got into apartment complexes and office
 10 buildings. It's a place out on the river there I
 11 did student housing. And I tried to buy that
 12 building right yonder, and turn it into student
 13 housing, the -- I can't remember the name in
 14 Gainesville. It was the biggest one I ever dealt
 15 with, 550 units. The one in Augusta was 230 units.
 16 Whaley's Mill was 419 units. They were different
 17 sizes. And I didn't keep them all, as soon as I
 18 turned them, I sold them.
 19 Q I imagine that involved a good bit of complex
 20 contract negotiation on your part?
 21 A It did. When a business deal is upside down,
 22 everybody just wants out of the trap because they
 23 don't care about the cheese anymore, just get me
 24 out of here. So it was you go into a troubled
 25 project, partners hate each other, they are all

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1 losing money, they're all signed on the line, the
 2 bank is going to take their property and come after
 3 them for 2 and \$300,000. It's fairly easy to go in
 4 and get the bank to reduce their loan to you and
 5 get the partners to pay you to let them off the
 6 hook, so I made money on both ends and then I would
 7 fix it up and sell it.
 8 Q Did you always make money --
 9 A Um, no.
 10 Q -- for the most part?
 11 A Not always. I got in with a couple of partners
 12 kind of like the group in the Inn on the Square.
 13 We could have made probably 800 to a million three
 14 off the Inn on the Square, but they were happy to
 15 walk away with \$300,000, effectively 200 to them.
 16 I think that was an awful poor deal. There was
 17 another one I worked on for nine months. I think I
 18 might have made \$25,000. If they had kept it
 19 another six months, I could have probably made a
 20 half a million, so -- but I never lost any money.
 21 But no, I didn't always reach a hundred percent of
 22 my potential just because the partners many times
 23 just wanted out. You get them up where they can
 24 breathe, just get me out of here. Because they
 25 don't care about -- they just know -- like the bank

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1 was fixing to foreclose on the Inn on the Square.
 2 It was going to lose that property and still have
 3 to pay the bank 3 or \$400,000, you know. I go in,
 4 beat the bank down from a million two to \$900,000,
 5 and get them off the hook completely. And I mean
 6 he would kiss me if I would let him. And when he
 7 has a chance to put \$100,000 in his pocket, he's in
 8 heaven. He don't want to hear, oh, hang on another
 9 month or two and we can make another half million.
 10 Hell no, where do I sign. Those are usually why I
 11 didn't go in and work for other people because they
 12 didn't have the staying power. At the end there, I
 13 would only do deals that I had total control and
 14 say over because I had been burned too many times
 15 like that.
 16 Q You generally did business in Columbia, for the
 17 most part?
 18 A Always from the time that I established in '88 or
 19 '89, and I just sold it two years ago. It's still
 20 operating today.
 21 Q The Inn on the Square deal, I guess I want to try
 22 to concentrate on it so we can get through this.
 23 How did you run across that?
 24 A One of the partners, Louis Smith, had worked for me
 25 for about three years and when he got hooked up

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1 with Inn on the Square. So he came to me and
 2 approached me about taking it as a turnaround, so I
 3 went down to the Inn and looked it over and
 4 declined. I told him that I wasn't interested.
 5 Q Now was he the owner? Was he --
 6 A He was one of the owners.
 7 Q One of the partners?
 8 A Yes.
 9 Q What was the name of that company?
 10 A Emerald Isle, Emerald Inn, something like that.
 11 Q Okay. Did you look at his financials and --
 12 A Oh, his financials were crap. He didn't have any
 13 money.
 14 Q How much did he owe the bank?
 15 A A million two.
 16 Q Which one was it?
 17 A Which one what?
 18 Q Bank.
 19 A Business --
 20 Q It was somebody local or --
 21 A Business Carolina.
 22 Q All right. Now I've noticed and it hasn't made
 23 sense to me that all of the contracts that we are
 24 talking about have been signed by Louis Smith as
 25 the Manager of the LLC.

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1 A That's correct.
 2 Q Okay. So walk me through what your actual capacity
 3 was. You testified on direct that you were a real
 4 estate agent that was marketing the Inn on the
 5 Square as a real estate agent, so that would be one
 6 hat. What were you to IOS, LLC?
 7 A I was in total operational control of the building.
 8 I managed every aspect of it. The partnership
 9 could not overrule me. That was the only way I
 10 would take that position.
 11 Q Okay. But as an employee?
 12 A As a management company. South Corp managed it.
 13 Q Okay. So you were South Corp?
 14 A Yes.
 15 Q And what type of contract did you have? Now Louis
 16 is still Emerald Isle at that point or whatever he
 17 was? What was his entity?
 18 A Louis became part of the IOS when I sat that up.
 19 Q Okay.
 20 A I sat up IOS, LLC to replace Emerald Isles.
 21 Q Okay. Now who was IOS, LLC at the time you set it
 22 up?
 23 A It consisted of Craig -- Craig --
 24 Q White?
 25 A Craig White, Louis Smith --

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- 1 Q From Columbia, not from Greenwood, right?
 2 A Yes. And my wife.
 3 Q Okay.
 4 A I forget the breakdown of percentage of ownerships.
 5 Q Well, I think you said on direct that you gave
 6 Misty 10 percent.
 7 A I didn't, they did.
 8 Q They did, okay.
 9 A But I don't remember. Craig was like 50 percent,
 10 Louis was like another percentage, but that changed
 11 a couple times, too.
 12 Q Okay.
 13 A I didn't keep up with that much.
 14 Q So you never had any ownership interest in IOS,
 15 LLC --
 16 A Or any legal --
 17 Q -- from start to finish?
 18 A No. Or any legal liabilities. I didn't operate
 19 that way. As I told you, that's not the way I
 20 operate.
 21 Q You're not going to spend your money?
 22 A That's right.
 23 Q So Louis and Craig and Misty -- now did you set it
 24 up or did you get Leonard to set it up for you?
 25 A What's that?

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- 1 Q The corporation, LLC.
 2 A I believe Leonard did it. IOS, LLC? Leonard is
 3 shaking his head no, so I guess I'm wrong. I don't
 4 know who set it up if Leonard didn't do it.
 5 Q Who did your management agreement?
 6 A I always did those myself.
 7 Q So your contract with South Corp, you did yourself
 8 with IOS and at the time that IOS was formed, who
 9 was signing for IOS? Who was the manager?
 10 A Louis Smith was the managing general partner for
 11 IOS, LLC.
 12 Q You need to take a break?
 13 A No.
 14 Q And you said they gave Misty 10 percent, so was it
 15 -- what was the breakdown between Louis and Craig?
 16 A I don't remember. It changed. I do know it
 17 changed several times. I was aware of it, but I
 18 didn't pay much attention to that. I didn't care.
 19 Q Was Louis by himself in the beginning as Emerald
 20 whatever it was?
 21 A No. Craig White was.
 22 Q Okay. So the only people that were kind of added
 23 to the mix would have been you and Misty?
 24 A No. Louis and Misty.
 25 Q Louis and Misty, okay. So you and Louis went to

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- 1 Craig and it was Craig's to start with?
 2 A No.
 3 Q Okay. Help me out.
 4 A Louis went to Craig and said I know a guy that can
 5 turn this around if we can get him, so Louis came
 6 to me. I went and looked at it and turned him
 7 down. So then he came back to Misty and courted
 8 Misty and Misty talked me into doing it. He said
 9 I'll give you 10 percent if you can get John to do
 10 this, so I really did it for Misty more than them.
 11 Q Is that the first time you had a hotel?
 12 A No. I had had hotels and motels before.
 13 Q What about Misty, what had she been doing up to
 14 that point?
 15 A She was semi-retired with me and bored to death. I
 16 was playing golf every day and she was getting fed
 17 up, which is why she wanted me to take over the
 18 Inn.
 19 Q Now did you all actually move to Greenwood?
 20 A No. We continued to live in Columbia. I went up
 21 there as necessary. Sometimes I stayed, especially
 22 in the beginning, three straight weeks without
 23 coming home. Predominantly, we went up on
 24 Wednesdays and came back either Saturday morning or
 25 Sunday morning.

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- 1 Q Other than Business Carolina, what other debt did
 2 they have? You said it was \$1.2 to Business
 3 Carolina and that was at the time that --
 4 A At the time --
 5 Q -- Louis recruited you?
 6 A That's the only debt they had.
 7 Q That was the only debt they had. And what was
 8 their situation with the bank?
 9 A Oh, they were upside down.
 10 Q In foreclosure or just upside down?
 11 A I don't really know. Either foreclosure was
 12 ongoing or imminent.
 13 Q Okay.
 14 A Now once again, I don't pay too much attention to
 15 that.
 16 Q I'm trying to figure out -- and I know this is
 17 going to be a fancy legal term, but what your
 18 standing was with IOS other than you were the
 19 management company hired to manage IOS for the
 20 purpose of turning the Inn on the Square around.
 21 Is that an accurate representation?
 22 A I had absolutely -- absolute control in say over
 23 all aspects of the physical property. They could
 24 not overrule me. They could not order me around.
 25 They could not do anything. They could not walk in

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1 that building and spend the night or buy a beer or
2 have lunch without my permission.

3 Q Okay. So where is that document?

4 A I don't know. It's a document we signed back in
5 '05 before I went in there.

6 Q And you said you would have done that yourself?
7 You wouldn't have had Leonard do that for you?

8 A Yes, that's a South Corp thing. It was pretty
9 standard. I think it was about one page. It just
10 basically says "I'm the boss, shut up and go away.
11 If I need you, I'll call you." I was tired of
12 fighting with all the partners through all the
13 deals so I just said if I go in there and do this,
14 get out of my way, I'm not going to listen to you.
15 And that was kind of my contract.

16 Q How did you get paid?

17 A I got paid off of a percentage of the property, the
18 gross amount of the property. When I left, I think
19 I was owed \$160,000, which hasn't been paid today.

20 Q Okay. So is it fair for me to characterize the
21 contract that you had was both for a property
22 management service, which would have been your
23 reorganization of the staff, hiring and firing,
24 appointing a GM, so forth and so on?

25 A I think that's fair.

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1 Q Okay. As well as a real estate commission upon the
2 sale of the property?

3 A Well, I had exclusive right to sell and I believe
4 the fee was \$110,000. At anytime that was my
5 purview to sell and my commission when I sold was
6 \$110,000. Nobody else could sell that property,
7 list that property or show that property.

8 Q So you had a listing in addition to the contract
9 that you had for your property management?

10 A It wasn't a listing, it was built into the
11 contract.

12 Q Okay. So your listing and your exclusivity
13 provision was —

14 A It's not a listing. You're referring to a listing
15 as in a conventional means of a broker-in-charge.
16 It wasn't like that. A listing you've got certain
17 things you've got to do. You've got to list it,
18 you've got to advertise.

19 Q You put it on the MLS ... inaudible ...

20 A I didn't have to do any of that. Nobody -- I
21 didn't even have to tell anybody the property was
22 for sale and I generally didn't. I didn't market
23 my properties on the open market. I marketed them
24 to closed markets, so I didn't put them out there
25 wide open.

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1 Q So you would rehab the property, get the staff
2 straightened out, try to make sure that the books
3 were turning a profit, and then cherry pick a
4 buyer, so to speak, in order to be able to sell for
5 a profit for your investors?

6 A Exactly.

7 Q Okay.

8 A And I'd be cherry picking these buyers months in
9 advance, get them down, show them the potential of
10 the property, what could happen, change it around,
11 invite them back to see it. I was always, always
12 working purchasers. There was never a time I
13 didn't have three or four potential investors,
14 investor groups, purchasers in the Inn, that's why
15 I said I turned these properties very quickly. I
16 have purchased properties and sold them before I
17 closed on them. Took my profit off the middle and
18 never owned the property.

19 Q As far as the -- and I know you said you sold South
20 Corp two years ago.

21 A I think I got a dollar for it.

22 Q Who did you sell it to?

23 A Leonard Jordan. And I don't think he ever paid me
24 the dollar. You want to represent me?

25 Q He will buy you a beer, I'm sure.

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1 A That cheapskate, hold your breath.

2 Q Does he have all of the corporate documents, books,
3 records, any of the -- you know banks and how they
4 behave. They want you to have a resolution for
5 everything whenever you're —

6 A South Corp was an S corporation and he has all of
7 that or at least I turned it over to him. I don't
8 think he's ever done anything with the company. I
9 don't know that he ever will. At the time his wife
10 and son were thinking about getting in real estate,
11 so he bought the company to do that with. But I
12 don't think -- I don't know what he did with it. I
13 never asked him, don't care.

14 Q All right. Misty was a shareholder?

15 A Yes.

16 Q What was her percentage of interest in South Corp?

17 A I don't remember.

18 Q But Leonard would have all of that?

19 A Probably so.

20 Q Okay. Now —

21 A South Corp was a shell. It never bought anything,
22 never sold anything, and all of -- everything it
23 brought in went right back out, was disbursed right
24 back out. South Corp was always broke.

25 Q Well, that was what I was going to get at is South

301 1 Corp became a partner in your business ventures? 2 A Never. 3 Q Or you would form a new entity -- 4 A Everything I bought, managed or took control of had 5 a new entity. Like Inn on the Square was Emerald 6 Isles or whatever, when I went in there it became 7 IOS. That's the only way I could get rid of all 8 the garbage attached to it. 9 Q Now as far as South Corp the S corp, were you paid 10 as an employee? 11 A I don't know that South Corp ever paid me a dime. 12 Q Okay. 13 A It never had any money. 14 Q Well, I guess what I'm getting at is what was the 15 named entity on the contract that you had with IOS 16 to sell the property after you rehabbed it? 17 A South Corp Properties. 18 Q Okay. So -- 19 A It was also the name of the management company. 20 Q Okay. 21 A South Corp Properties managed it, as well. 22 Q Okay. And were there any other entities that you 23 held shares in, were a member in or a sole 24 proprietorship that you had at that point, other 25 than South Corp, that you expected to derive income	303 1 A. LLC. 2 Q Right. So HUS, LLC? 3 A HMS -- 4 Q HMS. 5 A -- LLC. 6 Q Barringer Building, LLC; Gramby Road -- Gramby 7 Building, LLC; Friendship, LLC. That's four. I'm 8 missing three. 9 A I'm trying to remember them for you. Let's see. 10 St. Augustine, LLC. 11 MR. HUFFMAN: Leonard, do you remember any 12 of these? 13 A I can't remember them all. Who cares? 14 Q Are any of those entities -- and I think I have 15 already covered this, but I just want to make sure. 16 None of those entities were involved in the Inn on 17 the Square in any way, shape or form? 18 A No. Zero. 19 Q All right. Now what about Misty, did she have any 20 LLCs apart from those that you have just listed 21 that would have been involved in any way with the 22 Inn on the Square? 23 A She had one called Lone Star Ventures. 24 Q Okay. When did Lone Star Ventures come about? 25 A I don't know, back in the nineties, I think.
302 1 from as a result of the sale of the Inn on the 2 Square had it ever taken place? 3 A No, not -- I had nine different corporations at 4 that point in time. None of them was associated 5 with or tied to any other, so they were all stand 6 alone and independent, and South Corp and IOS were 7 stand alone. 8 Q Okay. The seven others -- you had nine in addition 9 to those two or you had -- 10 A No, I had -- 11 Q -- nine total? 12 A -- nine total, I think -- 13 Q Okay. 14 A -- at the time. 15 Q And the other seven, they were associated with 16 specific projects? 17 A Yes. 18 Q What were they? 19 A God, I don't know. HMS, LLC; BB or was it 20 Barringer Building, LLC; First Main, LLC; Gramby 21 Building, LLC; Friendship, LLC. I can't remember 22 them all. 23 Q BB what, the second one that you -- 24 A Barringer Building. 25 Q Barringer Building, I'm sorry.	304 1 Q Was that just her or did she -- 2 A Just her. I think my son may be a part of it, as 3 well, 1 or 2 percent. And it was kind of a shell 4 company for her like South Corp was for me and it 5 was involved with IOS, LLC. It loaned IOS, LLC 6 \$300,000. 7 Q Okay. Who closed that loan? 8 A I don't remember. It might have been Leonard. 9 Q Is it fair to say that Leonard probably did most of 10 your transactional work for you? 11 A If he and I were speaking. There were times we 12 didn't speak for a couple months, but if we were 13 speaking. Leonard has been my personal attorney 14 for 30 years and my best friend for 30 years, but 15 there have been times I've been known not to speak 16 to him for several months. 17 Q All right. So is it your representation that there 18 was a closing for the \$300,000 that Lone Star 19 Ventures -- 20 A Yes. There was a note signed -- 21 Q Okay. 22 A -- and they were filed with the courthouse or 23 whoever you file them with. It was done all proper 24 and legal where Lone Star loaned the money. The 25 money came from my wife putting mortgages on her

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1 home and through Lone Star and loaning it to IOS
2 against my vibrant objections.

3 Q Okay. All right.

4 A But my wife is her own woman.

5 Q Well, let's go back because I'm trying to -- and
6 I'm trying to pick up the pace because I know
7 everybody is getting tired, but I would like very
8 much to keep plowing --

9 MR. SMITH: Sure.

10 A -- if everybody is still okay.

11 MR. SMITH: Yes.

12 Q So if my notes are accurate, and I'm not saying
13 they are, so correct me if I'm wrong, it looks like
14 you got recruited in October/November 2004 by
15 Louis, is that true?

16 A Well, he tried to recruit me. I turned him down.
17 My wife made me do it in December. I did it for
18 her.

19 Q Don't hold it against her too much.

20 A I'm still mad at her. Louis really wanted me, he
21 ran to my wife.

22 Q At that point you all had the house in Crickentree.
23 What was the address, by the way?

24 A I don't remember, 214, 215. I don't remember. I
25 can barely tell you where my address today.

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1 Q If I've understood your testimony, even though the
2 contract was with South Corp, Misty is the one that
3 went in and fired two-thirds of the staff the first
4 day?

5 A No. Misty wouldn't fire you.

6 Q Even if I deserved it?

7 A Even if you deserved it. I went in, lined them up
8 and fired them. She went in the office. Misty is
9 a flower child.

10 Q Who was the GM at that point?

11 A I don't know, some little smart aleck that I had to
12 physically throw out of the building.

13 Q And he had been working for Louis?

14 A No. He had been working for Craig White. Louis
15 didn't become a part of Inn on the Square until I
16 set up IOS.

17 Q Got you. So Craig knew Louis, Louis got you.
18 Craig, Louis and Misty all wind up in IOS together
19 and South Corp is running IOS as far as the
20 physical day-to-day operations of the building, is
21 that accurate?

22 A That's fair to say, with no overrule. They could
23 not overrule me. In fact, they had to have my
24 permission to come in the building.

25 Q Well, Misty can come and go as she pleased, can't

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1 she?

2 A She can do any damn thing she wants to.

3 Q As far as the actual changes that you made and you
4 don't have to dwell on it. Let's go through
5 briefly what -- after you got through chopping the
6 people and getting the dead wood out of there, what
7 did you do next?

8 A Oh, it was a nightmare. There was a bunch of
9 deadbeats living there. The place was nasty. It
10 stunk. The kitchen had been leased out to these
11 pigs that posed as human beings. The ceiling had
12 fell in on the judges -- I'm sorry, this is a funny
13 story. The judges are standing there arguing in
14 the lobby about their meal and the damn ceiling
15 fell in.

16 Q And this is -- this is while --

17 A Fell on their heads.

18 Q This is while Craig's outfit is running it?

19 A Yes. And you could rent a room, there may not be
20 toilet paper. We had Bill the ghost running
21 around. And no towels or wash rags. It was a
22 comedy. It was absolutely a pig sty. I had gone
23 in the week before and rented a room and stayed
24 overnight and drank in the bar and kind of sat off
25 in the corner with my little checklist about who am

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1 I going to shoot next week. And I didn't get to
2 shoot everybody that I wanted to, but I got most of
3 them.

4 Q But the ones that had keys, you took care of as
5 soon as you got possession of the keys?

6 A I had to have some people who knew where the fire
7 alarms was. As soon as I found out where they
8 were, I fired them, too. By the end of the -- by
9 the tenth day, I don't think I had one person
10 working with me that was there when I walked in.

11 Q Who was the man at the bank at that point? Did you
12 have to go to him to try to work any thing out? I
13 know that's part of your normal protocol, that you
14 usually went and took care of the man at the bank
15 to make sure that everything was kosher to start
16 out with.

17 A When I finally agreed through my wife to do this
18 deal, I called the loan officer at Business
19 Carolina, who was Tom -- Todd Lucas. Todd Lucas
20 set me up a meeting with his boss, who was head of
21 Business Carolina, whose name was Mike -- Mike
22 Sandusky. I went into the meeting, Louis
23 accompanied me, and I sat down across from Mike
24 Sandusky and Todd Lucas. And Mike Sandusky says,
25 I've been wanting to meet you for a number of

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- 1 years. Your reputation precedes you. And I said,
2 wait, maybe we can make this a short meeting. He
3 said what's your bottom line? I said \$700,000. He
4 said we can't do it. I said you can do anything
5 you want to, you're a banker. So we went back and
6 forth. We ended up agreeing on \$900,000, unless I
7 could refinance in the first year then it was
8 \$700,000. So I got my \$700,000 if I could
9 refinance it out of Business Carolina's bank within
10 12 months, and if I didn't, it reverted to 9. And
11 if the property failed overall, it went back to
12 Emerald Inn's at a million two. So that's the deal
13 I cut.
- 14 Q How did you all memorialize that? Did you all
15 write that up?
- 16 A Oh, yes, about that much paperwork (indicating).
- 17 Q It takes a bunch of paperwork —
- 18 A Yes.
- 19 Q -- for somebody in the banking business to be
20 satisfied.
- 21 A And I don't know how involved Leonard was with
22 that. Business Carolina did all that.
- 23 Q Who did all their work for them, do you remember?
- 24 A Some jackass that I disliked about as much as Doug.
25 I can't remember his name.

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- 1 MR. HUFFMAN: Do you remember his name?
2 Help me out.
- 3 Q Do you remember where he was?
- 4 A Yeah, he's here in Columbia.
- 5 Q In Columbia?
- 6 A Yeah.
- 7 Q With one of the big firms, Nelson, Mullins --
- 8 A I don't know.
- 9 Q -- Nexsen, Pruet? You don't remember?
- 10 A I met him about three times and neither one of them
11 was pleasant.
- 12 Q But you all got -- and that's a pretty good deal:
- 13 A That's a hell of a deal.
- 14 Q You all got that reduced to writing and was there a
15 default in their note at that time?
- 16 A Oh, yes, they were totally in default. They may
17 have even been in foreclosure. I'm not sure, don't
18 quote me on that.
- 19 Q All right.
- 20 A They were totally sideways and I went in and cut
21 this new deal, \$700,000, if I could finance
22 Business Carolina out in 12 months, \$900,000 if I
23 couldn't. And if I failed completely, it went
24 back, reverted back to a million two and Emerald
25 Inn, and so whatever.

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- 1 Q What year was that agreement?
- 2 A December 2004, the first week 2005.
- 3 Q Okay.
- 4 A I don't even think we had the deal drawn up when I
5 took charge of the hotel. Business Carolina was so
6 happy I was going in. They were saying here's the
7 keys. What else can we do to help you?
- 8 Q They had been bleeding money for a while?
- 9 A Everybody had. This deal was just a rat's nest,
10 one of the worst I've ever walked into.
- 11 Q Well, did you ever figure out what the problem was
12 --
- 13 A Oh, yes.
- 14 Q -- what they had been doing wrong?
- 15 A Oh, yes, it was obvious from day -- I figured that
16 out the week before I went down there. It was just
17 -- you would have to turn that recorder off before
18 I told you.
- 19 Q Jack leg management, would that cover it?
- 20 A That's probably a really nice way to say it.
- 21 Q Any thievery going on?
- 22 A Oh, good God.
- 23 Q But you straightened all that out?
- 24 A Yes. I shot everybody. It's the only way you can
25 straighten that out.

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- 1 Q And from that point on nobody did anything unless
2 you told them it was okay?
- 3 A I hired and fired in 22 positions, 212 people year
4 one.
- 5 Q Wow.
- 6 A You didn't last long under me unless you had it
7 together and I absolutely put up with no crap from
8 anybody. If you went to work for me, I paid you
9 more than anybody around me, but you better do your
10 job or you were history. And your excuses on the
11 maximum effective range excuse, zero meters. Do
12 your job or get out.
- 13 Q A lot of turnover. You were running back and forth
14 from Columbia a lot that year?
- 15 A Some times I stayed there three weeks on end and I
16 never came home.
- 17 Q Well, you had your own room then --
- 18 A Yes.
- 19 Q -- when you came, basically?
- 20 A Uh-huh.
- 21 Q And --
- 22 A I had Bill the ghost's room. Nobody else would
23 stay in it. It was haunted.
- 24 Q Inn on the Square and the Belmont both had resident
25 ghosts.

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1 A We actually are in the first story in Ghosts of the
2 Upstate. They come down and did a survey of it and
3 met Bill. We really do have a ghost.
4 Q I believe you. What did you do after that when you
5 got the staff straightened out? Tell me what you
6 —
7 A Well, the first year I didn't spend any outside
8 money on the building. I didn't have to because I
9 didn't know if it was going to be a viable
10 operation. So the first year all I did was get
11 towels, toilet paper, wash rags, shampoo the
12 carpet, fix up the leaking rooms, buy sheets, clean
13 the kitchen, sweep the place out, repair things
14 that didn't work, get the fire extinguishers up to
15 date, general housekeeping stuff. I didn't -- you
16 know I didn't spend a dime I didn't have to spend.
17 I just wanted to see if the place could produce
18 money. Once they had started turning around and
19 making money, then we started looking at how far
20 can we carry this thing and I thought we could
21 carry it to a 4-star status. We looked at Best
22 Western, who is the one I wanted to go with. The
23 partnership, primarily Louis Smith, wanted to go
24 with Clarion. I didn't like Clarion. I thought
25 they were too expensive. I thought Best Western

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1 was the way to go. But after all that arguing back
2 and forth, blah, blah, blah, we decided to go
3 Clarion. At that point in time, I started getting
4 all the estimates together of what monies we would
5 need to take it to a 4-star Clarion status and we
6 began to put those funds together by hook and crook
7 and wherever we could get them, and I began to do
8 that and I carried it there.
9 Q The first year though how were you all financing
10 operations?
11 A Oh, anyway we could. There were many months and
12 weeks we couldn't meet our debt, we couldn't pay
13 our bills. We would have to call the electricity
14 company because they used to say send your water
15 bill to the electric people, send your electric
16 bill to the water people, you know, whatever we had
17 to do. Basically, I went around to all the people
18 like that and I had a pretty good rapport and I
19 worked out deals with them. You know, I'm going to
20 be two weeks behind on this, I'm going to be three
21 weeks behind on this. Lander would come down and
22 do an event. They would owe us \$800. Well, I'd
23 owe a \$750 water bill, so I know it's going to take
24 Lander two weeks to pay it so I'd carry the bill.
25 See, Lander owes me \$800. I will pay you. As soon

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1 as I get Lander's check, I'll pay you. It was a
2 rob Peter to pay Paul situation. We lived by hook
3 and crook, but we got by. We never had anything
4 turned off, frozen or shutdown. Come close, but we
5 never had it happen. And sometimes I had to come
6 out of pocket. I -- the first year I loaned
7 \$50,000 of my own personal money to IOS, LLC for
8 those things I couldn't negotiate time on and/or to
9 repair those things that I had to have. They had
10 repaired it five times before, the Inn ain't paid
11 for it, so they ain't about to repair it the sixth
12 time, so I would have to pay them cash up front to
13 fix it now for me. And so I spent about 50 or
14 \$60,000 the first year, all of it had to be spent
15 to get through to the next day, but I did no real
16 renovation. That's not to say I didn't replace a
17 curtain, or a sheet, or a bedspread. Yes, I had.
18 We had no spares. When we got there, out of 48
19 rooms we could only rent 42 that had sheets and
20 pillowcases and pillows. There were no spare
21 sheets, no spare pillows. There was no inventory.
22 You know I couldn't -- couldn't make up beds.
23 Q How did Craig let that happen?
24 A Craig didn't know what was going on. Craig's not a
25 manager. And I'm not particularly good friends

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1 with Craig and haven't had a lot of dealings with
2 him, and the few run-ins we've had have not been
3 pleasant. I keep saying that. It sounds like I
4 don't have many pleasant run-ins, doesn't it?
5 Q I mean things were amicable to start with. I mean
6 you were willing to go, you know, into business
7 with them.
8 A No.
9 Q No?
10 A Craig offered to -- threatened to kill me the first
11 time I talked to him and I offered to meet him
12 halfway. He said I've got a .38. I said I've got
13 a .30-06 with a scope. Where do you want to meet?
14 That was our opening conversation. It never got
15 really better from there.
16 Q You must have been really dedicated to your wife?
17 A
18 A She's the boss.
19 Q This was her pet project?
20 A She absolutely loved the Inn. She got what you
21 never do with a property, she got emotionally
22 involved. I never got emotionally involved with an
23 employee or a piece of property in my life. She
24 loved the Inn. She worshiped it. She loved those
25 people that we brought in there and trained. She's
still friends with them today. She still

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1 communicates with them. They still beg us to come
 2 back to Greenwood and they still beg us to come
 3 back and open The Fox and Hound. So yes, she got
 4 emotionally involved and I couldn't turn her off.
 5 And my wife is the only person on the face of the
 6 Earth I can't say no to.
 7 Q Well, that first year you were -- Craig wasn't
 8 giving you any money, is that fair to say?
 9 A Louis was doing his best to keep me and Craig
 10 apart. Craig gave me \$100,000 the beginning of the
 11 second year after a meeting that he, and Louis, and
 12 I had long distance on the phone. He put in
 13 another \$100,000 into the property. My wife put in
 14 \$200,000. This is when we started renovations.
 15 Prior to that, I had put in my \$50,000 to keep us
 16 open.
 17 Q And that would have been the second and third year,
 18 so we're up to 2007, 2008?
 19 A Yes, 2007, 2008. Probably, the middle of 2006 is
 20 when we really decided to carry it forward, but it
 21 too me awhile to get all the bids, and estimates,
 22 colors and all the other crap. You're talking
 23 about doing a complete renovation of the entire
 24 hotel, that's not something that's easy to put
 25 together and do, plus find the funding for it in

318

1 that period of time. So it was -- it was -- you
 2 know, I was about as busy as I could be.
 3 Q You were stretched pretty thin at that point?
 4 A Oh, yes, yes. So it was probably a six or eight
 5 month planning project before we actually started
 6 tearing out and putting in.
 7 Q Did you already have Clarion on board at that
 8 point?
 9 A No. I was still fighting with Best Western. This
 10 went on for -- and that was important as far as
 11 what renovations we did because with Best Western
 12 we did this, and Clarion we did that. And I could
 13 have renovated a lot cheaper with Best Western than
 14 I could with Clarion, but I lost that battle and
 15 went with Clarion.
 16 Q Well, the franchise requirements for Clarion, I
 17 mean you had to meet whatever their standard was.
 18 You were pretty explicit about that before. But I
 19 mean did they have vendors that they sold you
 20 things?
 21 A Yes, they did.
 22 Q So I mean your inventory when you took the property
 23 to start with would have been -- did you all do a
 24 formal closing where IOS took the property and it
 25 was deeded into them, and you basically were

319

1 substituted on the mortgage and you had a full-
 2 blown closing?
 3 A Yes, we did.
 4 Q Did you do an inventory at that point of everything
 5 that --
 6 A Yes, we did.
 7 Q Is that something you sent somebody into do or did
 8 you do it yourself?
 9 A I did it myself.
 10 Q Okay.
 11 A I say "myself", I had a team.
 12 Q Your staff did it?
 13 A Yes.
 14 Q You didn't bring in a third party, in other words?
 15 A No.
 16 Q You didn't contract it out?
 17 A No.
 18 Q Okay.
 19 A I went in and basically after I threw everybody
 20 out, the old general manager and everything, I just
 21 went through the entire hotel and listed what was
 22 there. At the time, I didn't even know there were
 23 outstanding leases, that the hotel didn't own some
 24 of the furniture in there. I found that out two or
 25 three months down the road. I assumed in the

320

1 beginning the hotel owned all of it until all these
 2 people started showing up with trucks going to take
 3 this furniture out. I'm going, time out, you ain't
 4 taking my furniture anywhere. So I ended up buying
 5 it from the lease companies at greatly discounted
 6 prices because HMS didn't have the money.
 7 Q They were probably willing to take cents on the
 8 dollar at that point --
 9 A Oh, yes.
 10 Q -- just to get their money?
 11 A And I did. I bought -- I bought \$15,000 worth of
 12 furniture for \$5,000, which I sold to Diane for
 13 \$1,500. I mean it was -- it was a -- I mean the
 14 furniture was used. What are you going to do with
 15 it? You can't store it. You can't do anything
 16 with it. I mean it was just if you can get a dime
 17 on the dollar, you're ahead of the game.
 18 Q The inventory at that point, which would have been,
 19 you know, subject to that inventory, and would have
 20 been subject to a Bill of Sale, as well? I mean
 21 you would have had a Bill of Sale when the IOS took
 22 possession of everything, correct?
 23 A Ask me that again because I'm not sure.
 24 Q That was a bunch of questions in a very short
 25 period of time.

321

- 1 A I had a Bill of Sale from the lease company where I
2 bought the furniture and I --
3 Q To you directly?
4 A Yes.
5 Q Okay.
6 A That I sold to Diane. The rest of the furniture
7 there was no Bill of Sale that I --
8 Q Into IOS?
9 A Into IOS, that I recall seeing. That doesn't mean
10 it's -- there's boxes this big (indicating) of
11 Emerald Isle, Emerald whatever it was called. I
12 never went through that crap. I kept them in the
13 corner in a closet, so I don't know what was in
14 there.
15 Q But you had to give the Business Carolina people a
16 UCC Financing Statement on whatever you had --
17 A No.
18 Q -- at that point?
19 A They gave it to me.
20 Q Well, they made you sign it, I guess?
21 A They had it as part of Emerald Isles and we
22 transferred it to IOS when we set up IOS.
23 Q All right.
24 A I went through there and I put ... inaudible ...
25 not there.

322

- 1 Q All right. That's what I'm getting to is, there is
2 a document somewhere --
3 A Yes, but it's not accurate.
4 Q It's not accurate?
5 A No. The stuff that Emerald Isles owned did not
6 make it to IOS, LLC. It disappeared. Now I was
7 told -- don't like hearsay, but I was told that the
8 guy in Abbeville, that Doug can tell you the name
9 of that place, came in and ran the Inn for a while
10 and was going to buy it and he stole all the good
11 stuff and carried it to Abbeville. I know I got
12 the crap stuff. I didn't have any of the good
13 stuff.
14 Q And you had the leftovers, basically?
15 A Yes.
16 Q But you still had a financing statement that had a
17 bunch of stuff on it?
18 A It said -- yes, this stuff's here and it wasn't.
19 Q Did they just take the original financing statement
20 that they had when Emerald Isle had the property
21 and they just re-filed it in the name of IOS,
22 basically?
23 A And then I went and done an inventory and carried
24 it back to them and said, folks, I don't know what
25 you think you have got down there, but here's what

323

- 1 you've got, and I gave them that document.
2 Q Okay. And that would have been --
3 A And said feel free to send your rep down and walk
4 through the building with me.
5 Q Okay. And that would have been at the beginning,
6 2004?
7 A No, 2005, I think.
8 Q 2005.
9 A I think it would be January/February.
10 Q Okay.
11 A I was dealing with so much at that point in time
12 it's hard to say exactly. Every day was crisis
13 management of trying to keep the electricity on,
14 people trying to pick up TVs to cablevision showing
15 up going to turn off all the cablevision. Suddenly
16 word got around Greenwood, hey, there's a guy in
17 town, he's got money. Come on everybody. So I got
18 the bum's rush. Everybody is running in, pay me or
19 I'm shutting it off. It was a mess.
20 Q Well, I guess the people there hadn't had money for
21 so long that when somebody showed up that looked
22 like they did have some that you became kind of a
23 target?
24 A Better get it before he runs out.
25 Q Well, and I guess they were sort of misinformed

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- 1 because they -- I mean Louis hadn't really given
2 you any money to run it with?
3 A No. And I wasn't giving them money. They are
4 walking in the door. I'd say, excuse me, look into
5 these baby blues, do I look like Emerald Inn? I'm
6 IOS, LLC, I don't owe you a dime. And, no, take
7 your cotton picking hands off that sofa, it's not
8 walking through the door. Go take it up with
9 Emerald Inns. So a lot of it was a bluff, but yes,
10 a lot of it was writing it off. My biggest problem
11 was this is broke, I need to fix it. You owe us
12 for repairing that three times before, so I would
13 have to pay them cash up front to get it repaired.
14 Q Every time a refrigerator broke?
15 A Yes, when a refrigerator would break. But as far
16 as paying people walking in with their hands out, I
17 wasn't paying nobody.
18 Q The closing as far as that particular transaction
19 where you would have supplemented the UCC that was
20 inaccurate, where would that have taken place?
21 A What is a UCC?
22 Q The financing statement with all the personal
23 property listed on it.
24 A To the best of my knowledge, it was done at and
25 through Business Carolina and I don't know how

325

1 deeply Leonard Jordan was involved. It was
 2 basically a deal I cut with Business Carolina and I
 3 think they did most of the paperwork.
 4 Q Okay. Did they have an in-house attorney that did
 5 their stuff or did they farm it out?
 6 A I don't know. I dealt with Todd Lucas and Mike
 7 Sandusky. I didn't see their attorneys at that
 8 point in time.
 9 Q Okay. Did Leonard Jordan pretty much look at
 10 whatever they wanted you to sign?
 11 A It depends on his mood.
 12 Q Now you didn't sign a whole lot.
 13 A I didn't sign nothing.
 14 Q Okay. That was what I was getting to. That was
 15 Louis and Craig, right, and Misty?
 16 A Nor did my wife.
 17 Q And your wife?
 18 A My wife had no -- that was one of the things in the
 19 partnership. She has no personal liability in
 20 anything.
 21 Q Okay.
 22 A I don't do that.
 23 Q Okay. When you all started, I guess, negotiating
 24 between Clarion and Best Western and trying to
 25 figure out which one was the best outfit, that

327

1 A What inventory? I had no questions between Clarion
 2 and Best Western as far as inventory.
 3 Q I think you misunderstood my question. We were
 4 talking about inventory before we took a break and
 5 we were at the time frame where you had been
 6 running the hotel. There had been some investment.
 7 Was there any other financing at that point that
 8 was obtained?
 9 A I don't recall any offhand. If there was, it was
 10 minor. Mostly we were just day-to-day operations,
 11 that stuff. There was no major upfitting or
 12 renovations going on.
 13 Q But you said that there was some -- there was a
 14 note for what Misty had put in. You said hers
 15 eventually was \$300,000?
 16 A Total.
 17 Q Total. And it began with it was your 50, it was --
 18 A No, my 50 was different from hers.
 19 Q All right.
 20 A I put 50 in just to keep us operational.
 21 Q Right.
 22 A She put money in --
 23 Q She put --
 24 A -- for renovations.
 25 Q -- 200 to start with?

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1 would have been 2005-ish, 2006?
 2 A 2006, late '06 or early '07, about the time we
 3 started renovations.
 4 Q All right. And you put in 50 -- I'm just trying to
 5 summarize to keep myself straight.
 6 A The 50 wasn't renovations, that was what you call
 7 operations, that was to keep the doors open.
 8 Q That was just in the kitty --
 9 A Yes.
 10 Q -- just in the till to make sure --
 11 A That was buying the sheets or an extra pillow, or
 12 something, an ironing board, pay for the dishwasher
 13 to be repaired because they wouldn't repair it and
 14 bill us. They wanted their cash up front.
 15 Q And then you said --
 16 MS. MEREDITH: We're about to run out of
 17 tape, I believe, so we'll take a break real
 18 quick.
 19 (OFF THE RECORD)
 20 Q Before we took a quick break, we were talking about
 21 inventory on -- and this would have been 2005,
 22 2006, when you all were trying to decide between
 23 Best Western and Clarion.
 24 A Inventory?
 25 Q Inventory at the hotel.

328

1 A Yes.
 2 Q And I believe you said Louis put a hundred?
 3 A No, Craig White did.
 4 Q Craig white did.
 5 A Louis never put anything in.
 6 Q Craig put a hundred in, Misty put 200, and there
 7 was a note from IOS to Lone Star for Misty
 8 individually?
 9 A Yes. And I think later on Craig put in another 25,
 10 and maybe another 50.
 11 Q So that would put him up to about 175?
 12 A Yes, just trying to go back on memory. But this
 13 was during the renovation phases as we were gearing
 14 up and changing things.
 15 Q Okay. I know this sounds like a stupid question,
 16 but it may not be any stupid questions. There may
 17 be. Has anyone assigned you their interest?
 18 A No.
 19 Q Okay. So really what you're chasing here at this
 20 point because you don't have any ownership in the
 21 business is your real estate commission?
 22 A No. I've already written that off.
 23 Q You've written that off, okay. So you put money
 24 after that of your own in?
 25 A I'm here representing IOS, LLC primarily, and my

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- 1 wife, specifically.
 2 Q Okay. All right. But as a witness, as opposed to
 3 as an owner, per se?
 4 A I'm not an owner, no.
 5 Q Okay. Were there any forbearance agreements done
 6 at the time that you all took over? And when I say
 7 "you all", I'm talking about IOS.
 8 A No.
 9 Q They just refinanced you, basically?
 10 A Yeah.
 11 Q And did you have to have any agreements? I know
 12 you said it was kind of touch and go for a good
 13 long time. Did you have to have any type of
 14 forbearance agreements between then and the time
 15 that you all started borrowing money from other
 16 people?
 17 A No. I was always able to sit down with Todd Lucas
 18 or Mike Sandusky, tell them the problems we were
 19 dealing with, and get their assistance. They were
 20 very, very cooperative with me and they worked hard
 21 with me trying to make this a success.
 22 Q Did they have any tax debt when you all took over,
 23 sales tax --
 24 A Yes.
 25 Q -- any type of -- did you all get all of that taken

330

- 1 care of?
 2 A Oh, yes. We had to go on payment plans two or
 3 three times. We were behind on taxes because I had
 4 to put money into this for that and then we had to
 5 work out a deal with the tax commission to catch
 6 back up, that was ongoing. About every business I
 7 have ever done you had to deal with that.
 8 Q And I know business comes in fits and spurts, so
 9 you never really know from time to time. I mean it
 10 will pick up and then it will drop off again. But
 11 I mean is it fair to say that when you all started
 12 talking to Best Western and Clarion that you all
 13 had that straightened out?
 14 A Oh, we were -- we were doing well then, yes.
 15 Q Okay. And I know that's a beautiful building,
 16 absolutely gorgeous. I can understand why your
 17 wife likes it. The design, I guess, for what you
 18 wanted as the end result, so to speak, was that
 19 Misty's vision?
 20 A No. It was actually two buildings and I don't --
 21 this is hearsay. You had a hardware store there.
 22 I don't know what it was, and an alleyway, and then
 23 a taxi stand and somehow or another the powers that
 24 originally built it come in and combined the two
 25 buildings into one and built the Inn on the Square.

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- 1 That was before my time. But no, I wouldn't have
 2 laid that building out nothing like that. It was
 3 horribly laid out.
 4 Q The negotiations with Best Western eventually kind
 5 of petered out?
 6 A We just kind of walked away from them.
 7 Q And Clarion presented you with -- I believe you
 8 said in your direct examination there was a \$5,000
 9 franchise opportunity?
 10 A No. Best Western was \$45,000 to franchise.
 11 Clarion was \$150,000 --
 12 Q A hundred and fifty.
 13 A -- for Clarion. Louis was championing Clarion. I
 14 was championing Best Western. So Clarion came down
 15 to meet with us and I said, look, Jack, you've got
 16 two choices, we'll stroke you a check before you
 17 left the house, give us your franchise or get up
 18 and get out of here and I'll go with Best Western.
 19 Louis about had a heart attack. Clarion got in
 20 their car, drove off. Thirty minutes later came
 21 back and says, when can we have a check. So I
 22 didn't have any choice then. Okay, go with
 23 Clarion, and I was not happy with that. I had much
 24 rather been with Best Western, but I lost that one.
 25 I out maneuvered myself.

332

- 1 Q The franchise agreement itself, did they have
 2 attorneys to help you all close all of that?
 3 A I'm sure they did. I wasn't part of that.
 4 Q That was Misty, Louis --
 5 A No. Misty wasn't involved in any of the
 6 partnership stuff. She was only involved with day-
 7 to-day operations. That was Louis' stuff. Louis
 8 went and done whatever he had to do.
 9 Q Okay.
 10 A I think Misty may have written him a check for
 11 \$45,000, that was about the extent of it.
 12 Q That was her money or --
 13 A I don't know whose money it was at the time. I
 14 didn't care. All the money was coming in, going
 15 into one pot. I had a budget and it was going here
 16 and here. Every dime was spent before it come in.
 17 Q You had complete control of the budget?
 18 A Yes, per se, I did. Nobody could overrule me.
 19 That didn't mean we didn't have a lot of fights
 20 about robbing Peter to pay Paul, by paying the
 21 electricity instead of the water or the cablevision
 22 instead of the electricity. We were always chasing
 23 that stuff around and sometimes I just told them to
 24 shut up, told Misty to stroke whoever a check and
 25 send it out and let them put.

333

- 1 Q Now as far as borrowing money, you didn't have any
2 authority to do that either?
3 A No, none whatsoever.
4 Q Didn't want it?
5 A I wouldn't take it, nor would I allow my wife to be
6 involved in that. But yet we had to have money to
7 go forward. Louis was working with four or five
8 different lenders and he would bring them to the
9 hotel and I would take them and carry them around
10 and paint the grandiose picture. I'll tear this
11 wall out, put this carpet in, paint this this
12 color, and I'd do the happy dance with them. And
13 they would meet with Louis and decide if they was
14 going to make the loan or not.
15 Q Did you have a presentation that you had put
16 together for —
17 A No.
18 Q -- these people he would bring in?
19 A Nothing formal. Depending on what he was bringing
20 them in for. For instance, Upper Savannah or the
21 City, the City would not give us one dime inside
22 the building. Their money had to be spent outside
23 the building.
24 Q The grounds?
25 A Yes. So I had to have one fund for the City. I

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- 1 couldn't spend a nickel of their money on the
2 inside. Upper Savannah, I could spend certain
3 monies on bathrooms and dah, dah, dah, but I
4 couldn't buy sheets, or pillow cases, or ice
5 buckets, or coffee pots, or any of that. It had to
6 be spent carpet, painting, fixtures, light
7 fixtures. Cornerstone Capital, I could go buy
8 whatever I wanted to. I could have had a party and
9 threw a ... inaudible ... they just wrote a check.
10 But basically, they were -- anything I couldn't pay
11 for out of the other funds with the restrictions
12 placed on me, I used Cornerstone for it because
13 they put very little restrictions on me. But at
14 every instance I had to have a bid, a contract
15 completion, cancelled checks where I had paid them
16 and they had to come down and inspect the job to
17 make sure it was done to their satisfaction.
18 Q Did you do individual budgets for each one of them?
19 A Yes. And they -- some came on a weekly basis, some
20 came every other week, some came once a month. And
21 intermingled with all of that, you had Business
22 Carolina tripping through there to make sure I'm
23 doing what I'm supposed to be doing. So I had
24 about all the damn supervisors I needed and
25 everybody watching me, every dime going everywhere.

335

- 1 Q The grand plan, I guess, did you all have some
2 architects or tell me what the scope of the project
3 was.
4 A No, we wasn't doing anything architecturally or
5 changing —
6 Q Nothing structural?
7 A No, no structural. It was all basic renovations,
8 ripping out carpet, putting in new carpet, ripping
9 out the bathrooms, putting in new ones, changing
10 the shower curtains around to the fancy, modern
11 stuff, occasionally buying lamps, buying new
12 bedding, sheets, pillow cases, all of this to
13 Clarion's specs, and most of it through Clarion.
14 Q On their vendor list?
15 A Yes. In fact, most of those cost estimates I gave
16 you were Clarion's prices five years ago, but they
17 are Clarion's prices. We simply picked up the
18 phone, called Clarion and says, hi, we need 300
19 sheets, what's it cost, dah, dah, dah, put the
20 numbers down. But there was no architectural. I
21 put a fountain in the lobby that freaked out the
22 building engineer. He come running down, was
23 afraid of —
24 Q Mr. Ouzts?
25 A Yes. Had to get up under the building to make sure

336

- 1 the floor wasn't going to cave in. And I put in a
2 hot water heater and I didn't tell anybody. I just
3 ripped the old one out. It busted, flooded. What
4 do you do with a busted hot water heater? You rip
5 it out and throw it in the trash, put in a new one.
6 Everybody went berserk because I didn't have the
7 right permit to do that with. So I had to go stop
8 everybody, set them down, walk across the damn the
9 street, wrote a check for \$25, get the permit, walk
10 back across the street, say back to work. So yes,
11 there were all kinds of stupid stuff like that. I
12 had a guy in there that was doing electrical work
13 and so I don't even know who this guy was. Come
14 running in there and wrote a citation on me because
15 he wasn't a qualified electrician to put in the
16 lights. He come running down to me, are you the
17 general manager here? Yes. Here's a citation. I
18 said who is this guy? I walked up there, I said,
19 who the hell are you? He said, I don't know, I
20 just came up here to see what you all were doing.
21 I said are you working on an electrical light? He
22 said, no. He said I was looking at the wires when
23 this guy come in and started writing me a citation.
24 So we had a comedy act going on there with things
25 like that. But I still to this day don't know who

337

1 that guy was, but I was getting a citation because
 2 he was twitching with some wires because he wasn't
 3 an electrician. I mean I had building inspectors
 4 crawling through the cracks. Being in a little
 5 town like Greenwood, everybody wants to be
 6 important, everybody wants to have their little
 7 say. And it was like, good, God, if this crowd
 8 would get out of my face, I can get something done.
 9 It was like the time the -- I tried to deed some
 10 property to the Inn on the Square to the City and I
 11 gave them the whole hotel, that was hilarious.
 12 Suddenly the City of Greenwood owned Inn on the
 13 Square. Everybody freaked. So yes, we had some
 14 good times.

15 Q Who did that?

16 A Me. I'm a pretty generous guy.

17 Q At the time that you talked to Business Carolina
 18 about the expansion, did you all present to them a
 19 proposal, this is what we want to do, this is how
 20 much money we think we'll need, or did you go to
 21 your secondary investors?

22 A Business Carolina made it clear day one, John,
 23 we'll give you this \$700,000, but don't ask us for
 24 a dime, not a nickel, not a dime, not one ounce of
 25 consideration. Of course they lied like hell

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1 because they gave me all kind of consideration.
 2 They worked with me every way they could, but I
 3 never got another nickel out of them.

4 Q They didn't finance anything else then?

5 A No. So I knew from the get-go they wasn't putting
 6 anymore money in this building and I understood
 7 their reasoning and I didn't want to insult them by
 8 going back and asking.

9 Q So you were on a shoestring for a little while.
 10 Things started picking up a little bit and then --

11 A No, we were never not on a shoestring, but yes,
 12 there were good times and bad. There were times
 13 when we were partying in the wind and there were
 14 other times like is there any Coke bottles in there
 15 we can sell. I mean that's day-to-day business.
 16 We had a funny thing. My bank coordinator had a
 17 brass bell. We couldn't meet payroll. We were all
 18 running around, what can we do, what can we do. I
 19 said, pick up that damn bell and ring it
 20 counterclockwise three times and try to get us some
 21 money in here for payroll. Fifteen minutes later
 22 somebody walked booked in, walked in, booked a
 23 \$5,000 event, paid for it all up front. We made
 24 payroll by 35 minutes.

25 Q Have you still got the bell? I might need to

339

1 borrow it.

2 A Yes. So we -- we all laugh at stuff like this. It
 3 was a good business, a good team. We worked hard
 4 to survive. We didn't always have all the funds,
 5 but we pulled through. And there were several
 6 employees -- I came in from playing golf one day.
 7 I played golf four or five days a week. Mainly, my
 8 wife would send me to the golf course so they could
 9 get something done because I was driving everybody
 10 crazy. I came in, my wife was sitting at her desk
 11 crying. It was on a Friday. And I said, what in
 12 the world? Who do I kill? She says, look -- I
 13 might start crying. She said, look a here. She
 14 had 14 paychecks of our employees. They brought
 15 them back to us and said -- because they had
 16 overheard me say, well, hell, if we don't pay the
 17 damn water bill by Monday at five o'clock, they are
 18 shutting it off. These employees brought their
 19 paychecks back to her. It was stuff like that you
 20 can't -- that I had went in the meantime and got
 21 the money and had, in fact, already paid the water
 22 bill. So I had to go around to the 14 employees,
 23 hug their necks, give them their checks back, and I
 24 was terribly embarrassed. So you had to be real
 25 careful what you said because them people didn't

340

1 miss anything, but they were super people.

2 Q People like that --

3 A I fired one girl, fired her outright. That night
 4 we were in there just a going and I had been in
 5 there just a fussing. Hey, didn't I fire you
 6 today? Yes, sir, Mr. John, but there ain't nobody
 7 else, so here I am. She's in there working. Robin
 8 was her name. She's fired. She said you don't
 9 have to pay me. I had great people.

10 Q You put together a pretty good package at some
 11 point with all the people that you were able to
 12 bring to the table with Upper Savannah --

13 A Yes.

14 Q -- the government outfit, the City. Now was that
 15 --

16 A The City were the only jackasses I dealt with.
 17 Everybody else was a dream team. Upper Savannah,
 18 the greatest people, most honorable people I've
 19 ever dealt with. Upper Savannah, Business
 20 Carolina, Cornerstone, they were great, they really
 21 were. My wife, of course, she was one of the
 22 owners. The only one I really had to deal harshly
 23 with was the City. They were -- after I left, they
 24 gave the mayor a \$2 million grant to do the outside
 25 of his building. The jackasses loaned me \$52,000

341 1 at a high interest rate to do my building. I had 2 no use for the City. 3 Q Did you give them a financing statement and all 4 that? Did they make you jump through all the 5 hoops? 6 A All of them did. I didn't do any of that. Louis 7 Smith did it. 8 Q Louis did. 9 A All I did was the dog and pony show. This is what 10 we are going to do with your money. He handled all 11 that other stuff. 12 Q Now and this was during the period of time where 13 they were really starting to concentrate on, you 14 know, the uptown development? 15 A Uh-huh. 16 Q The partnership was in full swing trying to bring 17 people downtown, get new businesses opened and so 18 forth — 19 A Yes. 20 Q -- and so on? 21 A But it was a bureaucratic bunch of crap. I've 22 never seen dumber people in my whole life than that 23 group. You couldn't work with them. They didn't 24 have any business sense. The things they did 25 didn't make a lick of sense. I just found the City	343 1 there and here's this sweaty black guy in a suit. 2 He says, I'm Mayor Nicholson. He said I understand 3 you're the new kid on the block. I said, yeah, I 4 guess I am. I'm thinking, you know, not like any 5 mayor I've ever seen. But he was a super guy. I 6 worked well with him and I really thought a lot of 7 him. And like I say we ran his campaign 8 headquarters to get him elected to the State. Once 9 he left, the place kind of went to hell. Everybody 10 was just -- everybody was political. You were 11 either in with the in crowd, you weren't. It just 12 dried up. And like I say, the new mayor gets a \$2 13 million grant for his office buildings and I'm out 14 here begging the City for \$52,000, that's the only 15 way I can explain it. 16 Q And then had to use it on the outside exclusively? 17 A Oh, yeah. With them coming down checking every 18 receipt to make sure I didn't buy any interior 19 paint to paint a room with. It was ridiculous. 20 Q Well, how much did you all wind up borrowing all 21 total before the renovations were done? 22 A I don't know. As memory serves me, \$670,000, 23 around in those numbers. I could say I mostly 24 spent the money. The money came in and I mostly 25 made sure the right money was spent in the right
342 1 very, very difficult to work with and when I left, 2 along with Doug Bell I let them know what I thought 3 about them. 4 Q I guess Charlie Barrineau was there at that point? 5 A Yes, but he would hide from me. He didn't want to 6 have anything to do with me. 7 Q Well -- 8 A After the mayor left, which we held his campaign 9 election, you know, the Inn was his headquarters, 10 things really changed. A new mayor came in, a new 11 city regime. It was a bunch of good old boys, a 12 good old boy network, and I'm too obstinate to be 13 anybody's good old boy network, so I didn't fit in. 14 If you wasn't part of that network, you just wasn't 15 part of the in crowd. But prior to that, the 16 major, what's his name, the black mayor? He's in 17 the House now. 18 Q Mr. Nicholson. 19 A Nicholson. 20 Q Floyd Nicholson? 21 A Floyd Nicholson. I loved him from the minute I met 22 him and he came -- the first day I took the Inn. 23 He came in in jogging clothes and I was back in the 24 office in the process of firing somebody and they 25 said, a gentleman wants to see you. And I walk out	344 1 places. Louis handled that side of it. I didn't 2 get involved with that part. 3 Q Who did all the accounting work for them? 4 A Whose accounting work? 5 Q IOS. 6 A Misty. 7 Q Misty. 8 A One hundred percent. 9 Q She had an accounting background? 10 A Yes. She's always handled that for my companies 11 since the day I -- in fact, that's why I hired her. 12 Q Did she do all the tax returns and everything, too? 13 A She does everything. 14 Q By the time everything was done and you all had 15 Clarion onboard, you wound up with how many 16 mortgages? 17 A Business Carolina, Cornerstone, Upper Savannah, the 18 City, Lone Star, probably seven, six or seven, some 19 of them small, unless you want to count mine as a 20 mortgage, money that Craig White put in as a 21 mortgage. 22 Q Did you have a mortgage that was filed in the -- 23 A Yes, I think so most -- most of the time. I think 24 there was one for 50 or \$100,000 my wife never got 25 filed for whatever reason that's in there, but most

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- 1 of them I think we filed them or had them accounted
2 for in some fashion.
- 3 Q And she kept up with all that paperwork —
- 4 A Oh, yes.
- 5 Q -- as the accountant, as well?
- 6 A Yes.
- 7 Q Now she's not a CPA, per se?
- 8 A No.
- 9 Q But she did all the books?
- 10 A No. We hired a CPA out of Columbia to do the year
11 end stuff.
- 12 Q Okay.
- 13 A I forget his name now. I can't think of his name.
14 But he did the year end closeout. She just took
15 everything she had done, sent it to him and then
16 worked with him for a week or two until he got it
17 all together, and then it was sent in to wherever
18 they send it in to.
- 19 Q Were you all, you know, in the black at that point?
20 And I'm talking about when I guess you went with
21 Clarion; you paid your franchise fee, your —
- 22 A I think at that time we were doing pretty good.
23 You say "in the black".
- 24 Q And the restaurant never made money?
- 25 A No.

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- 1 Q Restaurants don't make money?
- 2 A The restaurant would make \$300 this week, lose \$500
3 the next.
- 4 Q And then when workers' comp came due, it was all
5 gone?
- 6 A Oh, yes. It's -- it's just -- we lived paycheck to
7 paycheck, week by week. When you say "in the
8 black", we were making money some months, hanging
9 on other months. It was a work in progress. If we
10 got any extra money, we bought something with it,
11 renovated something with it, fixed something with
12 it. We put every dime back into the hotel. My
13 entire time there I put my entire management fees
14 back into that hotel. I never took a dime in
15 management fees. I walked out of there being owed
16 160 and some odd thousand dollars in management
17 fees, that's legitimately on the books. It's owed
18 to South Corp. I never got it, never will.
- 19 Q But you gave that to Leonard, right, when you gave
20 him the corporation?
- 21 A No, I don't think. I hope to hell I didn't. Just
22 my luck I did and he wouldn't tell me. Of course,
23 it ain't going to get paid anyway.
- 24 Q Is that in addition to obviously what Misty put in?
- 25 A Oh, yes. Misty had her own money which she

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- 1 controlled. I did not control it. I would try to
2 advise her, for what that was worth, but she was
3 her own person, always has been. She -- I advised
4 her to never put a dime in that hotel. She did it
5 anyway and that's her call. But yes, she had three
6 different loans to the hotel under Lone Star
7 Ventures. I forget exactly how much they were.
8 Two of them I think were logged in at the court.
9 One of them I don't think -- it was either for 50
10 or \$100,000. I think it was 50. That for whatever
11 reason, she never got logged in and it's not on the
12 books, or it's on the books, but not logged in,
13 whatever.
- 14 Q Well, at the time that the forbearance agreements
15 had to be negotiated in this case when Business
16 Carolina had you all in default and everything was
17 going south, was it in the forbearance agreement
18 that she negotiated at that point?
- 19 A That who negotiated?
- 20 Q That Lone Star negotiated.
- 21 A Lone Star didn't negotiate that, I did.
- 22 Q You did?
- 23 A Uh-huh.
- 24 Q Was the total that's on there, does that include
25 everything that was on the books —

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- 1 A Oh, man --
- 2 Q -- or was it just what was --
- 3 A -- every lender, from me to Craig White, to Lone
4 Star Ventures, everything was listed. There's no
5 secrets. I don't play those games. I tell
6 everything.
- 7 Q What I'm saying is, did you all wrap everything
8 into -- I mean I know you probably had separate
9 notes at different times. Did you wrap it into one
10 lump sum and give them a balance?
- 11 A I don't know. Ask him (indicating), him, and their
12 attorney. I had three attorneys trying to get
13 forbearance agreements. None of the three could
14 agree on a comma. I finally threw up my hands and
15 went to Business Carolina and said this is the
16 biggest crock of crap I have ever seen in my life.
17 Doug don't like what Leonard likes. Leonard don't
18 like what the other guy likes. The other guy don't
19 like what Leonard likes. We are getting nowhere.
20 I said these attorneys can't agree on nothing.
- 21 Q A common problem.
- 22 A So we took it away from them and I said Business
23 Carolina, you handle all the money. It all goes to
24 you every month and my wife will come to you and
25 get permission to write every single check every

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1 single month, but get these deadbeat lawyers off of
2 my back. And that's what we did. So Business
3 Carolina -- all the money went to Business
4 Carolina. My wife prepared a budget under my
5 purview every month. She gave it to Business
6 Carolina. Business Carolina approved it on a line
7 item. She went back, wrote the checks and sent
8 them out and that's the way we operated for two
9 years.

10 Q Did you ever make any money as the management while
11 you were there?

12 A Oh, yes. Do you mean did I ever get paid?

13 Q Yes, did you ever get paid?

14 A No, never put a dollar in my pocket.

15 Q How did they figure what they owed you?

16 A Oh, it was accrued monthly. We always figured at
17 some point in -- it was like the money where I
18 bought the furniture. At some point in time IOS is
19 going to either sell or refinance and I'll get my
20 money back. Working with distressed properties,
21 I'm used to that. I have been on a limb many, many
22 times, that's not unusual. When you take over a
23 distressed property, it's always hook and crook
24 until you get the ... inaudible ... cash flowing.
25 This property was the worst property I ever took

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1 over and it took a lot to turn it and a lot to
2 renovate it, and a lot to turn it around. And then
3 just as the sunshine came out, 2008 it was the
4 recession and we -- we went flat. I was in Italy
5 on a 17 day vacation living on top of the world
6 when I got a call and said you ain't going to
7 believe this but the sky has fallen. We are going
8 from 31 rooms a night down to 3. People are
9 cancelling their events left and right. Others are
10 coming in cancelling their \$5,000 chicken dinners,
11 wanting to know if they can do chicken nuggets. I
12 mean I'm in Italy having a conniption fit.

13 Q It just fell apart?

14 A I had to wire personal money -- actually, my wife
15 did, from Italy to make payroll because we couldn't
16 even make payroll then. So when we came back, we
17 came back to a mess and we started trying to shape
18 up, get back together, finish the renovations, turn
19 around and that was the hardest year I think I
20 spent there because we were way out on the lender
21 who was doing -- we had a lender who once we
22 finished the renovations was going to come in and
23 refinance all these other lenders and put it under
24 --

25 Q One umbrella?

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1 A -- one umbrella. They said -- it's called Capital
2 One Investments. They said we're out of here and
3 walked. After giving us a letter of commitment,
4 they just walked. So we are standing there trying
5 to figure out what the hell is going to happen now.
6 It was a nightmare. And I get back two weeks into
7 this, trying to play catch up, all of our room
8 reservations -- we were booked 80, 90, 95, 96, 87
9 percent. Cancellations are coming in daily,
10 cancel, cancel, cancel. This reunion is cancelled.
11 This anniversary is cancelled. This birthday is
12 cancelled with its 37 rooms or these 26 rooms, with
13 its chicken dinners, with its roast beef dinners.
14 It was the sky literally was falling.

15 Q Who was your right-hand man at that point or right-
16 hand woman?

17 A Misty.

18 Q Misty?

19 A She's always been my right hand.

20 Q And you were operating basically as the GM, as well
21 as --

22 A I was retired.

23 Q Who was your second in command below Misty or
24 behind her?

25 A Didn't have it.

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1 Q Nobody?

2 A Nobody. I did not delegate well.

3 Q Completely family owned?

4 A Uh-huh. It was my way or no way and the only one
5 that could get away with anything was Misty. My
6 employees, if I told you to do it a certain way,
7 don't give me no excuses, it better be done just
8 that way or you weren't employed, on the spot. I
9 had a manager. You don't wear blue jeans in my
10 hotel. She got caught out and about, some
11 emergency, she went in there with her blue jeans
12 on. I walked in the door as she was walking out, I
13 said, just keep on walking because you don't work
14 here anymore.

15 Q Well, when were the renovations, I guess,
16 technically finished?

17 A Never.

18 Q Never.

19 A We were in mid -- well, we were 80, 90 percent
20 completed when the bottom fell out and the
21 recession. We still had more work to do and we
22 were still trying to raise funds for additional
23 stuff. Now most of that was going to be taken care
24 of with the refinance, which rolled everything into
25 a package and gave us an additional \$250,000 to

353 1 catch up and finish everything. We were in pretty 2 good shape until that lender walked and they walked 3 with a phone call. They never even gave us a 4 letter. They called Louis and said Capital One is 5 closing its doors Monday. We are out of here. 6 This was a Friday evening. Louis called me and 7 says what are we going to do? I said I'm going 8 AWOL. I don't know what the hell you are going to 9 do. I'm leaving the state. I'm going back home to 10 Texas because I don't know what we are going to do. 11 It was just a disaster. 12 Q Did you find anybody else? 13 A Never did. We went through multiple lenders, got 14 multiple people to visit the property, got multiple 15 people interested throughout 2008, 2009. We 16 courted purchasers, we courted Lander, we courted 17 lenders, we worked with our lenders, we robbed our 18 pocketbooks, we done everything we could to 19 survive, do something with that hotel. Our best 20 bet, Lander would do what they said they would do, 21 come in and close. 22 Q Now who were the people from Charlotte, in 23 Charleston and from Atlanta and — 24 A I had Agape was from Columbia. Agape, is that how 25 you say it?	355 1 A Two million. 2 Q Two million and with interest and penalties and 3 whatever else. I mean what did it wind up being at 4 the time — 5 A Oh, at the end of the two years, once Lander — 6 Q No, I'm talking about right then, I mean before 7 Lander is in the picture, that's what I'm trying to 8 figure out? 9 A It was about 2 million. 10 Q Two million? 11 A Yes. Two years later, probably 2.4, 2.5, because 12 we had all these penalties, interest piling on top 13 of us from every which away. 14 Q They kept running interest and penalties on you 15 throughout — 16 A Yes. 17 Q -- the forbearance? 18 A Yes. But we had signed agreements that if I could 19 get on in there and close with Lander, they would 20 work deals with me. All they wanted was their 21 money. At that point in time all everybody, 22 partners and lenders, wanted was out of the trap, 23 so I could work fairly good deals if I had the 24 money to put on the table. Lander was the only 25 source of money put on the table and Lander wasn't
354 1 Q Agape? 2 A Agape, yes. I don't remember who it was out of 3 Atlanta. I've got it in my records somewhere. 4 It's been five years ago. And the people out of 5 Charlotte were people I had dealt with in the past 6 and they were called First -- First Investors Group 7 or something like that. And the one out of 8 Charleston was Adventure Capitalist, and they were 9 all new people. I had only worked with the group 10 out of Charleston once before. 11 Q How did you get hooked up with -- I mean I know the 12 one you worked with before, but how did you get 13 hooked up with them just in general? 14 A Oh, I had tentacles out all the time. I was always 15 looking for new properties to purchase and/or new 16 investor groups to sell properties to, that's what 17 I did, turnover, turnover. I didn't keep any 18 property any length. As soon as I turned it, I 19 sold it. So I was always dealing in both markets, 20 the buyers market, looking to what I could buy, the 21 sellers market, looking at what I could sell. It 22 was every day. Every day of every week was spent 23 doing that. 24 Q By that point in time I guess your debt was what, 25 around —	356 1 talking to us. 2 Q The people from Atlanta that were coming up -- 3 A They came up twice. 4 Q Came up twice. And you showed them around, that 5 was -- that's the ones you said wanted to do the 6 retirement facility? 7 A Well, initially. They of course -- 8 Q Assisted living or something. 9 A -- they were looking at doing an assisted living 10 until Lander informed us they had renewed their 11 lease for another year. So I went back to them and 12 said, well, folks, Lander's not going to close by 13 April, apparently. They just renewed their lease 14 for another year. I thought that they would end 15 it. In fact, they did sort of end it there. Then 16 they came back to me and said Lander is going to 17 renew for a year. Are they still interested in 18 buying? And I said, I don't know. I said I've got 19 some jackass up there that won't talk to me. I 20 don't know what their intentions are. He said, 21 well, you know, we might still be interested in the 22 building if Lander is willing to do a long-term 23 lease. And I said, what's a long-term lease? They 24 said five years, maybe with a five year renewal. 25 And I said -- he said is Lander interested in that.

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1 I said I don't know, I'll ask. That's when we had
2 the meeting with Tom Covar and Doug Bell, who said
3 they were interested. So I went back to them and
4 said, yes, they are interested, but they want to
5 keep that option to purchase. Lander does not want
6 to give that up, but they will entertain doing a
7 five, ten year lease. So --

8 Q As long as they still retained the option?

9 A To purchase it. So that's when we started trying
10 to work that out and got nowhere. And finally they
11 gave up, threw up their hands and said when you
12 guys get real, call us. We were sending stuff in
13 constantly trying to get those numbers out of
14 Lander and Doug Bell and not even getting our phone
15 calls returned.

16 Q And I'm not trying to rub salt in the wound because
17 I know it was a bad time, but by that point, I
18 guess by the time you are starting to talk to
19 Lander in -- I guess the end of the summer of 2009,
20 the summer, middle of the summer, July or August,
21 something like that, and you all threw that
22 together really fast?

23 A Oh, God. Diane Newton was -- I called her the
24 Tasmanian devil. That woman, she couldn't sit down
25 in this chair. She was hyper. She'd get up and

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1 run around this desk three times. We ought to do
2 this. We ought to do that. What about that? Put
3 in a new elevator. I went like time out, calm
4 down. She is the most hyper person I've ever
5 worked with.

6 Q Well, it sounds like from what you describe she is
7 legitimately excited and that Lander was
8 legitimately excited about, you know, the
9 opportunity?

10 A She was -- she loved that Inn and she loved that
11 deal and she was so excited up to that point that
12 she left. She was just so proud of it. All of
13 Lander was. I mean all them people down there
14 running around through the building. They were all
15 high-fiving each other, patting each other on the
16 back, shaking each other's hands, giving interviews
17 to the TV. I was just kind of standing off to the
18 side watching. But they were all pleased as pie.
19 They had pulled the coup of a lifetime. They
20 bought that Inn for a million dollars under its
21 value and it's Lander on the Square and it's -- and
22 they've got these meeting areas and they've got all
23 these event areas, and all that, it was a coup. I
24 mean I was beginning to wonder, boy, they must've
25 really beat me up bad. I was wondering if I got my

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1 best deal.

2 Q Things had kind of gotten bad by that point though
3 and I -- again, I'm not trying to rub salt in the
4 wound, but you all had some taxes that were owed
5 and 2008 property taxes were due and you had a sale
6 that was upcoming in October of that year?

7 A Yes.

8 MR. SMITH: Object to the form. Go ahead
9 and answer.

10 A Oh, yeah, the money was covered. We paid it. It
11 was never a doubt.

12 Q You paid it?

13 A We were trying to get Lander to pay, you know, but,
14 yes, we went and paid it. I think it was three
15 days before it was due. Because Lander was
16 supposed to pay it and they didn't, so we ...
17 inaudible ... they didn't, so we did.

18 Q Well, the bill had actually been due since I guess
19 January 1st of --

20 A Oh, you're talking about 2009 taxes?

21 Q Well, 2008, due January 1, 2009. The first tax
22 period.

23 A Yes, we paid that, that was never -- we had the
24 money in escrow and we went straight down and -- I
25 think we paid it the first week of September.

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1 Q And it was paid through I guess the rent that was
2 derived from the lease because Lander was
3 disbursing through Doug Bell's office to the
4 lenders, correct?

5 A No.

6 Q No.

7 A The money -- Doug Bell went down and had all this
8 thing, made all this stir about the taxes,
9 something else and something else, and he wanted to
10 ensure all this got paid. Apparently, he didn't
11 trust Business Carolina to pay this, so he
12 personally wanted to pay it on Lander's behalf. So
13 I had to go cut the deal with Business Carolina.
14 Fine, let Lander pay him the money. He's bound by
15 these rules. Let him go pay it if that makes
16 Lander and him happy and he did that. But there
17 was never a question that taxes would be paid.
18 That's the way Doug Bell wanted them paid.

19 Q And insisted, I believe?

20 A Insisted they be paid that way.

21 Q And obviously I want you to be able to have the
22 opportunity to tell your side of the story, but
23 throughout this period of time there's a lot of
24 stuff up in the air, right?

25 A What kind of stuff?

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1 Q Well, I mean there's all these e-mails flying back
2 and forth about can we have another elevator.
3 A Uh-huh, yes, I'll agree with that.
4 Q I mean you were trying to figure out, you know,
5 what they wanted to use versus what you were going
6 to have to put in storage.
7 A I was trying to accommodate Lander's needs in every
8 way I could in an extreme short period of time
9 because Lander was between a rock and a hard place.
10 They had to have those hundred beds I believe by
11 the 25th of August. So trying to make this happen
12 was a nightmare for my staff, their staff. I'm
13 trying to close out events, cancel events, close
14 down the bar, close down the dining room, let
15 people go, find jobs for people, move furniture
16 around, get rid of the furniture they didn't want.
17 It was a nightmare. I'm going to tell you I was
18 working 16, 18 hours a day 7 days a week and things
19 were subject to change. This morning from ten
20 o'clock until this afternoon at three o'clock. It
21 was an ever evolving thing. It was a -- it was
22 chaos. A lot of it unnecessary, a lot of it
23 brought on by Diane's dynamic personality. I
24 finally learned how to work with her, which is
25 basically saying not no, but hell, no. Prior to

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1 that, yes, ma'am, let me see what I can do. I
2 don't know if we can do this. I've got to go and
3 get this and this and this. So at some point in
4 time I quit trying to accommodate her and all her
5 craziness because it was never ending, you know,
6 never ending.
7 Q Well, I mean --
8 A Even after they moved in, September, October,
9 November, December she was still trying to get me
10 to do stuff on our money and put the money on the
11 back end. I'm going are you crazy.
12 Q Well, you had worked with student housing before
13 though?
14 A Oh, yes.
15 Q And it had been probably, I don't know, what, early
16 '90s? I mean when was the last time you had --
17 A '94.
18 Q '94-ish?
19 A '94, '95, something like that.
20 Q I mean and I -- I understand the bureaucratic
21 nightmare that that can be, not something that I
22 have ever really done transactionally myself. But
23 you agree with me that she, meaning Diane, probably
24 didn't have a whole lot of control over her own
25 destiny where it came to making decisions on who

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1 had to give her approval?
2 MR. SMITH: Object to the form. Go ahead
3 and answer.
4 A I don't know anything about that. She presented
5 herself to me as the sole authority for Lander's
6 purchasing and leasing of student housing and she
7 did that in front of Doug Bell, who she presented
8 as Lander's attorney. I had no reason to doubt
9 her. I didn't.
10 Q Well, Lander probably has more than one attorney,
11 wouldn't you agree with me?
12 A Well, I wouldn't know what they got.
13 Q Well, as a sophisticated businessman who had been
14 around this block many, many times before, you
15 honestly believed that Diane had the complete
16 authority to do whatever she wanted to as far as
17 Lander was concerned with housing?
18 A Pretty much, yes. She was the sole authority from
19 Lander. And I actually empathized with her when
20 Columbia Budget and Control Board started jerking
21 her around and making her jump through the hoops.
22 I felt sorry for her. I thought she was a very
23 sincere person who was very sincerely representing
24 Lander's best interest and doing the right thing
25 for Lander and the student housing. I didn't

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1 question any of her decisions. I questioned her
2 scatter-brained approach to things and her
3 hyperness, but as far as her authority, never once.
4 She was -- she brought in other people with her on
5 these meetings who never questioned her authority.
6 She was always the person talking. Why would I
7 question her authority? Why would I not think that
8 she -- I mean I assumed she had a Board that she
9 was working with. But she also represented herself
10 and Doug Bell as being on that Board when she
11 reassured me the funds, Foundation funds, were
12 there and would be used if Obama's money did not
13 come through. Never did I question Diane, ever.
14 Q You never had to go through Budget and Control
15 Board approval in any of your other student housing
16 projects?
17 A Never, never heard of them people. Never, never
18 dealt with them.
19 Q You never had to present them a budget, or a
20 proposal or --
21 A Never. And when I -- when they come down with
22 their little draft budget and informed us, we're
23 the State of South Carolina, we don't negotiate.
24 You take it or leave it. I told them what they
25 could do with it. We'll leave it. I wouldn't have

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1 signed that lease. I don't give a damn who they
2 think they are. That's the worst lease from a
3 landlord's perspective I ever seen in my life and
4 anybody's a fool to sign that lease.
5 Q But at the end of the day you didn't have the
6 authority to sign it or not sign it —
7 A No, I did not.
8 Q -- because you weren't the owner?
9 A No, I was not.
10 Q And you got overruled on that?
11 A No. I agreed to signing the lease with Louis Smith
12 after we met in Doug Bell's office with Diane and
13 did a separate agreement of all the things Lander
14 was going to do contrary to the lease. Then I
15 said, okay, then you can sign this piece of crap.
16 There ain't a landlord in America that would sign
17 that lease if their attorney read it first. I
18 don't care if it is the State of South Carolina.
19 That's the craziest, most convoluted, stupidest
20 lease I have ever seen.
21 Q And yet that's the one that you all operated under
22 and the one that you want to collect your damages
23 under?
24 A Wait a minute. We signed that under the thing with
25 Lander bypassing all that. Now as far as

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1 collecting damages under it, if Lander is going to
2 hold us to it, we're going to live to it.
3 Q Well, I guess that's my question. Is there a
4 contract?
5 A We lived up to that lease in every one of it's
6 forms. Lander did not.
7 Q And it was drafted -- and I'm -- I don't disagree
8 with you on several issues. I'm just trying to get
9 all the facts out so that we talk about everything
10 —
11 A In two years, Lander never once approached us in
12 any capacity to say we were in violation of that
13 lease agreement in any way, shape or form.
14 Q And likewise, you didn't —
15 A Yes, I did. I approached Lander on numerous
16 occasions and pointed out to where they were in
17 violation.
18 Q We haven't seen any of those e-mails today.
19 A They weren't e-mails. They were meetings with
20 either Diane Newton, or Randy Bouknight, or Tom
21 Covar.
22 Q The period of time that all of this was taking
23 place was, number one, everybody is broke. And
24 when I say "everybody", you and Misty don't have
25 any money -- you don't have a dog in the fight.

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1 Misty does by that point. How much did you have in
2 the fight by that point?
3 A Fifty-five thousand.
4 Q And again, I don't have your management agreement
5 so I can't -- you know, I don't know what
6 percentage it was that you had. Was it a
7 percentage of the profit that you were paying
8 yourself?
9 A A percentage of the gross that we brought in.
10 Q Okay.
11 A But housing —
12 Q On a quarterly basis?
13 A Why is that relevant to the sale of this building
14 and the lease? That's my agreement with IOS, LLC.
15 It has nothing to do with Lander's lease or
16 purchase. As far as me not having a dog in the
17 fight, I think I had a big dog in the fight.
18 Q As far as the damages that you went through with
19 your attorney on direct, one of those things -- and
20 I've been trying to make lists and I wound up with
21 too many lists at this point. But one of those
22 things was your management fee that you had never
23 been paid?
24 A It's not in there.
25 Q Okay. And as far as anything that they owe you

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1 personally —
2 A Uh-huh.
3 Q -- at this point?
4 A It's not in there.
5 Q There's no money that --
6 A Not a dime.
7 Q You'll take that up with Craig or Louis at whatever
8 point? Is that LLC dissolved at this point?
9 A No, it's still active.
10 Q Okay.
11 A Right now offhand they owe me \$55,000 and VISA
12 fees. They owe me \$160,000 in management fees and
13 \$5,000 for furniture that I purchased. There may
14 be some other monies I've forgot. I have already
15 come to the conclusion I'll never see a dime of
16 that and not a dime of that is in any of these
17 damages. These damages are the damages that Lander
18 left this building in for IOS, LLC.
19 Q We'll get to that in a minute. And I'm not going
20 to go through it at this point because I believe at
21 some point we were going to have some estimates.
22 You had -- obviously, you had engineers,
23 electricians. You've people actually give you
24 written estimates for this work, is that accurate?
25 A That's right, that's accurate.

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- 1 Q Who's got custody of those files?
 2 A They are in the files here. You all got a copy of
 3 them, as well.
 4 Q Of the actual estimates themselves?
 5 A Yes. They were all provided to you all, along with
 6 me getting all this stuff sorted out. You've got
 7 the \$66,000 for fire and the \$44,000 -- what you
 8 don't have is the -- like the sheets and the lamps
 9 and stuff. You would have to call Clarion to get
 10 those because those numbers came straight from
 11 Clarion. Some of the other estimates in here came
 12 from local vendors around there, such as the pool,
 13 \$68,000 to bring it back up. I did get it in
 14 writing. I don't know what I did with it. It's --
 15 it may be in the old IOS, LLC boxes that Louis has,
 16 but I don't -- I personally have not come across
 17 it, but I do remember getting it. But that was
 18 five years ago. I'm sure today it probably is
 19 \$120,000 to bring that pool up.
 20 Q Let's go back to the negotiations with Lander.
 21 When all this started they came to you, is that
 22 fair?
 23 A Diane Newton came to me, yes.
 24 Q And on behalf of Lander, Diane Newton came to you
 25 directly or to Misty?

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- 1 A Directly to me. Directly -- she called Misty and
 2 wanted to know who to meet with and Misty made her
 3 an appointment for me.
 4 Q And during the period of time that you all were
 5 talking about the possibilities, were you in
 6 contact with your lenders at that point to discuss
 7 what time frame that you had with them?
 8 A No. I didn't approach the lenders or the partners
 9 until Diane and I cut a verbal deal. She came to
 10 me initially not to purchase. She wanted to lease
 11 the 48 rooms.
 12 Q And that's the only contract that actually was
 13 reduced to writing that's been signed by the
 14 partners?
 15 A That's correct. I turned her down and then she re-
 16 approached me about purchasing it, the Inn, but she
 17 needed to lease those rooms for ten months. That
 18 got my interest.
 19 Q And you all never -- as I understood your
 20 testimony, you never settled on a purchase price --
 21 A Yes, we did.
 22 Q -- because there was a lot of numbers that we
 23 talked about in the first part of your testimony.
 24 A Not really. We settled on a price of \$2.3 million.
 25 That was and always stood as a firm price. The

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- 1 asking price was \$3.3. She said Lander would pay
 2 \$2.3. From there she started trying to up the
 3 price with a \$17,000 a month that she couldn't pay
 4 on the initial agreement to do \$48,000 for the
 5 lease. She was going to put that on the backside.
 6 Then she was going to put the 32, \$34,000 in taxes
 7 on the backside. And then there were other
 8 improvements that she wanted us to do and fund that
 9 they were going to put on the backside. So this
 10 price of \$2.3 million went to \$2,470,000, let's
 11 see, \$2,505,000. And if the hot water heater
 12 busted, it was going to be another 10. She
 13 referred to we're having -- her and Doug are having
 14 a hard time coming up with a firm number because
 15 the way she was doing things. It was a moving
 16 target. The target never dropped beyond \$2.3
 17 million and it never dropped beyond \$2,470,000, and
 18 it never dropped between \$2,404,000. It was always
 19 climbing, it never ever went down.
 20 Q But you would agree with me if you never could
 21 settle on a figure, that there was never an
 22 agreement or meeting of the minds as to what the
 23 actual purchase price --
 24 A No, I --
 25 Q -- was going to be?

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- 1 MR. SMITH: Object to the form, but go
 2 ahead and answer.
 3 A I would not agree with you. We knew we were
 4 getting \$2.3 million for the property, plus back-
 5 ended stuff that Lander was trying to avoid for
 6 seven of those ten months. So the price is and
 7 it's always been \$2.3 million. There was a firm
 8 meeting of the minds. What we didn't know is what
 9 Lander wanted to defer for ten months, taxes,
 10 \$17,000, hot water heater, an elevator they wanted
 11 to put in. Those were all negotiable in Diane's
 12 mind. But there was a firm meeting of the minds at
 13 \$2.3 million. We never -- then it was a firm
 14 meeting of the mind of \$2,470,000, and there was a
 15 firm meeting of the minds \$2,404,000; that was the
 16 last firm meeting of the minds and that involved a
 17 \$2.3-million purchase price, the ten months at
 18 \$17,000 in arrears, and the \$34,000 in taxes.
 19 MR. SMITH: I tell you what, it's 7:55.
 20 Can we go off the record for a second.
 21 (OFF THE RECORD)
 22 MR. SMITH: We just have agreed to adjourn
 23 the debate -- I mean the debate, excuse me, I'm
 24 getting my legislative hat right now -- adjourn
 25 the deposition and we'll reconvene as clearly

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1 the priority obviously given John's condition,
2 that we get back as soon as possible. We do
3 have a date reserved right now on the 28th of
4 September, but we are going to look to try to
5 find an earlier date as best as possible among
6 the parties. And certainly agree that, John,
7 you continue to be under oath. You can't
8 discuss your testimony with anybody, certainly
9 not myself or others. We will work, as Ms.
10 Meredith and I have discussed, to try to share
11 additional documents that have come up during
12 the deposition like the photographs and the
13 estimates of some of the repair work. But and
14 then we will work to try to get a scheduling
15 order done to bring the case to conclusion, the
16 objective by the end of the year as best we
17 can.

18 MS. MEREDITH: Yes, if at all possible.

19 MR. SMITH: Right, yes. That's it. Thank
20 you.

21 Further deponent sayeth not.

22 (There being no further questions, the
23 deposition adjourned at 8:03 p.m.)

1 STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS)))) COUNTY OF GREENWOOD) C/A NO.: 12-CP-24-0576) DAY 2) VIDEO) DEPOSITION OF IOS, LLC,))) Plaintiff,) JOHN W. HUFFMAN)))) vs.) September 25, 2015)))) Lander University, Lander College and) the Lander Foundation,))))) Defendants.))) COPY Deposition on oral examination of JOHN W. HUFFMAN, reported by Diane Grubowski, Court Reporter and Notary Public, in and for the State of South Carolina; Said deposition taken pursuant to Notice and in accordance with the South Carolina Rules of Civil Procedure, at the Law Offices of James E. Smith, Jr., 1422 Laurel Street, Columbia, South Carolina, on Friday, the 25th day of September, 2015, scheduled for 11:00 a.m. and commencing at the hour of 11:28 a.m. PALMETTO REPORTING (803)463-3526	3 CONTENTS (Day 2 Video deposition of JOHN W. HUFFMAN) <table style="width: 100%;"> <thead> <tr> <th></th><th style="text-align: right;">PAGE</th></tr> </thead> <tbody> <tr> <td>Exhibit Index</td><td></td></tr> <tr> <td>Stipulations</td><td style="text-align: right;">4</td></tr> <tr> <td>Examination by Ms. Meredith</td><td style="text-align: right;">4</td></tr> <tr> <td>Certificate of Reporter</td><td style="text-align: right;">175</td></tr> </tbody> </table> * * * * * EXHIBIT INDEX EXHIBITS: IDENTIFIED AT PAGE: *** See Exhibit Index Court Reporter's note: -- indicates interruption; incomplete phrases; trailing off; unfinished sentences		PAGE	Exhibit Index		Stipulations	4	Examination by Ms. Meredith	4	Certificate of Reporter	175
	PAGE										
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2 APPEARANCES: Representing the JAMES E. SMITH, ESQUIRE Plaintiff: 1422 Laurel Street Columbia, South Carolina 29201 -- AND -- LEONARD R. JORDAN, ESQUIRE 4500 Fort Jackson Boulevard Columbia, South Carolina 29209 Representing the LENA Y. MEREDITH, ESQUIRE Defendants: Nicholson Meredith and Anderson, LLC P.O. Box 457 Greenwood, South Carolina 29648 -- AND -- DOUGLAS L. BELL, ESQUIRE McDonald Patrick Poston Hemphill and Roper, LLC P.O. Box 1547 Greenwood, South Carolina 29648 Also Present: Gary M. McCombs	4 1 This deposition is taken in accordance with 2 the South Carolina Rules of Civil Procedure. 3 It is agreed and stipulated by the deponent 4 and respective counsel that the reading and 5 signing of the deposition by the deponent is 6 expressly waived. 7 WHEREUPON: 8 JOHN W. HUFFMAN: being duly sworn and 9 cautioned to speak the truth, the whole truth 10 and nothing but the truth, testifies as 11 follows: 12 EXAMINATION 13 BY MS. MEREDITH: 14 Q Mr. Huffman, we are going to complete your 15 deposition today. I know it's been some time since 16 we were here together, but I'm going to potentially 17 plow some of the same ground. I'll try not to, but 18 I want to make sure that everything is adequately 19 covered, that you have an opportunity to tell us 20 what you need to tell us, and I have an opportunity 21 to ask you everything I need to ask you. Okay? 22 A Okay. 23 Q If you need a break at any point, please let me 24 know. If there's anything we can get you, please 25 let me know. But I'm going to try to press on										

5 1 unless you tell me you need to stop. Okay? 2 A Okay. 3 Q The last time we were together we had talked about 4 many, many different things and one of those was 5 the relationship that you had to IOS. I wanted to 6 clarify that if I could and make sure that I 7 understood entirely how the parties were aligned in 8 this litigation. And if I'm not mistaken, and 9 please correct me if I'm wrong, what you told me 10 was that you were hired as the general manager for 11 the Inn on the Square and that you, individually, 12 did not have any ownership in IOS, LLC. Is that 13 right? 14 A That's correct. 15 Q And that the owners who were members in IOS, LLC, 16 were Mr. Smith, not your attorney Mr. Smith, but 17 the Mr. Smith who is your wife's partner? 18 A Yes. 19 Q And what percentage of ownership did he have when 20 IOS was formed and has that changed? 21 A It changed over time. I'm not sure what it began 22 at. Craig White owned a percentage, Louis Smith 23 owned a percentage and my wife owned a percentage. 24 There was some kind of back and forth between Craig 25 and Louis and their percentages changed, but I'm	7 1 Q You all don't keep up with one another? 2 A Haven't talked to him in over a year. 3 Q Did you all have some kind of falling out? 4 A No. 5 Q Okay. Mr. White, was he the one who actually 6 initially purchased the Inn on the Square and owned 7 and operated it to begin with? 8 A As far as I know, yes. 9 Q Did he have any other partners or anyone that he 10 was involved — 11 A I have no idea. 12 Q No idea. 13 A I wasn't part of that. 14 Q Now I believe we talked about this before. Did you 15 pitch the idea to Craig or did Craig recruit you to 16 come take over this project and turn it around? 17 A I had very little contact with Craig, very little 18 dealings with him. Louis Smith is the one that 19 recruited me and talked me into it. 20 Q And he and Louis, Craig and Louis, had a previous 21 relationship? 22 A I have no idea. Wait a minute, I do. Yes, they 23 had -- they were partners in an office building 24 here in Columbia, which they in fact purchased from 25 me, Number One Main.
6 1 not sure what either one of them ended up with. I 2 know my wife's percentage did not change. 3 Q Okay. I believe you testified the last time we 4 were here that Misty's percentage was 10 percent 5 and that was given to her rather than something 6 that she had to purchase in consideration of your 7 agreeing to come in and turn the hotel around, is 8 that -- 9 MR. SMITH: Object to the form of the 10 question, but go ahead and answer. 11 Q Is that accurate? 12 A That's accurate. 13 Q And that Louis and Craig had previously been in 14 business together as Palmetto Inns? 15 A I don't know that Louis was part of that. It was 16 formerly known as Emerald Inns. 17 Q Okay. 18 A I think -- I don't think Louis was part of that, 19 but I could be wrong. 20 Q Okay. How did you meet Louis, just in general? 21 A Louis worked for me about three-and-a-half or four 22 years. 23 Q And he is with the Econo Lodge Corporation now, is 24 that right? 25 A I have no idea.	8 1 Q Okay. And that would have been the Main Street 2 building where the Sherlock Holmes Pub was located, 3 is that correct? 4 A At one time, yes. If they had any other business 5 dealings, I'm not aware of. 6 Q Okay. And you had some ownership interest at some 7 point in that building. Did you in fact have a 8 partnership with either Louis or Craig -- 9 A No. 10 Q -- in that building at all? 11 A No. 12 Q You were out of it by the time that all of that 13 took place? 14 A I sold it to them. 15 Q When did you sell it to them? 16 A I don't know, 2003 or '04. 17 Q Okay. I know we touched on this before. Is it 18 fair to say that by the time you got involved in 19 the Inn on the Square project with Louis, at his 20 request, that they were in pretty bad shape as far 21 as finances were concerned? 22 A Oh, definitely. They were upside down. 23 Q Do you recall what the outstanding indebtedness was 24 at the time that you took over? 25 A A million two, a million three, sticks in my mind.

9 1 Q Okay. And that is the indebtedness that you 2 refinanced with the loan when you all took over? 3 And I say "you", it wasn't exactly you, it would 4 have been IOS? 5 A We had two agreements. We carried it down to 6 \$920,000 and if I paid it off within the year it 7 was \$700,000. 8 Q Okay. But total indebtedness was \$920,000, at the 9 time that you took over, you just had the 12 months 10 to turn it around? 11 A ... inaudible ... to refinance it and take it out 12 at 7. 13 Q Okay. And that would have been in 2007, give or 14 take? 15 A 2005, I believe. 16 Q Okay. But you were not able, despite your best 17 efforts, to reach that goal, so you were not able 18 to refinance it at the 700? 19 A No, I was not, not within a year time frame. 20 Q And I believe we discussed this earlier. But it 21 was during that time frame that the economy began 22 to turn towards recession and many businesses, not 23 just yours, began to suffer greatly? 24 A Well, that was really 2009 when that great 25 recession hit us.	11 1 involved in 2005 that you were dealing with? 2 A Business Carolina. 3 Q Okay. And that would have been Todd Lucas? 4 A Yes. 5 Q There are three main points of contact which you 6 had? 7 A There were three points of contact for me. I don't 8 know who Craig's points of contact. Mine was Mike 9 Sandusky, who is the head of Business Carolina, 10 Todd Lucas, who was my direct point of contact, and 11 then you had John, who was basically, I don't know, 12 an observer for the bank. 13 Q Okay. 14 A He didn't really have a lot of authority. 15 Q So when you began in 2005, it was your goal to 16 either be able to refinance for the \$700,000 figure 17 and basically what -- was it Sandusky that you were 18 dealing with that had the authority to give you the 19 reduction in principal? 20 A Mike Sandusky is the one I dealt with directly in 21 that phase and once the deal was complete then I 22 switched to -- 23 Q Lucas? 24 A Lucas, Todd Lucas, who was my -- when I had a 25 problem, I dealt directly with Lucas. I didn't
10 1 Q Well, I mean let's talk about that. I mean you 2 testified earlier that you had not been able to 3 make a recovery within the time frame that they 4 wanted you to meet the target goal of the \$700,000 5 reduction. 6 A I'm not familiar with your term "recovery". I was 7 not able to refinance it within 12 months for 8 \$700,000 in order to take advantage of the 9 \$700,000. 10 Q When I mentioned the term "recovery", what I'm 11 referring to is you were not able to turn the 12 business around sufficiently in the first 12 months 13 such that it would be profitable enough for you to 14 refinance? 15 A No. We -- we had turned it around enough to 16 refinance it at the \$700,000 mark, but we couldn't 17 find any lenders that would back it because of the 18 Inn's history. 19 Q What specifically about the history prevented you 20 from being able to refinance? 21 A Everything. The Inn had been in bankruptcy once or 22 twice, had been very mismanaged, had been closed 23 down, opened back up. It just did not have a 24 successful history as a hotel. 25 Q Who was Craig's lender at the time that you became	12 1 deal with Mike Sandusky anymore. I'd see John more 2 than anybody else. He's the one who came up and 3 did the monthly inspections and that sort of thing. 4 But like I say, he didn't really have any authority 5 or decision-making authority. He was just kind of 6 an observer or inspector, or whatever you want to 7 call it. 8 Q Had Craig given you adequate information on the 9 history of the Inn when you became involved in it? 10 A I knew the history of the Inn. Craig didn't give 11 me anything. We did not work well together, so 12 Craig and I had little or no contact. I mainly 13 dealt with Louis, who went to Craig and came back 14 to me. I did meet with Craig a couple of times 15 over the years. We were not compatible. 16 Q Did you have enough information about their 17 financial situation when you took over to 18 understand the dire situation that they were in? 19 A I knew Louis Smith didn't have two dimes to rub 20 together in his pocket because he worked for me for 21 four years. Craig, from all the word on the 22 street, was basically upside down and bankrupt and 23 that's all I knew. I didn't care one way or the 24 other. 25 Q Well, as far as the indebtedness was concerned, did

13 1 you have enough information about the aging 2 receivables to understand what you were going to 3 have to do to be able to turn the place around? 4 A Nobody did. Until I walked through the door of the 5 Inn and took over, nobody had a clue what was 6 outstanding or anything else. It was just a 7 complete shambles. 8 Q How did they talk you into walking into such a 9 disaster? 10 A They didn't. My wife did. 11 Q Who talked her into walking into such a disaster? 12 A Louis Smith. 13 Q I'm trying to figure out a way to delicately put 14 this, but -- 15 A I don't need delicacy. I'm an infantryman. 16 Q Yes, sir, I understand. 17 A And a paratrooper. 18 Q Yes, sir. What possessed her to try to help Louis 19 help Craig out of that mess? 20 A We weren't helping Craig. One of the things on my 21 demand list was that I had complete, ultimate, 22 unconditional control, and that once I financed the 23 Inn out from under Craig's name, he goes away. I 24 would not be partners with Craig White. So the 25 deal was get him out from under the debt and the	15 1 become partners, her 60, 65 percent, him 35, 40 2 percent. 3 Q They weren't partners in Lone Star Ventures? 4 A No. 5 Q Okay. 6 A Louis Smith is in partnership nowhere with us. 7 Q Okay. But he had a partnership interest with Craig 8 at least on paper in IOS? 9 A Yes. 10 Q And I believe we discussed before how you think 11 that Leonard may have had some responsibility for 12 organizing that for them? 13 A I don't remember that period. I wasn't paying a 14 lot of attention at that point in time because 15 frankly I didn't care. Whatever they worked out 16 amongst them and made them happy delighted me. I 17 just wanted to go ahead and turn the hotel around, 18 which was my job, so I didn't pay a lot of 19 attention to that. Leonard did some work, the bank 20 did some work. I wasn't too much involved with 21 that other than telling my wife she was nuts on a 22 couple of occasions. 23 Q Did you have any meetings between Craig White and 24 Business Carolina about what the extent of his 25 indebtedness was outside of the purchase money
14 1 \$500,000 ... inaudible ... he was going to incur, 2 then he would walk away. Until that time, he was 3 going to retain a piece of the partnership. 4 Q Okay. I guess the -- at its essence, because I 5 don't -- I'm not privy to the exact contracts or 6 the agreements that you all had, so I'm trying to 7 frame what your starting position in this business 8 was so that I understand what you had to 9 accomplish. 10 A What I had to accomplish was to go in and take a 11 piece of crap hotel and turn it around. And we did 12 that, very successfully, I might add. 13 Q But you didn't have any interest in the business? 14 A None. 15 Q And unless you had been able to refinance it, you 16 weren't going to have any interest in it because 17 you didn't want to be in bed, so to speak, with 18 Craig White ever? 19 A I was never going to be a partner in it. My wife 20 was. 21 Q Your wife was? 22 A Yes. 23 Q So if you had been able to refinance it, then her 24 company would have purchased it? 25 A Purchased, no. She and Louis would have probably	16 1 mortgage? 2 A Business Carolina would not meet with Craig White. 3 Q So it's fair to say that Craig was pretty much AWOL 4 at that point, that he had washed his hands of the 5 whole deal? 6 A Well, I don't know what term you'd use, AWOL or 7 whatever. I just know there was bad blood between 8 Business Carolina and Craig White. And Business 9 Carolina just wanted to get out of the deal and so 10 did Craig, and that the two of them could not get 11 in the same room together. And once again, I 12 didn't care, not my problem. 13 Q Well, I guess to go back to something that you had 14 said earlier, it was your testimony when we first 15 talked that you never put your own money into these 16 ventures. 17 A No. 18 Q Whenever you came in to turn something around that, 19 you know, the only risks that you took was with 20 your time. Is that fair? 21 A That's fair. Until this. I put 50, 50 or \$55,000 22 of my own money in Inn on the Square. The first 23 and only time I ever did that. 24 Q And as far as the goal that you had to meet for 25 Business Carolina, you said you turned the business

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1 around --
 2 A Yes.
 3 Q -- you just couldn't find another lender. Business
 4 Carolina wouldn't refinance it for you for 700?
 5 They wanted out altogether?
 6 A They can't. Once they discount a loan --
 7 Q They can't take it back.
 8 A They can't take it back. So no, they couldn't do
 9 it. I had to -- not to mention it had been about
 10 as painful for them as it had been Craig White.
 11 And you know all parties just wanted out. As the
 12 old saying goes, I don't care about the cheese
 13 anymore, just get me out of the trap. Craig felt
 14 that way, Business Carolina felt that way. And I
 15 was the great savior and come in and save
 16 everybody.
 17 Q Well, the risk involved in the undertaking of a
 18 project like that where you don't even know what
 19 the indebtedness -- the extent of it completely,
 20 what the receivables are, is pretty high?
 21 A Well, that's not true. It was all under Emerald
 22 Inns, that's why I changed the name to IOS, LLC,
 23 and walked in there debt free. The only person I
 24 owed anything to was the first mortgage lender.
 25 There were probably \$200,000 worth of debt, that

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1 may be an exaggeration, might be \$100,000, floating
 2 around Greenwood. I did not assume any of that
 3 liability or any of that debt for the partnership.
 4 IOS, LLC, had one debt and that was to Business
 5 Carolina. It did not assume any other debts,
 6 liabilities or responsibilities.
 7 Q As far as the time frame when that closing took
 8 place, there were no other receivables, or taxes,
 9 or other type of debts that you thought would
 10 follow you into purchase by IOS?
 11 A Well, a lot of the debt tried to follow me. For
 12 instance, New Year's Eve -- I think we went in
 13 there on the 5th of January. They had had a party
 14 New Year's Eve. The band didn't get paid. A bunch
 15 of other people didn't get paid. All them people
 16 were suing or trying to sue the Inn. I sent
 17 everything to Craig White and Emerald Inns and said
 18 you deal with this, not my problem. So I didn't
 19 deal with any of it. What he did or did not pay or
 20 settled or did not settle, I didn't care. When the
 21 vendors came to my door, all I know is they would
 22 only deal with me on a cash and carry basis because
 23 they were owed money from Emerald Inns. So if I
 24 called for something to be repaired, I had to pay
 25 them up front in cash because they had already been

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1 burned by the Inn on the Square, slash, Emerald
 2 Inns and they weren't going to do it anymore. But
 3 they would do it money up front cash and carry for
 4 me. So IOS -- the only debt that IOS assumed was
 5 \$900,000 from Business Carolina, with a \$700,000
 6 payout in the first 12 months. Not one nickel did
 7 we pay out anywhere else. I say "we", IOS.
 8 Q Right. And as far as the Department of Revenue or
 9 anybody you know that -- you didn't have anybody
 10 else trying to put their hand in your pocket?
 11 A Oh, gosh, yes, 50 people. I sent them all to
 12 Craig. I didn't deal with them. We were IOS, LLC,
 13 and the 5th of January -- all of that responsible,
 14 the 4th of January back, talk to Craig White and
 15 Emerald Inns. I didn't deal with any of that,
 16 other than refer them to him, and I didn't care
 17 what he did.
 18 Q Well, that was his little red wagon to pull, so to
 19 speak?
 20 A So to speak. It wasn't my problem.
 21 Q Who had the guarantees when IOS refinanced the debt
 22 with Business Carolina?
 23 A I guess it would be Craig and Louis.
 24 Q You didn't have any guarantees at all for anything?
 25 A Right.

20

1 Q And I know I've asked you that before, but I'm just
 2 trying to clarify to make sure. You didn't have
 3 anything to lose?
 4 A Other than the \$50,000 I put in the first year, I
 5 had nothing to lose.
 6 Q The debt that IOS had was secured by a guarantee
 7 from another corporation, do you remember that,
 8 Palmetto Inns?
 9 A I don't know that I've ever heard of Palmetto Inns.
 10 Emerald Inns is the name I recall.
 11 Q Okay.
 12 A Now I could be wrong. Maybe it was Palmetto Inns
 13 instead of Emerald Inns. As I said, I didn't
 14 really follow that. What I remember is Emerald
 15 Inns, not Palmetto Inns.
 16 Q Well, whoever they were, they stayed on the note
 17 when you all took over or when IOS took over under
 18 your management?
 19 A I don't know if they did or not. I think -- I
 20 think, and I'm thinking out loud because once again
 21 I wasn't paying attention and didn't care. I think
 22 a deal was cut with IOS for \$900 and 7, the first
 23 12, and if we didn't do that and defaulted, it
 24 reverted back to Emerald Inns, Palmetto, whoever it
 25 was.

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- 1 Q Whoever it was?
 2 A Yes. They were -- and the whole thing went back
 3 against them.
 4 Q So they were never off the hook?
 5 A No. Unless I performed.
 6 Q Okay.
 7 A If I performed, they were off the hook.
 8 Q Okay.
 9 A Like I say, at that point in time nobody wanted
 10 that tar baby. Get him off of us. The bank,
 11 Craig, anybody. They would have probably paid you
 12 to take it.
 13 Q Well, did you have an appraisal done at that point
 14 in time?
 15 A Yes.
 16 Q Who did that for you?
 17 A I don't know. You all got a copy of it.
 18 Q I have a copy of it?
 19 A Yes. We provided that to you. It appraised for
 20 \$2.3 million, that was prior to me putting \$700,000
 21 in it and renovating it. It would have reappraised
 22 for \$3.3 million.
 23 Q But you all couldn't find anybody to loan \$700,000
 24 on a \$2.3 million appraisal?
 25 A Well, Louis Smith was handling that. If he found

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- 1 anybody, he never brought them to me.
 2 Q Well, that ultimately was the goal, to reduce the
 3 indebtedness, secure a \$700,000 loan, to put a
 4 little bit of money into it and sell it for a
 5 profit, right?
 6 A That would have been my goal. I really can't tell
 7 you what Louis and my wife's goal was. She liked
 8 the Inn and she wanted to keep it. I don't know
 9 what Louis wanted, don't care what he wanted.
 10 Q Well, and I understand you were the one doing all
 11 the work?
 12 A Well, I was the dictator. I was the manager.
 13 Nobody could challenge my authority or decisions.
 14 Q Well, as far as the bank was concerned though, they
 15 had to have Louis' signature on anything, right?
 16 A Louis was the managing -- managing general partner
 17 of IOS. I had no signature authority on anything.
 18 I couldn't even sign a check. I was never on the
 19 checkbook, I couldn't write a check. So I had no
 20 signature authority anywhere.
 21 Q So when you say that you had the only authority to
 22 do anything, that was between you, Louis --
 23 A And the partnership.
 24 Q -- and Misty?
 25 A Yes. And technically, Craig White.

23

- 1 Q And technically, Craig, although Craig -- and I'm
 2 sure you shored this up so that you didn't have to
 3 worry with Craig if Craig was not going with the
 4 program or you were afraid that you couldn't trust
 5 Craig, you made sure that Louis was the only one
 6 whose signature had to be given?
 7 A Oh, yes, absolutely. I took Craig out from day one
 8 and my intent was to keep him out. Like I say, as
 9 soon as we refinanced the hotel at either \$700,000
 10 the first 12 months or 900 after that, Craig was
 11 out. He was gone. As soon as I got the debt off
 12 of him, he walked with zero. He got nothing. Just
 13 all he got was the monkey off his back.
 14 Q Well, he had more than one monkey on his back I
 15 believe, as well.
 16 A I don't care, not my business. I've heard rumors
 17 about a bunch of monkeys. Once again, so what, I
 18 don't care. You bore me when you ask me a question
 19 about Craig White.
 20 Q Well, the point I guess what I was trying to make
 21 was, that he would not be able to assist you with a
 22 refinance because he was already so over-leveraged
 23 that he couldn't do you any good, even if you
 24 wanted --
 25 A Craig White.

24

- 1 Q -- to be in business with him?
 2 A Craig White gave me \$100,000 to get him out of that
 3 hotel, just get the debt off of me. Here's
 4 \$100,000, get me out of this mess, and he walked
 5 away and I walked away. We didn't have a lot of
 6 dealings after that. But that's what he paid me to
 7 get him out from under that hotel. He wasn't
 8 interested in a profit. He was looking at losing
 9 the hotel and having the bank come after him for
 10 \$500,000, so that was to him a great deal to write
 11 \$100,000 to be able to walk away.
 12 Q So he had a \$500,000 personal guarantee?
 13 A (Nods head affirmatively) Oh, yes. I just nodded
 14 and said, yes. I believe that's the number. Heck,
 15 I remember a million three. It might have been a
 16 million two.
 17 Q Okay.
 18 A Once again, I didn't deal with Craig. I went in
 19 and sit down with Mike Sandusky and told him what I
 20 would do. And Mike Sandusky and I cut this deal
 21 and kind of swept Craig to the side, and then I had
 22 my own deal cut with Craig if I did these things.
 23 Craig wanted out, Business Carolina wanted out, I
 24 wanted to take them out, so it was a win/win
 25 situation for everybody. However, Business

25 1 Carolina would not let Craig off the hook unless I 2 took Business Carolina off the hook, that's why 3 Craig was still locked in there. If I satisfied 4 Business Carolina, Craig went away, too, and 5 everybody was happy. And under normal 6 circumstances, that would have happened. 7 Q Craig didn't have any veto authority as to the 8 purchase price of the property? 9 A Craig could not walk into the hotel without my 10 permission. Craig's only thing was he had to be 11 off. He had to get the monkey off his back. Now I 12 couldn't go in there and sell the hotel for 13 \$300,000 and stick him with a million dollar sum, 14 so I guess you can say he had some veto power 15 because the deal was he had to be out. He had to 16 be taken out of it cleanly. Business Carolina had 17 to be taken out cleanly or this deal wouldn't work 18 for anybody. In other words, everybody -- 19 everybody wanted out. 20 Q But as far as the way in which you would 21 characterize your position with them because you 22 didn't have any membership interest or any 23 ownership interest in IOS, you were either an 24 employee or an independent contractor? 25 A An independent contractor, I guess, because I had a	27 1 when the ceiling fell in on their head. I'm sorry, 2 that's just funny. 3 Q The sky was definitely falling. 4 A It was a mess. When I took the hotel over, there 5 wasn't toilet paper in the rooms, towels, wash 6 rags. I mean it was -- it was in pretty bad shape. 7 And then you had Bill the ghost running rampant 8 through it. 9 Q Had you ever done any business with Business 10 Carolina in the past? 11 A No, not with Business Carolina, but they knew of 12 me. I don't -- I had never done any dealings with 13 Mike Sandusky or Todd Lucas at all, but they were 14 very familiar with me. When I walked in the first 15 day, Mike Sandusky says, well, the late, great John 16 W. Huffman, come here to save us all. I thought 17 what are you, a smart ass. But he knew a great 18 deal about me and I obviously looked on him 19 favorably. He says, well, we know you are here to 20 rob us, what's your deal. And I said, can I sit 21 down? He said, sure. I sat down and I said, 22 \$700,000. He said you're f'ing crazy. And I said, 23 I know. I said you need some time to think about 24 it? And that's the way we started and we became 25 great friends. Business Carolina is one of the
26 1 signed agreement with them. This deal couldn't 2 have happened without Business Carolina and 3 Business Carolina would only do this deal if I took 4 it. So it was a lot of trust. And Business 5 Carolina would never have cut this deal with anyone 6 else, but they were certain I could do this, I was 7 certain I could do it. And everybody, like I say, 8 just wanted out of the trap. That hotel was so far 9 upside down. It was a drug house, a house of 10 prostitution. It was falling in. When I walked in 11 there, you could rent a room for \$48 a night on a 12 credit card, or you could get the Inn on the Square 13 half rate for \$25 cash. It was bad. It had seven 14 people living there that wasn't paying rent or 15 anything else, one man with his wife and four kids. 16 It was a disaster. It was a pig sty. It stunk. 17 The ceilings were falling. It was a mess. I can't 18 tell you how bad it was. 19 Q Well, that was a tremendous undertaking on your 20 part then? 21 A Oh, good God yes. The funniest thing was the week 22 before I took it over all the judges in Greenwood 23 had some kind of dinner there, some kind of a judge 24 thing, and there was a dispute over the bill and 25 they were standing in the lobby arguing about it	28 1 finest lending institutions I've ever worked with. 2 They done everything in their power for me to make 3 this deal work. 4 Q Well, I guess you had the opportunity though at the 5 end of the 12 months you could have refinanced it 6 for 700 -- 7 A Yes. 8 Q -- yourself? 9 A Uh-huh. 10 Q And you elected not to do that? 11 A That's right. I was retired, you know. If it 12 wasn't golf, I wasn't too much interested in it. I 13 played golf five or six times a week. I came in 14 and run roughshod over that hotel with my wife and 15 then went and played golf while everything settled 16 down and came back. And, you know, I ran it with 17 an iron fist, but I was not there most of the time 18 mainly because people couldn't take that kind of 19 pressure. 20 Q But if you had chosen to do so, you had the 21 financial backing and the standing with financial 22 institutions to have borrowed the \$700,000, if you 23 wanted to? 24 A I would say probably I did, yes. I had a \$300,000 25 personal signature line of credit. I didn't even

29 1 have to tell the bank what I wanted the \$300,000 2 for. I just went up there and said give me 3 \$300,000 and sign my name. So yes, getting another 4 four would have been easy, but I was not interested 5 in owning a hotel. I was not interested in my wife 6 owning a hotel. 7 Q And yet you got talked into it? 8 A For her, yes. It was an easy job, yes. Took a lot 9 of work, but it was something that was easily 10 accomplished. And like I say, we succeeded. We 11 done everything we should have to do, you know. 12 Q And as long as you didn't have anything to lose, it 13 was a good deal? 14 A Well, I don't know if me having anything to lose 15 had anything to do with it or not, that was just my 16 operating agenda. I never had anything to lose. I 17 never got emotionally attached to a property. 18 Q Or financially? 19 A Or financially, no. That's just not the way I did 20 business. 21 Q The first year, and I guess two or three following 22 that though, you wound up having to sink a good bit 23 of money into the business and such that I believe 24 by the time that you became involved in talking to 25 Lander, you had eight mortgages, seven in addition	31 1 shower curtains. I mean there was so much wrong in 2 that hotel before you could even make it operate, 3 but that's not part of the renovations. When we 4 renovated, we renovated from top to bottom, all 48 5 rooms, hallways, ballroom, everything, inside and 6 out, redid the outside of the building. But that 7 was an entirely different project than the initial 8 one, which turned it -- was to turn it back into a 9 hotel. 10 Q I guess I'm summarizing and that's the reason I'm 11 asking you these questions is I'd like to 12 understand how the money was spent. When you have 13 eight mortgages and you are answering to a bank 14 that you owe 920, you've got to be able to explain, 15 especially if somebody is coming to inspect once a 16 month, so. 17 A What are you asking me? 18 Q In 2005, Misty had three mortgages that she put 19 against the property. 20 A Right. 21 Q Is that something Business Carolina had to -- 22 A That wasn't 2005. 23 Q It wasn't? 24 A No. That was when we -- in the renovation phase, 25 2006 or '07, '08, in that time frame.
30 1 to the one with Business Carolina? 2 A Well, yes and no. We -- I put \$50,000 into it the 3 first year because we had to do cash and carry and 4 our thought process was we'll finance it out. 5 After that we went a different direction. We 6 decided instead of a podunk hotel, we are going to 7 get it nationally franchised. There's where your 8 \$680,000 for the renovations, franchise fees and 9 all that came from, and that carried the value of 10 the hotel from \$2.3 million to \$3.3 million. So we 11 were actually going in a different direction in we 12 were carrying it to a complete hotel status. 13 Before it was just Inn on the Square, a podunk, 14 hick motel. So we ... inaudible ... went that 15 route. 16 Q Well, Craig gave you a hundred up front, so I guess 17 at the end of the first year if you only put 50 in 18 it, then you would still make 50? 19 A No. I put Craig's hundred plus my 50 in it, so the 20 first year I would have put \$150,000 in it. That 21 went to what I would call the basic stuff, like 22 buying sheets, wash rags, towels, light bulbs, 23 getting the carpets cleaned, getting the 24 condiments, you know, your soap, shampoo, buying 25 shower curtains. Half the rooms didn't even have	32 1 Q Well, I mean walk me through them so I understand 2 what you had to borrow the money for and what it 3 was spent on and how much you wound up owing. 4 A Well, we borrowed 300 and some thousand from Upper 5 Savannah to redo the rooms. We borrowed \$50,000 6 from the City of Greenwood to do the outside of the 7 building. We borrowed, I don't know, \$300,000 or 8 so from Cornerstone to redo the windows, the 9 carpets in the lobby, ballroom. I mean it all went 10 to the building. 11 Q What about Bridge Financial, LLC? 12 A I think they are the same thing as Cornerstone, 13 weren't they? Oh, no. Bridge Financial was Craig 14 White, Craig White loaned money. 15 Q That was 2006? 16 A Yes. 17 Q I've got a mortgage in May 2006, for \$115,475. 18 A Yes. 19 Q That's Craig White? 20 A That's Craig White. 21 Q And then I've got three mortgages that appear to 22 have been Misty Huffman with a \$200,000 amount in 23 July of 2005. You don't think that's accurate? 24 A It might be. I'm trying to go back in time to see 25 what we used the money for. What other mortgages

33 1 have you got? 2 Q I have Cornerstone Capital Funding in January of 3 2007, and that original principal indebtedness 4 would have been about \$230,000. 5 A Yes, that sounds about right. 6 Q And you said that was for windows? 7 A Well, part of it was the windows. You're saying 8 where did all the money go. Good lord, it went all 9 over the building. For instance the bathrooms, a 10 certain amount went to redo all 48 bathrooms. I 11 forget how many windows we had, 150 windows, a 12 certain portion went to that. A certain portion 13 went to the carpet in the -- in the rooms, certain 14 went to the common areas, such as hallways, lobby, 15 ballroom. A certain portion went to sheets, bed 16 coverings, you know, pillows. We were upgrading 17 the entire hotel from a country hotel to a category 18 4, 4-star boutique hotel. 19 Q Well, you had Bridge Financial, which was about 20 115. You said you thought that was Craig. 21 A That was Craig White, yes. 22 Q Misty about \$200,000? 23 A Yes. 24 Q Cornerstone 230. Upper Savannah Council of 25 Government, that was in '07, that would have been	35 1 investment or it was IOS' investment, you would 2 agree with me that IOS borrowed more than \$700,000 3 between '05 and '07? 4 A Well, assuming that's so, my answer would be "so 5 what". What has that got to do with Lander? 6 Q Well, the lender probably didn't care, Business 7 Carolina, as long as those were subordinate 8 creditors to them. 9 A Yes. I guess I'm having trouble trying to figure 10 out your point -- 11 Q Okay. 12 A -- what you're asking me: What does it matter if 13 we borrowed 5 million dollars? What has that got 14 to do with the Lander purchase and lease? 15 Q Your choice at the time was to borrow more money 16 rather than refinance your current indebtedness -- 17 A No, ma'am, it was not my choice. 18 Q Okay. 19 A I was not in that decision-making process. 20 Q Okay. And that was Louis and Misty's choice? 21 A That was Louis and Craig's fault, choice. 22 Q All right. Well, did you have the ability if you 23 wanted to borrow the money to do it yourself? 24 A Now who is "you"? 25 Q You individually.
34 1 250? 2 A Yes. 3 Q Uptown Development in '07, that was another 50. 4 A Yes. 5 Q Lone Star Ventures, you said that was Misty. 6 A That's Misty. 7 Q That was \$200,000? 8 A Yes. 9 Q And then another Upper Savannah Council of 10 Government is another 50 in '07. 11 A All that sounds right. 12 Q Okay. So if you are using the original 929, 13 \$930,000 figure instead of the 700, by the end of 14 2007 you owed well over \$2,025,000 and had borrowed 15 more than the 700 that you could have gotten out of 16 the trap with, in addition to the 900 that you 17 owed. 18 A That don't sound right. 19 Q Well, I'm just looking at the mortgage, you know, 20 the principal indebtedness on those mortgages if 21 you add all of it up is well in excess of \$700,000. 22 A Uh-huh. 23 Q And you could have borrowed one loan -- 24 A I wouldn't borrow \$7, why would I borrow 700? 25 Q Well, again, whether it was your individual	36 1 A John W. Huffman? 2 Q John W. Huffman. 3 A I would assume so. 4 Q Did you have any judgments against you that would 5 have prevented you from being able to do so? 6 A I may have had one from BB&T for a racetrack in 7 Montgomery, Alabama, about \$250,000, but I don't 8 think that would have hindered me. 9 Q Well, let's talk about that a little bit because I 10 wanted to make sure -- I've done a brief search to 11 try to figure that out because I was trying to get 12 the lay of the land and figure out what the facts 13 were as they existed at that time. 14 A Uh-huh. 15 Q Travel back in time to understand what choices were 16 made, who made them and why, and -- 17 A Let me ask you again, why is this relevant to the 18 purchase and lease of Lander of Inn on the Square? 19 Q Well, it -- first of all, I need to ask the 20 questions. Second of all, it has to do with what 21 your standing is with the business and whether you 22 have -- 23 A I thought I made that clear. 24 Q Yes, sir. Let's talk about your indebtedness and 25 whether it -- your testimony earlier when you said

37 1 this was the first time that you had had anything 2 like this ever happen to you. 3 A I don't recall saying that. 4 Q Okay. You had lost money before? 5 A Oh, yes, who hasn't. 6 Q Well, let's make sure that these people are 7 actually you, HMS, LLC? 8 A Partly me. 9 Q And it's a debt collection action in Richland 10 County by Hooter's Racing, Incorporated, against 11 HMS and John W. Huffman? 12 A Probably. 13 Q Do you remember the outcome of that? 14 A Gave them the racetrack back. 15 Q What about Peach State Race Management, 16 Incorporated vs. HMS, LLC, and John W. Huffman? 17 A What about it? 18 Q Do you recall that debt collection action? 19 A No. 20 Q You don't recall what the judgment was, whether you 21 had a judgment against you for that or not? 22 A Probably had something to do with Tri-County Motor 23 Speedway, which we gave back to them. 24 Q Okay. 25 A As settlement.	39 1 Q And that would have been entered in 2002? 2 A I don't know. I don't remember. Yes, about that. 3 Q About three years prior to your having taken over 4 the Inn on the Square? 5 A Yes. We had seven speedways that we owned, "we" 6 being myself and Jim Cason. So we settled them all 7 out of court and gave them back. 8 Q Did you satisfy the judgment, the — 9 A Yes. 10 Q -- \$357,000? 11 A No. No, we did not. 12 Q And it was still on the books at the time that you 13 took over the Inn on the Square, so — 14 A It may have been. I don't know. 15 Q -- you couldn't have bought any real property 16 without satisfying that judgment? 17 A I don't know, maybe I could have. I did. Well, 18 let's say I couldn't. Let me make it clear to you 19 again, it was never my intent and I never would 20 have bought the Inn on the Square, so I don't 21 understand the relevancy of your questions. I 22 would never have bought Inn on the Square, never. 23 I would not have taken Inn on the Square if they 24 had given it to me. Is that clear? 25 Q Yes, sir.
38 1 Q What about HPV Associates and John Huffman and 2 Misty Huffman, that was Enterprise Bank of South 3 Carolina versus? 4 A HPV. Oh, the Palmetto Building, Palmetto Building, 5 yes. 6 Q And this probably goes along with it, Sherlock 7 Holmes Pub, Inc. vs. City of Columbia, HPV and John 8 Huffman? 9 A Know nothing about Sherlock Holmes. 10 Q That wasn't a suit on the contract? 11 A When I went in and took over Number One Main, 12 Sherlock Holmes was in there. If I recall 13 correctly, I evicted them, so there might have been 14 some sort of a suit action based on that. I don't 15 recall it though. 16 Q What about Brian Johee vs. John W. Huffman, suit on 17 a motor vehicle? 18 A Who? 19 Q Brian J. Levees? 20 A Never heard of him. 21 Q Okay. What about BB&T -- I believe you mentioned 22 this one a minute ago. 23 A Montgomery Motor Speedway. 24 Q 2002 judgment for \$357,676.91? 25 A That sounds about right.	40 1 A So your sitting there trying to figure out if I 2 could or could not finance it is irrelevant. 3 Q I've got three lawsuits by Robert F. Anderson 4 versus John Huffman and RH Associates, HTV 5 Associates, and HMS, LLC, and Hickory Motor 6 Speedway, with judgments of \$2,943, \$6,560, and 7 \$124,210. Those all had to do with one of the 8 racetracks? 9 A I don't know. Say them again. 10 Q Twenty-nine hundred forty-three dollars, that's RH 11 Associates and John Huffman. 12 A Right. Wait a minute. Let me think who RH 13 Associates is. 14 Q They are all by the same plaintiff. It's Robert F. 15 Anderson. 16 A Robert F. Anderson is a bankruptcy attorney here in 17 Columbia and I think he handled the bankruptcy on 18 the Barringer Building. I don't recall, sorry. 19 Q Okay. HGB Associates, 2003 judgment, and HMS, LLC, 20 and John Huffman and Hickory Motor Speedway, 21 \$124,210, that was a judgment as well? 22 A I don't recall it. 23 Q The rest of these are fairly old. I don't think 24 they would have even been still -- well, they might 25 have still been active. There's a Wachovia Bank

41 1 vs. HGB Associates, 1999. You weren't individually 2 named in that, but there was a debt collection on 3 that, as well? 4 A I don't recall. 5 Q And then Robert Fice vs. John Huffman/Whaley's, 6 Mill, 1989. What was that all about? 7 A I have no idea. 8 Q Getting back to the eight mortgages that this 9 building had at the time that you began speaking 10 with Lander. I think I heard you say just a minute 11 ago that that wasn't your decision? 12 A That's correct. 13 Q But you had complete management authority, nobody 14 could do anything, not even walk in the building, 15 without your permission. 16 A That's correct. 17 Q And yet they borrowed over \$900,000 that you would 18 have to service as the GM for that hotel — 19 A Yes. 20 Q -- against your permission? 21 A Well, they didn't need my permission. I had 22 operational control over the hotel, not financial 23 control. They made the decision to renovate it and 24 upgrade it and carry it under Clarion. I thought 25 that was a bad decision and I fought it to go under	43 1 mortgages, so I'm not sure. I wasn't part of that. 2 Q So Louis and Craig negotiated all of those liens 3 without even involving you in the process of the 4 terms of the debt? 5 A That's correct. 6 Q How in the world did you let them do that and then 7 expect you to make the money to pay the bills? 8 A They owned the property. I simply managed it. I 9 mean I'm not telling you we were in agreement. I 10 vehemently opposed them on several occasions, but 11 once the decision was made, then I supported it as 12 best I could. 13 Q Well, it sounds like to me they dug you a hole that 14 you couldn't get out of. 15 A Well, when you say "you", who are you referring to? 16 Q If you have to bring in the income every month to 17 pay their bills with what you generate through the 18 operation of the hotel — 19 A Are you familiar with the fact that after six years 20 of operation we walked away from that hotel not 21 owing one dime to one vendor anywhere in the United 22 States? All of our debts were paid 100 percent. 23 The only thing we had was lender debt. Are you 24 familiar with that? 25 Q So you didn't have any other bills that you had to
42 1 Best Western. Once they made their decision, then 2 I went that way. 3 Q But as the GM, you had to service all of that debt 4 with whatever you made in the hotel and catering 5 business? 6 A I didn't really get involved in that end of it. 7 That was something they did at the end of each 8 month where they sat down and looked at the income 9 and the expenses and decided what they wanted to 10 do. I seen it, I was aware of it every month, and 11 I checked it, but they were servicing it, so no big 12 deal. Would I have done it differently? 13 Q I guess that gets me to the next couple of things I 14 wanted to talk to you about. I mean you were 15 servicing it? What were the arrangements for those 16 notes? I mean were you paying interest only? 17 A It depends on the note and the time frame. 18 Sometimes we went in and sat down with the lenders 19 and negotiated that, yes. 20 Q Were any of them adjustable rate, interest only 21 mortgages — 22 A No. 23 Q -- that, you know, would carry you for five years 24 and then you got out? 25 A Not that I know of. I never seen any of the	44 1 pay — 2 A Not a dime. 3 Q -- at the time that the Lander deal didn't happen? 4 A Say again. 5 Q At the time that — 6 A No. At the time the Lander deal did not happen, 7 all we owed was our lenders. There was not a 8 single dime outstanding anywhere. We had paid all 9 of our debts in full. What we had not paid was our 10 lenders because we had worked out payment to them 11 on the closing, which never occurred, and they had 12 agreed to. 13 Q You had a pretty hard time paying your taxes 14 though? 15 A We had a pretty hard time paying our light bill, so 16 what? 17 Q Well, if you say that you paid all your vendors, I 18 mean if you can't pay your withholding and your 19 unemployment tax and — 20 A Is it outstanding now? 21 Q Was it outstanding at the time that Lander was 22 involved? 23 A Did it get paid? 24 Q I don't know. 25 A Well, yes, it did.

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- 1 Q Did IOS pay it?
 2 A Yes, they did.
 3 Q Despite the fact that there was no sale?
 4 A Well, like I say, despite the fact there was no
 5 sale, the only people that got screwed was the
 6 lenders. And I believe Mr. Bell's law firm sued us
 7 over one of the lenders that didn't get paid, which
 8 is the biggest joke I've ever heard. But there is
 9 not one dime owed to anybody anywhere outside the
 10 lenders who all were waiting on this deal to close
 11 according to Lander. Every small business has its
 12 ups and downs. It goes in the red and it goes in
 13 the green. This is no different.
 14 Q I don't disagree with you at all and I just want to
 15 make sure that there is an accurate understanding
 16 presented as to what the facts were.
 17 A Well, I have to ask you again, the facts were that
 18 Lander was supposed to buy this and lease it and
 19 they didn't. So what does this other have any to
 20 do with anything? Whether I could go in and
 21 finance this hotel or not, I don't know if I could
 22 or not, I never tried, never would have. I think I
 23 could have, maybe I could. It don't matter.
 24 Q Who paid the bills?
 25 A I did.

46

- 1 Q You wrote the checks?
 2 A No. Business Carolina did. We went in every month
 3 with a budget and showed it to them. They stroked
 4 the checks. We mailed them out.
 5 Q Beginning in 2005?
 6 A As I told you, I never had check authority. I have
 7 never been able to sign a check.
 8 Q In 2005, Business Carolina was paying the bills?
 9 A No, this is 2009, when Lander came in and leased
 10 it. Prior to that, IOS paid the bills.
 11 Q Okay. Well, who for IOS paid the bills?
 12 A Primarily, Louis and Misty.
 13 Q Okay. And over that period of time, how many tax
 14 liens did you have to the Department of Revenue?
 15 A I don't know, one or two. What does it matter?
 16 How did that affect the lease and sale to Lander?
 17 Q I believe that the problem that you and I are
 18 having is I get to ask the questions and you need
 19 to answer them.
 20 A I believe the problem you and I are having is you
 21 need to ask relevant questions, so what you are
 22 asking, means nothing.
 23 MS. MEREDITH: I'd be happy to take a
 24 break.
 25 MR. SMITH: Let's take a break, that would

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- 1 be great.
 2 (OFF THE RECORD)
 3 Q Mr. Huffman, we were talking about some additional
 4 debt and taxes that IOS had difficulty paying
 5 before our break. And one of the things I wanted
 6 to ask you was it had appeared from before you took
 7 over -- and that would have been in 2005,
 8 approximately, what time frame?
 9 A I believe around the 5th of December.
 10 Q Of 2005. That the previous owners had had numerous
 11 difficulties paying their bills. And I understood
 12 you to testify a little while ago that luckily you
 13 all did not inherit any of that because you were
 14 not a successor to that corporation, you were a new
 15 owner?
 16 A Correct.
 17 Q But did you not have any type of forbearance with
 18 any of them? The Department of Revenue, Internal
 19 Revenue Service, you know, did you have to come in
 20 and clean up all of that debt whenever you took
 21 over --
 22 A No.
 23 Q -- in December of 2005?
 24 A No.
 25 Q They just walked away from it?

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- 1 A "They" being?
 2 Q They being Craig White, I would imagine.
 3 A As I explained to you before, I sent all that stuff
 4 concerning I believe it was Emerald Inns, to Craig
 5 White to deal with. I did not deal with any of it.
 6 Q Okay. And but you all continued to operate as
 7 Emerald Inn for a year?
 8 A No. We operated --
 9 Q You didn't?
 10 A -- from day one as IOS, LLC.
 11 Q Okay. Employees didn't get paid through Emerald
 12 Inn?
 13 A No.
 14 Q The accommodations tax and so forth, I mean there
 15 are tax liens against Emerald Inn for just about
 16 all of 2006.
 17 A They weren't our tax liens.
 18 Q Okay.
 19 A I don't -- I'm not real sure what you are referring
 20 to because I didn't see them and I didn't deal with
 21 them.
 22 Q Okay.
 23 A I dealt with January, I believe it was the 5th,
 24 2005, forward.
 25 Q Okay.

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- 1 A Anything else I sent to Craig White. There were
2 several lawsuits, tax bills, et cetera, et cetera.
3 All I did was box them up and send them. Actually,
4 boxed them up and gave them to Louis Smith to carry
5 to Craig White.
6 Q Okay.
7 A That was not my problem.
8 Q Well, I'll represent to you that throughout 2006
9 that there continued to be executions for taxes,
10 which would go along with what you said, that the
11 bills kept coming in and you kept sending them to
12 Craig White for the most of 2006.
13 A Yes.
14 Q And that in 2007 is when tax liens started being
15 filed against IOS, the first one being by the
16 Department of Revenue for over \$3,000, that would
17 have been in June of 2007.
18 A Probably so.
19 Q That would have been at the end of the period of
20 time -- your renovation's period would have been
21 approximately 2005 to 2007, give or take?
22 A Give or take. We didn't start renovating for eight
23 or ten months, so sometime late 2005, early 2006,
24 we decided to go the other route and we started
25 renovating.

50

- 1 Q Well, so you gave it eight or ten months to see if
2 you could turn it around without putting a bunch of
3 money into it?
4 A Basically, yes.
5 Q And that didn't work?
6 A Well, it did work, we were cash flowing. But we
7 wanted to carry it to the next level.
8 Q But you would agree with me though that you were
9 not paying Emerald Inn's debts?
10 A No.
11 Q And that their tax liens were continuing to accrue?
12 A I assume so.
13 Q And that the only debt that you assumed because you
14 let all the lenders go and you basically did a
15 C.O.D. business until you built up the credit in
16 the name of IOS for them to -- or did you ever --
17 were you ever able to --
18 A I never -- we always did a cash and carry.
19 Q Okay. But you didn't inherit any debt other than
20 Business Carolina?
21 A That's correct.
22 Q Until you started having tax liens for
23 accommodations tax and sales tax assessed against
24 IOS in 2007?
25 A That's correct, which we worked out a payment plan

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- 1 and paid them.
2 Q Okay. Who did you work out the payment plan?
3 A I don't know. I sat down with the tax gentleman.
4 I don't remember his name. I think we had gotten
5 up to 15 or \$16,000, and so I called him up, he
6 came by the Inn and he and I sat down and worked
7 out a payment plan that lasted three to five months
8 and we paid them off.
9 Q Now would that have been for sales tax?
10 A I believe so.
11 Q Or for withholding for employees?
12 A No, I never dealt with the IRS. That would have
13 been the sales tax with the state -- I was dealing
14 with the State.
15 Q Okay. So accommodations tax and sales tax, then?
16 A Yes.
17 Q How did IOS, LLC, file, as a partnership or a
18 corporation?
19 A I don't know. I never filed the taxes. We had an
20 accountant that did it. I think he filed as an
21 LLC.
22 Q Okay. Well, as far as their election with the IRS,
23 how did they --
24 A I don't know.
25 Q Did they --

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- 1 A Like I say, the accountant handled all that. I do
2 know IOS was an LLC, so I would assume that they
3 filed as an LLC.
4 Q Okay.
5 A But I never seen the tax returns or dealt with
6 that. That was something an accountant outside
7 dealt with.
8 Q Did you ever remember who that was?
9 A I can find out. I never dealt with him. I only
10 met him on one occasion. He's just not somebody --
11 the taxes were done quarterly at the Inn and sent
12 to him each quarter and then he did the year-end
13 tax returns.
14 Q Okay.
15 A So he's not somebody I dealt with and it was not
16 something I was greatly interested in.
17 Q Okay.
18 A I didn't -- you know I -- I was only interested in
19 the day-to-day operations of the hotel and trying
20 to make it cash flow. I didn't get into all this
21 financing and other stuff.
22 Q Well, you would agree with me that in order to be
23 able to pay the bills that IOS was obligating
24 themselves to pay, that you would have to know what
25 their obligations would be and how you would be

53 1 expected to perform to meet them? 2 A Oh, I did. We talked about it each time. I mean I 3 was totally familiar with it. 4 Q Okay. And during your previous testimony you 5 testified that by '07 or '08, and I could be wrong 6 so please correct me if I am, that you had it 7 turned around, you were cash flowing and you had 8 some good years. 9 A We had several good periods from 2005 to 2008. All 10 of 2009 was bad. 11 Q Okay. 12 A But there were many times we cash flowed, there was 13 many times that we didn't. So it was a constant 14 struggle to keep everything in the green. 15 Q You borrowed from Peter to pay Paul, basically? 16 A Oh, yes. 17 Q For a long time? 18 A Yes. That and we were chasing refinances. I don't 19 know how many people we dealt with in that period 20 of time who were going to refinance the debt. I 21 know that we got two commitments to refinance the 22 entire debt and I went back to Business Carolina 23 and renegotiated the deal and in both cases, even 24 with a letter of commitment, the financing fell 25 through. But I was not part of that other than	55 1 wouldn't you agree? 2 A Well, I don't know. I don't deal with finances 3 that much. 4 Q Well you said that your financing fell through. 5 How much were you trying to borrow through the 6 bank? 7 A I don't recall. It was enough -- because it was 8 several different scenarios. It was enough to pay 9 off all the lenders and finish the renovations. 10 Q What would the total of your debt had been if you 11 had gotten the loan? 12 A Probably, a million eight, 2.1. Depending on the 13 time frame and what we were doing. 14 Q Did you feel that the economy during that point in 15 time was strong enough to support that kind of debt 16 for this business? 17 A Prior to 2009, absolutely. 18 Q And you just didn't get the loans because the 19 financials weren't strong enough or what? 20 A I didn't deal with the financials, that was Craig 21 White and Louis Smith, so I don't know what their 22 financials were. All I did was provide them the 23 income and expense sheets from the hotel. I don't 24 know what they were putting down on their loan 25 request.
54 1 doing the dog and pony show of showing them around, 2 that's something Louis Smith handled. 3 Q You may not have looked at it recently, but I 4 represent to you that there were liens filed in 5 2007, 2008, 2009, 2010, for sales tax, 6 accommodations tax. 7 A I would not dispute that and I'd say that every one 8 of those was paid -- 9 Q Okay. 10 A -- in total. 11 Q Well, I guess my question is, if you're cash 12 flowing, how do you not pay -- 13 A You don't -- 14 Q -- an accommodations tax of \$626? 15 A You don't cash flow every day and every week and 16 every month. Sometimes you go three months in the 17 negative and go six months in the positive, so you 18 fall behind and catch up, fall behind and catch up, 19 that's just normal small business. 20 Q But you would agree with me though that at least on 21 paper if you're a bank looking at the fact that you 22 could not consistently pay your sales and 23 accommodations tax over that four year period of 24 time, that it would be hard to convince a bank that 25 you are cash flowing enough to be successful,	56 1 Q So you didn't deal with any of the banks -- 2 A No. 3 Q -- at all? 4 A None. 5 Q Other than Business Carolina? 6 A None. Other than when they come down to do the 7 walkthroughs, I'd carry them through. 8 Q Okay. 9 A Business Carolina is the only bank I ever dealt 10 with. 11 Q What about the subordinate lenders, the other 12 creditors that you all added during the period of 13 time that you renovated the property, did you deal 14 directly with them? 15 A No, other than Upper Savannah. Upper Savannah -- I 16 can't remember the gentleman's name -- came down 17 weekly to ensure the money that Upper Savannah was 18 putting in the hotel was spent on the right things, 19 so I'd walk him through weekly. But as far as the 20 loan itself and everything else, I really couldn't 21 even tell you the terms and conditions. 22 Q And I understand that prior to 2009 you were not 23 operating under a requirement that you allowed the 24 lender to pay your debts? 25 A That's correct. The lender started paying the

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1 debts upon the culmination of the deal with Lander.
 2 Q Okay. And prior to that time, who dealt with the
 3 lenders? You said Craig, Louis and Misty?
 4 A No. Misty didn't deal with any lenders.
 5 Primarily, Louis Smith, possibly, Craig, but it's
 6 not anything that I knew about. They did their
 7 thing.
 8 Q I may be mistaken about this, but I believe you
 9 were in charge of the quarterly and monthly
 10 budgeting because you were running the hotel?
 11 A Well, I was in charge of the monthly income and
 12 expense sheets.
 13 Q Okay.
 14 A Accounting for the money that came in and then went
 15 out. I signed off on that every month.
 16 Q But as far as the debt service, was that in your
 17 expense and income ledger?
 18 A Oh, yes, of course.
 19 Q So what was the amount of debt on a monthly basis
 20 just from lenders that you were being required to
 21 service in July of 2009?
 22 A I don't recall.
 23 Q Do you remember how much money you had to make per
 24 month to pay all the bills?
 25 A I think it was \$51,000;

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1 Q And how much of that was debt service?
 2 A I don't recall.
 3 Q Were you current with all the lenders?
 4 A No.
 5 Q Who were you behind with?
 6 A I don't recall offhand. Each time that we went
 7 behind, we met with the individual lender or they
 8 came to the hotel and we worked out a deal.
 9 Q There was a budget that was done at some point that
 10 we have been provided in your discovery that I
 11 believe you would have prepared. It had present
 12 hotel expense —
 13 A Let me see it. This wasn't a budget. This was for
 14 Diane Newton -- January to June 2009. We actually
 15 prepared this for Diane Newton as she was trying to
 16 negotiate lease terms and conditions. Basically,
 17 wrote down income and expenses for her.
 18 Q Well, they don't appear to be any taxes on there
 19 other than the business tax that's on page 2.
 20 A She -- the initial thing to her was \$51,000 a month
 21 and she reduced that to 48 by agreeing to have
 22 Lander pay the taxes, some 32, \$34,000 a year,
 23 which by the way they did not do. But that's how
 24 it went from \$51,000 to 48, and then later it
 25 dropped from 48 to 31, with the 17 going on the

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1 backside.
 2 Q Let's just go through them one by one and you can
 3 tell me who was behind, if you remember. I mean
 4 Business Carolina, your monthly debt service to
 5 them was \$7,000, give or take?
 6 A I believe it was, yes.
 7 Q And how many months behind were you when you began
 8 talking to Lander?
 9 A I don't know, probably two or three. There were a
 10 couple of times that I went and renegotiated with
 11 them on the payment plans and they held them in
 12 abeyance. Abeyance being that once we refinanced
 13 or sold, they would be caught up.
 14 Q The notes were actually renegotiated —
 15 A No.
 16 Q -- modified?
 17 A No. They were just set aside.
 18 Q There was just a specific forbearance for that
 19 period of time?
 20 A I don't know if that's the correct legal word, but
 21 basically that's what it was. We can't pay the
 22 mortgage this month because I've got to pay the
 23 electricity, so we would take the \$7,000 and stick
 24 it to the side. If we had a good month, we would
 25 catch it up. If we sold it or refinanced it, we

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1 would catch up.
 2 Q How many times did you have to take a lump sum that
 3 you owed Business Carolina and stick it to the side
 4 and what did it mount up to?
 5 A I don't recall. Twenty-one thousand, maybe.
 6 Q What about Cornerstone, were you paying them
 7 interest only or were you making a payment to them?
 8 A I don't think we were behind on Cornerstone.
 9 Q What about any other interest? I mean all these
 10 other lenders that we've talked about on the seven
 11 other mortgages, were you paying them a principal
 12 payment?
 13 A I believe we were. I don't think we were behind,
 14 and I might be wrong, but I don't recall us being
 15 behind on anybody except Business Carolina and my
 16 wife. My wife wasn't being -- we were not
 17 servicing her loan at all. And Business Carolina,
 18 we were two or three months behind on them, with
 19 their permission. I don't -- don't recall us being
 20 behind on the others.
 21 Q Well, in August of 2009 when the lease was entered,
 22 what did you have to pay? Had the lease not been
 23 entered, what were your monthly obligations?
 24 A As I told you, as I recall, the monthly obligations
 25 were around \$51,000 a month for everything, that

61 1 included tax accrual and everything else. 2 Q And the property taxes were not being escrowed with 3 the mortgage payment to Business Carolina? 4 A No. 5 Q And at the time that you initially began talking 6 with Lander, which would have been give or take 7 July, is that right? 8 A About that. 9 Q You had a tax debt that was significantly in 10 arrears. It was seven months past due, is that 11 right? 12 A Yes, but that's not unusual. 13 Q The amount of the taxes was about \$34,000? 14 A That's correct. 15 Q And had it not been paid in October of 2009, the 16 property would have been sold for taxes, correct? 17 A That's correct, but there were two payment forms. 18 My wife had a line of credit to pay them and, of 19 course, if we didn't pay it, Business Carolina 20 would. So it was never a danger in going to a tax 21 sale. 22 Q Well, Business Carolina would consider having to 23 pay the taxes or default on your note, correct? 24 A Oh, absolutely, yes. We had already had those 25 discussions, so they were prepared to pay the taxes	63 1 A Yes. 2 Q And you were at least three months behind, you 3 think, on the note to Business Carolina? 4 A Yes, but I had been three months behind to Business 5 Carolina for two years. 6 Q That's a pretty understanding lender? 7 A I told you they worked every way they could with 8 me. When I had a problem, a cash flow problem, I 9 went and sat down with Todd Lucas and showed him 10 what I was dealing with and we worked out a deal. 11 I did not just not send them a check. 12 Q How long could Todd Lucas go without a check after 13 things started to really fall off in 2009 though? 14 A You would have to ask Todd Lucas that. 15 Q You didn't have that conversation with him? 16 A No. 17 Q He didn't tell you you're going to have to do 18 something or I'm going to have to foreclose? 19 A No. 20 Q Who did Todd answer to? 21 A Mike Sandusky. 22 Q Mike never had the conversation with you if you 23 don't do something you're going to wind up in 24 foreclosure? 25 A Mike asked me what else they could do to help. As
62 1 if it came to that. Obviously, you know, they're 2 not going to let the property go over \$30,000. If 3 my wife hadn't of paid them, they would have 4 stepped in and paid them. 5 Q Well in 2008, did they pay them? 6 A I think my wife did. 7 Q What about 2007? 8 A I think my wife did. 9 Q And the line of credit that you're speaking of, was 10 that reduced to a mortgage that was filed against 11 the property as a subordinate lien? 12 A I don't understand your question. 13 Q When she paid the taxes, did she file a mortgage or 14 add it to the note that IOS owed her? 15 A As far as I know, she did, yes. 16 Q Was it to her individually or was it to Lone Star? 17 A Either. It could have been either one or both. 18 Q Probably something that I need to ask her? 19 A Uh-huh. I don't even know that she paid the taxes 20 then. We may have had the money in escrow to pay 21 them. 22 Q Well, in July of 2009 the taxes were owed for 2008 23 in the amount of \$34,000? 24 A Uh-huh. 25 Q Is that a yes?	64 1 I said, they wanted that monkey off of their back, 2 you know, as much as Craig did. Nobody wanted that 3 hotel. 4 Q They are in a federally regulated industry that 5 cannot just allow an unpaid debt to ride for an 6 indefinite period of time, wouldn't you agree with 7 me? 8 A I won't agree or disagree. I don't know. 9 Q It's your testimony that they did not call the note 10 and tell you that if you didn't do something, that 11 you would be in foreclosure? 12 A No, they never did. 13 Q And they didn't have a conversation with you that 14 if you didn't pay the taxes, that you would be in 15 foreclosure? 16 A No. 17 Q Isn't it true that you were in fact in default at 18 the time that you were talking to Lander? 19 A Default with who? 20 Q With Business Carolina. 21 A No. I was behind, but not in default. 22 Q Okay. Now as far as negotiations were concerned 23 with Lander, what disclosure did you make to them 24 regarding what problems you were going to have, or 25 did you?

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- 1 A That was never a discussion between myself and
2 Diane Newton.
3 Q That didn't come up until the time came to actually
4 negotiate the lease?
5 A It didn't come up then.
6 Q Well, there were multiple agreements done, wouldn't
7 you agree with me, that --
8 A After we signed the lease and Doug Bell went slap-
9 happy crazy and started demanding all these
10 forbearance agreements and all this other stuff
11 from all the vendors. The way it was set up is
12 Business Carolina was going to take the money paid
13 by Lander every month and pay it back out. Doug
14 Bell wanted to control that and supposedly to
15 protect Lander, so there was some sort of agreement
16 worked out, and I don't recall all the details of
17 it, for three or four months until those debts were
18 paid. I had to go to all the lenders and work out
19 that agreement and the abeyances, which we did.
20 Q Well, when you say he went slap happy, you would
21 agree with me that if he's entering into a lease or
22 preparing a lease for Lander to enter into, that
23 they are going to have to have a forbearance
24 agreement in order to ensure that once they take
25 possession of the building that they don't get

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- 1 kicked out by a bank or a lender who is
2 foreclosing?
3 A Well, I won't agree or disagree. The only thing
4 that I thought was funny is that Doug Bell didn't
5 trust the first mortgage lender to pay these bills,
6 but I didn't care. I didn't care who wrote the
7 check, let's just get the deal done.
8 Q Well, are you aware that a subordinate lender can
9 foreclose?
10 A Sure, if they want to pay off the first mortgage
11 lender and the liens in front of them.
12 Q Correct.
13 A Listen, all these lenders wanted was this deal to
14 go through so everybody got their money. So
15 everybody was working together to support Lander to
16 make this deal happen, and everybody believed that
17 this deal would happen. It was a bad time,
18 finances were bad, the economy was bad and
19 everybody just wanted to see Lander come in there
20 and successfully buy this property. And that's why
21 everybody was working together. Nobody was in the
22 dark, nobody was in the cold, everybody was on the
23 same page and working together. And we were on the
24 phone with them two or three times a week or
25 meeting with them. This went on for six weeks to

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- 1 make all this come together.
2 Q Well at the time that the forbearance and the non-
3 disturbance agreements were signed, Business
4 Carolina requested that they be allowed to
5 distribute the monthly income?
6 A At that point in time, Doug Bell was trying to be
7 the distributor of the monthly income. I would not
8 agree with that, so I went to Business Carolina and
9 said I'm not letting this attorney for Lander
10 handle the income, you take it over. So they
11 agreed to do it. Leonard, Doug Bell and the bank's
12 attorney all worked it out amongst themselves. But
13 I wouldn't agree to Doug Bell handling it, so they
14 ended up handling it.
15 Q But as far as any action taken by McDonald, Patrick
16 in preparing or ensuring that their client was
17 protected with a forbearance agreement from each of
18 the lenders?
19 A I don't know who Donald Patrick is.
20 Q The firm that Mr. Bell is employed by.
21 A Okay. So what's the question again now?
22 Q The question would be that insofar as the
23 preparation of the lease on behalf of Lander --
24 correct?
25 A Which they never did.

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- 1 Q You understand that Mr. Bell prepared the lease --
2 A No, he didn't.
3 Q -- on behalf of the firm?
4 A He did not.
5 Q That he assisted with Ms. Catalanotto in preparing
6 the lease?
7 A That's the first I knew about it.
8 Q Well, you understood that the Budget and Control
9 Board and the attorney for the Budget and Control
10 Board had ultimate authority to approve or
11 disapprove anything that Lander did?
12 A That was made clear to me by Diane Newton.
13 Initially, Doug Bell was supposed to prepare the
14 lease, the lease/purchase, that's what he was
15 supposed to do. Diane came to me and said that
16 Doug Bell could not do that, that the Budget and
17 Control Board had to do it. So they brought in
18 this other attorney who represented the Budget and
19 Control Board. I don't recall that I ever met with
20 her or her and Doug Bell together, and I don't
21 recall that I had another discussion with Doug Bell
22 about that lease.
23 Q But the time frame that we're talking about, the
24 2009, you said business was just dismal, horrible,
25 people quit booking events?

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- 1 A Yes.
- 2 Q People would book events and would come back and
- 3 cancel them?
- 4 A Let me give you an example. We dropped from an
- 5 average of 31 room rentals a night down to 3. Our
- 6 events dropped from eight to ten a week, down to
- 7 three and four. The amount of events usually went
- 8 anywhere from 5 to \$12,000, dropped down to 2 to
- 9 \$3,000. Literally, they were ordering chicken
- 10 wings and things for weddings. So yes, it was a
- 11 very dismal time. Nobody -- they used to come in,
- 12 the business people to the corporations around
- 13 there, they would bring three people with them and
- 14 rent three different rooms for three different
- 15 nights. They got to where it was several times a
- 16 month, they was coming once a month, one person,
- 17 one night. I mean everybody everywhere was
- 18 hurting. So it was -- it was just a very bleak
- 19 period.
- 20 Q And you had to service 51 to \$55,000 a month --
- 21 A No way.
- 22 Q -- in debt and you couldn't do it?
- 23 A No.
- 24 Q And there was no way unless you sold that building?
- 25 A Well, not true. We were looking at several

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- 1 alternatives. Our primary focus was to sell the
- 2 building and I was dealing with three separate
- 3 groups. We were also looking at closing down the
- 4 second and third floor. The bar was making good
- 5 money and events were making good money, but the
- 6 kitchen was a loss and, of course, the rooms was a
- 7 loss. So we were looking at just keeping the Fox
- 8 and Hound open and just doing events until the
- 9 economy changed. The third thing we were looking
- 10 at doing is probably doing a lease/purchase. This
- 11 is when Lander walked in the door. So there were -
- 12 - we were looking at all alternatives on the table
- 13 of what to do to survive this situation.
- 14 Q And what kind of window did you have? And I
- 15 understand your testimony earlier that Business
- 16 Carolina would have worked with you as long as you
- 17 needed, but --
- 18 A As long as they could, yes.
- 19 Q What was your time frame that you had for how long
- 20 you gave yourself to turn it around?
- 21 A Well, I don't think I can answer that question.
- 22 You know it was I didn't control the economy, I
- 23 didn't control the people booking events, I didn't
- 24 control the people booking the rooms, I didn't
- 25 control the buyers I was dealing with. See I was

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- 1 dealing with three separate buyers. It was an
- 2 intense time. And all I know is Business Carolina
- 3 was working with me, I was informing them on a
- 4 daily and weekly basis of where I stood, who I was
- 5 working with, who I was dealing with. And if they
- 6 had ever wanted that place, I would have handed
- 7 over the keys, but they didn't want it either.
- 8 Q As long as you had a plan or a backup plan, they
- 9 let you keep rolling?
- 10 A Well, what was the alternative?
- 11 Q Foreclosure, I would imagine, but --
- 12 A And shut it down and let it sit there two years
- 13 like it did? That was not something they wanted to
- 14 do.
- 15 Q I understand that you didn't either and I believe
- 16 we had talked about this earlier. I mean your
- 17 purpose, other than I understand to make your wife
- 18 happy because this was something that she wanted to
- 19 do, at some point was to make a little money?
- 20 A Well, we started out wanting to make money. By the
- 21 end of the deal, we just wanted to get out of the
- 22 trap like everybody else, get our money back and
- 23 go.
- 24 Q Well you'd agree Lander didn't create the trap
- 25 though?

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- 1 A Oh, Lander did create the trap.
- 2 Q Well, but the debt that had been incurred was long
- 3 before you ever started talking?
- 4 A If Lander had purchased the building for what we
- 5 initially agreed on, it would have never been a
- 6 trap.
- 7 Q Listen to my question. Lander did not create the
- 8 financial situation that you found yourself in at
- 9 the time you started negotiating with them?
- 10 A No, I can't say that they did. But if Lander had
- 11 not come in and agreed to purchase the building, we
- 12 would not have been in the trap.
- 13 Q Well, what would you have been in? You would have
- 14 been in the same situation that we have just been
- 15 discussing from 2009 forward because in 2009 you
- 16 couldn't pay your bills, you had 51 to \$55,000
- 17 worth of expenses you had to cover and you had
- 18 nobody to buy the building.
- 19 MR. SMITH: Object to the form of the
- 20 question. Go ahead and answer.
- 21 MR. HUFFMAN: I'm sorry?
- 22 MR. SMITH: I'm just objecting to the form
- 23 of the question, you can go ahead and answer.
- 24 A We had \$100,000 in reserve if we needed it. The
- 25 second thing is I had two what I considered to be

73 1 decent buyers that were looking good that may or 2 may not have bought it. And lastly, I would have 3 shut down the top two floors and just operated the 4 Fox and Hound and the events and we could cash flow 5 that way. 6 Q Why had you not already done that as far — 7 A I was — 8 Q — shutting down the top two floors and the Fox and 9 Hound? 10 A I was in the process of doing that. 11 Q Okay. So you were in the process of closing most 12 of the hotel? 13 A Shutting down the top two floors. 14 Q Okay. And also — 15 A And getting us in a cash flow situation until the 16 economy turned around and continue to market the 17 building. 18 Q Okay. Did you still have a restaurant? 19 A Yes. 20 Q Were you in the process of shutting down the 21 restaurant — 22 A Yes. 23 Q — other than just for catering events? 24 A Yes. 25 Q So I'm not trying to put words in your mouth, but	75 1 down and they'd tour the facilities like Lander 2 did, room to room, go through everything. Every 3 deal has its own personality, but they're basically 4 all the same. 5 Q Well, did either one of them tell you they wanted 6 to buy it? 7 A No, Lander came in and made the first offer and 8 Lander was aware that I had two other buyers. 9 Q No one else had indicated that they wanted to buy 10 it, just that they were interested in looking at 11 it? 12 A Well, they were looking at it, they had made onsite 13 visits. And then Diane Newton called and came down 14 and made an offer, and at that point in time, the 15 other two potential buyers fell by the wayside. 16 Q You have been in this business for a long time? In 17 2009, you had been in the real estate business for 18 a long time, correct? 19 A Correct. 20 Q And as a commercial real estate agent, having 21 negotiated many, many, many of these deals before, 22 why did you not have any Letter of Intent from 23 anyone with regard to your negotiations? 24 A You know, that's a great question and I would refer 25 you back to Diane Newton and Doug Bell who were
74 1 if you didn't do something, you were going to lose 2 the business and the building? And I mean you as 3 in IOS. 4 A 5 A Well, obviously, if you are negative cash flowing, 6 you've got to change something. 7 Q I understand. And I understand it was a stupid 8 question. But the position that you were in at the 9 time — 10 A I had three alternatives at the time, continue in a 11 negative flow, cash flow of 20 to \$30,000 a month, 12 sell the building or cut back on operations to a 13 level I could maintain it until the economy 14 changed. I was looking and dealing with all three 15 alternatives. 16 Q Because something had to happen to change the 17 situation that you were in, is that accurate? 18 A That's correct. And Lander walked in and said we 19 want to buy the building. 20 Q Well, let's talk about the other two people that 21 you spoke about that were interested in the 22 building. What type of discussions did you have 23 with anyone else, other than Lander? 24 A Well, the same basic discussions I had with Lander. 25 This property is for sale. This is the asking price. Are you interested in it? And they'd come	76 1 supposed to give me that letter from day one. 2 Q Well, let me ask you this because you have been to 3 real estate school. 4 A Uh-huh. 5 Q A Letter of Intent is not a contract, is it? 6 A Not necessarily, no. 7 Q Okay. So if you enter into a Letter of Intent with 8 someone who has got to do due diligence to purchase 9 a building, that's not a guarantee that you are 10 going to get a real estate commission, is it? 11 A Well, there wasn't any due diligence being done. 12 An offer — 13 Q Answer my question, please. 14 A An offer was made, which I accepted, and Doug Bell 15 was supposed to draw up a contract. 16 Q You would agree with me that you cannot agree to 17 purchase a piece of property without a written 18 agreement? 19 A Technically, yes. 20 Q Okay. 21 A But that's not an absolute. 22 Q Well, are you familiar with the statute of frauds? 23 A A little bit, yes. 24 Q Okay. You passed the real estate course? 25 A Oh, yes.

77 1 Q You maintained a license -- 2 A Yes. 3 Q -- up until recently? 4 A Uh-huh. 5 Q You understand that if you are going to enter into 6 an agreement on behalf of a client that you must 7 have a written agreement? 8 A Uh-huh. 9 Q Is that yes? 10 A That's a yes. 11 Q And that you did not have any written agreement 12 with anyone for the purchase of the Inn on the 13 Square? 14 A I had a very firm verbal agreement which was 15 supposed to be being drawn up in writing by 16 Lander's attorney. They were in a tizzy to get 17 those students in and up against the wall. I went 18 with the fact that Lander is an honorable 19 institution and that's how we got there. 20 Q Can someone enforce an agreement against you for 21 the purchase of a piece of property -- 22 A I don't know. 23 Q -- as a real estate agent without a contract? 24 A I don't know. 25 Q Would you ever do business in the purchase or sale	79 1 were never in danger of losing that property. 2 Q What reserve was that? Was that a line of credit 3 that you had individually? 4 A My wife. 5 Q Your wife? 6 A Yes. 7 Q That was the mortgage that she had on your home -- 8 A Yes. 9 Q -- in Blythewood? And it was not -- at some point 10 Louis and Craig quit funding this project. When 11 was that? 12 A They never really were funding the project. There 13 was two instances made up front where certain funds 14 would be provided and they did that, but they were 15 never obligated to fund it beyond that. 16 Q You said that the -- one of the first mortgages 17 that was taken, Bridge Financial, \$115,000, back in 18 2006 -- 19 A That was the initial agreement, but it was to be 20 paid back to Craig. Remember Craig was walking 21 away from this deal with no profit, no money. I 22 needed that \$100,000, so he was going to get his 23 \$100,000 back, that's the only thing he was taking 24 out of this deal. 25 Q But after that he wouldn't put anything else in it?
78 1 of a piece of real property for \$2.3 million 2 without a written agreement? 3 A I thought I had a written agreement that was being 4 drawn up. 5 Q If you thought you had a written agreement that had 6 never been signed, you would agree with me that you 7 don't have an agreement? 8 A No, I did have an agreement. It was being drawn up 9 by Lander's attorney. 10 Q What you had, Mr. Huffman, was Lander indicating 11 that they were very interested in buying that 12 building, no more and no less? 13 A No, ma'am. What I had was a direct and firm offer 14 from Lander and we met with Lander's attorney who 15 was drawing up the contract for lease/purchase. 16 But Lander desperately needed to get into that 17 building for the students. They were running out 18 of time. So we agreed to enter into the lease and 19 the contract was supposed to be delivered by the 20 first week of September. 21 Q And you desperately needed to lease or sell it 22 because you could not service the debt with the 23 ongoing operations? 24 A Now you could technically say that, but it's not 25 the way it was. We had \$100,000 in reserve, so we	80 1 A He wasn't required to. He actually did. 2 Q Oh, he did? 3 A Yes. But he wasn't required to. 4 Q Well, why if he wasn't required to but he was 5 putting money into it would you have allowed your 6 wife to have a mortgage against your primary 7 residence for the reserve for business? 8 A It may come as a shock to you, but I don't own my 9 wife. I advised her not to do it. She did it 10 anyway. 11 Q Well, and your primary residence was titled to her 12 individually? 13 A That's correct. 14 Q About the same time that the judgments hit that you 15 were trying to avoid being attached by your home? 16 A No. 17 Q No? 18 A I bought her that house in 1993. She's owned it 19 singly and solely ever since. 20 Q None of the judgments that you had against you 21 individually were subject to any debt? 22 A The only judgment I ever recall against me was 23 BB&T. All these others you named off, I don't have 24 any recall of those. BB&T was a handshake 25 walkaway, a friendly banker. I had a judgment on

81 1 me for ever how long 200, \$300,000. They never 2 tried to collect on it or anything else. It was a 3 -- but I don't know all these other judgments 4 you're referring to. I actually have no recall of 5 any of them. 6 Q Well, Mr. Huffman, I want you to understand that 7 I'm just trying to get a picture of what was 8 actually going on at the time. And it seems like 9 to me, and correct me if I'm wrong, that Louis and 10 Misty borrowed over \$900,000 against this property, 11 which made your job very, very difficult. 12 A First of all, Misty was not involved in any of the 13 loans, zero, zilch, nein, okay? I have said that 14 over and over. Second of all, Louis and I guess 15 Craig White, who did the loans, did them primarily 16 for renovation purposes, which I was fully informed 17 of, knew about and programmed to make those 18 renovations happen. 19 Q But Misty didn't loan her own money -- 20 A Misty -- 21 Q -- to IOS? 22 A -- loaned on two different occasions or a couple of 23 occasions, she loaned her personal money to IOS and 24 made notes to that against my advice and better 25 judgment.	83 1 income and expense sheets for. They didn't exist. 2 And like I say, what was there was bad. They owed 3 everybody in Greenwood. So you know I can't say 4 why the bankers turned it down because I didn't 5 deal with the bankers. We ended up getting two 6 commitment letters for refinancing. Both of those 7 withdrew when the economy flip-flopped. One went 8 out of business, Capital Lending, or something out 9 of Atlanta, and the other one was out of Charlotte 10 up here and I don't remember their name. But we 11 actually had two commitment letters to refinance 12 the entire building. Both went away in 2008 when 13 the economy changed. So we held on, you know, 14 doing the best we could to survive. 15 Q And I understand completely and as I said before, I 16 think you would agree with me that this was a very 17 difficult job for you to do, to turn this around 18 with that amount of debt, with the economy in the 19 shape that it was in. And you are good and I'm -- 20 A Well, let me say this again. The only debt I 21 started out dealing with was \$700,000, which may go 22 to \$900,000 in 12 months, and I had a hotel that 23 appraised for over \$2 million. To me that was a 24 good deal. 25 Q By the time you're talking with Lander, it's \$2.5.
82 1 Q And that made it very difficult for you because 2 against your wishes the money that had been at 3 least in your family, although it may not have been 4 yours, was now tied up in that business? 5 A It didn't make it difficult for me, it was 6 something that was going to be repaid back on a 7 refinance or sale. Remember we were trying to 8 refinance the building at the time and getting 9 commitment letters for refinancing. When a banker 10 came in and refinanced those loans, everybody was 11 going to be made whole again, so it wasn't like it 12 was a big risk at the time. 13 Q But you testified a little while ago in 2007 that 14 the bank wouldn't loan the money because they had 15 such a horrible history that nobody other than 16 these people were willing to loan them the amount 17 of money needed to refinance it all. 18 A No, that's not exactly what I said. Let me say 19 that again. We were trying to refinance from day 1 20 from 2005 forward. Most of the time the banks 21 wanted two to three years of income and expense 22 before they would look at the property. The income 23 and expense sheets prior to that were nonexistent 24 and/or -- so the biggest problem we had was getting 25 refinances. From 2005 to 2008, we didn't have	84 1 A Well, it was actually \$2.3. Lander had carried it 2 to \$2.5. Diane Newton and I agreed on \$2.3 3 million, then she added the taxes on there, which 4 was \$30,000, which dropped her lease payments from 5 \$51,000 a month to 48. And then she added the 6 \$17,000 a month on there, on the back side as she 7 calls it, which carried her lease payments from 8 \$48,000 a month to \$31,000 a month. So that's how 9 the number rose to \$2.5. It started at \$2.3. 10 Lander never paid the taxes, obviously, and then 11 they extended their lease for another year at the 12 \$17,000 plus 30 some thousand dollar shortfalls. 13 Q Well, the \$271,000 that I was referring to was a 14 federal tax lien that hit on IOS in April of 2010. 15 Do you recall that? 16 A Yes, and it was paid, paid in full. 17 Q When? 18 A I don't know, the next year. 19 Q At the period of time that you were discussing a 20 sales price with Diane Newton, you never made her 21 aware that there was a potential \$270,000 tax lien? 22 A We discussed that in Doug Bell's office about the 23 different liens on the property and the taxes. So 24 when you say did we discuss it, Diane Newton wasn't 25 that interested. Doug Bell was more interested

85 1 than Diane was. So yes, there was probably not a 2 discussion of it, but there was certainly a mention 3 of it. 4 Q Well, there were no payments made to the IRS in the 5 escrow, were there? 6 A I paid the IRS a lump sum. 7 Q Were there any payments made in the escrow to the 8 IRS? 9 A What escrow? 10 Q The lease escrow. 11 A No. Why should there be? 12 Q Were there any ongoing payments to the IRS that you 13 failed to disclose that were in arrears that 14 resulted in a tax lien in April of 2010? 15 A That I failed to disclose? 16 Q Yes, sir. 17 A Explain that. 18 Q Did you tell anyone with Lander University that you 19 were going to be subject to a levy if you did not 20 bring the federal taxes current for IOS? 21 A I don't recall ever discussing that with Lander in 22 2010, no. 23 Q Or in 2009? 24 A I don't think was the situation in 2009. 25 Q I'm going to show you what I'll mark as Fifty-Five.	87 1 that the lease was in effect? 2 A In detail. 3 Q And that was the agreement that they allowed you to 4 enter into with the tenant? 5 A Correct. 6 Q You had a similar agreement with Upper Savannah 7 Council of Governments, in fact, two of them? 8 MS. MEREDITH: We can mark those together. 9 Defendant's Deposition Exhibit Numbers 56 10 and 57, consisting of 2 sheets each, marked 11 for identification and made a part of this 12 deposition. (Forbearance Agreements) 13 Q You were aware that this was another creditor that 14 was a subordinate lien holder to Business Carolina 15 and at the time that the lease was executed, that 16 they agreed to the escrow agreement, as well? 17 A You'll have to repeat that. There was too many 18 we's and they's in there. 19 Q At the time that the lease was prepared -- 20 A Okay. By the Budget and Control Board. 21 Q By the Budget and Control Board and McDonald, 22 Patrick Law Firm. 23 A McDonald, Patrick Law Firm had nothing to do with 24 the lease. 25 Q Okay. At the time that the lease was entered into
86 1 MS. MEREDITH: How much time do we have 2 left? 3 Defendant's Deposition Exhibit #55, 4 consisting of 6 sheets, marked for 5 identification and made a part of this 6 deposition. (Forbearance Agreement) 7 MR. SMITH: Do you have a copy for me? 8 MS. MEREDITH: I do. 9 MR. SMITH: Thanks. 10 A Are you sure you gave me the right thing? This is 11 -- this is Business Carolina. 12 Q Yes, sir, it is, and I'm going to walk through them 13 one at a time. This is what you negotiated with 14 Lander as the debt that you needed to pay while 15 they were in possession of the property, this being 16 number one. This being the indebtedness to 17 Business Carolina. Is that correct? 18 A I assume so. 19 Q Well, you discussed with Business Carolina what 20 your indebtedness was and what you would pay while 21 Lander was in possession of the property under the 22 lease. Wasn't that your testimony? 23 A Yes, that's correct. 24 Q And you discussed with Mr. Sandusky and Mr. Lucas 25 what needed to be paid during the period of time	88 1 between Lander and IOS, there were a number of 2 forbearance agreements and non-disturbance 3 agreements which were negotiated? 4 A Correct. 5 Q Between Lander and their attorney, your creditors 6 and your attorney for IOS, correct? 7 A I assume. I don't know about that Lander and their 8 attorneys. My attorney, Leonard Jordan, was 9 handling the forbearance agreements and he was 10 dealing with Doug Bell and the other attorneys, but 11 I don't -- I wasn't part of those negotiations. 12 Q But you were aware that there were a large number 13 of agreements -- 14 A Oh, yes. 15 Q -- that Lander was going to require in order to be 16 willing to lease the building? 17 A No. Lander had already leased the buildings before 18 any of these forbearance agreements came up. This 19 was after the fact. This was the September time 20 frame. The lease was signed in August. 21 Q At the time that the forbearance agreements were 22 negotiated, Lander's attorney, IOS' attorney, and 23 the lenders all reached an agreement as to how the 24 proceeds that were generated by the lease would be 25 paid every month, correct?

89 1 A That's correct. 2 Q And they understood what the monthly amount that 3 was going to be paid would be and how it would be 4 allocated, correct? 5 A Correct. 6 Q At any point in time during that process was anyone 7 aware that you stood in arrears with the IRS? 8 A I don't know. I would assume so. Everything was 9 on the table. It was not something we hid or would 10 have hid. 11 Q Was there any agreement for the monthly escrow to 12 pay on any taxes in arrears? 13 A Yes, property tax, I believe it was. 14 Q And sales tax? 15 A Yes. 16 Q Accommodations tax? 17 A Whatever, yes. 18 Q And unemployment? 19 A I assume. 20 Q All of those distributions had to be made out of 21 the rent, didn't they? 22 A Well, they didn't have to be, but that's where Doug 23 Bell wanted them to be, so we agreed with that. 24 Q And you would agree with me that that is the 25 prudent course to take when you have a client that	91 1 A I'm sorry? 2 Q You understood that Mr. Jordan was negotiating the 3 forbearance on behalf of IOS with Uptown 4 Development? 5 A I think he was negotiating with all the lenders, 6 Uptown Development being one of them. 7 Q And Lone Star Ventures who was your wife? 8 A Yes. 9 Defendant's Deposition Exhibit #59, 10 consisting of 3 sheets, marked for 11 identification and made a part of this 12 deposition. (Forbearance Agreement) 13 Q And Cornerstone. 14 Defendant's Deposition Exhibit #60, 15 consisting of 4 sheets, marked for 16 identification and made a part of this 17 deposition. (Forbearance Agreement) 18 Defendant's Deposition Exhibit #61, 19 consisting of 3 sheets, marked for 20 identification and made a part of this 21 deposition. (Forbearance Agreement) 22 Q In fact, you were in default with Cornerstone, 23 weren't you? 24 A I'm not sure. I don't recall that we were. We 25 might have been. The only thing I recall being in
90 1 is renting a building for someone that is in 2 default with their lenders, would you not? 3 A I don't know exactly what you mean by that. I know 4 at the time I thought I'd a lot better the money 5 come out of the rent than come out of my wife's 6 banking account, so I was happy to do that. 7 Q But you didn't object? 8 A Object, no. I was happy. Doug Bell insisted that 9 that's the way it be paid. Well that's not my wife 10 having to pay it out of her personal account. Why 11 would I object? I felt like she had already put 12 way too much money in this property anyway. 13 Q Did Mr. Jordan negotiate from your side with regard 14 to the forbearance and non-disturbance agreements - 15 - 16 A Yes. 17 Q -- or did you do them individually? Leonard, Mr. 18 Jordan did? 19 A (Nods head affirmatively) 20 Defendant's Deposition Exhibit #58, 21 consisting of 3 sheets, marked for 22 identification and made a part of this 23 deposition. (Forbearance Agreement) 24 Q Uptown Development, you understood that they would 25 be paid?	92 1 default was -- was Business Carolina and we went 2 down and worked it out with them. If we were in 3 default with Cornerstone, we would have done the 4 same thing. 5 Q All right. 6 MS. MEREDITH: We'll go off the record for 7 just a second so we can change our tape. 8 (OFF THE RECORD) 9 Q Mr. Huffman, we've been discussing forbearance 10 agreements and escrow agreements. And I wanted to 11 ask you, you were present when the lease was 12 signed, correct? 13 A The draft one, yes. 14 Q The draft one? 15 A Yes. 16 Q You were present when the actual lease was signed, 17 too, were you not? 18 A I don't believe I was, no. 19 Q You don't recall being a witness to the escrow 20 agreement? 21 A Which escrow are you referring to? 22 Q The escrow agreement that was signed 23 contemporaneously with the lease. 24 A I don't recall that, no. 25 Q Okay. Well, I would represent to you that there

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1 was a lease and escrow agreement that was signed on
2 August the 12th of 2009 to which you were a
3 witness. You would dispute that or you don't know?

4 MR. SMITH: Object to the form of the
5 question. You can go ahead and answer it.

6 A I don't know. Do you have a copy of it?

7 Q Yes, sir, I have a copy of the escrow agreement.

8 A It appears here that I signed as a witness, so I
9 don't recall reading it.

10 Q Mr. Smith was the party who signed on behalf of
11 IOS, LLC?

12 A That's correct.

13 Q And you witnessed his signature?

14 A That's correct.

15 Q And you both knew as of August the 12th, prior to
16 Lander University taking possession of the Inn on
17 the Square, that any funds paid in rent would be
18 required to be paid into an escrow, did you not?

19 A I did.

20 Q And that the reason for that escrow was that many
21 of the loans that IOS had were already in default?

22 A Well, the reason for the escrow was just the way
23 Doug Bell wanted it set up. He wanted to control
24 certain bills being paid so for the first two or
25 three months it was under his purview and then from

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1 there it went to Business Carolina. It had nothing
2 to do with any loans being in default.

3 Q But have you looked at the actual agreements, the
4 forbearance agreements, themselves, that were
5 negotiated?

6 A No, I have not.

7 Q So you are not aware that the agreements themselves
8 acknowledge that the liens were in default, the
9 notes were in default?

10 A No.

11 Q You haven't read any of them?

12 A No.

13 Q And insofar as you weren't an owner, I guess you
14 didn't have any responsibility for signing them,
15 correct?

16 A Correct.

17 Q With regard to the escrow agreement itself, the
18 purpose of the escrow agreement was so that the
19 forbearance agreements could be worked out over a
20 period of time, correct?

21 A I don't know. I'm not real sure what the escrow
22 agreement was all about, other than this is
23 something Doug Bell wanted.

24 Q Well, if you have got eight lenders and each one
25 has to agree to what cut they get of a rental

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1 payment, you would agree with me that sometimes it
2 could take a pretty lengthy process for everyone to
3 reach an agreement on how the rent is going to be
4 split, correct?

5 A As I recall, it took a very lengthy time to reach
6 that agreements. I was not part of those
7 negotiations at all.

8 Q That would have been something that Louis and Mr.
9 Jordan handled on behalf of IOS?

10 A I believe that would be correct, although primarily
11 I think Mr. Jordan handled it. I don't know what
12 Louis' involvement in it would have been.

13 Q The forbearance agreements themselves were required
14 not just by Doug Bell but by the lenders, as well,
15 isn't that true?

16 A I don't know that to be true, no. I never heard of
17 it until it was brought up by Doug Bell.

18 Q Well, you knew at the time that Lander entered into
19 the lease with an option that there were going to
20 be ongoing negotiations with the lenders for IOS
21 with regard to the indebtedness, did you not?

22 A I did.

23 Q And in that regard there could not have been a
24 purchase price that was settled upon because there
25 was no agreement by any of the lenders as to what

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1 they would take for their payoffs, was there?

2 A Yes, there was. We had agreements with all the
3 lenders.

4 Q You had agreements with each one of the lenders as
5 to the total amount that they would take?

6 A That's correct.

7 Q And when were those agreements reached and who were
8 they with?

9 A They were with all the lenders and they required to
10 sign a draft lease.

11 Q Well then why was it necessary for the forbearance
12 agreements to be negotiated over a four or five
13 week period of time?

14 A Ask Doug Bell.

15 Q Well, I would ask who your lenders negotiated with
16 when you state that they had agreements with you?
17 I mean were you the borrower?

18 A No.

19 Q Did you have authority to act on behalf of IOS?

20 A Somewhat, yes. In this instance, yes.

21 Q Was that an agreement that had to be reached
22 between a principal of IOS and signed by IOS?

23 A I don't know that it was that formal, no. We had
24 workout agreements with all the lenders in hand.
25 As far as the forbearance agreements, that was

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- 1 something that Doug Bell required.
 2 Q Mr. Huffman, isn't it true that what you had was
 3 ongoing negotiations with all of your lenders and
 4 Lander in this period of time? You never had a
 5 deal with anyone?
 6 A No, that's wrong. I had an absolute solid deal
 7 with Lander. With my lenders, we initially
 8 negotiated what the payouts would be in April when
 9 Lander closed. When that did not happen and Lander
 10 extended for a year, then negotiations were re-
 11 entered into. All of this was predicated on the
 12 fact that Lander was closing at \$2.3 million at
 13 that point in time. This is before it was raised
 14 to \$2.5 million.
 15 Q You've talked about a lot of different numbers and
 16 I would refer you to the exhibits that are in front
 17 of you. There are many of those forms that have a
 18 blank in them —
 19 A That's correct.
 20 Q -- because there could not be a number placed at
 21 that point in any of those forbearance agreements
 22 as to a final payoff. Would you disagree with me?
 23 A I don't agree or disagree. I was not part of this.
 24 Q Turn for example to Bridge Financial, LLC.
 25 A Okay.

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- 1 Q Which was signed on the 17th of August, 2009.
 2 A Okay.
 3 MR. SMITH: Object to the form of the
 4 question.
 5 Q Would you refer to Plaintiff's Exhibit —
 6 MR. SMITH: Do you intend these to be in
 7 evidence or not?
 8 MS. MEREDITH: Yes, sir. I would offer
 9 each one of these into evidence.
 10 MR. SMITH: Okay. Well, reserving
 11 objections. He wasn't a party to any of these,
 12 but you can continue to ask.
 13 MS. MEREDITH: Well, then let me do this.
 14 Q Mr. Huffman, I would ask you to review Number
 15 Fifty-Five and answer me if your signature is on
 16 the back page as a witness?
 17 A Number Fifty-Five?
 18 Q This is Exhibit Number Fifty-Five.
 19 A Okay.
 20 Q Would you flip to the back page and let me know if
 21 you can identify that as your signature?
 22 A That is my signature as a witness, yes.
 23 Q Were you present when that agreement was signed?
 24 A I believe I must have been.
 25 MS. MEREDITH: I move Exhibit Fifty-Five

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- 1 into evidence.
 2 MR. SMITH: I still reserve objections.
 3 He can authenticate only his signature, not the
 4 document.
 5 Q I ask you to refer to Exhibit Number Fifty-Nine and
 6 ask you if you can identify your wife's signature
 7 on the back page as the principal for Lone Star,
 8 LLC?
 9 A Yes.
 10 Q Do you understand that to be the agreement between
 11 IOS and Lone Star with regard to any forbearance of
 12 that debt?
 13 A I don't know what this is. I haven't seen it
 14 before.
 15 Q Mr. Huffman, your wife loaned a substantial amount
 16 of money to IOS, isn't that correct?
 17 A That's correct.
 18 Q And during this period of time did she receive any
 19 payments from IOS?
 20 A She received payments in the good times, in the
 21 bad, no.
 22 Q Okay. So you're not aware of any forbearance
 23 agreement that she executed on behalf of Lone Star
 24 in which she agreed not to take any payments?
 25 A Well, when you say I'm not aware of, I knew she was

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- 1 signing forbearance agreements along with the other
 2 lenders, but I wasn't part of that process. So
 3 yes, I knew that she was signing them, but I didn't
 4 read the documents or get involved with it.
 5 Q As to Exhibit Number Sixty, which is Cornerstone,
 6 did you have any part in negotiating with
 7 Cornerstone a payoff of their debt as you testified
 8 just a moment ago?
 9 A I don't recall, but if there was a negotiated
 10 payoff, I was probably involved in it.
 11 Q Well, you testified a moment ago that with each one
 12 of your lenders you had individually negotiated a
 13 payoff prior to their being a lease and escrow
 14 agreement executed.
 15 A That's correct.
 16 Q And that you knew from them how much they would
 17 take?
 18 A Which was good through April.
 19 Q Which was good through April.
 20 A Everything went off the table in April.
 21 Q What was magic about April?
 22 A That's when Lander was supposed to close.
 23 Q I'm sorry?
 24 A Lander was supposed to close.
 25 Q Why did you want Lander to close in April?

101 1 A That's when Lander said they would close. And 2 everything was negotiated with the lenders that 3 there would be a closing in April and this amount 4 of money would go to satisfy their loans. When 5 Lander failed to close, it put everything in 6 turmoil. 7 Q Who did you negotiate your payoff with Cornerstone 8 with? 9 A I don't recall. 10 Q What was the amount? 11 A I don't recall. 12 Q What was the sum total of the indebtedness that you 13 had had agreements with everyone? 14 A I believe it was about \$2.2 million. 15 Q About? 16 A Yes, I believe in that area. 17 Q And you had written confirmation from each one of 18 the lenders that they would accept individual 19 payoffs that you had negotiated with them? 20 A No. This was all done in a session verbally across 21 the table. 22 Q Okay. 23 A When we closed on this deal, we can pay this much 24 to satisfy this note. The reason I remember \$2.2 25 million was we had some taxes in there that had to	103 1 Q There are eight different agreements as to 2 forbearance and I understand that you were not 3 present as a witness in each one of them. Is it 4 your testimony that you were not aware of the 5 substance of those agreements? 6 A I was totally aware of the substance. 7 Q Okay. And you were aware then that the majority of 8 these debts were already in default? 9 A I'm not sure which ones were in default and which 10 ones weren't. 11 Q And that by necessity that each one of these 12 agreements contemplated the possibility of a short 13 sale? 14 A I think that's correct. All of them knew that this 15 would probably be something of a short sale. There 16 simply at \$2.3 million was not enough money to go 17 around. Now at \$2.5, there was. 18 Q Are you sure of that? 19 A Am I absolutely sure? To the best of my recall, 20 yes. We had everything covered at \$2.5, which the 21 price rose to. Part of the defaults you've got to 22 remember is the \$17,000 a month that Lander was 23 paying on the backside, which would normally had 24 gone to debt service: 25 Q Seventeen thousand dollars a month on the backside?
102 1 be paid out of the \$2.3 million and so I was 2 holding \$100,000 in reserve for that. 3 Q The agreement that was signed with Cornerstone, 4 reserving Mr. Smith's objection, acknowledges on 5 the back page that you are in default to 6 Cornerstone. 7 A Okay. 8 Q Do you recall that being the conversation that you 9 had with the lender? 10 A No, I don't. 11 Q And you don't remember who you talked to? 12 A Well, whoever the head guy was there, but that's 13 the first time -- probably, the first and only time 14 I met with him. 15 Q And you don't remember what the amount was that 16 they would take? 17 A I don't. I don't remember the amount of their 18 loan. It was something less than the total. 19 Q Do you remember how much -- 20 A The only one that would not negotiate a buy down 21 was City of Greenwood. What do you call them, 22 Upper Greenwood or whatever? They would not take 23 less than the total amount of it. All the other 24 lenders were agreeable to taking something less 25 than owed.	104 1 Mr. Huffman, the people involved in this 2 transaction went to great lengths to make sure that 3 everything was documented appropriately by the 4 standards required for a real estate transaction, 5 wouldn't you agree? 6 A No. Doug Bell didn't. 7 Q Well, Doug Bell helped negotiate and record with 8 each one of the lenders the amount that they would 9 accept on a monthly basis not to foreclose on IOS 10 and the Inn on the Square. 11 A What did you say he did? 12 Q Doug Bell helped to memorialize -- 13 A He didn't help. 14 Q -- for each one of the lenders in writing what 15 their negotiated payment would be on a monthly 16 basis. 17 A All I remember is Leonard Jordan, Doug Bell and the 18 other yahoo lawyer couldn't agree on anything. 19 Q But you can agree with me on one thing, that there 20 were forbearance agreements done for each one of 21 the lenders in order to memorialize, in writing, 22 what each lender was going to require as their 23 monthly payment? 24 A I assume that to be true. 25 Q And that insofar as the lease was concerned, the

105 1 proceeds of the lease and the rent would be applied 2 to the indebtedness? 3 A Correct. 4 Q And that was good for you, good for IOS, wasn't it? 5 A It was good for everybody. 6 Q Because it would reduce the amount of your 7 indebtedness? 8 A It was good for everybody until Lander did not 9 close the deal in April. From that point on, we 10 had no agreements anywhere, no forbearance 11 agreements or anything. 12 Q Well, you didn't have an agreement other than a 13 lease and an option and forbearance agreements in 14 August of 2009, did you? 15 A Yes, I did. 16 Q There is no written agreement between Lander 17 University, the State Budget and Control Board, and 18 IOS, LLC that memorializes any contract of sale, is 19 there? 20 A Yes, there is. The thing with the Budget and 21 Control Board is the lease was signed. As far as 22 the purchase, I think there's 39 different 23 references from all kinds of people on the 24 purchase, both in and out of Lander and the Budget 25 and Control Board. So there was no question Lander	107 1 A We had an ironclad agreement. 2 Q Okay. 3 A Which by the first week of September had grown to 4 \$2.5 million. And Doug Bell had been appraised of 5 that on both occasions that the price had 6 increased. 7 Q You would agree with me, wouldn't you, Mr. Huffman, 8 that if the price changed, there was no agreement? 9 MR. SMITH: Object to the form. 10 A No, I wouldn't agree with you. The price was set 11 at \$2.3, and they jumped another 30 plus, and then 12 they jumped another \$170,000. Each one was agreed 13 on and each one was carried to Doug Bell to 14 incorporate into the contract he was preparing on 15 Lander's behalf. 16 Q Mr. Huffman, you have done real estate for a long 17 time, correct? 18 A Correct. 19 Q You're familiar with the term "counter offer"? 20 A Yes, I am. 21 Q And you understand that unless an offer is made and 22 accepted and reduced to writing for the purchase of 23 a piece of property, that there is no contract, 24 correct? 25 MR. SMITH: Object to the form of the
106 1 was purchasing this. 2 Q Listen to my question. There is no written 3 contract of sale between Lander University, IOS, 4 LLC, and the State Budget and Control Board? 5 A I don't know how the State Budget and Control Board 6 keeps getting thrown in there. There was a verbal 7 agreement between IOS and Lander which was supposed 8 to be delivered the first week of September by Doug 9 Bell on Lander's behalf that never happened. 10 Q The question is whether there is a written contract 11 of sale signed — 12 A I just answered that. 13 Q No, sir, you didn't. 14 A Yes, I did. 15 Q Is there a written contract of sale signed by IOS 16 — 17 A There is no — 18 Q -- and Lander University? 19 A -- written contract of sale because Lander's 20 attorney never delivered it per our agreement. 21 Q There was no agreement then, wouldn't you agree 22 with me? 23 A No. 24 Q You don't agree with me that there was no 25 agreement?	108 1 question. 2 A Not necessarily, no. I have done — 3 Q Okay. 4 A I have done business deals on a handshake and I 5 thought I was dealing with honorable people with 6 Lander. I understood Diane Newton's dire need to 7 get those students in there that quick. I 8 understood Doug Bell's need to have two weeks to 9 get a contract, I did not question him. 10 Q Mr. Huffman, did not Lander understand, as well, 11 your need for debt service? 12 A I don't know what they understood. You will have 13 to ask them. 14 Q Okay. 15 A They knew the lease amount was \$51,000 a month. 16 Q Well, let's turn to that then. What you actually 17 agreed upon was \$31,000, Mr. Huffman? 18 A Well, initially it was \$51,000, then it went to 19 \$48,000, and then it went to \$31,000. And each 20 time the purchase price went from \$2.3 million to 21 \$2.3 million 30 some odd thousand, \$2,750,000 or 22 \$500,000, when they added the \$170,000. So yes, to 23 accommodate Diane Newton and Lander's needs, we let 24 them in early because they were in dire shape and 25 we let them put some of these payments, lease

109 1 payments, on the backside to accommodate them. 2 Q You didn't know if Lander could buy that building 3 or not when you signed that lease? 4 A We knew because Diane Newton and Doug Bell assured 5 us on Lander's behalf that they would either get 6 Obama's money in April or they would use Foundation 7 funds to purchase. They both assured me they were 8 on the Board and could guarantee those funds. 9 Because I had very dire concerns that the Governor 10 of this state was not going to take Obama's money. 11 I didn't believe they were going to get that money. 12 Q Mr. Huffman, your agreement that was executed by 13 Mr. Smith was to lease the building for \$31,000 a 14 month with an option to renew the lease and an 15 option to purchase, correct? 16 A That is what the lease says, however, that was not 17 the agreement made. 18 Q You don't have the authority to enter into any 19 contract of sale with IOS? 20 A Say that again. 21 Q You're not a member of IOS? 22 A No, I'm not. 23 Q Any contract of sale that had to be entered by IOS 24 would have to be signed by Louis Smith? 25 A That's correct.	111 1 Q Mr. Huffman, then why was it necessary for the 2 Budget and Control Board to approve the lease 3 before Diane Newton could sign it? 4 A That I cannot tell you. You can ask Diane Newton 5 that. 6 Q Well, I understand you may not have been familiar 7 with that process. 8 A Not at all. 9 Q And that you may not have inquired as to whether 10 there was authority up to a certain dollar limit to 11 bind the university? 12 A If there wasn't, you would think Lander's attorney 13 would say that, which you know. 14 Q Well, you met with Ms. Catalanotto, correct? 15 A Not really, no. 16 Q You didn't? 17 A No. She was at the table and I was present, but 18 there was really no discussions with her other than 19 Diane Newton telling us that we could not change a 20 word or a comma in that lease. 21 Q Because they could not have a deal without Budget 22 and Control Board approval? 23 A That's correct. So we signed this with whatever 24 her name was, the Budget and Control Board lawyer, 25 but that was not the lease we were operating under.
110 1 Q So you did not have the authority to enter into an 2 agreement on behalf of IOS, LLC? 3 A I had the authority to negotiate on behalf of IOS, 4 LLC. To sign the contract, no, Louis Smith would 5 have had to have done that. However, I could 6 certainly and did negotiate the deal. 7 Q You had authority to negotiate as a real estate 8 agent who was listing the property for sale. You 9 could not commit IOS, LLC to a sale without 10 approval by the managing member? 11 A That is correct and I didn't. I had full approval 12 of not only the managing members but also the 13 lenders. I called all of them, ran the deal by 14 them, told them what was coming down and got 15 agreements from all the lenders and the partners 16 prior to giving this back to Diane as an approved 17 deal. 18 Q And Doug Bell and Diane Newton, as you knew because 19 you dealt with Lisa Catalanotto, did not have 20 authority to bind either Lander University or the 21 Foundation, did they? 22 A That's not true. I had complete confidence that 23 Diane Newton had all of that authority and that 24 Doug Bell was Lander's attorney and would act on 25 that authority.	112 1 Q Well, you understood that there were multiple 2 requirements that the Budget and Control Board had 3 before any purchase could have ever taken place? 4 A I did not know, never been through that process. 5 All I was told by Doug Bell and Diane Newton is 6 there was three phases. Phase one would be 7 presenting the deal to the Budget and Control Board 8 for the first reading in December, presenting the 9 deal for the second reading to the Budget and 10 Control Board in March, with a closing in April. 11 If that did not occur, then they would close with 12 Lander Foundation funds. 13 Q Well, that in fact didn't occur? 14 A No, it didn't. 15 Q And there was another lease that was entered into? 16 A No, there was no other lease. 17 Q The lease was renewed for another year? 18 A It was renewed with our disapproval. 19 Q And at that point in time you knew that you didn't 20 have a deal because you brought in other potential 21 buyers to view that building? 22 A At that point in time we didn't know if we had a 23 deal or not, Doug Bell was not communicating. So 24 yes, I went in -- first of all, I brought in the 25 other buyers assuming they were vacating the

113 1 premises in June, okay, not a year later. Only 2 after they extended the current lease without our 3 approval and over our objections did I try to sell 4 the property to one of the buyers who was 5 interested if Lander would take a long-term lease. 6 Q My point is, Mr. Huffman, is that you came at this 7 deal every possible way that you could, didn't you? 8 You tried to sell the building, unsuccessfully? 9 A I successfully sold the building. 10 Q And you tried to lease it on a long-term lease when 11 you couldn't get a commitment for a sale? 12 A No, you're incorrect. I couldn't get a commitment 13 for a sale because I could not get commitment from 14 Lander for a long-term lease. One drove the other. 15 Q Well, you would agree with me, Mr. Huffman, that 16 what you claimed the original deal was changed 17 many, many times throughout this process because of 18 your situation with your lenders and your time 19 frame that you needed to satisfy the owners with 20 regard to your debt service? 21 A Totally incorrect. The lenders were onboard 22 through April of that year. When Lander did not 23 close, nobody knew what was going on, other than 24 Lander had extended the lease for another year, 25 which put everybody in a bind. Plus they did not	115 1 the lease which had a renewal term in it and an 2 option and the forbearance agreements and non- 3 disturbance agreements? 4 A No, I wouldn't agree with you. 5 Q Those are the only written agreements that anyone 6 on behalf of IOS signed. 7 A I had a firm commitment from Lander's housing 8 person and their attorney. The price initially 9 would be \$2.3 million and they would close in April 10 with or without Obama's funds. 11 Q Well, Mr. Huffman, I understand what you wanted to 12 have, but what you had — 13 A This is not what I wanted to have, this is what I 14 had. 15 Q What you had in writing — 16 MR. SMITH: Object to the form of the 17 question. 18 Q Isn't it true that what you had in writing is 19 what's been presented as an exhibit during your 20 deposition? 21 A That is true, but I would also say I thought I was 22 dealing with an honorable institution, a person in 23 authority and an attorney, and I met their 24 guidelines to get their students in early, two 25 weeks early, while they worked out the lease and
114 1 pay the taxes as they had agreed to, which put us 2 in an even bigger bind. We did not know until 3 March of 2011 that Lander was not going to buy that 4 building. As far as negotiating with another 5 purchaser to buy the building, they were interested 6 if Lander would do a long-term lease. Lander never 7 gave us a number. Doug Bell started out at 8 \$29,000. He never gave us anything in writing. He 9 never committed to anything. The potential 10 purchaser finally threw up their hands and said 11 when you get them people figured out, call us. We 12 never got them figured out. 13 Q The purpose for your needing to close or the reason 14 for your needing to close by April was that that 15 was as long as your lenders would wait? 16 A That's all I asked them to wait because Lander had 17 committed to closing by April. So I went to the 18 lenders and negotiated this and said work with us 19 to April and this is what you will get. They all 20 agreed, everybody was onboard. Nobody at that 21 point in time had any inclination at all that 22 Lander would default or extend for an additional 23 year. 24 Q Mr. Huffman, you agree with me that the only 25 agreement that anyone had at that point in time was	116 1 the contract. I thought that was pretty good on my 2 behalf. 3 Q And Mr. Huffman, I would agree with you that 4 everyone was working trying to make this deal take 5 place. You talked with Diane and she explained to 6 you, as you just said a minute ago, that there 7 could be a lengthy process of bureaucratic red 8 tape? 9 A That's not it at all. She said the process, the 10 first reading to the Budget and Control Board, in 11 December, second reading in March, close in April. 12 If they did not get Obama's funds, she and Doug 13 Bell were members of Lander's Board and would 14 guarantee Lander had the funds and would purchase 15 outside Obama's money. I had no reason to doubt 16 that. 17 Q Well, Mr. Huffman, just like you couldn't obligate 18 IOS with your signature, wouldn't you agree with me 19 that Doug Bell and Diane Newton could not obligate 20 the Lander Foundation Board of Trustees? 21 A Not at all. There was no doubt in my mind that 22 they could and that they did. 23 Q Well, what did you undertake to investigate to 24 determine that that was in fact the case? 25 A Well, there was no investigation needed. I met

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1 with their attorney and I met with the head of
2 their housing section. They spoke about the dean
3 several times and some board. I'm not sure what
4 that Board was. I mean I had no question to doubt
5 their integrity or their morals or their honesty.
6 This was a legitimate, honest institution that I
7 had dealt with for five or six years and had never
8 had pause to doubt them. I had done business with
9 them over the years almost on a monthly basis. Why
10 would I doubt their attorney and the head of the
11 housing division? Did I need to call the dean and
12 say send a note down that your attorney and housing
13 director can negotiate with me?

14 Q You were painfully aware that Ms. Newton had no
15 control over the South Carolina Budget and Control
16 Board because you knew that without the readings
17 and without the meetings and the due diligence that
18 had to take place after it was approved in December
19 that there could not be any formal agreement to
20 purchase?

21 A All that, that's partially true. Diane Newton
22 portrayed the Budget and Control Board to me as an
23 entity she didn't understand. She was grappling
24 with the situation. She presented the fact to me
25 that if they did not make this happen through the

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1 Budget and Control Board and get this Obama money,
2 that the Foundation had the money and would fund
3 it. So I didn't care if the Budget and Control
4 Board did the deal or not, not my problem. Lander
5 is going to buy it anyway using their own money. I
6 was assured by their attorney, head of their
7 housing, who are on their Board, whatever Board
8 that is.

9 Q You are asking this court to believe that you
10 thought two members of a board of trustees of a
11 charitable organization were the only votes that
12 were necessary to approve a \$2.5 million purchase?

13 A In the first place, this is not a court. In the
14 second place, yes, I had no reason to doubt that
15 these people were members of that Board, that they
16 had had a Board meeting as a representative and had
17 approved the purchase out of Foundation funds if
18 they did not get Obama's money.

19 Q Isn't it true, Mr. Huffman, that the only time the
20 Foundation would have ever been required as a party
21 to any potential deal that was discussed regarding
22 the purchase of the Inn on the Square was if the
23 Budget and Control Board did not approve the sale?

24 A I assume that to be true. But as I told you, it
25 was represented to me that this Board that

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1 supposedly Diane and Mr. Bell were part of had
2 approved the purchase out of Foundation funds if
3 Obama's money did not come through. Why would I
4 doubt that? If it didn't come through, the
5 Foundation is going to buy it.

6 Q Isn't it true, Mr. Huffman, that what actually was
7 represented to you is that if Lander University
8 cannot buy it because it can't be approved, that we
9 will approach the Foundation --

10 A No.

11 Q -- to buy it?

12 A No. It was presented to me as approved. If they
13 don't get Obama's money, the Foundation will
14 purchase. The funds are there and they are
15 guaranteed. We just prefer to use Obama's money.
16 So there was no question. (A) I didn't say show me
17 your bank account to make sure the money is there.
18 I didn't say bring me a note from your dean showing
19 me you have authority, you and your attorney, to
20 deal with me. I took them at face value and I took
21 them at their word. Why would they lie to me? Why
22 would they masquerade as something they are not? I
23 fully understood Diane's problems with the Budget
24 and Control Board because she was going nuts. She
25 was trying to get the students in there. She's got

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1 this Budget and Control Board thing going on and
2 she was about to have a nervous breakdown. I
3 worked with Lander every way I could to accommodate
4 them with the understanding that her attorney was
5 drawing our agreements up. Then when they came
6 back and she said her attorney could not do the
7 lease, it had to be done by the Budget and Control
8 Board, I worked with her then, too. I gave Lander
9 everything they ever asked for, everything.

10 Q I understand and I understand that it was a
11 frustrating, difficult time for you and for Mrs.
12 Newton, and for everyone involved. But you would
13 agree with me that what actually was executed, what
14 actually was operated under are the written
15 documents that we have that were drawn by McDonald,
16 Patrick and the Budget and Control Board and signed
17 by the parties involved?

18 A Let me make this clear again.

19 MR. SMITH: Object to the form of the
20 questions. Go ahead and answer it.

21 A McDonald, Patrick or whoever they are had zero to
22 do with this lease, zero, okay, nothing. As far as
23 the other stuff, McDonald, Patrick in the form of
24 Doug Bell was agreeing to deliver this contract
25 with all of these sideways things in it by the

121 1 first week of September, which is the time frame he 2 needed to put it together with Lander needing 3 control of the building on the 15th to get their 4 students in there. Again, I ask you why would you 5 doubt Lander? Why would you doubt their word? Why 6 would you doubt their representatives? I didn't. 7 Call me naive. But if you can't deal with their 8 attorney and the director of their housing, who can 9 you deal with? 10 Q Mr. Huffman, what I would ask you is why your 11 account of the events is different from that that's 12 in the e-mails between you and Ms. Newton? 13 A I would suggest to you it's not different. It 14 pretty much says exactly what I said, along with 15 the other e-mails from the Budget and Control Board 16 and the other people involved. I don't see 17 anything that disputes anything I've said, nothing 18 nowhere. Even the Budget and Control Board said 19 Diane Newton exceeded her bounds, but that they may 20 have to live with it. 21 Q Mr. Huffman, again, you've negotiated probably 22 dozens upon dozens of contracts for sale, correct? 23 A I have negotiated a lot, yes. 24 Q And there was never an agreement as to the purchase 25 price, the earnest money. This was a work in	123 1 question. 2 A Incorrect. What I said was I did not have a clue 3 what the State or the State Budget and Control 4 Board's requirements were. I never dealt with 5 them. All I know is what Diane Newton told me. 6 Q And what she told you was that there had to be a 7 presentation to the Board? 8 A On December, the first reading is what she called 9 it. 10 Q Well, and that presentation was to get permission 11 to spend the money to do the due diligence? 12 A No, wrong. The due diligence was being done in 13 September and October. The first reading to the 14 Board, according to Diane Newton and Doug Bell, was 15 for the purchase of the building. If they approved 16 that on the 1st or in December, then the second 17 reading would be in March and if it was approved 18 then, they would close in April. There was never - 19 - and if none of that happened, the Foundation 20 would purchase the property. 21 Q Are you familiar with the Commission on Higher 22 Education? 23 A No. 24 Q Are you familiar with how they operate? 25 A No.
122 1 progress that could not be finalized until a period 2 of due diligence took place that was required by 3 the State of South Carolina that -- 4 A I don't know anything about the State's 5 requirements for due diligence. But I was told by 6 Diane Newton and Doug Bell that an appraisal, a 7 building, what do you call it, structural and an 8 environmental would be ordered in September and 9 available to us in October, prior to them going to 10 the Board in December. That's what I expected to 11 happen and that's normally what would happen. I 12 did not find out for over a year that they had not 13 done any one of those three things. 14 Q And I understand that in this time frame you were 15 under a lot of pressure to have answers for your 16 lenders. But are you telling the court that you 17 thought that a housing director at a local 18 university could tell the State Budget and Control 19 Board what they could do and what they couldn't do? 20 A I've never said that. I never implied that. 21 Q You were aware, as you testified just a little 22 while ago, that there were requirements that the 23 State of South Carolina had were the transaction 24 that was contemplated by the negotiations, correct? 25 MR. SMITH: Object to the form of the	124 1 Q Are you familiar with what they have to approve? 2 A No. 3 Q Were you aware through your conversations with 4 Diane Newton that the proposal for due diligence 5 had to be made and approved before that due 6 diligence could take place? 7 A No -- 8 MR. SMITH: Object to the form of the 9 question. Go ahead and answer. 10 A -- I never knew. That's not -- Diane Newton never 11 portrayed that to me. She was supposed to get an 12 appraisal, a business assessment, an EPA, 13 September, October. Once all that was done, she 14 put her package together, presented it to the 15 Budget and Control Board in December, a second 16 reading in March and a closing in April. If the 17 Budget and Control Board did not approve the 18 purchase for any reason, the Foundation would step 19 in and close with Foundation funds. 20 Q What earnest money had the Foundation or Lander 21 University paid? 22 A There was no earnest money paid. 23 Q Okay. 24 A It was a lease/purchase. 25 Q I understand. But what consideration and what

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1 sales price did you have a written agreement for
 2 with regard to the sale or was it all contingent on
 3 whether it could be approved by the Boards that had
 4 to approve it?
 5 A It was already approved by the Lander Board if the
 6 State Budget and Control Board fell through. The
 7 initial price verbally, which Doug Bell was
 8 supposed to submit the contract for was \$2.3
 9 million. Then Diane Newton came back initially and
 10 reduced the lease payments from \$51,000 to \$48,000,
 11 with the fact that she would put the taxes on the
 12 backside. And then she came in with the Budget and
 13 Control Board lease and took another \$17,000, which
 14 she put on the backside. Together that adds up to
 15 \$2.5 million. And also, when I spoke to Diane in
 16 December when she sent me the e-mail that says
 17 phase one has been completed and approved, she sent
 18 me an e-mail saying that. I called her immediately
 19 and said, Diane, that's wonderful news. What price
 20 did you submit? She said \$2.5 million. I said
 21 good to go. So there was no misunderstanding on me
 22 and Diane Newton's part.
 23 Defendant's Deposition Exhibit #62,
 24 consisting of 2 sheets, marked for
 25 identification and made a part of this

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1 deposition. (E-mail Chain)
 2 (OFF THE RECORD CONVERSATION)
 3 Q Mr. Huffman, you said that you had e-mail
 4 correspondence with Diane Newton in which she told
 5 you that she had submitted phase one to the Budget
 6 and Control Board and I asked you to review the e-
 7 mail that's been submitted. I believe you had
 8 initially contacted her on this particular occasion
 9 on December the 16th. And at 8:56 a.m. you asked
 10 Diane, can you please advise me as to where we
 11 stand on the purchase of the Inn? If you are no
 12 longer the point of contact, please advise me as to
 13 who is and give me contact information. I am under
 14 a lot of pressure on this deal and would appreciate
 15 your assistance. Do you have that e-mail?
 16 A I do.
 17 Q And would you agree with me that her response was,
 18 Yesterday the Budget and Control Board approved
 19 phase one of the purchase of IOS?
 20 A Yes.
 21 Q And after that that she told you that they were
 22 scheduled to meet with the code officials to
 23 discuss changes of what would be required in order
 24 for them to occupy the building?
 25 A That's what she said, yes.

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1 Q And you remember getting that e-mail?
 2 A Oh, yes.
 3 Q And that she told you that the purchase would
 4 initiate a zoning change and as a state building
 5 they would be required to meet the codes associated
 6 with that occupancy change?
 7 A That's what she said.
 8 Q And that they would be pursuing an appraisal and an
 9 environmental assessment?
 10 A Correct.
 11 Q And then that next sentence is a little bit
 12 different than what you testified to a minute ago.
 13 You said that she told you that they had approved
 14 the purchase for \$2.5 million.
 15 A Say that again.
 16 Q You testified just a moment ago that after she told
 17 you that phase one had been approved, that she told
 18 you in an e-mail that they had approved the sale
 19 for \$2.5 million. That's not what she told you, is
 20 it?
 21 A She didn't say that in an e-mail. She said that on
 22 the telephone when I called her and got this
 23 response.
 24 Q Okay. What she said in the e-mail is that once we
 25 know what code changes will be required, we will be

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1 in a better position to settle on a price.
 2 A That's what she said, yes.
 3 Q Right. And by that e-mail is it not clear to you
 4 that no price had been agreed upon?
 5 A The price had been agreed on. Diane wanted other
 6 things done to the building that she wanted us to
 7 do so she could include it in the price, such as
 8 she wanted a \$35,000 second elevator put in, and
 9 there were some other qualifications. I don't
 10 remember what they are. But she wanted us to fund
 11 them and build that into the price as she had done
 12 the taxes and the \$170,000, so the price could have
 13 come out 2.7, 2.8. I told her we were in no
 14 financial position to do anymore improvements to
 15 the building and that that was not an option. And
 16 I said what price did you go in to the Budget and
 17 Control Board with? And she said with the \$2.5
 18 million price, but we would like for you all to
 19 fund these options and put it on the purchase
 20 price. I said that's just not feasible on our end.
 21 Q That's not in an e-mail from you back to her
 22 though, is it?
 23 A That was in a telephone conversation. When I got
 24 this e-mail, I picked up the phone and called her.
 25 Q And again, my question is, you did not reply to her

129 1 e-mail with what's going on, I thought you said it 2 was \$2.5 million? 3 A There was no reason to respond. We had that 4 discussion following. She assured me it was not a 5 problem if we was not in a position to fund the 6 upgrades that she wanted to do and they would look 7 at other means. 8 Q Well, you understood the purpose of an 9 environmental assessment, the one that was 10 discussed with you regarding the condition of the 11 property, you understood that process, did you not? 12 A Oh, I've done many environmentals and appraisals 13 and the structures, building structures. 14 Q You understand that if that report were to have 15 indicated that there was contamination in that 16 building, that that could have affected whether the 17 University could even buy it? 18 A Of course. I've been in a situation like that. 19 Q And likewise, if there is additional debt by the 20 time that those assessments are done, that that 21 could have affected whether or not you could make a 22 short sale? 23 A Well, in the first place, there was no additional 24 debt, could not be any additional debt. In the 25 second place, I had my own environmentals and	131 1 occurred, then I would have dealt with it when it 2 occurred, but I was confident there were no 3 problems. 4 Q You didn't have a geologic survey for that 5 building? 6 A I don't even know what a geological survey is, 7 never dealt with that. 8 Q Did you have an asbestos report? 9 A It was part of the environmental, yes. 10 Q You did a complete phase one and phase two? 11 A I want to say it was a phase two, but it might have 12 been a phase one. All of this was given to me by 13 the bank when we done the deal, so I had copies of 14 all of that and I subsequently supplied them to 15 Lander. 16 Q Who did you supply them to? 17 A Diane Newton. 18 Q In what form? 19 A I made copies of what I had and handed them to her. 20 Q Where were you when that took place? 21 A In Doug Bell's office. 22 Q And you had an appraisal that was contemporaneous 23 with the negotiations? 24 A That appraisal was done in 2005 or 2006 at \$2.3 25 million, prior to us doing the upfitting. I
130 1 appraisals and structures, which I supplied to 2 Lander. I knew there was no horrible environmental 3 issues there, or assessment problems, or appraisal 4 problems, so I wasn't concerned. Go get your 5 appraisals, go get your environmentals. I'll match 6 them against mine, which you've got copies of. 7 Q The environmental assessment you referred to, who 8 did it? 9 A I don't know. I'd have to go back in the records. 10 Q When was it done? 11 A 2004, 2005. 12 Q Do you know whether it is within the guidelines 13 described by the South Carolina Budget and Control 14 Board? 15 A To my knowledge, it is. I have never read it or 16 their requirements. 17 Q Okay. 18 A I just know there were no dangerous storage items 19 or whatever you call them, environmental issues 20 with the building, that was all I cared about. 21 There was no stress problems with the buildings and 22 obviously there was no appraisal issues. It 23 appraised for \$2.3 million before we put some 24 \$700,000 more into it. So I was not concerned 25 about any of their inspections. Had a problem	132 1 recommended that they use the same appraiser 2 because they could get it done at a cheaper price. 3 Q You didn't in fact have one that took into account 4 any comparables after the downturn in the economy 5 in 2009? 6 A Getting an appraisal was not my responsibility, 7 that's the buyer, not the seller. So I can't tell 8 you what they would have got. I know they never 9 did an appraisal. 10 Q You're certain of that? 11 A Absolutely. Or if they did, they never supplied a 12 copy to me as they were supposed to. 13 Q You're certain of that, as well? 14 A Absolutely. 15 Q Mr. Huffman, isn't it true that until March of 16 2010, that you wanted Lander University to purchase 17 the Inn on the Square? 18 A It's true that in June of 2011 I wanted Lander to 19 buy it, purchase the Inn on the Square. I never 20 not wanted them to. All I wanted them to do is 21 what they had committed to do. 22 Q But you had no firm purchase price? 23 A We had a firm meeting of the minds at \$2.3, which 24 went to \$2.3 plus \$30,000, which went to \$2.5, with 25 the back end of the lease. Diane was wanting to

133 1 add onto that with some other stuff, which we 2 refused to do. But we had a firm meeting of the 3 mind at 2.3, \$2,330,000, and \$2,500,000. There was 4 no question, there was no misunderstanding, there 5 was no -- no fogginess. And Doug Bell was directed 6 on each occasion to put this into the contract, 7 which he supposedly was preparing to deliver to us 8 by the first week of September. All of that was 9 done up through about the middle of August. 10 Q And yet as you just told me, in December of 2009, 11 Ms. Newton was telling you that it wasn't until the 12 due diligence had been performed that they could 13 give you a firm offer? 14 A I'm not telling you that, you're telling me that. 15 And I'm telling you that was predicated on the fact 16 that she was wanting us to put in an elevator, a 17 \$35,000 elevator, and there was 10 or \$15,000 of 18 other improvements that she wanted to add into the 19 price. I had not got estimates and I told her we 20 were not in a position to do that, so there would 21 be no more changing of the price or adding to the 22 building. It was at \$2.5 and would stay there. 23 Q Well, the next thing that happened was that in 24 April of 2010, April 12th to be exact, the IRS 25 filed tax liens against IOS for two amounts,	135 1 Q It's just not been marked satisfied with Greenville 2 County? 3 A I don't control Greenwood County. I can't tell you 4 what they have satisfied or not. I can tell you 5 that there is no outstanding debt with IOS, LLC and 6 the IRS, zero. All is settled, all is paid. There 7 is not a debt anywhere the IRS is owed outside of 8 lenders. 9 Q Well, why did they not pay their federal employees 10 holding for five years? 11 A I don't know. 12 Q That wasn't your department? 13 A No. 14 Q Would you agree with me that if that was an 15 obligation that was not disclosed to Lander that 16 the tax be satisfied at closing, that that was a 17 very important fact? 18 A I don't know. It would have been satisfied at 19 closing. 20 Q Well, if your testimony was that the \$2.5 million 21 was all it would take to satisfy all of your 22 creditors and everyone could walk away, then that 23 isn't the case, is it? 24 A Yes, it is, because it included taxes. 25 Q Well, let's go back. You said that the amount went
134 1 \$271,031.87, and \$24,381.39. Do you recall that? 2 A I don't recall it specifically, but I wouldn't 3 dispute it. I know it was paid. 4 Q By whom? 5 A IOS. 6 Q Would you have any explanation for why it's not 7 been marked satisfied with Greenwood County? 8 A It is marked satisfied. It was paid. 9 Q And you're certain of that? 10 A Well, I'm certain it was paid. I'm not certain 11 Greenwood County doesn't have it marked as 12 satisfied. I don't know what they do. But I can 13 tell you it's paid. 14 Q Well, if I tell you that it's not marked paid with 15 Greenwood County, would you have any explanation 16 for that? 17 A No, and I wouldn't care, not my problem. 18 Q There was another tax lien filed by the IRS on 19 April the 30th of 2010, and I would represent to 20 you that these are for 941 payments going back to 21 2005, five years worth of 941 payments that have 22 never been made. 23 A I don't know what a 941 is. 24 Q Federal employment withholding. 25 A That's been paid.	136 1 from 2.3 because of the property taxes, which were 2 30, \$40,000? 3 A Yes. 4 Q And I thought I understood your testimony to be 5 that they were going to put on the back end what 6 you needed in rent, not 941 federal employment tax 7 withholding? 8 A There was never any discussions with Lander that I 9 can recall about taxes, other than making them 10 aware of it. But no, \$170,000 was rent. It was 11 going to become part of the \$2.5 million 12 disbursement, which did include satisfying taxes. 13 Q But Mr. Huffman, the taxes -- the tax liens that 14 were filed were in excess of \$300,000. 15 A So? 16 Q Well, you would agree with me that there is no way 17 to satisfy the debt -- 18 A No, I wouldn't -- 19 Q -- based on the amount that you just described to 20 me? 21 A No, I wouldn't agree with you. 22 Q You wouldn't? 23 A No. 24 Q Okay. 25 A \$2.5 million made everybody whole.

137 1 Q Well, is there other indebtedness that hadn't been 2 disclosed? 3 A Not that I know of. 4 Q Well, who is Sterling Merchant Funding? 5 A Never heard of them. 6 Q Fourteen thousand one hundred and twenty-six 7 dollars and 12 cents. Don't know? 8 A What's the dates? 9 Q I don't have a date. This was supplied to us by 10 your attorney. I don't know where it came from or 11 what it is. 12 A I don't recognize the name. If it's somebody we 13 owed money to, we paid them. There was — 14 Q Credit cards of \$93,545. 15 A Yes, those are in default. Those are mine and my 16 wife's. 17 Q Gramby One loan, \$26,911. 18 A Uh-huh. 19 Q Who is that? 20 A That was the Gramby Building here in Columbia, 21 which was owned by Craig White and Louis Smith. 22 Q Chesterfield Express loan, \$24,391. 23 A That is I believe Craig White. 24 Q Accounts payable, \$447,210.67. 25 A They were all paid.	139 1 A Craig White for Inn on the Square. 2 Q Okay. And that's not a creditor that anyone at 3 Lander was made aware of or any forbearance 4 agreement was reached, correct? 5 A No forbearance agreement was needed. Craig's 6 already on all the debts. What would he gain by 7 foreclosing on his own building? 8 Q Okay. My question is, is what form did that loan 9 take? Was it a note by Craig White to someone 10 else? Was it a note by IOS? 11 A I think it was a note to IOS. I don't know, I 12 never seen it. 13 Q But there was a list of things that were 14 contemplated to be paid should an agreement have 15 been reached for the sale of the Inn on the Square? 16 A That's correct. 17 Q But you would agree with me that that number 18 changed constantly throughout this period of time? 19 A Didn't change at all from the middle of August 20 forward. Prior to that, yes, it changed monthly. 21 Q Well, there was no mention to Lander of Sterling 22 Merchant Funding, or Chesterfield Express, or 23 Gramby One, or that having to be satisfied. Those 24 would have increased the purchase price, would they 25 not?
138 1 Q Why is Gramby One and Sterling Merchant Funding -- 2 which has not been disclosed or any forbearance 3 agreement negotiated in a worksheet that has been 4 provided to us by your attorney? 5 A I don't recognize Sterling Funding, so I can't 6 answer that question. What was the other? 7 Q Gramby One. 8 A They were on all the worksheets that we used. 9 Q I'm sorry? 10 A They were on all the worksheets that we used. 11 Q Well, that's not a debt that's associated with the 12 Inn on the Square, is it? 13 A Well, the Inn on the Square or IOS owed the money 14 and planned to pay it at closing. 15 Q And Chesterfield Express, that — 16 A Same thing. 17 Q There was no forbearance agreement for either one 18 of those entities or for Sterling Merchant Funding? 19 A No. The partners owed that debt and they are not 20 going to foreclose on their own building. 21 Q I'm sorry? 22 A I said the partnership owed those debts. They are 23 not going to foreclose on their own building. 24 Q Well, the Chesterfield Express loan, that was a 25 loan from whom for what?	140 1 A No. They were built in to the purchase price. 2 Q And the over \$300,000 in taxes, that wouldn't have 3 increased the purchase price? 4 A No, that was covered in the purchase price. 5 Q Okay. And the studies that had to be done as far 6 as the geological survey and the sprinkler systems 7 and — 8 A Not my expense, that's Lander's expense. 9 Q I understand that, but you would agree with me 10 that the reason for due diligence, just like any 11 other inspection that's done as a residential 12 inspection, is to determine what the buyer would 13 have to pay and whether or not they can make the 14 purchase? 15 MR. SMITH: Object to the form. 16 A Not necessarily, no, it's to make the buyer aware. 17 And commercial real estate is not like residential. 18 It's buyer beware. Yes, they can get these studies 19 and be aware of, but they are not requirements for 20 them or me to fix it. 21 Q Well, you were aware by Diane Newton's e-mail that 22 until those studies had been performed and an 23 understanding was reached by Lander University and 24 the Budget and Control Board as to the feasibility 25 of any repairs or abatements that needed to be

141 1 done, that a purchase price could not be agreed 2 upon? 3 A Wrong. The purchase price had been agreed on. All 4 of these studies were supposed to have been done 5 September and October. I had already provided him 6 my copies of these reports and I had no fear. If 7 anything came up in them, it would have been a 8 process where we sat down and worked it out. 9 Q So Ms. Newton's e-mail was wrong, but you didn't 10 respond to it? 11 A I did respond to it. I called her directly. We 12 had over an hour discussion. 13 Q You were very angry? 14 A I don't think so. I don't recall ever being angry 15 at Diane. She drove me crazy because she's kind of 16 flighty, but I don't recall being angry at her. 17 Q Well, you were angry because — 18 A Because I was getting no responses from Lander's 19 attorney, Doug Bell, zero. 20 Q But you were getting plenty of responses from Diane 21 Newton and Tom Covar that things could not be done 22 and no agreement could be reached — 23 A No. 24 Q -- until the Budget and Control Board was allowed 25 to do their work, correct?	143 1 that they had not ordered these things until this 2 e-mail. And when they did get them in, they still 3 didn't give them to us and they never ordered an 4 appraisal. Now you say I should have known this. 5 How should I have known this? Nobody was talking 6 to us. Doug Bell had been appointed the point of 7 contact. You could leave messages, e-mail him, 8 staple something to his home door, you are not 9 getting an answer. 10 Q Mr. Huffman, when Ms. Newton left Mr. Covar took 11 over and I believe you had a number of 12 conversations with him by e-mail -- 13 A I did. 14 Q -- regarding the status? 15 A Plus I met with him individually several times. He 16 is an absolute fine gentleman with a strong 17 character. He did not know anything about this, 18 but he tried very hard to get me answers every time 19 that I asked a question, he really did. Until I 20 was told once again not to deal with him to only 21 deal with Doug Bell, and then the information line 22 dried up again. But Mr. Covar is probably as fine 23 a gentleman as I ever dealt with and I think 24 represented Lander well until I was forbidden to 25 talk to him anymore.
142 1 A Absolutely not, wrong. 2 Q So the e-mail that we just read, that was not a 3 discussion that you had with Diane regarding — 4 A That is -- that is a discussion that took place in 5 December, three months after we had cut the deal. 6 That's the first time I ever heard that. We were 7 pressuring -- if you go back through the e-mails, 8 my attorney was sending weekly e-mails to Doug 9 Bell, as I was to Diane, saying where's the 10 appraisal, where's the environmental, where's the 11 building structure because they were supposed to be 12 done September and October. Nobody told us they 13 were waiting until January to even order them. 14 Q Well, you understood that there had to be approval 15 at the State level before — 16 A I did not understand. 17 Q -- that could be done? 18 A No. 19 Q Well, you were aware of that after Ms. Newton made 20 you aware in her e-mail. 21 A In December, I wasn't aware before December. And 22 that was the last conversation I had with Ms. 23 Newton. She booked out to Arkansas after that. I 24 never had another discussion with her. But I was 25 not aware of it until this e-mail. I was not aware	144 1 Q Let's go back to a comment that you made a moment 2 ago. You didn't want the lease renewed and you 3 didn't want there to be anything but a purchase, 4 correct? 5 A Well, renewing the lease, absolutely not. We were 6 upside down. I only had agreements with all these 7 lenders that carried us through the ten months of 8 the lease. From that point on, I couldn't service 9 my debt. I had no agreements. I had no -- I mean 10 I didn't have anything. Doug Bell just sent us a 11 letter and says we renewed. You cannot imagine the 12 turmoil that put us into. I simply could not 13 sustain operations like that. We were already in a 14 bind stretching it out to accommodate Lander for 15 the first ten months and now they renew it for 16 another 12. Give me a break. And we got no say in 17 it. We got nothing. 18 Defendant's Deposition Exhibit #63, 19 consisting of 1 sheet, marked for 20 identification and made a part of this 21 deposition. (E-mail) 22 A There were several e-mails between my attorney and 23 Doug Bell where Doug Bell was asking us to sign the 24 extension. And every time we told him when you 25 give us the contract to purchase, we will look at

145 1 the extension, until then, no. And then I guess 2 they figured out they don't need our permission, 3 they just did it. 4 Q Well, your attorney read the lease before it was 5 executed, correct? 6 A I don't know if he did or not. He was told he 7 could not change a word or a comma in it. 8 Q That had to be the agreement because was what was 9 required by the Budget and Control Board, correct? 10 A That's right and nothing could be changed in it. 11 Q I have handed you an e-mail and it's a series of e- 12 mails that I believe you were copied on. Do you 13 recall reading those? 14 A Yes, I remember. I recall, vaguely recall these. 15 Q Let's refresh your recollection. I believe you 16 were in contact with Mr. Jordan during this period 17 of time, were you not? This would have been 18 February of 2010. 19 A I was in contact with Mr. Jordan almost on a daily 20 basis. 21 Q You understand as you were copied on this e-mail 22 that he was in contact to determine whether the 23 appraisals that were approved in December had come 24 in or not? 25 A I know we were trying to get the appraisals.	147 1 Q Well, on February the 9th, you were copied on an e- 2 mail to Doug Bell regarding needing a contract of 3 sale, and I quote, for at least a generally 4 acceptable offer from Lander in hand before 5 initiating talks with Business Carolina and others. 6 A That's not my e-mail. 7 Q But you were aware that that was the communication 8 between your attorney — 9 A I'm sure I seen it, yes. 10 Q -- and Lander's attorney? 11 A Yes. 12 Q And that thereby your own attorney's e-mail was not 13 an agreement with Lander as to a purchase price? 14 A I don't agree with that at all. 15 Q Okay. And I understand that you may not and I 16 understand that this was a very difficult time. 17 You were trying to do something that was virtually 18 impossible. 19 A Right. Let me explain something. At this point in 20 time Lander had defaulted on paying the taxes. We 21 had had to come up with the taxes ourselves. So I 22 don't know what Leonard Jordan meant by that 23 comment in his e-mail, ask him. 24 Q Mr. Huffman, the escrow agreement, as I understood 25 it, contemplated that there would be a tax payment
146 1 Q And that in February of 2010, that he e-mailed Mr. 2 Bell and asked whether the appraisal had come in? 3 A I'm sure he did. He did that almost weekly and 4 monthly. 5 Q And you would agree with me, Mr. Huffman, that you 6 can't make even the State of South Carolina or 7 other people perform under your time line? 8 A My time line? 9 Q Yes, sir. 10 A Their time line was September and October. You're 11 talking about February and March. It's not my time 12 line. I'd say they were six months behind their 13 time line. 14 Q Well, Mr. Huffman, you said a minute ago that the 15 time line was your lenders and they had given you 16 until April — 17 A No. 18 Q -- to have a closing. 19 A We went in and negotiated until April because 20 that's when Lander needed to do their closing. If 21 they had needed till August or September, we would 22 have negotiated that. Lander wanted to close in 23 April, so we went to the lenders in good faith and 24 negotiated that to April. That wasn't my time 25 line, that was Lander's time line.	148 1 of \$34,000 in October of 2009. Is it your 2 testimony — 3 MR. SMITH: Object to the form of the 4 question. 5 Q -- that that didn't take place? 6 A It did take place. We paid it. 7 Q You paid it? 8 A Yes. I believe I personally carried the checks to 9 the tax office, if I recall. 10 Q There wasn't a check to the Greenwood County Tax 11 Collector for \$33,920.71 that was paid on September 12 8th, 2009? 13 A I believe it was. 14 Q By Mr. Bell's law firm? 15 A I don't know, maybe he carried it to them. 16 Q After it was taken out of the rent? 17 A I think that might have been the agreement. Maybe 18 he took it to them. I know it was paid. 19 Q And that in October of 2009 that they paid South 20 Carolina Department of Revenue \$25,197.98? 21 A Uh-huh. 22 Q You believe that to be accurate? 23 A I believe it to be. 24 Q Out of the rent that was paid? 25 A That was Mr. Bell's insistence.

149 1 Q For October? 2 A For September and October. 3 Q And that they paid on October the 30th, the South 4 Carolina Employment Security Commission \$5,420.30? 5 A Probably so. It sounds right. 6 Q And again, the City of Greenwood \$3,171.45? 7 A Sounds right. I know they were all paid. Whether 8 I walked across the street or Doug Bell did, I 9 don't recall. 10 Q But they were paid via this escrow agreement that 11 was reached between your attorney and Lander's 12 attorney -- 13 A Yes. 14 Q -- and taken out of the rent? 15 MR. SMITH: Object to the form. 16 A That's what Doug Bell wanted. Doug Bell insisted 17 it be paid out of the rent. We said okay, beats my 18 wife stroking checks. So that's what he wanted to 19 do, I was happy to do it. How would they normally 20 have been paid if not out of the rent? 21 Q Well, Mr. Huffman, did you pay them during the five 22 years, four years, that you had run IOS up to that 23 point? 24 A I didn't pay any taxes, that was not my -- in my 25 purview.	151 1 Lander doing a long-term lease and they wanted an 2 option to purchase. This was when I was dealing 3 with the other potential purchasers. We had about 4 three different scenarios going with Lander at that 5 point in time. They all died on Doug Bell's desk. 6 Q Well, you had about five or six different scenarios 7 because you had other buyers that could have 8 potentially purchased the property, as well, didn't 9 you? 10 A Well, I had two. One went away of its own accord. 11 One hung in there until we couldn't give them the 12 information because we couldn't get it from Lander. 13 Q Well, isn't it true that in this e-mail, and 14 there's another one right after, two days after, 15 that your attorney sent asking to confirm in no 16 uncertain terms whether the University planned to 17 extend the lease for one year after June the 14th? 18 A Uh-huh. 19 Q So it's obvious that you knew and that he knew that 20 that was -- 21 A I would say -- 22 Q -- a term of your agreement? 23 A I would say it's obvious that we didn't know what 24 the hell Lander was doing because nobody was 25 talking to us. We were simply trying to find out
150 1 Q You didn't pay withholding taxes? 2 A Ma'am, I did not -- 3 Q You did not pay withholding taxes? 4 A I did not have signature authority on the checks. 5 I made a budget and coupled that with income and 6 expenses each month and sent it forward. I did not 7 get into that area. 8 Q Who prepared the 941s and the return for IOS? 9 MR. SMITH: Object to the form of the 10 question. 11 A I don't even know what a 941 is. 12 Q Who did the federal employment withholding returns? 13 A I don't know. It could have been my wife, Misty. 14 It could have been this accountant because he did - 15 - we turned everything over to him quarterly and 16 then he did it annual, or semi-annual and annual 17 returns, so I don't know who did that, don't care, 18 not my problem. 19 Q I understand. In February of 2010, it was 20 evidently -- strike that. February 9th, 2010, your 21 attorney gave some indication to Doug Bell that 22 they needed to have a purchase price to go talk to 23 Business Carolina. Do you understand what he 24 meant? 25 A Yes. At that point in time we were in the midst of	152 1 what are you all doing. 2 Q Well, the e-mails you were receiving from Tom Covar 3 was that the due diligence was being performed. 4 A Yes. 5 Q Correct? 6 A Yes. And that they were still on track to 7 purchase. 8 Q And that there was a number of things that had to 9 be provided before the purchase price could be 10 agreed upon. 11 A I don't recall that, no. 12 Q That was the substance of the e-mail with Diane 13 Newton right before she left. 14 A No, it wasn't. That's not what that e-mail was 15 about. 16 Q All right. In February of 2010 your attorney is 17 asking Doug Bell whether or not they are going to 18 renew the lease. 19 A Okay. 20 Q Correct? 21 A I don't know, ask him. 22 Q Well, you were copied on the e-mail. 23 A Okay. So what's wrong with my attorney asking 24 Lander what they are doing? Nobody is telling us 25 anything. Nobody is communicating. We don't know

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1 what Lander is doing.
 2 Q Well, it was your testimony a little while ago that
 3 you didn't want them to renew the lease --
 4 MR. SMITH: Object to the form of the
 5 question.
 6 A That's not what I said, you know. I don't -- I did
 7 not want him to renew a lease, I wanted them to
 8 close because we did not have the 12 months covered
 9 with all of our lenders. For them to come in there
 10 and just arbitrarily extend that lease for 12
 11 months was a nightmare for us. We got through it,
 12 but do I want it that way, no. I wanted Lander to
 13 do what they said they'd do, close in April.
 14 Q If they couldn't complete the due diligence within
 15 the time frame that you wanted them to --
 16 MR. SMITH: Object to the form of the
 17 question.
 18 Q Did you want them to renew the lease so that they
 19 would have additional time to do it?
 20 A If I had known that they needed additional time,
 21 then I could have went back with the lenders and
 22 said, okay, we need until September or October, and
 23 I could have got it extended. So yes, if they
 24 needed additional time to purchase, we could have
 25 worked with them. That's not -- they never

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1 portrayed that to us.
 2 Q Well, isn't it true though that they were sending
 3 you copies of the appraisal, the Geo Track survey?
 4 A No.
 5 Q They weren't?
 6 A No.
 7 Defendant's Deposition Exhibit #64,
 8 consisting of 1 sheet, marked for
 9 identification and made a part of this
 10 deposition. (E-mail)
 11 Q Mr. Huffman, do you recognize that e-mail from Tom
 12 Covar?
 13 A Yes. It's dated April the 28th, 2010, and I think
 14 I got these two items the same day.
 15 Q They did send you the Geo Track survey.
 16 A In April, 2008 -- I mean 2010. That's when we were
 17 supposed to be closing.
 18 Q Well, your testimony just a minute ago was that
 19 they never sent it to you.
 20 A No. I said they had not sent them to us. Tom
 21 Covar went and traced them down. And if you'll
 22 notice, there was never an appraisal done.
 23 MR. SMITH: I need to take a break if this
 24 is a good time.
 25 MS. MEREDITH: Sure.

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1 (OFF THE RECORD)
 2 MS. MEREDITH: For the record, I'd like to
 3 note that we've been told we've got 30 minutes
 4 to complete this deposition. And that if we
 5 wish to depose Mr. Huffman at the end rather
 6 than continue our cross-examination that we
 7 will have to do so at another time and that
 8 this deposition will be completed at the end of
 9 that 30 minute time period. I disagree that
 10 the plaintiff can unilaterally terminate a
 11 deposition and wish to place on the record that
 12 our objection to any conclusion of this
 13 deposition will need to be taken up by a
 14 circuit court judge for the Eighth Circuit.
 15 And that I will proceed within the 30 minutes
 16 that has been allotted to me but that I
 17 disagree that this deposition can be concluded
 18 by the plaintiff and that it is my
 19 understanding that until a judge rules that it
 20 will be left open.
 21 MR. SMITH: I'll just add to the fact that
 22 my client is in significantly declining health
 23 which is why we've -- and I won't go into all
 24 the circumstances that delayed it until this
 25 point. But the time that has been allotted for

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1 the defense is equal to the time that has been
 2 available to the plaintiff. That you were not
 3 prejudiced in any way. You were free to notice
 4 your own deposition when you might like to do
 5 it. And whether it's called you noticing your
 6 own deposition or continuing this deposition I
 7 -- I really care not. The point is, is my
 8 client has 30 minutes left of his oxygen. It's
 9 4:49 on a Friday and we've had about equal
 10 number of time and so it will conclude, at
 11 least of today, in about 30 minutes. And if --
 12 you know, however you want to proceed. If you
 13 want to call it continuing this deposition or
 14 noticing your own just let me know when that
 15 might be. Thank you.
 16 MS. MEREDITH: I would like to continue
 17 the deposition at the earliest possible date.
 18 I understand that the depositions that have
 19 been scheduled for Monday the 28th have just
 20 been postponed by your office. We were
 21 scheduled to have those --
 22 MR. SMITH: That's correct.
 23 MS. MEREDITH: -- for the 30(b)(6)
 24 depositions of Lander representatives --
 25 MR. SMITH: That's correct.

157 1 MS. MEREDITH: -- and that if possible if 2 Mr. Huffman is still in Columbia -- and I would 3 be happy to pay for the videographer and the 4 court reporter if they are available for the 5 term so that we can conclude this deposition by 6 video so that it is sequential and consistent 7 in form. Due to Mr. Huffman's health I do not 8 wish to postpone until you are again available 9 so I understood that Monday the 28th that you 10 were available. If you are not I would like to 11 know the earliest date that you are available 12 to conclude the deposition so that we can have 13 this finished as soon as we are able. 14 Q Mr. Huffman, I understood that you were in contact 15 with Business Carolina in March of 2010 with regard 16 to whether the purchase contract had been entered? 17 A I'm sure I was. I talked to Business Carolina 18 almost on a weekly basis. 19 Q I also understood that your attorney was also in 20 contact with Mr. Bell requesting that if appraisals 21 and so forth could not be completed within the time 22 frame that you believed had initially been 23 contemplated, that it be extended if Lander still 24 had any interest in purchasing the property. Is 25 that your understanding as well?	159 1 let me check and see what I can find out. I don't 2 know if it was the same day or a day or two later, 3 he says yes, we in fact do have them. And he 4 immediately -- he mailed them to me. 5 Q On March 18th, 2010, you didn't e-mail him and say, 6 Tom, my attorney said that your attorney indicated 7 to him that you had the appraisal and building 8 inspection in hand? 9 A That sounds like something I would have said, yes. 10 And as I said, I think I got it from Leonard 11 Jordan, but I wasn't sure. But anyway, I inquired 12 and he -- he e-mailed them to me. 13 Q By agreement with Diane Newton, this is you to Tom 14 Covar with a carbon copy to Leonard Jordan, by 15 agreement that Diane had said that they would 16 provide you copies of the inspection and 17 environmental property reports, isn't that the 18 case? 19 A That's the case, yeah. 20 Q And Mr. Covar sent you the building conditions 21 assessment in March the 19th? 22 A That sounds about right. 23 Q But advised you at that point that they didn't have 24 the environmental study performed on the property 25 yet?
158 1 A I don't recall that specifically, but it sounds 2 about right. Once again, we were in a complete 3 information void. Lander was telling us nothing 4 and inviting us nothing. We did not know what 5 Lander was doing. Nobody did. I'm not sure Lander 6 did. 7 Q You didn't have any communication with Tom Covar? 8 A About what? 9 Q The appraisals, inspections, Geo track surveys as 10 they were obtained? 11 A I found out through some source, and I'm not -- it 12 might have been Mr. Jordan, that Lander in fact had 13 performed these things. I e-mailed Tom Covar and 14 said, have you all got these, if so, they're 15 supposed to be provided to us. Mr. Covar did 16 whatever he had to do and he found these things, I 17 don't know when they were completed, and he e- 18 mailed them to me. 19 Q Mr. Covar took over Ms. Newton's position, is that 20 your understanding? 21 A Temporarily. 22 Q As they were done, did he not in fact send them to 23 you? 24 A No, he did not. He -- but they had been completed 25 when I called him. He said I'm not aware of it,	160 1 A That might be the case. I thought he sent me all 2 three of them at once, but I could be wrong. 3 Q He sent it to you after it was complete in April as 4 we can tell from Exhibit Number Sixty-four, 5 correct? 6 A Correct. He sent me the environmental and the 7 building assessment. The appraisal that he sent me 8 was not an appraisal. I went back to Doug Bell's 9 office and said this is hokey, this is not an 10 appraisal. Doug Bell agreed with me. I said why 11 are you sending me this crap. I said this is now 12 April or May, whenever it was, you all were 13 supposed to have this done last October. His reply 14 was, I'll check into it. Of course that was the 15 end of that. I never heard anything else from Doug 16 Bell on an appraisal. 17 Q Well, in April of 2010 after the environmental 18 report came back and after the conditions 19 assessment came back, you had an e-mail exchange 20 with Tom Covar in which he told you that Lander was 21 still quite interested in continuing their 22 relationship, isn't that right? 23 A That's correct. I assume it to be. I don't recall 24 the specific e-mail, but I wouldn't dispute it. 25 Q And that you had proposed to him by that point

161 1 entering a long term five-year lease with an 2 additional five-year option while continuing the 3 option to purchase the Inn on the Square? 4 A That's correct. We met at Doug Bell's office and 5 Tom Covar, Doug Bell, myself and Louis Smith. We 6 informed him if Lander is not going to purchase 7 this building I have another purchaser that's 8 interested. We also said that it would be 9 entertained, the option behind the building and 10 long-term leasing to Lander if they can agree on 11 the terms and conditions. So that was a proposal 12 put out there because obviously April -- Lander's 13 not closing in April. 14 Q But instead of closing -- and at that point, as I 15 understand it based on what you just recounted as 16 your recollection of the meeting that was had with 17 Tom Covar, Doug Bell and your attorney -- was 18 anyone else there? Was Mr. Bouknight there? 19 A My attorney was not there. Louis Smith was. 20 Q Louis Smith was there. 21 A It was the four of us. It was Doug Bell, Tom 22 Covar, myself and Louis Smith. Tom Covar, that was 23 new to him. He -- he said he would have to take it 24 up with the higher beings. And Lander, he said 25 right now we're still focused on a purchase. If we	163 1 the party out of Atlanta and let them deal with it. 2 I had the creditors I had to deal with and my 3 agreement with them ran out at the end of April. I 4 had no agreements with them beyond April and I 5 could not get anything from Lander on what they 6 were doing. Are you extending the lease or not? 7 My attorney was trying. We simply were leaving 8 messages and sending e-mails and not getting a 9 response. Nobody knew what was going on. But if 10 Lander did not want to buy the building then fine, 11 I'll sell it to somebody else. 12 Q Well, in fact you did get a letter in March from 13 Mr. Bell indicating that they wished to continue -- 14 A No. 15 Q -- with the lease -- 16 A No. 17 Q -- and that they would renew the lease? 18 A It was not a letter that they wished to, it was a 19 letter stating they were. 20 Q Wasn't that what your attorney had asked -- 21 A I don't know. 22 Q -- please tell us if you're renewing the lease? 23 A Ask my attorney. 24 Q You were copied on the e-mail from him to Mr. Bell. 25 You don't recall what it said?
162 1 entered into a long-term contract or a lease we 2 would still want the option to purchase. And I 3 said, well, than that can be worked out. So that 4 was the preliminary stages of Lander, if you're not 5 going to purchase this thing like you said you 6 were, we'll sell it to these guys. If you want to 7 continue leasing from them, they'll entertain that. 8 Q What was the date of that meeting? 9 A I don't know, April 2010. 10 Q April 2010? 11 A It might have been early May. 12 Q That was in fact after the lease renewal that your 13 attorney had asked for a commitment on in March, 14 correct? 15 A I guess. I don't know. I'm familiar with that. 16 Q Mr. Jordan asked -- and I understand that you had a 17 sense of urgency, Mr. Jordan had a sense of 18 urgency. You had money tied up in this property 19 and that if you didn't secure a sale that there was 20 going to be a problem? 21 A A big problem. 22 Q In fact you wanted a sale as opposed to a lease 23 that you could get a commitment for a long-term 24 lease with an option that you would be satisfied? 25 A I'd have been satisfied, I would have sold it to	164 1 A I don't recall every e-mail, no. But I wouldn't 2 doubt that it said that or dispute it. My attorney 3 was acting on our behalf trying every way he could 4 to get something out of Doug Bell as far as 5 Lander's intentions because nobody knew. Doug Bell 6 was the only point of contact and we couldn't get 7 anything out of Doug Bell. And we're in a tizzy 8 because we don't know what to tell our vendors who 9 we've told we're going to close in April and pay 10 everybody off. 11 Q Well, there's a letter that is in response to your 12 attorney's request for a commitment on the lease 13 that's dated March the 2nd, 2010. 14 MR. SMITH: Have you got another copy of 15 that? 16 MS. MEREDITH: Somewhere. 17 MR. SMITH: If you all wait for a minute 18 I'll go get it. 19 (MOMENTARILY OFF THE RECORD) 20 Defendant's Deposition Exhibit #65, 21 consisting of 1 sheet, marked for 22 identification and made a part of this 23 deposition. (Letter re: Lease) 24 A Yes, this is where Doug Bell was trying to get us 25 to sign an agreement to extend the lease and we

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- 1 would not do that.
- 2 Q I'm sorry?
- 3 A We would not extend the lease.
- 4 Q You wouldn't extend the lease?
- 5 A No. We never did extend the lease.
- 6 Q So the e-mails from your attorney to Mr. Bell
- 7 asking for a commitment to extend the lease were
- 8 not an offer to extend the lease?
- 9 A No. They were an information, what are you all
- 10 doing? We were hearing all kinds of rumors and
- 11 getting no communication from Doug Bell's office
- 12 which is the sole point of contact for Lander. We
- 13 did not know what Lander was going to do. We were
- 14 trying to find out.
- 15 Q Well, you received a copy of the appraisal on March
- 16 the 19th, correct?
- 17 A I never received a copy of an appraisal.
- 18 Q Tom didn't send you a copy?
- 19 A Who?
- 20 Q Tom Covar didn't send you a copy --
- 21 A Tom --
- 22 Q -- of the appraisal?
- 23 A -- Covar sent me what he thought was an appraisal
- 24 and it wasn't an appraisal.
- 25 Q Was there a document offered by Keith Ridgeway, an

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- 1 appraisal, that he forwarded to you on March the
- 2 19th of 2010?
- 3 A Could be. I don't recognize a name Ridgeway. That
- 4 was not an appraisal.
- 5 Q On that date didn't he say, To be on the safe side
- 6 I'm going to send the building condition assessment
- 7 in a separate file because it's quite large?
- 8 A I think he did, yeah, but what he sent us was not
- 9 an appraisal. We never received an appraisal.
- 10 Q But you received an appraisal, at least one that
- 11 was titled "appraisal" that was authored by Keith
- 12 Ridgeway?
- 13 A I received some kind of junk mail that basically
- 14 said it was an appraisal. I went to Doug Bell's
- 15 office and confronted him and he admitted it was
- 16 not an appraisal.
- 17 Defendant's Deposition Exhibit #66,
- 18 consisting of 1 sheet, marked for
- 19 identification and made a part of this
- 20 deposition. (E-mail)
- 21 Q After that time, this is April the 23rd of 2010,
- 22 you had an e-mail exchange with Tom Covar that
- 23 Louis Smith, Doug Bell, Daniel Ball, Randy
- 24 Bouknight were all copied on that was a followup to
- 25 your meeting with Louis Smith and Doug Bell on that

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- 1 previous Wednesday, April the 21st. Do you recall
- 2 that?
- 3 A No.
- 4 Q Do you remember meeting with them?
- 5 A We had several meetings. What's the context, maybe
- 6 I'll recall it.
- 7 Q Met with Tom and Louis and Doug regarding the five
- 8 year long term --
- 9 A Oh, yes.
- 10 Q -- lease?
- 11 A We spoke about that earlier. Yes, I recall that
- 12 meeting. That's where we pitched the deal that
- 13 this other group -- if Lander was not going to buy
- 14 the building, we'll sell it to them and if they
- 15 still want to lease it they would entertain a long
- 16 term contract. We were pitching on the table.
- 17 Lander was interested.
- 18 Q And at that point Mr. Covar said Mr. Ball was still
- 19 interested in continuing the relationship with
- 20 Lander, correct?
- 21 A Correct.
- 22 Q And that they were interested in your proposal of a
- 23 five year lease with a five year option to renew?
- 24 A That's correct.
- 25 Q And that the purchase option would have to be

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- 1 conditioned on the outcome of the South Carolina
- 2 state engineer's recommendation and approval by the
- 3 five member Budget and Control Board?
- 4 A Okay.
- 5 Q Isn't that what he told you?
- 6 A I assume so. I wouldn't dispute that. Like I say,
- 7 we were simply pitching a deal out there. But if
- 8 Lander was not going to purchase the building these
- 9 people were interested in doing so. And if Lander
- 10 wanted to continue talk about the building they
- 11 would entertain a long term lease. I was really
- 12 the middle man in that. And Tom Covar indicated
- 13 Lander would like to pursue that and it died there.
- 14 Q Any other consideration of a purchase would have to
- 15 be contingent on the issues that you all had
- 16 discussed Wednesday, correct?
- 17 A I assume so. I'm not familiar with that, but it
- 18 sounds about right.
- 19 Q Cost of upgrading a sprinkler system, wiring and
- 20 approval by the State engineer's office?
- 21 A I assume so. It wasn't my problem. I wasn't
- 22 selling to Lander. I was selling to Atlanta.
- 23 Q So at that point you weren't selling to Lander
- 24 anymore?
- 25 A I didn't know what we were doing with Lander.

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1 Lander kept saying they were interested in
 2 purchasing the building, they would entertain a
 3 long term lease option -- a lease with option to
 4 purchase. I could not get straight answers out of
 5 Lander. And all I did was represent to Lander that
 6 I had a buyer that were interested if they were not
 7 interested in purchasing.
 8 Q Well, didn't Mr. Covar tell you that in order for
 9 that to take place that he would have to put it on
 10 the December 2010 Joint Bond Review Committee at
 11 the Budget and Control Board agenda?
 12 A He very well may have said that. My answer is, so.
 13 Q And that it had to be approved by Budget and
 14 Control Board?
 15 A It wouldn't have mattered to me who it had to be
 16 approved by.
 17 Q Well, you would agree with me that it would matter
 18 a lot to Lander?
 19 A I'm sure it would. Not my problem, that's Lander's
 20 problem. All I wanted to know, are you all going
 21 to buy this building or not. If not, I will sell
 22 it to these people in Atlanta. If I sell it to
 23 these people in Atlanta, are you interested in a
 24 long term lease option, yes or no. If not, no
 25 problem, they have other uses for the building. If

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1 so, they will negotiate a long term lease with you.
 2 Like I say, that wasn't my deal. I was simply the
 3 middle man. I wanted to get the building sold, if
 4 not to Lander then to the group out of Atlanta.
 5 Q On April 23rd --
 6 MS. HUFFMAN: I'm going to move the
 7 exhibits that we marked into evidence subject
 8 to any objection that Mr. Smith might have.
 9 because I know that we're going to have to wrap
 10 this up before too much longer and I don't want
 11 to neglect to do it before we end. So I would
 12 move that any of the previously marked exhibits
 13 by the defendant be admitted into evidence,
 14 including the one that's just been marked which
 15 is the April 23rd, 2010 e-mail between Tom
 16 Covar, Mr. Huffman, Mr. Smith, Doug Bell,
 17 Daniel Ball and Randy Bouknight.
 18 MR. SMITH: Yes, I do have objections to
 19 all of them reserved for later.
 20 MS. MEREDITH: Okay.
 21 Q You were aware on April the 23rd, 2010 -- let me
 22 ask it even more specifically than that. Tom Covar
 23 told you that before he could commit to a five year
 24 lease with a five year option to renew, that it
 25 would have to go before the Budget and Control

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1 Board?
 2 A I assume he did.
 3 Q And that there were certain concerns for the
 4 sprinkler system wiring?
 5 A I assume so.
 6 Q That would have to be addressed before any
 7 determinations could be made as to whether that was
 8 a feasible solution or not?
 9 A Sounds about right. You got to remember this was
 10 all in the talking stage. Nobody was making
 11 decisions. We were feeling each other out. Mostly
 12 I wanted a commitment from Lander to go ahead and
 13 close or a commitment from Lander to vacate the
 14 hotel so I can sell it to this group. I got
 15 neither.
 16 Q Well, you would agree with me that the -- the
 17 information was available to you on April the 23rd
 18 of 2010 so that if you were not interested in
 19 waiting to see whether they could enter the long
 20 term lease or purchase the building that you were
 21 already discussing sales with other potential
 22 buyers?
 23 MR. SMITH: Object to the form.
 24 A I wouldn't agree to that at all. All I told -- all
 25 I said was I had another group that was interested.

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1 I wanted Lander to commit that they were going to
 2 purchase and close on that building or commit that
 3 they were going to vacate it so I could go forward.
 4 And I informed them that the other potential buyers
 5 would entertain a long term lease option if Lander
 6 wanted to continue ... inaudible. Again, this was
 7 not my deal. I was simply passing information.
 8 Q You were told that that could not be approved until
 9 December of 2010?
 10 A I guess I was. What does that mean, no?
 11 Q And you didn't have a contract?
 12 MR. SMITH: Object to the form of the
 13 question.
 14 A Contract with who?
 15 Q Contract of sale.
 16 MR. SMITH: Object to the form of the
 17 question.
 18 A A contract of sale with who?
 19 Q With Lander University or with anyone?
 20 A Yes, I had a meeting of the minds with Lander who
 21 failed to deliver the contract.
 22 Q You would agree with me that Mr. Jordan -- you and
 23 Mr. Jordan both, by your own testimony, were very
 24 interested in knowing whether or not Lander was
 25 going to be able to commit to a contract and --

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1 MR. SMITH: Object to the form of the
2 question.

3 A I'd say --

4 MS. MEREDITH: I'd like to finish it
5 before he answers.

6 Q That you very diligently, as you just testified a
7 moment ago, tried to obtain information as to
8 whether or not that contract was ever going to take
9 place, isn't that correct?

10 A Is that the end of your question? I would say
11 absolutely, we were frantic to know, as I have
12 stated about five times, what is Lander doing, are
13 they renewing a contract, are they going to close
14 on it, do they need more time, do they -- are they
15 trying to extend? They had already sent us lease
16 extensions which we refused to sign. So yes, we
17 were frantic to find out what Lander's -- Lander's
18 intentions were. Why would we not be? I turned
19 into an egg at the end of April. I got eight
20 lenders, as you have so adequately pointed out,
21 that want to know where their money is because this
22 is a -- this is when we're supposed to be closing
23 and getting our money, and I cannot reasonably give
24 an answer to that.

25 MR. SMITH: Sounds like a good place to

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JOHN W. HUFFMAN

EXAM/MEREDITH

1 pause.

2 Further deponent sayeth not.

3 (There being no further questions, the

4 deposition adjourned at 5:06 p.m.)

1 STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS)) COUNTY OF GREENWOOD) C/A NO.: 12-CP-24-0576 DAY 3 VIDEO DEPOSITION OF IOS, LLC,))) Plaintiff,) JOHN W. HUFFMAN)) ' vs.) October 9, 2015)))) Lander University, Lander College and) the Lander Foundation,))) Defendants.) COPY Deposition on oral examination of JOHN W. HUFFMAN, reported by James Scott, Court Reporter and Notary Public in and for the State of South Carolina; Said deposition taken pursuant to Notice and in accordance with the South Carolina Rules of Civil Procedure, at the Law Offices of James E. Smith, Jr., 1422 Laurel Street, Columbia, South Carolina, on Friday, the 9th day of October, 2015, scheduled for 11:00 a.m. and commencing at the hour of 11:19 a.m. PALMETTO REPORTING (803) 463-3526	3 CONTENTS (Day 3 Video deposition of JOHN W. HUFFMAN) <table style="width: 100%;"> <thead> <tr> <th></th><th style="text-align: right;">PAGE</th></tr> </thead> <tbody> <tr> <td>Exhibit Index</td><td style="text-align: right;">3</td></tr> <tr> <td>Stipulations</td><td style="text-align: right;">4</td></tr> <tr> <td>Examination by Ms. Meredith</td><td style="text-align: right;">4</td></tr> <tr> <td>Re-Examination by Mr. Smith</td><td style="text-align: right;">129</td></tr> <tr> <td>Re-Examination by Ms. Meredith</td><td style="text-align: right;">145</td></tr> <tr> <td>Further Examination by Mr. Smith</td><td style="text-align: right;">153</td></tr> <tr> <td>Certificate of Reporter</td><td style="text-align: right;">156</td></tr> </tbody> </table> * * * * * EXHIBIT INDEX EXHIBITS: IDENTIFIED AT PAGE: *** See Exhibit Index Court Reporter's note: -- indicates interruption; incomplete phrases; trailing off; unfinished sentences		PAGE	Exhibit Index	3	Stipulations	4	Examination by Ms. Meredith	4	Re-Examination by Mr. Smith	129	Re-Examination by Ms. Meredith	145	Further Examination by Mr. Smith	153	Certificate of Reporter	156
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2 APPEARANCES: Representing the Plaintiff: JAMES E. SMITH, ESQUIRE 1422 Laurel Street Columbia, South Carolina 29201 -- AND -- LEONARD R. JORDAN, ESQUIRE 4500 Fort Jackson Boulevard Columbia, South Carolina 29209 Representing the Defendants: LENA Y. MEREDITH, ESQUIRE Nicholson Meredith and Anderson, LLC P.O. Box 457 Greenwood, South Carolina 29648 -- AND -- DOUGLAS L. BELL, ESQUIRE McDonald Patrick Poston Hemphill and Roper, LLC P.O. Box 1547 Greenwood, South Carolina 29648 Also Present: Gary M. McCombs	4 1 This deposition is taken in accordance with 2 the South Carolina Rules of Civil Procedure. 3 It is agreed and stipulated by the deponent 4 and respective counsel that the reading and 5 signing of the deposition by the deponent is 6 expressly waived. 7 WHEREUPON: 8 JOHN W. HUFFMAN: being duly sworn and 9 cautioned to speak the truth, the whole truth 10 and nothing but the truth, testifies as 11 follows: 12 EXAMINATION 13 BY MS. MEREDITH: 14 Q. Mr. Huffman, I'd like to ask you a few questions 15 now about your personal property items that you 16 have indicated that you have a claim for damages 17 for in this matter. 18 Going back to the time that the lease was 19 signed in August of 2009, what type of inventory 20 did you prepare to indicate what was being left for 21 Lander's use and what was going to be either stored 22 or was not going to be used by Lander? 23 A. Diane Newton and a couple of her aides, along with 24 my manager, went through the entire hotel, room by 25 room, and designated what they wanted to keep and																

5 1 what they wanted to go away. Diane Newton wanted 2 ten beds removed, which were removed by her. 3 Q. Okay. And as far as the items that were not going 4 to be used, did you remove them and place them in 5 storage? 6 A. The ten beds were the only items she indicated that 7 would not be used. There was nothing else removed 8 or placed in storage. 9 Q. Okay. But those ten beds were replaced and -- were 10 removed and placed in storage? 11 A. No. Those ten beds were removed and disposed of. 12 Q. Okay. And tell me how they were disposed of. 13 A. They were sold outright. 14 Q. Okay. All right. And I believe there was a sale 15 at some point at Lander on the Square, or Inn on 16 the Square. Were there some other items that you 17 sold as well? 18 A. No. I sold no other items. There was a sale that 19 occurred at Lander on the Square, where multiple 20 items were sold by Diane Newton and/or her 21 associates. 22 Q. Did you attend? 23 A. I knew nothing of the sale until I arrived there. 24 It was ongoing at the time. 25 Q. And what date was this?	7 1 dormitory, once it was opened as a dormitory after 2 the lease was signed. Is that correct? 3 A. I never had an understanding of that. No. It was 4 never discussed with me. I was told -- initially 5 told that we would continue operating the pub. I 6 was told that we could no longer operate the pub. 7 I don't know what Lander's intentions were for it. 8 Q. Okay. So you weren't quoted in the paper as having 9 said that you were closing the pub? 10 A. I closed the pub, but Lander never told me their 11 intentions for the pub. 12 Q. Okay. But, as far as the pub being closed, you had 13 a party, I believe, or several parties at the end 14 there, right before the turnover took place. 15 A. As I recall, we had two parties. One was a closing 16 night party for Lander, went over the next day, and 17 the second one was the last wedding of the year 18 that we had booked before Lander took over all the 19 other bookings. 20 Q. And after that party was over, there were a number 21 of things that were removed from the bar; for 22 example, the TV that was on the wall. 23 A. I don't know. 24 Q. You didn't remove the television from the wall and 25 take it out?
6 1 A. I don't know. Shortly after the 15th; within 2 several days, I would believe. 3 Q. Okay. And this was August of 2009, some time 4 between the 15th and the end of August of 2009? 5 A. Right. 6 Q. Okay. Now, were there any items that you gave 7 away? 8 A. There were some items that I personally owned, that 9 Diane Newton bought, that I believe -- at least, 10 she told me -- she was carrying to Lander -- Queen 11 Anne chairs, sofas, tables, that sort of thing -- 12 were sold directly to Lander through her, plus I 13 sold a karaoke machine, a sound machine, and a 14 light machine to -- I can't remember his name -- 15 Wainwright, who was Diane's assistant, and then 16 there was a cigar machine -- I forget what you call 17 it -- keeps the cigar moist -- 18 Q. A humidior? 19 A. -- a humidior -- that I sold to somebody that works 20 at Lander, but I don't remember their name. I 21 don't know what their job was. 22 Q. Okay, but the things that I'm referring to, I 23 guess, were some of the items that were downstairs. 24 It was your understanding that Lander was not going 25 to be able to have any type of bar open in the	8 1 A. No, I didn't. I didn't remove anything. We closed 2 the bar that night and gave the keys to Lander, and 3 I departed the hotel. 4 Q. Okay. So, if the television was not -- not there 5 when Lander took over, you don't have any 6 understanding of who took it? 7 A. No. 8 MR. SMITH: Object to the form of the 9 question. 10 Q. I believe this has previously been marked as 11 Plaintiff's Exhibit Number Fifty-Four, and I've 12 brought extra copies of the exhibits, since our 13 previous court reporter was not available and she 14 has the exhibits, but are these the items that you 15 were referring to, Mr. Huffman? 16 A. Yes. These are items that I personally sold to 17 Lander through Diane Newton, that I believe she 18 carried up to wherever they -- the student housing 19 they use at Lander. 20 Q. Okay. Those were owned by you outright, you said? 21 A. Yes, along with the karaoke machine, the sound 22 machine, the light machine, the humidior, and there 23 were some other items, too. 24 Q. The actual Bill of Sale itself says sold by IOS, 25 LLC, and has your signature there as manager.

9 1 A. That's correct. 2 Q. But it was not actually sold by IOS? 3 A. It was not sold by IOS. IOS was supposed to 4 purchase the furniture from me. They had not done 5 so. Therefore, I sold it to Diane and put the 6 money into IOS and left a bill. IOS owed me the 7 remaining 3,500, or whatever it was, which was 8 never paid, but it wasn't IOS's furniture; it was 9 mine, but IOS got the money. 10 Q. Okay. So what type of inventory list did IOS have 11 that helped you and IOS distinguish what was your 12 property versus their property? 13 A. All of my property was stored at one end of the 14 ballroom. Everything else in there was IOS. 15 Q. Okay. But did IOS, when you took over, have some 16 sort of depreciation schedule that they gave you, 17 that indicated, This is the total of what we have? 18 A. No. I had to go through and make my own 19 inventories. Later on, I purchased the furniture 20 individually outside of IOS. 21 Q. Okay. And where did you purchase it? 22 A. I don't recall. I would have to go back and look. 23 Q. Okay. But you have a file on that? 24 A. I don't know if I do or not. 25 Q. Okay.	11 1 three weeks before this. 2 Q. Okay. 3 A. It was all four-star quality. 4 Q. All right. Who performed the inspection that you'd 5 had just three weeks prior to the takeover? 6 A. The franchisee. 7 Q. And that would have been a Clarion representative. 8 Who was that? 9 A. There was two Clarion representatives. 10 Q. Okay. Who were they? 11 A. I don't have their names. 12 Q. Okay. Do you have a file on that? 13 A. I don't have any files. 14 Q. Okay. What files did exist at the time, with 15 regard to the franchise information and the 16 franchise representatives and what their 17 requirements were? 18 A. That's a big old question. I'd have to assume all 19 the necessary files. 20 Q. Okay. Who has custody of them now? 21 A. To the best of my knowledge, they were turned over 22 to Louis Smith, the managing general partner, when 23 we sold the hotel to Lander. 24 Q. And approximately when did that sale take place and 25 were those things turned over?
10 1 A. It was one of the leasing companies, and I wrote 2 them a check for \$5,000, a personal check, and 3 bought the furniture from them. 4 Q. Okay. And the total for this is \$1,520, but it 5 looks like there's more than \$1,520 worth of 6 furniture, inventory, pictures, and so forth here. 7 I mean, that's a very small number for what's 8 listed on the -- 9 A. Well -- 10 Q. -- on the Bill of Sale. What type of condition was 11 it in? 12 A. It was used. It wasn't in bad shape, but it wasn't 13 brand new. It might have been used five years. 14 Q. Okay. What about the -- the items that were 15 actually owned by IOS itself, that Lander was going 16 to be used? Using. Excuse me. 17 A. What about it? 18 Q. What type of shape was the furniture that was going 19 to be used by Lander in? 20 A. It was four-star hotel quality. 21 Q. Okay. And what does that mean? 22 A. That means that it was in excellent shape. The -- 23 the -- they don't allow furniture in there that has 24 rips or tears, chips or mars. They inspect it on 25 their inspections. I'd just had an inspection	12 1 A. On or about the 12th or 15th of August. 2 Q. Okay. So you would have taken those files to him 3 on the 12th or the 13th of August? 4 A. Actually, we had them in a storeroom, and he came 5 down in a U-Haul and picked them up. 6 Q. Okay. 7 A. I don't know what he did with them, there. I was, 8 at the time, out of the hotel business, as far as I 9 knew. 10 Q. Okay. So everything else in the hotel, except the 11 things that you sold on this handwritten bill of 12 sale, was in four-star hotel quality shape, but 13 everything on this list was not in good shape? 14 A. Yes, it was. It was the same shape. 15 Q. Okay. All right, but, as far as the amount is 16 concerned, all of this furniture, which you said 17 was in the ballroom, this was ballroom furniture, 18 or was this -- 19 A. No. It was different types of furniture, but I had 20 stored it, and I went into the ballroom to separate 21 it out. There were some chess tables there, with 22 matching wingback chairs, things like that. 23 Q. Okay. It had actually been utilized in another 24 room, other than the ballroom? When did it get 25 stored in the ballroom, or had it ever been used?

13 1 A. I'm not sure I understand your question. 2 Q. You indicated that this stuff was stored in the 3 ballroom. 4 A. No -- 5 Q. Were you using it? 6 A. -- I did not. If I said ballroom, that was a 7 misstatement. 8 Q. Okay. 9 A. It was stored on one end of the -- not the 10 ballroom, but the -- what do you call the long 11 entranceway? 12 Q. The atrium? 13 A. The lobby. 14 Q. The lobby? 15 A. The lobby. It was on the Main Street side of the 16 lobby. We had it separated out, and the rest of it 17 -- but it wasn't stored there. I moved it there 18 for Diane to pick out what she wanted, and then, 19 what she didn't want, I disposed of to other people 20 and/or took out of the building. 21 Q. Okay. Well, as far as the list of what she did 22 want -- and you said somebody went through room by 23 room -- if a list was made, that would have been 24 made by whom? You said your manager? 25 A. That's a different list. As far as a list of the	15 1 was all jumbled together. 2 Q. Their leased property? 3 A. Yeah. They went -- they moved a lot of the IOS 4 furniture out of the hotel and leased a bunch of 5 property to come in there. I'd say, just guessing, 6 half the rooms -- and it was all mixed together. 7 The leased furniture was mixed together with the 8 IOS furniture -- 9 Q. Okay. But -- 10 A. -- and it was scattered everywhere, so it was 11 impossible to do a full-scale damage assessment or 12 furniture assessment. Now, once that furniture was 13 out, we had the third and final walk-through 14 inspection, which was supposed to be between Lander 15 and myself, to go through and assess all the 16 building damages and all the furniture, and then 17 work out an equitable settlement from there. That 18 never happened. 19 Q. Okay. And on the two occasions that someone did 20 come and walk through the property with you, is 21 there a list that you generated of items that you 22 believe, for those two walk-throughs -- or a video 23 or something that is documenting the problems that 24 you believed -- 25 A. Doug Bell and I walked through, along with a
14 1 IOS furniture, Diane Newton and one or two of her 2 assistants and my manager and, I believe, my wife, 3 Misty, all went through the entire hotel -- the 4 dining room, the ballroom, the pub, 48 rooms, 5 office, the lobby, meeting rooms, every room -- and 6 every piece of inventory -- furniture was 7 inventoried. 8 Q. Okay. And who has that list? 9 A. That's the IOS list. Diane Newton has that list, 10 and it's probably a list that Doug or Louis Smith 11 has. 12 Q. It's probably what? I'm sorry. 13 A. Diane Newton got a copy and Louis Smith has a copy. 14 Q. Okay. To your knowledge, has a copy ever been 15 produced to us in litigation? 16 A. I provided a copy to Doug Bell, when he was 17 supposed to come down with his Lander group and go 18 through and do an inventory of the hotel with me. 19 Lander and Doug Bell never showed up, so we never 20 done that inventory. 21 Q. Okay. I understood that you did two walk-throughs 22 with Mr. Bell. 23 A. I did two pre-walk-throughs, but we could not do an 24 inventory, because Lander still had all their 25 leased property mixed up with the IOS property. It	16 1 representative from Business Carolina, John Carter. 2 The three of us walked through. I started 3 initially making a list. After about the fifth 4 room, we all agreed it was impossible to do so, so 5 we stopped making a list. We also stopped 6 listening -- listing all the damages, because Doug 7 said Lander would set all the damages straight the 8 following week. So all we did was a walk-through 9 of all the 48 rooms, but we listed nothing, 10 estimating doing that the following week, which 11 never occurred -- 12 Q. Okay. 13 A. -- and this was, I may add, at Mr. Bell's 14 suggestion. 15 Q. But there were two walk-throughs that he did attend 16 and that Lander did attend. Correct? 17 A. No. There were two walk-throughs that Doug Bell, 18 me, and John Carter from Business Carolina did. 19 The final walk-through -- those were preliminary 20 inspections. The one that counted and the only one 21 that counted was the one that nobody showed up for 22 -- Lander -- I was the only person -- Lander did 23 not show up for, or anybody else. The locks had 24 been removed on all the doors. The alarms had run 25 down, and the hotel had been standing open to the

17 1 public for three days. 2 Q. But, as far as the list that you said Diane and 3 Louis should have, this would have been the 4 beginning inventory list of what IOS was going to 5 allow Lander to use. That list, you said, was 6 created -- 7 A. No. You keep twisting my words. Let me be real 8 clear on this. That was the list of furniture that 9 we sold to Lander with the hotel. We didn't let 10 them use it. They bought it, which Diane was very 11 quick to remind me of, when I raised Cain about her 12 selling it. 13 Q. But I'm just trying to determine where the list is 14 of the items that belonged to IOS, that are being 15 claimed as damages. 16 A. To the best of my knowledge, Diane Newton has one 17 at Lander, Doug Bell has one in his office, and 18 Louis Smith has one in the IOS house. 19 Q. Okay. And this list would have been one that Diane 20 Newton and someone that you said was your manager 21 and your wife would have created before the 22 turnover took place? 23 A. The day before. 24 Q. The day before. 25 A. It could have been the day of. It could have been	19 1 occupied the building? 2 A. It was created at the time that we turned the 3 building over to Lander, so that would have been 4 the day they took control of it. 5 Q. Okay. And this list has or has not been produced 6 to us in discovery? 7 A. As I've told you three times already, one was given 8 to Diane Newton, one was given to Doug Bell, and 9 one was given to Louis Smith. Now, whether or not 10 it's been turned over to you in discovery I can't 11 say. 12 Q. Given to Doug Bell by whom? 13 A. Myself, personally -- Here, Doug -- 14 Q. Okay. And -- 15 A. -- from my hand to his hand. 16 Q. -- this is a list of damages, or inventory? 17 A. Inventory, which he and I were supposed to go 18 through on the final inspection and see what was 19 still there and what was missing, because neither 20 he nor I knew what was in the building at the time, 21 because it was all mixed in with the leased 22 furniture, and we didn't know whose was what. As I 23 recall, it ran about six or seven pages, 24 handwritten. 25 MS. MEREDITH: Okay. Let's go off the
18 1 the day of. 2 Q. Okay. 3 A. Either the day before or the day of. That was back 4 during the time when we were signing the draft 5 lease, because Diane was in such a fit to get in 6 there. 7 Q. Okay. And the manager that you are referring to is 8 who? 9 A. Susan Smith. 10 Q. First name again? I'm sorry. 11 A. Susan. 12 Q. Susan? 13 A. Smith. 14 Q. Smith. 15 A. Her name may have changed now. She's got divorced. 16 Q. Okay. 17 A. In fact, I think it has. I think it's Scoggins 18 now, but I could be wrong. 19 Q. But Ms. Newton, Ms. Scoggins, and your wife, Misty 20 Huffman, went through and made a list, room by 21 room, of -- 22 A. Primarily, it was Susan and Diane, but I think my 23 wife did accompany them. Whether she was there the 24 entire time or not I can't -- can't recall. 25 Q. But that list was created at the time that Lander	20 1 record for just a second, please. 2 (OFF THE RECORD 11:42 - 11:47) 3 Q. Mr. Huffman, I'm trying to pin down the list, 4 exactly, that we're talking about. I've got some 5 typewritten lists that have been exchanged, that 6 had to do with a claim for damages, but, as far as 7 a handwritten list that had items that were in the 8 building when Lander began occupying it, I've not 9 seen that. You brought it to the first or the 10 second walk-through, if you remember? 11 A. I brought it to the second walk-through and handed 12 it to Doug Bell. It was actually a copy. I still 13 have the original. It was a copy I made for Doug, 14 to let him know what we would be -- what we would 15 be looking for on the final walk-through, because 16 it still had all that leased furniture in there 17 that they had to get out. 18 Q. Okay, and you said you still had the original? 19 A. I had it. I don't know if it was the original. It 20 was the one from our files. 21 Q. Okay. Whose handwriting was it in? 22 A. I don't have no idea. It could have been Diane 23 Newton's, it could have been my wife's, it could 24 have been the first manager I had. So this list 25 they all made together, when they took possession

21 1 of the property. 2 Q. Okay. All right, but you brought a copy with you, 3 and you still have the original now? 4 A. I had the original then. 5 Q. Then. 6 A. It was put back in our files and subsequently 7 turned over to Louis Smith, along with all the 8 other IOS records. 9 Q. Okay. Do you know if a copy of that has been 10 delivered to your attorney? 11 A. I have no idea. 12 Q. Okay. 13 MS. MEREDITH: Let's go off the record for 14 just one more second, again, please. 15 (OFF THE RECORD 11:50 - 11:56) 16 Q. Mr. Huffman, we've just been off the record. I've 17 not been able to identify a list that's been 18 provided to us in discovery. So, if you have a 19 list such as this, or if Mr. Smith has a list such 20 as this, if you could, please get it to your 21 attorney, because it just appears that it has not 22 been provided to him up until this point. Okay? 23 A. I do not have a list. I will ask my attorney and 24 Louis Smith if they have one. 25 Q. Okay.	23 1 Q. Okay. 2 A. -- but there were -- I don't know -- warmers, all 3 sorts of stuff. I can't remember all that. 4 Q. All right. You provided a list of what you believe 5 are the damages with regard to the building and to 6 the items, and I have actually, in two different 7 places, in Plaintiff's Exhibits Number Fifty-One 8 and Plaintiff's Exhibit Number Fifty-Three -- and 9 I'm just going to go through these quickly and ask 10 you about where your numbers came from and if you 11 have any estimates, with regard to these repairs 12 and damages, that have not yet been provided to us, 13 starting at Plaintiff's Exhibit Number Fifty-One. 14 I believe this is contained in a letter that you 15 sent to Mr. Bell, and, beginning on page 3, item 16 number one -- 17 MR. SMITH: Do you have an extra copy? 18 MS. MEREDITH: I do. Actually, you've got 19 it, if you would like to -- 20 MR. SMITH: Let me do this, so we're all 21 on the same page. 22 A. Okay. Are you referring to the letter dated 11 23 July, 2011? 24 Q. Yes. It's Plaintiff's Exhibit Number Fifty-One. 25 Let me ask you a few questions about your
22 1 MR. SMITH: I'll just add, I'll ask for -- 2 Mr. Smith, Louis Smith, is the manager. If 3 there's any other records that I don't already 4 have, we'll take a look again and see if we 5 can't locate this list. 6 MS. MEREDITH: Okay. 7 Q. All right. The list that you're referring to would 8 be the definitive list of the things which Lander 9 would have had responsibility for during the time 10 that they leased the building. Correct? 11 A. That's correct -- 12 Q. Okay. 13 A. -- with the exception of the furniture I sold to 14 Lander personally. I knew she was moving that from 15 the building to the Lander campus. 16 Q. Okay. Did you have any items yourself that were 17 leased, that were returned to any leaseholders? 18 A. Several items. Some tea machines, coffee machines. 19 Initially, we left all that sort of stuff in place 20 for Lander, but, when Lander did not buy their 21 products from those companies, then the companies 22 requested permission to pick up their equipment. I 23 coordinated through Diane Newton and her 24 associates, and, to the best of my knowledge, they 25 picked up everything that they owned --	24 1 inspections, before we start. You've provided a 2 large number of photographs -- 3 A. Yes. 4 Q. -- and I'm not sure that, at the time that they 5 were entered by your attorney, that we understood 6 exactly who took those photographs. You did not 7 take those photographs. Correct? 8 A. My wife and my ex-manager took them together, room 9 by room. 10 Q. And that would have been Susan Scoggins, formerly 11 Susan Smith? 12 A. Correct. 13 Q. And were you present when they were taken? 14 A. Yes. I was walking around with them, listing 15 damages and making notes. 16 Q. Okay, and on what date were they taken? 17 A. I don't know. I would have to go back through the 18 records and see. It was the day of the final 19 inspection, when Lander didn't show up, so I would 20 assume -- 21 Q. Okay, and at that date that you indicated that 22 there was no power?" 23 A. There was no power, no water. The building had 24 been abandoned for three days, the locks removed, 25 all exterior doors. All the alarms had run down.

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- 1 Q. Okay, and I understand that would have been the
2 15th or the 16th of June. Is that correct?
3 A. Sounds right. About the 15th of June.
4 Q. Okay. And that would have been the date that,
5 actually, their lease ended?
6 A. That's correct. We were supposed to do a walk-
7 through, joint inventory, list damages, and
8 formally turn over the building to them or back to
9 IOS, and which I would then go and get all the
10 utilities turned over. Instead, Lander chose to
11 abandon the building three days earlier and turn
12 everything off and remove the locks and leave it
13 open to vandals.
14 Q. I understood that the power itself would have been
15 on until the date that their lease was supposed to
16 end. Do you have other information to that effect?
17 A. The lease had nothing to do when the power was
18 turned off. Their power was turned off when they
19 called and canceled it, which was three days prior
20 to the lease ending.
21 Q. Okay. And you know this how?
22 A. That's what the power company told me.
23 Q. Okay. And who did you speak with at the power
24 company?
25 A. I don't know. The lady behind the desk.

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- 1 Q. Okay. All right. And when did you have it turned
2 back on?
3 A. I didn't.
4 Q. You never did?
5 A. No, I did not.
6 Q. Okay.
7 A. To turn it back on would agree that I answered. I
8 could not afford to take -- especially since I
9 didn't have insurance on the building, and the
10 building had been unattended for three days and
11 shut down. I did not know what hazards -- when you
12 bring a building back up like that, you start
13 throwing circuits, circuit breakers, wires,
14 plumbing -- all sorts of bad things happening, plus
15 you can injure -- injure your sprinkler systems and
16 your emergency warning systems.
17 Q. You didn't have insurance on the building at that
18 point in time?
19 A. I was transferring insurance that day. All of that
20 was going to be done that day.
21 Q. Okay. But, at no time after that, even after you
22 transferred the insurance, did you ever have the
23 power hooked back up again?
24 A. I went to the bank, after calling my attorney and
25 going over to Doug Bell's office. I drove back to

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- 1 Columbia, after we did the walk-through -- talked
2 to the bank, and said, What do you want me to do?
3 They said, We'll take care of it, so I walked
4 out and handed them the keys. I got permission to
5 go back in on four occasions to do inspections and
6 cost estimates.
7 Q. Okay. I guess that's what I'm asking you, is, the
8 power was off the day that you went in. So, as of
9 the date that you were going to do the inspection,
10 the building would have been dark. Correct?
11 A. Parts of it. Yes.
12 Q. Okay. And it would have been difficult to take
13 photographs in the dark?
14 A. Parts of it. Yes.
15 Q. So it would appear to me that most of these
16 photographs would not have been taken at the time
17 that the transfer took place.
18 A. I would say you could probably look at the
19 pictures. If the light's on, it was taken when the
20 power was turned back on. If the lights are off,
21 it was taken the day of. We had them all developed
22 at the same time, and there was like six or eight
23 rolls.
24 Q. Okay. But the dates that you were allowed by
25 Business Carolina to go back -- basically, as of

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- 1 the 15th, you just turned it over to the bank. Is
2 that accurate?
3 MR. SMITH: Object to the form of the
4 question.
5 A. It's not accurate. I attempted to turn it over to
6 the bank. At that point in time, I was fed up with
7 Lander and the whole mess -- Here's the keys. I
8 quit. The bank didn't see it that way, and wanted
9 to hire me to bring the building back up to some
10 form of semblance, to sell it for a commission. So
11 we were in kind of murky water there for several
12 months. I never formally took the building back.
13 I did take the keys back, and I never signed an
14 agreement with them to bring the building up and
15 sell it.
16 Q. Okay. But there was some negotiation at that point
17 between you and Business Carolina, where they were
18 going to hire you to refurbish the building so that
19 it could be reopened?
20 A. Not refurbished. Business Carolina wanted to spend
21 as much -- as little money as possible. They
22 wanted me to get the building back up into a
23 presentable shape. The building was nasty, torn
24 apart, just a complete mess, and they wanted me to
25 go in and do whatever cleaning and straightening I

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- 1 could do -- for instance, get the mushrooms out of
2 the carpet, and that sort of stuff -- they were
3 growing up through the floors -- and try to get it
4 in some shape to market it. I really wasn't
5 motivated to do either.
- 6 Q. The day that you took Business Carolina the keys,
7 that would have been the 15th, when you drove back
8 to Columbia and turned it over to them --
- 9 A. The 15th -- the 15th of June. I put the keys on
10 the table. They didn't take them.
- 11 Q. Okay. But, from that point forward, as far as
12 securing the building or having any control over
13 the building, that would have been Business
14 Carolina?
- 15 A. I actually did that for them. I just never charged
16 them for it.
- 17 Q. Okay. Well, I'm trying to make sure I understand
18 the sequence of events. You took the keys to them
19 and said, I'm done with it, and, at that point,
20 they took over and cut the power back on and did
21 whatever needed to be done, or --
- 22 A. No. They wanted me to bring the building up and
23 sell it for them.
- 24 Q. Okay. So, at that point, you're still talking with
25 them about trying to find a buyer and do a short

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- 1 sale?
- 2 A. I'm assessing --
- 3 MR. SMITH: Object to the form of the
4 question. Please answer. I just needed to
5 register my objection to the form, but you can
6 answer it, John.
- 7 MR. HUFFMAN: I meant to ask you last
8 time, when you object to something, am I
9 supposed to answer?
- 10 MR. SMITH: No. You have to answer it
11 anyway, just so --
- 12 MR. HUFFMAN: Because I noticed before,
13 when you would object and I'd answer --
- 14 MR. SMITH: Yes. It's just a record-
15 keeping matter. Thank you.
- 16 A. To answer your question, there were a number of
17 months when Business Carolina wouldn't take the
18 building back and I didn't want the building. It
19 kind of floated between us. I took care of the
20 building, out of just my own personal pride, for
21 them, hoping they would hire somebody to come in
22 and do it.
- 23 Q. But how long did it sit in limbo?
- 24 A. It was never really in limbo. I secured it day --
25 day one.

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- 1 Q. Okay, but, as far as any type of security system or
2 locks or anything like that, that would have
3 required power, you never had the power cut back on
4 so that it could be cleaned? I mean, I'm --
- 5 A. Lander -- Lander destroyed the security system when
6 they shut the grid down. The security system
7 burned itself out, blew itself out, and so it was
8 no longer functional. There was no longer a
9 security system in there. I had the power turned
10 on for approximately six hours one day, just to get
11 into the basements and stuff of the building. That
12 was a courtesy from the power company, who never
13 even charged me for it, although they were supposed
14 to.
- 15 The rest of the time, I went through and threw
16 the -- what do you call -- homeless people out on a
17 number of occasions, where they would break into
18 the building. I would go through with a flashlight
19 and my .38 and help them find their way out.
- 20 Q. As far as the security system, you never actually
21 had power restored, other than that six hours --
- 22 A. That's right.
- 23 Q. -- in order for there to be any security?
- 24 A. The security -- let me say again -- the security
25 system burned itself out when they turned the grid

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- 1 off.
- 2 Q. Okay.
- 3 A. It sat there for 48 hours and just burned itself
4 out and no longer functioned at all. The lights
5 wouldn't even come on.
- 6 Q. Well, you didn't have power to the building. How
7 did you know that?
- 8 A. Well, I knew that because I work with a lot of
9 security systems, and, when I turned it on for six
10 hours, I had it checked out.
- 11 Q. Okay. Who did you have it checked out by?
- 12 A. A group out of Atlanta.
- 13 Q. Okay. Have you provided us with their report as to
14 the security system?
- 15 A. I don't know what I provided you with. I will tell
16 you that they told me the security system could not
17 be repaired. It would have to be replaced.
- 18 Q. Okay. But I'm looking for the name of the security
19 system and any kind of report that you have from an
20 inspection that they would have done when the power
21 was on for that six hours.
- 22 A. Anything I have my attorney has. I have nothing
23 myself.
- 24 Q. All right. But do you recall if they provided you
25 a report?

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- 1 A. I do recall seeing a report somewhere in the papers
2 that I turned over, which give an estimate for a
3 new system, but I'm not sure.
- 4 Q. The information that we have in a letter that was
5 done and sent to Mr. Bell -- and that's where we
6 had started speaking a minute ago -- was in July of
7 2011. It just has \$23,000 for security system
8 replacement. It has no backup documentation or
9 material from anyone with regard to the security
10 system --
- 11 A. Yeah.
- 12 Q. -- and you're indicating that that information is
13 on a report, an estimate that came from someone --
- 14 A. That --
- 15 Q. -- who drove from Atlanta to do the inspection?
- 16 A. That came from a group out of Atlanta who did the
17 inspection, and Lander was invited to that meeting,
18 if they had any questions. Of course, they failed
19 to show.
- 20 Q. Okay. So the security system people were supposed
21 to come on the 15th?
- 22 A. They came before the 15th.
- 23 Q. Okay. And when did the --
- 24 A. Now --
- 25 Q. -- inspection take place, then?

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- 1 A. -- let me back up. Yes. You said it right. The
2 security people were coming on the 15th, before we
3 found out everything had been shut down. I had to
4 send them home, because we couldn't do any of the
5 inspections, but they came another time, which is
6 where I got the 23,000 estimate, and that was to
7 replace the main security box, literally pull out
8 the old one, put a new one in, as well as monitors.
9 I forget; I think there were twelve or sixteen
10 monitors in there, that had to be replaced as well.
- 11 Q. Okay. You don't recall when that inspection took
12 place?
- 13 A. Sometime between the 15th of June and the date of
14 this letter.
- 15 Q. Okay. And you're certain that you've turned over
16 the report that you got from the security system
17 company to your attorney?
- 18 A. No, I am not.
- 19 Q. Okay. But you're sure that the \$23,000 that is on
20 the letter is -- it's a very round number. You're
21 sure that's the number they gave you in their
22 written estimate?
- 23 A. Yes. 23,000.
- 24 Q. Okay. All right. The next one is on page 3, is
25 pool replacement.

35

- 1 A. Let me just hold you up a minute and ask you to
2 read a paragraph above this.
- 3 Q. Sir, I believe what I need to do right now is go
4 through these things, so we can complete the
5 deposition. I understand that --
- 6 A. Let me read it for the record. This is a
7 preliminary --
- 8 Q. Mr. Huffman, we've already read this into the
9 record at one point during your direct examination,
10 and this is my cross-examination, so we'll need to
11 keep moving through this so we can finish today.
- 12 A. Well, I'm trying to make a point here.
- 13 MR. HUFFMAN: (TO MR. SMITH) James, this
14 is a preliminary document --
- 15 MR. SMITH: I understand that.
- 16 MR. HUFFMAN: -- and it's supposed to be
17 finalized. This was sent to Doug Bell, to meet
18 with me and the people and go through and
19 finalize it.
- 20 MR. SMITH: Please answer any questions
21 Ms. Meredith might have.
- 22 MR. HUFFMAN: All right.
- 23 A. What's your question?
- 24 Q. If there is a subsequent list -- because there's
25 another list that we have that does not have a date

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- 1 on it, and that's at Plaintiff's Exhibit Number 53.
- 2 A. I don't know what your question is.
- 3 Q. It doesn't have a date on it, so what I'm trying to
4 determine is if this is the final list.
- 5 A. I really couldn't tell you.
- 6 Q. Okay.
- 7 A. I'm trying -- trying to remember this list. There
8 were many working lists that I was working on at
9 the time, so this -- I don't know if we have a
10 final list today.
- 11 Q. But I would like to ask you about the correct one,
12 and I understand your point about the letter that
13 was sent to Mr. --
- 14 MR. SMITH: Object to the form of your
15 question. I mean, there's not a correct one.
16 This is a document that we prepared as a
17 damages summary. The letters that he created
18 clearly outlined the damages that he wrote as a
19 preliminary statement. Feel free to ask him,
20 but to assume one is correct and one is not
21 correct is not a proper question or statement.
- 22 Q. Mr. Huffman, which of the summaries that is in
23 evidence as Plaintiff's Exhibit either Fifty-One or
24 Fifty-Three, in your estimation, is the appropriate
25 measure of damages to IOS, LLC?

37 1 A. Both, but this one probably be more so than that 2 one. 3 Q. Okay. And to follow-up a comment that you made a 4 moment ago, you said that the letter from July of 5 2011 was a preliminary list of damages. 6 A. Correct. What we were supposed to do, or what I 7 was trying to get Lander to do, which they never 8 did, was to meet with me and all these service 9 people that were going to do the electrical system 10 and everything else -- one meeting, one day, all 11 these people -- and Lander disputed anything, any 12 bid. They could bring their own people, and were 13 challenged by people. 14 Q. I understand, but, in the context of what we're 15 doing today, what I'm trying to ask you is, what do 16 you believe is the proper list which includes all 17 the damages which you believe were sustained by 18 IOS? 19 A. Both of them, but this one is the predominant. 20 Q. Okay. And, as a sub-question to that, what I'd 21 like to ask you is what documentation that you have 22 from either contractors, from vendors, from anyone 23 that will give you backup documentation with regard 24 to these numbers, or is this something that you 25 eyeballed and it's your estimate?	39 1 you had from him, do you still have it in your 2 possession, or was it given to Louis Smith, or -- 3 A. It was in the files for IOS, LLC, which I no longer 4 have. 5 Q. Okay. All right. Pool replacement. Did you have a 6 vendor quote that for you? 7 A. Yes, I did. I don't think I got a written estimate 8 on that, but it was right there in Lander -- I 9 mean, in Greenwood. It was Buck's Pool and Stove, 10 or -- 11 Q. Buck's Stove, Pool, and Spa? 12 A. Yeah. They're the one who came down, looked at it, 13 and said, You've got a mess here on your hands. 14 I said, What are we looking at? 15 He said, 68,000 before you even start digging 16 it up. 17 Q. Okay. And do you remember the gentleman that you 18 spoke with? 19 A. Buck. 20 Q. Okay. Telephone system replacement repairs, 21 \$60,000. Did you have someone inspect the 22 telephone system? 23 A. I called an agency out of Atlanta, and they faxed 24 me the information on the system. Once again, the 25 system we had could not be repaired. It was
38 1 A. Every estimate in here was gotten from an exacting 2 cost or from a bid by a vendor. None of it was 3 pulled out of my butt or by guess or by God. They 4 were all backed up four years ago. If you went in 5 and checked today, most likely every price in here 6 will be 20 to 30% higher. 7 Q. Okay. And again, my question is, what 8 documentation, either by estimate, for the security 9 system replacement -- I understand you said that, 10 four years ago, you went through and you came up 11 with these numbers, based on information -- 12 MR. SMITH: Object to the form. 13 Q. -- that you had. Is that correct? You priced this 14 stuff four years ago, at the time -- 15 A. I had a vendor -- 16 MR. SMITH: Object to the form of the 17 question. 18 A. I had a vendor come out of Atlanta, who gave me a 19 quote on what it would take to replace the burned- 20 out security system -- 21 Q. Okay. 22 A. -- and that was 23,000. 23 Q. And the vendor's name is? 24 A. I don't remember. 25 Q. You don't remember, and, as far as the report that	40 1 missing its brain center and several other 2 components, so a new system -- this was a faxed 3 estimate for a new 54 -- 56-phone system to go in. 4 Q. Okay. And that estimate that was faxed in for the 5 56-phone phone system, do you have a copy of that, 6 or it's been given to Louis Smith? 7 A. Right. 8 Q. \$2,500 for kitchen repairs. Tell me what repairs 9 needed to be done in the kitchen and who you had 10 estimate that for you. 11 A. Well, there were several, and I don't know if I can 12 remember them all. There was one where you put in 13 a fire suppression system above the stove, which 14 required some kind of a tank. That usually runs 15 about \$250, and there was another one, over where 16 the gas was, that had to have a new connection. 17 There were several smaller items that ran anywhere 18 from \$50 to \$75. There were multiple problems with 19 the kitchens I had a list of at that point in time, 20 with a list of estimates to repair each item. 21 Q. And where are those notes that you had? 22 A. They're in the IOS files. 23 Q. Okay. And the estimates from the vendors would be 24 in the IOS files as well? 25 A. That's correct.

41 1 Q. All right. 70,000 for HVAC and refrigeration 2 repairs. Who did your estimate for that? 3 A. When we went through -- Doug Bell and I and John 4 went through our inspections, we found the rooms 5 standing wide open, the doors propped open, all the 6 HVAC systems turned to the lowest setting. 7 Q. I understand, Mr. Huffman, but my question was, who 8 did the -- who did the estimate for you? 9 A. -- with them hammering to death on both occasions. 10 The people that did the estimate was a guy that I 11 had there that had done work for me. I went 12 through and estimated the ones -- or checked the 13 ones that were burned out, and estimated repairs 14 based on what he told me. Now, also, Lander -- and 15 refrigeration repairs, I got a -- a bid on that 16 one, because he doesn't do that, and I think that 17 was 30,000 by itself. 18 Q. All right. So my question is, in the three years 19 that this lawsuit has been pending, have you turned 20 over those estimates, quotes, so that we have 21 backup documentation for these numbers? 22 A. I don't know where they are, the IOS files. 23 Q. Okay. Who did the bid for the refrigeration? 24 A. I don't remember their name. They're out of 25 Lander. I'd have to look back and see.	43 1 Q. Okay. And 7,000 for fourteen new mattresses. Who 2 did you quote that with? 3 A. Where are you at? 4 Q. Number eight. 5 A. I'm on a different sheet. 6 MR. SMITH: What exhibit are you looking 7 at, Ms. Meredith? 8 MS. MEREDITH: I'm looking at Plaintiff's 9 Exhibit Fifty-One, page 3. 10 A. That's missing -- that doesn't say missing 11 mattresses. 12 Q. Fourteen new mattresses? 13 A. Yeah. Number eight, you said? 14 Q. Yes, sir. 15 A. 7,000. 14 new mattresses, \$500 dollars apiece. 16 Q. Okay. And my question is, who did you get that 17 quote from? 18 A. One of the vendors from the franchisee. 19 Q. And do you have that in writing? 20 A. No. I don't have anything in writing, as I've told 21 you repeatedly. 22 Q. All right. Number nine, 12,000 for a missing 23 commercial dryer? 24 A. Yes. That's the actual cost of the dryer. 25 Q. Okay. And that's taken from where?
42 1 Q. Okay. And you said that the gentleman that did 2 some work for you gave you information on the HVAC. 3 Would that have been -- 4 A. The same guy that done all of our heat and air at 5 the hotel had been doing it for years. 6 Q. That was your in-house maintenance person, or that 7 was -- 8 A. No. No. That was my -- I guess you would call him 9 contract HVAC man. He did my work exclusively for 10 me. 11 Q. Okay. And what's his name? 12 A. I don't recall. 13 Q. All right. Missing beds, fourteen missing beds. 14 Do you have any information on where you priced 15 \$500 apiece for those? 16 A. That was exact replacement. 17 Q. Okay. And who did you contact to get that price? 18 A. It would be one of the Clarion representatives, one 19 of their -- what do you call them -- licensed 20 vendors. We had to use Clarion products. 21 Q. Is it the same person that you had purchased from 22 before? 23 A. No. We used -- prior to becoming a franchise, we 24 used multiple vendors. After becoming a franchise, 25 we were required to use franchise vendors.	44 1 A. The price of the dryer? 2 Q. Yes, sir. 3 A. That's what it cost. 4 Q. I understand, but the brand name and the vendor you 5 would have gotten the quote from? 6 A. I've got the paperwork somewhere -- had the 7 paperwork somewhere. I got it from the paperwork, 8 where it was purchased. 9 Q. All right. Rather than go through each one of 10 these individually, is there any documentation that 11 you have, for any of these other items, in writing 12 from anyone who would have either bid or quoted 13 replacement items or repairs for you? 14 A. After I put all this schedule together, I put 15 everything in the IOS files and turned them over to 16 Louis Smith. I kept nothing. My intent was to be 17 shed of this hotel. I saw no reason to keep 18 anything. 19 Q. Okay. As far as the actual items themselves, how 20 many of the items that you were wanting replaced 21 did you actually purchase while you were at the 22 manager at IOS? 23 A. All of them. 24 Q. Okay. Where would your purchase orders or invoices 25 be for those items?

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1 A. In the purchase files of IOS.
 2 Q. Okay. And who has custody of those?
 3 A. Louis Smith.
 4 Q. How were those files organized when you were the
 5 manager?
 6 A. I wasn't -- I never looked in those files in my
 7 life.
 8 Q. Okay. So who would have been the person that kept
 9 those files while you were the manager?
 10 A. Me and my wife and Susan Smith.
 11 Q. So you don't know if they're broken down by vendor
 12 or by year?
 13 A. Don't know and don't care.
 14 Q. Okay. So, as we sit here today, if these items --
 15 assuming that these items have not been turned over
 16 to me, you don't have anything in addition to that
 17 in your custody that would establish the value of
 18 these items?
 19 MR. SMITH: Object to the form of the
 20 question.
 21 Q. That would all be something that Mr. Smith would
 22 have. Is that correct?
 23 A. As far as I know. I know all IOS -- IOS files were
 24 turned over to Mr. Smith shortly after, within a
 25 week of Lander purchasing the hotel. I've never

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1 seen the records after that and never had cause to
 2 know. Where they are and what he did with them six
 3 years ago, I don't know.
 4 Q. Okay. Did you have, in your office, the accounting
 5 system on computer?
 6 A. No.
 7 Q. It was all on paper?
 8 A. I didn't have any accounting. My wife and manager
 9 had the accounting.
 10 Q. Okay. Did they do it electronically or manually?
 11 A. They done all of the day-to-day hotel operations on
 12 computer, and they turned in all the other
 13 information quarterly to the -- whoever it is --
 14 the tax people.
 15 Q. Okay. And I believe we've talked before about who
 16 the accountant was and who would have prepared the
 17 tax returns, and you couldn't remember, at that
 18 point.
 19 A. Still can't remember his name.
 20 Q. Okay.
 21 A. I only met him once.
 22 Q. Who has the computers now that would have been used
 23 for the accounting by Misty and Susan?
 24 A. I believe we sold them with the hotel after erasing
 25 -- erasing them.

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1 Q. You sold them with the hotel?
 2 A. After erasing them. We erased the discs.
 3 Q. Okay. So is there a backup to that accounting
 4 system, that anyone would have kept?
 5 A. I have no idea. I'm not an accountant.
 6 Q. Do you know whose camera was used to take the
 7 pictures?
 8 A. My wife's.
 9 Q. Okay.
 10 A. I think some were taken by cellphone, too.
 11 Q. And again, at -- over what time frame -- because
 12 there are no dates on the photographs themselves,
 13 and you said you didn't take them --
 14 A. Between June the 15th and July the 1st would be my
 15 best guess.
 16 Q. Now, after that time frame, did you have any
 17 control over the building after the last, you said,
 18 of June, the beginning of July? What was your --
 19 A. I was in -- I was helping the bank out. The bank
 20 was trying to hire me to take over the hotel, bring
 21 it up to par, get it sellable, list it for sale,
 22 and sell it. I was resisting that, but I didn't
 23 leave the bank hanging. I went by and kept up the
 24 hotel for several months as best I could and didn't
 25 even charge them for it. I just did it as a

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1 courtesy.
 2 Q. Who was it that asked you to help them sell it?
 3 A. Mike Sandusky.
 4 Q. Todd?
 5 A. Todd Lucas, not John. John didn't have any power.
 6 He was just a flunky. Mostly, I would say, Todd.
 7 Todd -- Todd and I were good friends. He really
 8 helped me out. I felt real guilty about leaving
 9 the bank in a bind, so I never really took charge
 10 of it, but I never left them sitting out in the
 11 cold, either.
 12 Q. Well, what did you do -- and I understand you said
 13 you didn't have the power cut back on and you
 14 didn't ever open it back up to operate, but --
 15 A. It was not operational. It had fungus growing
 16 through the floors.
 17 Q. What did you undertake to do in order to protect
 18 the bank's interest in the property?
 19 A. I secured the property as best I could with what I
 20 had to work with.
 21 Q. Okay. And that would be what? Let's get some
 22 details.
 23 A. Go by once a week, check the windows and doors,
 24 make sure they were locked; if I would see a breach
 25 in the building, take my flashlight and pistol, and

49 1 go through the building floor by floor; find the 2 vagrant people and throw them out; re-secure the 3 building and go on about my business. I did that 4 at least every week to ten days for several months. 5 Q. Okay. And approximately when did you stop doing 6 that? 7 A. I don't remember. 8 Q. Were you in communication with Business Carolina by 9 email at that point? 10 A. I don't -- I was trying to break my ties with 11 Business Carolina, so I wasn't emailing them on a 12 daily basis. Mostly, they would call me and I 13 would respond to their telephone calls. I don't 14 remember that I initiated any contact with them, 15 but I may have. 16 Q. Did you actually perform any repairs? 17 A. No. 18 Q. Did you have any out-of-pocket costs with regard to 19 anything that you did for the building itself 20 during that period of time? 21 A. Yeah. A little bit. 22 Q. What did you wind up paying for? 23 A. Gas up there and back. Twice, a window was busted, 24 and I had it replaced. Once, a lock was busted, 25 and I bought a new one. There might have been	51 1 responsibility to monitor or repair or provide 2 security? 3 A. No. I had a couple of my former employees who live 4 in Greenwood who'd go by for me once or twice a 5 week, just drive around the building, look for 6 vagrants, broken doors, windows, and call us here 7 in Columbia, if they see anything wrong, but it was 8 primarily me. 9 As I recall -- and I could be wrong on this, 10 too -- but I told Todd I would keep an eye on the 11 building until they could find somebody to keep it 12 up, but I don't recall that he ever told me they 13 found somebody. I just watched things for a couple 14 of months, then I quit going and never got any more 15 calls. 16 Q. Okay. With regard to Exhibit Number Fifty-Three, 17 we had gone through and I was asking about any 18 backup documentation, as far as any estimates or 19 quotes or whatever. On the second page of that, 20 there is lost equity, forced into foreclosure, 21 \$300,000, and you were already in default with 22 regard to the payments to the primary lender and 23 several of the subordinate lenders at the time that 24 you began negotiating with Lander. Correct? 25 MR. SMITH: Object to the form.
50 1 something else. I don't remember. 2 Q. And Lander had their locks on the doors, and they 3 removed them. Did you replace locks on the doors? 4 A. Lander took our locks off the door. They were not 5 Lander's locks. They were the same locks that was 6 on there when we sold them the building, but, when 7 they abandoned the building, they had physically 8 removed the locks. I called my attorney, who 9 called Doug Bell, who called whomever, and a 10 maintenance man showed up and put our locks back on 11 the building. 12 Q. Okay. So, when their lease ended, they took the 13 locks? 14 A. They took the locks before their lease ended, three 15 days before. 16 Q. They removed the locks, but they brought them back 17 and reinstalled them? 18 A. The same locks which was there when they took 19 charge of the building -- 20 Q. Okay. 21 A. -- locks I had purchased. They had all the locks. 22 Q. Okay. After you ceased to check on the building, 23 who would have been responsible for it? 24 A. Business Carolina, I assume. 25 Q. Did anyone else with IOS undertake any	52 1 A. I think we went over this clearly. I had worked 2 out with all of my lenders, so we technically were 3 not in default with any of them, and I say again, 4 we owe nobody, anywhere, anything on that hotel. 5 All debts are paid. 6 Q. Okay. Let's go into what you had worked out with 7 the lenders, then. Exactly what were the terms of 8 each of the agreements -- 9 A. I don't know. 10 Q. -- that you had worked out with the lenders? 11 A. I don't recall. There were several different forms 12 and several different agreements, based on the 13 circumstances. I had good lenders who supported me 14 and were working on it with me, all of this 15 predicated on the fact that a lender was going to 16 close on that building in April. 17 Q. What had you negotiated with Business Carolina as 18 their payoff for their note, should a short sale 19 take place? 20 A. I had negotiated that the day I walked into their 21 office. 22 Q. Was it reduced to writing? 23 A. I don't recall. 24 Q. Were there email exchanges between either you and 25 Todd Lucas or you and John Carter, where you

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- 1 discussed what they were willing to do?
- 2 A. There could have been. There was a lot of
- 3 negotiations, most of it by phone, some of it in
- 4 person; a lot of it by email, not much.
- 5 Q. What was the agreement with them?
- 6 A. 702,000.
- 7 Q. And the amount that you were required to pay to
- 8 them during the forbearance period?
- 9 A. If I had closed in April, as Lander had told us
- 10 they would, 702,000. Since they failed to do that,
- 11 1.13 million.
- 12 Q. That was the deal that you negotiated with them
- 13 when you walked in, as well, too. Correct?
- 14 A. That's correct. Correct.
- 15 Q. So the deal never changed?
- 16 A. It changed several times.
- 17 Q. Well, the payments that were made to Business
- 18 Carolina during the forbearance, during the period
- 19 of time that Lander was in possession under the
- 20 lease, did that go to reduce the principal of the
- 21 note?
- 22 A. You would have to ask Business Carolina. I don't
- 23 know how they applied it.
- 24 Q. What about with any other of the lenders? Are you
- 25 aware of how their payments were allocated to the

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- 1 notes?
- 2 A. I didn't get involved in that.
- 3 Q. Okay. You agree that payments were made, over
- 4 approximately a two-year period, of \$31,000 a
- 5 month. Correct?
- 6 A. Oh, yeah.
- 7 Q. Some of which were applied to debt that was --
- 8 A. That 31,000 a month was paid to Business Carolina.
- 9 I set a budget for Business Carolina. We wrote the
- 10 checks out and paid what I told them to.
- 11 Q. And you would agree with me that, out of that
- 12 31,000, that there was a portion of it that was
- 13 applied to debt for each of the lenders --
- 14 A. That's correct.
- 15 Q. -- during the forbearance period, so it lowered the
- 16 debt that IOS had, to lease the building to Lander
- 17 for two years?
- 18 A. I assume so. I don't know what their deal was.
- 19 Q. So, at the end of the lease period, you had less
- 20 debt than you did -- than when Lander leased the
- 21 building in 2009?
- 22 A. I don't know if we did or not. I couldn't say we
- 23 did or didn't. There were several -- when Lander
- 24 defaulted on the taxes they were supposed to pay on
- 25 two separate occasions, we had to take that out of

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- 1 lender money. I don't know how that applied to the
- 2 other stuff, so I can't tell you how that worked.
- 3 Q. Again, I believe we sorted that out the last time
- 4 we were together. Lander paid the property taxes.
- 5 There were other taxes that were seriously in
- 6 arrears, that had not been paid by Inn on the
- 7 Square in quite some time.
- 8 A. No. You've got that wrong. Lander did not pay the
- 9 taxes either of the two years. We paid it out of
- 10 IOS. In spite of our numerous notifications to
- 11 them, they ignored us throughout. There was
- 12 \$64,000 more that they -- for two years, that they
- 13 put in arrears. All of that came out of IOS's
- 14 side. Not a dime was reimbursed by them.
- 15 MS. MEREDITH: Let's take a break for just
- 16 a minute or two.
- 17 (OFF THE RECORD 12:49 - 1:22)
- 18 Q. Mr. Huffman, the last couple of questions before we
- 19 broke up were regarding forbearance agreements and
- 20 short sale agreements. You talked to not only
- 21 Business Carolina, but all of the other lenders as
- 22 well, or was that something that Louis Smith was
- 23 responsible for?
- 24 A. I don't recall specifically, but I think I talked
- 25 to most, if not all of them with Louis, who carried

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- 1 me with him. It was actually his meeting. I was
- 2 in a supporting role.
- 3 Q. Okay. Were there actual agreements, final figures
- 4 reached, with regard to what they would accept out
- 5 of a short sale for each one of those loans?
- 6 A. I don't know that you could call it that. We had
- 7 forbearance agreements and certain agreements that
- 8 we reached during the interim, until Lander closed
- 9 in April, that everybody was agreeable to.
- 10 Q. Okay. But you had not actually reached a final
- 11 agreement as to what each lender would take with
- 12 regard to their loans, had you?
- 13 A. They pretty much were all standing by what we owed
- 14 them at that point in time.
- 15 Q. What was that total?
- 16 A. I don't recall.
- 17 Q. But they were standing by it, at that point, with
- 18 the exception of Business Carolina, what the
- 19 balance was of the actual indebtedness?
- 20 A. Business Carolina was standing by their number,
- 21 too. The only one that I recall was Upper --
- 22 Q. Upper Savannah?
- 23 A. No. The town, Upper Greenwood, or the City of
- 24 Greenwood.
- 25 Q. Greenwood Development?

57 1 A. They would not negotiate at all. 2 Q. Okay. Well, how much had you been able to 3 negotiate in reduction of each one of those notes 4 in order to be able to sell the building to Lander? 5 A. We did not talk specific numbers at those meetings. 6 Mostly, we talked about buying time for Lander to 7 close in April. 8 Q. Okay. All right. Going back to the lease and when 9 this lease was signed, what information -- strike 10 that. Conversations that you've testified to 11 earlier was in regard to purchasing the Inn on the 12 Square, conversations that you had with Diane 13 Newton. What specifically did she tell you with 14 regard to what Lander was going to be able to do? 15 A. Diane and I only ever discovered one purchase price 16 for the Inn on the Square. That was \$2.3 million, 17 and she added 30,000 which was not part of the 18 purchase price, if I would reduce the 51,000 a 19 month to 48, and then she wanted to put 170,000 20 with a reduction of 48,031 on the backside of the 21 lease. So her purchase price to me was -- and, as 22 far as I know, never changed from \$2.3 million. 23 She and Doug Bell, in her office, assured me. 24 I did not trust the governor that we had at 25 that point in time for bringing in this federal	59 1 Obama money did not come through. 2 Q. Okay. But the exact purchase price that she 3 committed to for either the Foundation or the 4 University is what I'm trying to get -- 5 A. Two point -- 6 Q. -- when is it that you allege that she promised to 7 buy the building and the exact price that she 8 stated that she would purchase it for? 9 A. Let's see. I first heard the \$2.3 million from my 10 wife. Diane Newton called the hotel for me. I was 11 out playing golf. Diane Newton asked my wife -- 12 she says, I've talked to the Lander board. They're 13 willing to purchase. We were asking 3.3 million 14 for the hotel. She says, Lander is willing to 15 purchase the hotel for \$2.3 million. Would you all 16 accept that? 17 I told my wife to call Diane back and tell her 18 that I would take any reasonable offer that Lander 19 made to the partnership for a decision. When I 20 came back from playing golf, Diane had left a 21 message for me to call her. 22 I came back from playing golf. I called Diane. 23 She came straight down to the hotel with two other 24 ladies. We walked through all 48 rooms again -- 25 this is the second tour -- and discussed it, and
58 1 money. It was all over the paper -- as they called 2 it, Obama money, and I voiced my concerns -- Well, 3 that's all well and good, but, if I lease this 4 property to you for 10 months as student housing, 5 it's not going to be a four-star hotel in April, 6 and, if -- if you don't get Obama's money, then 7 you're not going to be able to close. 8 At that time, Diane Newton assured me that she 9 and Doug Bell were on Lander, LLC's board and that 10 they had the money, and, if they did not get 11 Obama's money, they would use Lander, LLC monies to 12 purchase the Inn on the Square at 2.3 million. 13 Q. Okay. And that was the meeting that you said took 14 place sometime prior to the lease being executed in 15 the middle of August? 16 A. That's correct. I think that was the very first 17 meeting where I first met Doug Bell. 18 Q. All right. And it's -- I believe, in your earlier 19 testimony, you said that you had initially met with 20 Diane and Lisa Catalanotto, and that, during those 21 meetings, Diane told you that Lander would be able 22 to purchase the building for \$2.3 million. Is that 23 -- 24 A. Diane told me that, sitting in Doug Bell's office, 25 that Lander had the LLC funds to purchase, if the	60 1 she says, We'll buy it for \$2.3 million, and I 2 said, Well, I'll call the partnership tonight and 3 give you an answer. 4 I called the partnership that night, ran it by 5 them. I voted against it. The other two partners 6 voted for it. I called Diane the next morning and 7 said, The partnership will accept \$2.3 million. 8 Let's move to the next step. 9 She said, Meet me at Lander's attorney's 10 office, Doug Bell, across the street from you, in 11 an hour, so I walked across the street to meet with 12 her and Doug Bell. 13 Q. Okay. And you said you voted, but I thought your 14 testimony earlier, in the initial part of your 15 deposition, was that you were not a voting member 16 of the LLC. 17 A. I'm not -- I wasn't. I had no say, but I was 18 against selling it for 2.3 million. I was 19 convinced that I could sell the hotel for somewhere 20 between 3 -- 3 million and 3.5. I had two other 21 strong players I was dealing with, so I wasn't 22 really excited about Lander's offer. 23 Q. Okay. But that is the purchase price that you 24 agreed to? 25 A. 2.3 million.

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1 Q. Okay. And that is what the understanding that you
2 had was of what the purchase price was supposed to
3 be?

4 A. Correct, and it still is today.

5 Q. Okay.

6 A. Now, subsequently to that, she brought up the
7 lease. We had never discussed the lease part of
8 this. That's -- sitting in Doug's office is when
9 the Obama money came up, and they couldn't get the
10 Obama money until April, so they wanted to lease
11 the building for 10 months and -- for \$48,000, and
12 she would take the 3,000; was my proposal, and then
13 51,000.

14 She said they would take that 30,000 and put it
15 on the back end to pay the taxes with. I agreed to
16 that, and then, when I met with the Budget and
17 Control Board, it came down to 31,000. She wanted
18 to put that 17,000 on the back end, plus I was
19 supposed to be keeping the bottom floor, the
20 kitchen, and the pub, and the Budget and Control
21 Board says, No. You cannot have -- can't operate a
22 pub in a student housing building, and you can't
23 keep running special events here, due to our
24 security problems. So I lost the bottom floor and
25 the pub, the special events, which is about

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1 \$200,000 in booked events. Lander got all of that
2 with the sale.

3 Q. And you were not in favor of the lease?

4 A. Absolutely not.

5 Q. But it was not up to you whether they leased it or
6 not. Correct?

7 A. I highly recommended they did not accept it, and I
8 tried to get them to go back to Lander and -- and
9 they said, No. Take the money and run.

10 Q. Okay. So, at the time that you discussed with
11 Louis Smith, there was a discussion of only a sale?

12 A. That night, when I called the partnership -- I had
13 a conference call with Louis and Craig -- we only
14 discussed a sale. Now, we had never heard of a
15 lease, and the sales price was 2.3 million. I
16 recommended that they counter it with 2.8 or 2.9,
17 and the argument was that I thought we could sell
18 it for 3 million, 3.5. They wanted to take the
19 bird in hand. They just wanted out.

20 Q. Okay. So after that was when you communicated with
21 Diane, Okay. We'll take your \$2.3 million price?

22 A. The next morning, I called her and told her that,
23 and met her in Doug Bell's office.

24 Q. Okay. Now, I believe, in your earlier testimony,
25 you said you met at the Inn on the Square first and

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1 then you walked over to Doug Bell's office. Is
2 this the same meeting, or is it a different
3 meeting?

4 A. There were about six meetings. I can't -- they get
5 jumbled in my mind. I believe, the first time, I
6 met her at Doug Bell's office. I think the meeting
7 you're referring to is when this lady from the
8 Budget and Control Board came in and changed the
9 lease all up, and everything else. Diane and I
10 worked out all these agreements, went across the
11 street to Doug Bell's office, and gave him all the
12 new stuff.

13 Q. Okay. So the first meeting that you had, you went
14 straight to Doug Bell's office, and what was the
15 discussion that was had at his office on that day,
16 prior to meeting Lisa at the Inn on the Square?

17 MR. SMITH: Object to the form of the
18 question. Go ahead and answer.

19 MR. HUFFMAN: I'm sorry? I didn't --

20 MR. SMITH: I just objected to the form,
21 but please go ahead and answer.

22 A. I went over to discuss the sale of the building at
23 2.3 million. That was my sole purpose for walking
24 across the street.

25 Q. Okay. But after that was when there was a lease

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1 that was signed?

2 A. During that meeting --

3 Q. Okay.

4 A. -- it was brought up that they wanted to use Obama
5 money, and I'm not sure what Obama money was. It
6 was some federal money coming into the State, of
7 which Lander was going to get a double handful, but
8 they wanted to use that money to purchase the Inn,
9 but they would not have access to the funds until
10 April. So Diane wanted to do a 10-month lease,
11 until they got the Obama money.

12 That's when I objected and said, I don't trust
13 the governor we've got to take no Obama money, and
14 that's when they got into, Well, Doug Bell and I
15 are on the board. We have the funds in the LLC,
16 and we can guarantee that, if Obama's money doesn't
17 come through, we'll use Foundation money, so that
18 was the only reason I agreed to go with the 10-
19 month lease.

20 Q. Okay. Now, you would have had to have gone back to
21 the partners after that to propose the lease to
22 them, because you didn't have authority to accept
23 it on behalf of the IOS. Correct?

24 A. Absolutely not. I went -- plus, I had to go back
25 to the lenders. I had also called the lenders, and

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1 -- so I went back after that meeting, and I spent
2 the whole afternoon talking to the partners and
3 going crazy and talking to the lenders and went
4 crazy, and everybody -- nobody was going to do the
5 deal, except the partnership. The partnership
6 still wanted to do the deal.

7 I had to come to Columbia the day after and
8 meet with Business Carolina, and, if I'm not
9 mistaken, that's one of the times I went over --
10 around to Louis and tried to sell the deal to the
11 other lenders, but it could have been another time.
12 There was so much happening at that point in time
13 and things were moving so fast, but we ended up
14 accepting the deal.

15 Q. Okay. And the deal that you accepted was the lease
16 with an option to purchase?

17 A. No. The deal we accepted was a lease with option
18 to purchase for 10 months for the closing in April,
19 with 30,000 and 170,000 put on the back end to
20 carry the price and close at 2.5 million.

21 Q. And I understand that that was what was discussed,
22 but my question to you is, the actual written
23 contract that was executed by Louis Smith on behalf
24 of IOS was a lease for \$31,000 a month with an
25 option to purchase?

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1 A. That lease was executed, we thought, with the
2 Budget and Control Board, which was the way Diane
3 presented it. Diane and Lander and myself had our
4 own agreement outside the lease, which the Budget
5 and Control Board did not want to be a part of.

6 Q. But you understood that anything that had to be
7 done for Lander, in terms of a purchase, had to go
8 through the Budget and Control Board and that Diane
9 could not act on behalf of the Budget and Control
10 Board. Correct?

11 MR. SMITH: Objection. Object to the
12 form. You can go ahead and answer.

13 A. I absolutely did not understand that. I had a firm
14 understanding from Diane Newton that, if possible,
15 they were going to use Obama's money, which they
16 would obtain from somewhere in the State. I didn't
17 even know it was the Budget and Control Board, but
18 I would sign a lease with the Budget and Control
19 Board for 10 months, and this Obama money would
20 magically appear for Lander to purchase the
21 building, and, if that failed, Lander would use LLC
22 funds from their board to purchase it, so there
23 were three steps.

24 Did I understand anything? No. I understood
25 Lander was buying the building and the Budget and

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1 Control Board was leasing the building for 10
2 months, and we did a 10-month budget.

3 Q. Again, the question that I asked, which was a yes-
4 or-no question -- was, the agreement which was
5 signed by Mr. Smith, on behalf of IOS, was a 10-
6 month lease with an option to purchase. Correct?

7 MR. SMITH: Object to the form. Go ahead.

8 A. With the Budget and Control Board.

9 Q. With the Budget and Control Board?

10 A. Right, to give Lander time to get the money to
11 purchase.

12 Q. Were you present when it was signed?

13 A. I was present when the draft was signed. I was not
14 present when a clean copy was signed later that day
15 or the next day.

16 Q. And you understood that it had to be signed both by
17 Diane Newton and Lisa Catalanotto?

18 MR. SMITH: Object to the form. You can
19 answer.

20 A. Actually, I didn't understand any of that. I was a
21 bystander at the table. Lisa was doing all the
22 talking with Diane. Diane and I were talking.
23 Lisa and Louis were talking. All I know is Diane
24 was having a fit to get that done that day, because
25 she had to get -- have the space for her students.

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1 I did not know who was signing it. I knew it was a
2 10-month lease.

3 Q. With an option to purchase?

4 A. Well, I assumed it. I never read it.

5 Q. Okay.

6 A. It was a 10-month lease to give Lander time to get
7 the Obama money to purchase, or, failing that, use
8 the Foundation money. I didn't ask who were
9 signatories. I knew I couldn't sign on our behalf;
10 only Louis could.

11 Q. All right. So, throughout this period of time, as
12 the lease is being drafted and executed and so
13 forth, it is your testimony that you had a firm
14 deal with Diane Newton for Lander to purchase that
15 building for \$2.3 million?

16 A. 2.3 million purchase price, absolutely, and later
17 30,000 and 170,000 was added to it, but it wasn't
18 considered part of the purchase price. It was
19 back-end money for -- money they were cutting for
20 that 10-month. They were cutting 19,000 or 20,000
21 a month off of the lease and were going to pay it
22 on the back end.

23 Q. Okay. And Mr. Huffman, what is your email address?

24 A. Jevelyn46@aol.com.

25 Q. Okay. And do you also have a mrhuff68@aol.com?

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- 1 A. No.
 2 Q. Who is that?
 3 A. That's my wife.
 4 Q. Okay.
 5 A. It stands for Misty Renee Huffman.
 6 Q. Okay.
 7 MS. MEREDITH: I'd like to mark -- I
 8 believe it's Number Sixty-Seven.
 9 THE COURT REPORTER: That's my
 10 understanding. If there is any -- if we find
 11 out later that's not correct, I'll be happy to
 12 remark it and adjust the record, but, right
 13 now, Number Sixty-Seven, ma'am.
 14 MS. MEREDITH: Thank you.
 15 Defendant's Deposition Exhibit #67,
 16 consisting of 7 sheets, marked for
 17 identification and made a part of this
 18 deposition. (Various E-mails)
 19 Q. All right. Mr. Huffman, you had a number of emails
 20 exchanged between you and Diane Newton during this
 21 period of time, I believe throughout the entire
 22 fall of 2009. Correct?
 23 A. I believe so. Yeah.
 24 Q. And while she was still employed with the
 25 University until she left to Arkansas, she was your

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- 1 primary point of contact. Is that correct?
 2 A. My only point of contact.
 3 Q. Okay. I'd like you to look at what's marked -- I
 4 believe it's page 2 of the exhibit that I have just
 5 handed to you, and it's page 350 by Bates stamp,
 6 which I believe is the Bates stamp number that your
 7 attorney's office posted on this when they sent it
 8 to us. This is from jhuffman46@aol to
 9 dnewton@landeredu.
 10 A. Uh-huh.
 11 Q. The second paragraph of this email --
 12 A. Yeah.
 13 Q. -- which reads, As we discussed at the beginning --
 14 I would ask for you to read that, please.
 15 A. Yes. As we discussed, the asking price for the Inn
 16 is 3.3 million. The outstanding debt service is
 17 2.2 million. Lander's offer will need to be
 18 somewhere between the two, or I will need to pursue
 19 other potential purchasers. Please advise. John.
 20 Q. All right. So, Mr. Huffman, this is dated
 21 September 3rd, 2009 --
 22 A. Yeah.
 23 Q. -- after the date that you just testified that you
 24 had a deal with Ms. Newton to purchase the Inn for
 25 \$2.3 million. Why are you asking her for a

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- 1 purchase price between 2.2 and 3.3, if you already
 2 had a deal for 2.3?
 3 A. If you read that closely, I'm not asking; I'm
 4 advising. Diane Newton came back to me. She had
 5 some kind of thing going with this Obama money and
 6 with the Lander money. She wanted to put another
 7 elevator in and do some other modifications to the
 8 Inn, to suit Lander. What she wanted to do was
 9 break it up into a purchase price. She was
 10 suggesting 1.8 or 1.9 million, and she wanted the
 11 rest of it, which looked like it was going to be
 12 around six or 700,000, to be added onto the Lander
 13 Foundation money, both to be paid at closing.
 14 My advice to her was, We owe 2.2 million. I
 15 cannot accept a sales price under 2.2 million,
 16 because it won't satisfy my lenders, so you're
 17 going to have to at least offer 2.2 million, and,
 18 if we need to adjust the other five or 600,000, we
 19 can do that, but I can't go to my lenders with a
 20 1.8 million-dollar purchase price and say, Yeah,
 21 but we're going to put in elevators and all this
 22 other crap, and they're going to pay us 600,000 on
 23 top, and we're going to pay your debt out of that.
 24 They would not go for that.
 25 So we were just simply strategizing on how to

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- 1 get these other improvements so she could get in
 2 there, using Obama's money and Lander Foundation
 3 money, and, if I recall right, she was telling me
 4 either 1.8 or 1.9 purchase price, and she was
 5 wanting to do a six or 700,000 Lander Foundation
 6 supplement to that, outside of the purchase price,
 7 if we would agree to do these improvements, and I
 8 simply advised her, I can't go below 2.2. That's
 9 what we owed. It won't work.
 10 Q. All right. Well, you have emails between the two
 11 of you that would document that conversation?
 12 A. There they are.
 13 Q. Okay. There's nothing in any of the emails that
 14 I've seen that talks about a purchase price of 1.8
 15 or 1.9 and adding anything to it.
 16 A. Well, there could have been a meeting at the hotel
 17 or a phone call. Diane and I were talking two to
 18 three times a day on the phone and were meeting at
 19 the hotel virtually morning and afternoon.
 20 Q. All right. Well, let's look at page 1 of this
 21 stack of emails. I've got -- this is the date
 22 September 2, and I believe this is from Diane to
 23 Misty.
 24 A. Yeah.
 25 Q. Is that correct?

73 1 A. Apparently so. 2 Q. And it's evidently in response to an email from 3 Misty, but, in the second paragraph, it says, We 4 have some work to do on our part to come up with an 5 offer amount on the property. We are actively 6 working on it. 7 A. Uh-huh. See, this one is 3 September. This is 3 8 September. 9 Q. Correct. 10 A. This is the same discussion. We're trying to 11 figure out what number. Doug was supposed to 12 deliver us a contract of sale the first of 13 September. He doesn't know if he's supposed to put 14 a million 8, a million 9, 2.3, 2.2, so we were 15 trying to come up with a number where she could get 16 these other things funded. We were going back and 17 forth with that. 18 Q. But is there any email between either you or Misty 19 that indicates that that was what the purpose of 20 your discussion was? 21 A. Why would there be? 22 Q. All right. Look at page 3 for me. This is October 23 the 7th, Bates stamp number 351, and it's an email 24 from you to Diane. It says, Hi, Diane. Just 25 getting caught up from my cruise and wanted to	75 1 Q. But you would agree with me that the first email 2 that she sent says that, We're trying to come up 3 with an offer? The second email is that -- you 4 say, Well, it needs to be between 2.2 and 3.3, and 5 then the third email is, When are we going to 6 contract, and she responds, We are working on 7 coming up with a number. It's not, Okay. I know we 8 had a deal on 2.3, but this is what we need to do. 9 Correct? 10 MR. SMITH: Object to the form of the 11 question. You can answer. 12 A. We had already agreed what we -- she was trying to 13 add 600,000 -- six or \$700,000 of improvements into 14 the hotel, that she wanted us to fund -- 15 specifically, Business Carolina -- that they would 16 pay for at closing. Apparently, she was only 17 getting a specific amount of Obama dollars, so she 18 was trying to figure out how to adjust the 2.3 19 million with the other money. I didn't care what 20 they did. I cared about the bottom line. That was 21 not my problem. 22 Q. Right. And, as I understood it, you would make a 23 commission if the building was sold. Correct? 24 A. I would have made a commission. Yes. 25 Q. And that was based on what percentage?
74 1 check in and get a brief update on where we stood 2 on going to contract on the Inn. Did you write 3 that email to Diane? 4 A. It looks like I did. 5 Q. And that is your question to her, When are we going 6 to be able to get a contract? 7 A. Where is the contract? My attorney was faxing Doug 8 Bell or emailing him daily. I was emailing Diane. 9 Everybody's wanting to know, Where is this contract 10 that was due the first week of September? 11 Q. All right. Well, what is her response to you? 12 A. We are submitting the paperwork to the State, 13 whatever that means, but I have to wait on them to 14 tell us to go ahead and talk contract. We -- we 15 are internally already working to come to a number. 16 I immediately called her and said, Diane, I 17 need a contract. 18 She says, Well, are you all going to do these 19 upgrades or not? 20 I said, I need to present this to our board, 21 because she was trying to get the Obama money to 22 pay prior to the upfitting that she wanted done to 23 -- for Lander. Her and Doug and whoever were all 24 over the place with that. I wasn't paying much 25 attention to it. I didn't care.	76 1 A. I don't know. I think it was 5%. 2 Q. Okay. You didn't make any money if it was leased? 3 A. Oh, yeah. 4 Q. What were you making for having negotiated the 5 lease? 6 A. I don't remember. It was a standard fee. 7 Q. Okay. And what was that based on, a contract or 8 just an oral agreement? 9 A. A contract, but, keep in mind, I wouldn't have 10 leased the building without a sale. That was never 11 a consideration. 12 Q. But you were making a commission for having leased 13 the building as well? 14 A. Of course. 15 Q. Okay. Turning to the fourth page, there's emails 16 at the bottom from jhuffman46@aol. It says, Hi, 17 Diane. I hope this finds you well and all is well 18 with your father. Do you see where I am on page -- 19 at the bottom of page 352. It looks like you 20 emailed her, asking, with regard to a contract. 21 A. Yeah. 22 Q. November is slipping away, and my investors are 23 getting nervous. They have still not seen a 24 contract from Lander. Would you give me an update 25 on where things stand at the moment and when we

77 1 might receive something from you in writing. What 2 was her response to that? 3 A. It had only been three months. Lander was supposed 4 to get a contract. Let's see. What did she say? 5 Daddy is having surgery again today. Hopefully, 6 this will get him all fixed up. I can understand 7 your nervous investors, but, as I said earlier, we 8 still have to wait until we receive the phase one 9 Budget and Control Board approval on December the 10 13th -- I understood that -- before we can submit a 11 proposal. I never heard that. The proposal -- the 12 contract was supposed to be in the first week of 13 September. It will require language from the State 14 stating the contract -- contract is subject to phase 15 two approval from BNCB to purchase the property. 16 That won't happen until the next meeting, which has 17 not been set. I was told it was set for March. It 18 has usually been in March, but things are very 19 different down in Columbia these days. Hope this 20 helps. 21 It didn't help -- 22 Q. All right. So, at that point, she's telling you, 23 if you hadn't understood before, that anything that 24 has to do with the purchase of the building will 25 have to go through Budget and Control Board	79 1 sometime in March. Is this correct? 2 A. That's basically what she told me back in August. 3 Q. All right. So correct me, if I'm wrong, but does 4 that not email itself acknowledge that you do not 5 have a contract on the building to sell it? 6 A. No. That email only acknowledges the State of 7 South Carolina, Obama's money portion. It does not 8 address Lander's agreement to purchase. 9 Q. But you're not saying anything in that email about 10 the Lander -- 11 A. Why should I? 12 Q. -- Foundation. 13 A. We're only working on the Budget and Control Board. 14 Q. Okay. 15 A. All I know is, if they don't get this Obama money, 16 they're going to pull it out of the LLC. Should I 17 have mentioned that in every email that I wrote 18 her? That was understood. She had to April to 19 secure the Obama money, then Lander was going to 20 use LLC money. 21 Q. All right. Well, let's -- 22 A. Keep in mind, I never believed they would get this 23 federal money to begin with. 24 Q. Well, let's turn to the next page, then, because I 25 believe that's a subsequent email to Diane at 5:25
78 1 approval and that they have to get preliminary 2 approval in December before they could submit the 3 proposal, and that any contract would be 4 contingent? 5 A. No. 6 Q. That's not what it says? 7 MR. SMITH: Object to the form. Go ahead 8 and answer the question. 9 A. Let me tell you what the agreement was. We were 10 going through this dog and pony show to get Obama's 11 money. If we failed to get Obama's money, which I 12 never believed from the get-go, Lander was going to 13 take it out of the LLC and buy the hotel. They had 14 until April to secure those funds, or buy it 15 through the Foundation, so this was not a single 16 thing with the Budget and Control Board. 17 Q. Okay. 18 A. This was just to get Obama's money. If they didn't 19 get Obama's money, they would get Lander's money. 20 Q. All right, but your reply, which is at 12:25 p.m., 21 doesn't say any of that. It just says, I take it 22 you expect to submit a contract sometime between 23 the 13th of December -- 24 A. Okay. 25 Q. -- which must be approved in a second meeting	80 1 p.m. -- 2 A. Uh-huh. 3 Q. -- your email to her. 4 A. Yeah. 5 Q. It says, I did not get that understanding from you 6 when we discussed this deal in August. It was my 7 understanding a contract would be drawn up before 8 the end of November, to submit to your board for 9 first-round approval in December, and that the 10 final approval would go before your board in March. 11 This doesn't say anything about a contract being 12 ready in September. 13 A. Okay. When I said we would receive a contract in 14 September, Doug Bell said it would be contingent 15 upon the appraisal, the environmental, and the 16 building's assessment, which he would not able to 17 get until November. So the contract, we would have 18 it in September, but it would not go in effect 19 until those three things came back in November. 20 Q. All right. But your email says that -- you're 21 asking her that you understood that it would be 22 submitted to the board for first-round approval in 23 December. 24 A. That's correct. That never changed. 25 Q. Okay.

81 1 A. She said that back in August. She said it would go 2 to the first reading before the State Budget and 3 Control Board in the middle of December and go to 4 the final reading at the State Budget and Control 5 Board in November -- I mean, March -- with a 6 closing in April. 7 Q. Okay. 8 A. Subsequently, we did a 10-month lease, based on 9 that, not a 12-month, not a 24-month, not a six- 10 month, a 10-month. 11 Q. But the remainder of your email, though, says, 12 Unfortunately, this new time frame leaves me no 13 option other than to proceed with a backup 14 contract. 15 A. That's correct. 16 Q. I have a group out of Charleston and Columbia that 17 want to -- are interested in the property -- 18 A. That's right. 19 Q. -- and I need to schedule them both in for the 20 inspections in the next few weeks, to negotiate a 21 contingency contract with them, should your efforts 22 to purchase the property prove unsuccessful. 23 A. Correct. 24 Q. So, as of November 17th, 2009, you acknowledged 25 that Lander may not be able to purchase the	83 1 million property? I had been jacked around by 2 Lander since the get-go. I didn't know what they 3 was going to do. 4 Q. I mean, it was your testimony from before that, you 5 know, you thought she had the authority to purchase 6 it, and it wasn't contingent on anybody else's 7 approval, the Budget and Control Board or anybody 8 else. At this point, in your emails back and forth 9 with her 10 A. Well, read my emails. 11 Q. -- you are concerned about her being successful in 12 buying it. 13 A. No. Read my emails -- 14 MR. SMITH: Object to the form of the 15 question. Let her finish the question, and 16 then I'll object. 17 Q. Isn't it true that there was some doubt in your 18 mind, on November the 17th of 2009, whether she was 19 going to be able to buy the building? 20 A. I don't think there was any doubt in my mind about 21 whether or not they were going to buy the building. 22 I just could not get anything out of them, and I 23 was trying to force them to do something. 24 Q. Well, let's look at her response up top, then. 25 That's the stuff a few minutes later. The schedule
82 1 building. 2 MR. SMITH: Object to the form of the 3 question. 4 A. My thing was, I'm not going to be left hanging out 5 to dry come April the 30th. Either you all are 6 going to buy this building and stop all this 7 monkeying around, or I'm going to have somebody 8 replace you. That's why we refused to sign any 9 extension of the lease. To this day, we never 10 agreed to that extension, because I had other 11 buyers lined up. When Lander shoved that extension 12 down our throat, that run them away. I had no 13 other backup. 14 Q. We can talk about that later, but the email of 15 November the 17th to Diane from you is that, if she 16 can't buy the building, that you are going to need 17 to get another buyer to do it. 18 MR. SMITH: Object to the form of the 19 question. Go ahead and answer. 20 A. That's not what I said. It says, I need to shop it 21 around and get a backup. 22 Q. And that last -- the last phrase or the last -- 23 next-to-last sentence, Should your efforts to 24 purchase the property prove unsuccessful ... 25 A. What am I supposed to do? Sit there with a \$3	84 1 that she has is approval to perform a building 2 conditions assessment, get an appraisal, and 3 perform a phase one environmental assessment. 4 A. Which was all supposed to be done by the end of 5 November, and I'm just finding out that they 6 haven't even ordered it. 7 Q. Are you aware of how often that particular 8 committee meets? 9 A. No. And I could care less. 10 Q. Okay. 11 A. Not my problem. I'm not an authority on the State 12 Budget and Control Board, nor do I desire to be. I 13 think, if you'll back up to that first sentence, 14 though, and read, if you would not call her 15 reassuring me, what would you call it? 16 I think we're saying the same thing. The March 17 time frame is still what we are hoping happens. We 18 had hoped the Budget and Control Board would have 19 their meeting prior to December. That just didn't 20 happen. Totally out of our control. Our schedule 21 is still -- blah, blah, blah. Shortly after that, 22 we will begin the assessment and draw up a purchase 23 contract. 24 Now, you show me where Lander's not buying this 25 building.

85 1 Q. Look at the next sentence of that email. The 2 contract will contain language stating the sale 3 will be pending Budget and Control Board approval. 4 A. It's all -- 5 MR. SMITH: Object to the form of the 6 question. 7 Q. Is that -- was that what she told you on November 8 the 17th? 9 A. That's what she told me in August, but she also 10 said that, if the Budget and Control Board didn't 11 approve it, Lander would use LLC funds. I didn't 12 care if it was federal money, State money, or 13 Lander money. Just write me a check. Nowhere in 14 here does it say Lander is not proceeding with the 15 purchase of this building. 16 Q. The question that I asked, Mr. Huffman, was whether 17 or not it was contingent on approval for someone 18 outside of Lander's control. 19 A. Only for the federal Obama money. It was strictly 20 in Lander's control from their LLC and their 21 foundation. 22 Q. Well, then, why, in your email of November the 23 17th, when you told her you needed to get a 24 contingency contract, did you not address the 25 Foundation? Why did you say, I need to go find	87 1 response to her was, Thank you for the update. If 2 I can be of assistance, please advise. Is that 3 right? 4 A. Yeah. 5 Q. And then you turned around right after that and 6 emailed Todd Lucas and said, Todd, this is the 7 latest update on Lander's purchase of the Inn. It 8 appears we have passed the first hurdle with the 9 State and are moving forward. 10 A. Uh-huh. 11 Q. Is that right? 12 A. Yeah. 13 Q. Did you make Business Carolina aware that all of 14 this was contingent, as Diane had told you -- 15 A. I talked to Business Carolina -- 16 Q. -- in November? 17 A. -- three to five times a week. They were totally 18 on board and as frustrated as I was. 19 Q. Did they understand that the Budget and Control 20 Board was -- 21 A. I don't know what Lander's -- 22 Q. -- dictating the timeline, as Ms. Newton told you 23 in her emails to you in September and November? 24 MR. SMITH: Object to the form of the 25 question.
86 1 another buyer, if this isn't going to work out? 2 A. Because her emails before then were all over the 3 board. I didn't know what she was doing, and I was 4 perfectly ready to go find another buyer. I'd had 5 about enough Lander at that point in time. 6 Q. Well, if she had promised, on behalf of the 7 Foundation, to purchase it, if all of this 8 rigmarole with the Budget and Control Board didn't 9 work out, wouldn't that have been the time to ask 10 her about the Foundation, rather than go hunt up a 11 new buyer? 12 MR. SMITH: Object to the form of the 13 question. 14 A. Not in my opinion. 15 Q. All right. Let's move to the next page, page 354. 16 This is December the 16th. It looks like she 17 emailed you that the Budget and Control Board 18 approved phase one of the purchase of Inn on the 19 Square. We are scheduled to meet with code 20 officials to discuss changes that will be required 21 of us to occupy the building. The purchase will 22 initiate a zoning change, and, as a State building, 23 we will be required to meet the codes associated 24 with new occupancy. In addition, we are pursuing 25 an appraisal and environmental assessment, and your	88 1 A. They probably understood that better than I did, 2 but they also understood that I had a firm 3 commitment from Lander's Foundation to purchase, if 4 the Budget and Control Board did not purchase. 5 Q. Were they aware that you were looking for new 6 buyers, in the event that this purchase did not 7 take place through the Budget and Control Board? 8 A. I don't know if I informed them of that or not. 9 Q. All right. Page 355, a continuation of Diane's 10 email, said, Once we know what code changes will be 11 required, we will be in a much better position to 12 settle on a price. So there is an email in 13 December of 2009, December the 16th, letting you 14 know that there's going to be additional work that 15 needs to be done with regard to the code changes 16 and what would have to be done to bring the 17 building into compliance for it to be purchased as 18 a State building. 19 A. And she wanted us to do those and increase the 20 price from 2.3 to that level with, still, the 21 200,000 on the back end, and I told her I did not 22 think we could do that. 23 Q. You told her that you didn't think you could do 24 that? 25 A. No. At that point in time, Lander has us pretty

89 1 strung out. I was pretty fed up with Lander. I 2 just wanted Lander out of my building. 3 Q. Okay. 4 A. I mean, this had been dragging on for months and 5 months and months. There are a lot easier people 6 to deal than Lander University. 7 Q. Well, your response to her, though, was, Thank you 8 for the update. If I can be of assistance, please 9 advise. 10 A. Sure. If I can, I will. What am I supposed to 11 say? Don't bother? 12 Q. Well, if she's telling you, in the email, that she 13 can't give you a purchase price until she knows 14 what will have to be spent to bring the building up 15 to code, for the zoning change -- 16 A. I don't care. Whatever it is, it's going to be 17 added to 2.3 million plus 200,000. So, if they 18 came back at 500,000, the purchase price would 19 probably go to 2.8, and she'd still pay the 200,000 20 on the backside. Again, not my problem. 21 Q. All right. The remainder of her email was that you 22 would be dealing with Tom Covar, after that, who 23 was a new contact -- 24 A. Right. 25 Q. -- and Randy Bouknight.	91 1 has a couple. I think Randy Bouknight may have one 2 or two. 3 It was no secret. Everybody in the State and 4 in the Town of Greenwood knew it. In fact, that 5 night that we made the deal, I was sitting in a 6 bar, and a guy from Lander came in and said, Oh, I 7 understand we screwed you, beat you out of a 8 million dollars. 9 I said, Where the hell did you come up with 10 that number at? 11 He said, Word gets around. He was talking 12 about me dropping the price from 3.3 million to 2.3 13 million. There ain't no secrets in Greenwood. 14 Q. Your contact, after that point, was with Tom Covar? 15 A. He was an intermediary point of contact. Tom had a 16 full-time job doing other things, but, every time I 17 ever requested anything of him, by email or phone 18 call, he bent over backwards to get it to me, and, 19 when they finally hired Diane's replacement in 20 July, I met her for about 35 seconds, and she 21 informed me that the point of contact would be Doug 22 Bell, then she turned around and walked out, then I 23 think she followed that up with an email, so I 24 never had a discussion with her. 25 Q. Is it fair to say that you would, at that point, be
90 1 A. Who are two of the finest gentlemen anywhere. 2 Q. And I believe, in your emails back and forth with 3 Tom, it was some of the same information. We have 4 to have approval from the Budget and Control Board. 5 A. I -- 6 MR. SMITH: Object to the form of the 7 question. You can answer. 8 A. I outlined in detail to Tom Covar and to Doug Bell 9 numerous times the exact deal, the exact price, and 10 exactly what was supposed to occur. There was 11 never any question. It never varied. 12 Q. All right, but, in your responses in each one of 13 these emails that we've looked at, you've said 14 nothing about there being some discrepancy in the 15 purchase price. 16 A. There was no discrepancy. 17 Q. Okay. There is no purchase price in any of these 18 emails, either. 19 A. Yes, there is. I mentioned it numerous times. 20 They didn't dispute it once, not once. 21 Q. Where, in any of the emails that you sent back and 22 forth to Diane, was there any mention of a purchase 23 price of 2.3 million? 24 A. I don't know. I don't have access to the emails. 25 I know Doug Bell has several and I know Tom Covar	92 1 talking to Tom Covar and then reporting back to 2 Todd? Is that sort of how it went after that? 3 A. Sort of, kind of. Yeah. There was a lot going on. 4 I was on the phone with eight or ten people daily, 5 trying to keep this deal together, trying to find 6 out what was happening, trying to figure out what 7 we were going to do if Lander defaulted, which they 8 did. Nobody seen them extending the lease for 9 another year coming. That was a terrible shock to 10 everybody. That darned near sunk our boat. We 11 just did not anticipate that. 12 MS. MEREDITH: Let's go off the record. 13 (MOMENTARILY OFF THE RECORD) 14 Q. Is it fair that, after that point in time, that you 15 would talk to Tom Covar, as the approval had been 16 received that he was going to be coordinating the 17 assessments and inspections and so forth? 18 A. No. Those really weren't in Tom's purview. We got 19 frustrated trying to get that stuff out of Doug 20 Bell. We heard through the grapevine -- Doug was 21 telling us they didn't have any of that -- we heard 22 through the grapevine -- I'm not going to give that 23 name out -- that they did, in fact, have it, and 24 that Lander was trying to force us into a 25 foreclosure so they could deal directly with

93 1 Business Carolina. 2 So I went to Tom Covar and said, Tom, do you 3 all have these or not, and Tom says, Oh, yeah we 4 do, and sent them to us immediately. 5 Q. When is it that you went to him and said -- and 6 this is in person, or you emailed him? 7 A. I don't recall. I may have called him. I may have 8 emailed him. 9 Q. Well, Lander didn't purchase the building after it 10 went into foreclosure with Business Carolina, did 11 it? 12 A. Not to my knowledge. 13 Q. But that was what you thought was going to happen? 14 A. That's what I was told was going to happen. That's 15 when they were jacking us around so much, and we 16 found out that Doug Bell had been talking, backdoor 17 channels, to the bank's attorney, which is 18 prohibited. You can't do that. So we smelled a 19 skunk in the woodpile somewhere, and we could get 20 nothing out of Doug Bell, just like the appraisal 21 and all the other stuff. 22 When I asked Tom Covar for it, he said, Sure, 23 we've got it. He emailed it to me within a day or 24 two. Doug had been telling us all along he didn't 25 have it.	95 1 Q. Okay. You disagreed with the valuation that was 2 sent -- 3 A. It's not an appraisal. It's not a commercial 4 appraisal. 5 Q. You disagreed with the valuation that was given to 6 Lander by the person that they hired? 7 A. I disagree, and it was not an appraisal. 8 Q. Okay. You disagreed with the value that they were 9 given by that individual? 10 A. I disagreed that it was not a legal appraisal. 11 Q. You still haven't answered my question, Mr. 12 Huffman. 13 A. I've answered your question. 14 Q. Do you agree with the value that they were given? 15 A. I did not agree with the appraisal. 16 Q. Okay. 17 A. It was not an appraisal. 18 Q. I understand that you may not have agreed with the 19 method that it was derived, but did you agree with 20 the figure? 21 A. I didn't agree with any part of it. I didn't 22 bother to read it. Once I'd seen it was a bogus 23 appraisal, I went to Doug Bell's office, threw it 24 on his desk, and said, This is bullshit, and he 25 agreed with me.
94 1 Q. Well, you read, in the email that we just went over 2 a minute ago, that they didn't get approval to 3 start any of that until December. Correct? 4 A. So? 5 Q. Did you read, in the email that we went over just a 6 moment ago, that the Budget and Control Board did 7 not -- 8 A. I believe I did. 9 Q. -- approve it until December? 10 A. I believe I did. Yeah. 11 Q. And I believe we discussed earlier, but Tom -- this 12 is emails from Tom -- between January and March, he 13 sent you the building conditions assessment. It 14 had to have been performed after it was approved in 15 December. Correct? We're talking about a three- 16 month period of time? 17 A. I assume so. 18 Q. And he sent you the appraisal, which I understand 19 you disagreed with -- 20 A. No. Don't -- 21 Q. -- because of the method by which it was done. 22 A. No. 23 Q. You didn't think a market approach was proper? 24 A. It's not -- it's not an appraisal. Don't call it 25 that.	96 1 Q. All right. In November and December, it's going to 2 the Budget and Control Board. In January and 3 February and March, the interim person who took 4 over for Diane, who was Tom Covar, is having all of 5 these studies done. 6 A. I don't think he had anything to do with them. 7 Q. Well, at that point, he's your point of contact, 8 and he told you, on March the 19th, that they 9 didn't have the State-required environmental yet. 10 Correct? 11 A. I assume so. 12 Q. So your time is running short, by that point, 13 because you need to have a closing by April. 14 A. Right, and I was supposed to have these documents 15 by the end of November, with a contract, so yeah. 16 I was pretty pissed. 17 Q. But, Mr. Huffman, Ms. Diane Newton is telling you, 18 in all of her emails, that that's not going to take 19 place until December. 20 A. Well, Ms. Diane Newton was telling me that after 21 the fact, after I went on her word and negotiated 22 all these deals with these people, then she starts 23 changing them. Okay? 24 Q. Negotiating what deals, Mr. Huffman? We talked 25 about this a moment ago.

97 1 A. The 10-month. We talked about that. The 10-month 2 for Lander to acquire the funds to close. 3 Q. Okay. I misunderstood you. I thought you were 4 referring to the deals that you would have had to 5 have had with your lenders in order to be able to 6 do a short sale. You still didn't have that done 7 yet. 8 A. We weren't doing a short sale. Where did you come 9 up with short sale at? We were paying the agreed- 10 on prices. There was no short sale. We had the 11 money, had Lander closed, to pay off all of our 12 debts. 13 Q. You would agree with me that, by March of 2010, 14 that's Tom Covar still did not have the information 15 that Lander needed to know what upgrades or code 16 compliance repairs would need to be done to the 17 building? 18 MR. SMITH: Object to the form of the 19 question. 20 A. I have no idea what Tom Covar knew or did not know 21 on March 10th. 22 Q. All right. Well, then, in March of 2010, he still 23 didn't have the environmental study finished yet to 24 send to you. That was the representation that he 25 made to you.	99 1 got a problem, and I told them that Lander had just 2 extended their lease for a term of 12 months beyond 3 June the 15th -- March, April, May -- I guess that 4 would be another 15 months -- and figured that they 5 would walk, and they said, Well, we might could 6 live with that. They really wanted that building, 7 so they said, What is Lander looking for? 8 I said, I don't know. They're nuts, as far as 9 I'm concerned. You can't get nothing out of 10 nobody. 11 They said, Well, ask her if they're interested 12 in doing a five or 10-year lease. We might still 13 purchase it and lease it back to them for five or 14 10 years. 15 I then approached Tom Covar and Doug Bell with 16 that as a possibility. Tom Covar was very 17 interested and even sent me an email telling me -- 18 Doug Bell started jerking us around -- 31,000, 29, 19 28, 26, 24, 18 -- we never got a number out of him. 20 Finally, my people in Atlanta said, Screw this. 21 We've got better things to do, and they took a 22 walk. 23 Q. My question is, after March, you needed to sell the 24 building as soon as possible? 25 A. Sure.
98 1 A. If that was the representation, okay. Keep in 2 mind, I was supposed to get all three of those by 3 the end of November, for the contract, the first 4 week of September. The fact that it's now March 5 and I'm still being jerked around is not a good 6 feeling, especially when you can't get any 7 information out of anybody. My own attorney, at 8 the time, was sending three to five emails a week, 9 and being ignored, to Lander's attorney, who was 10 the sole point of contact. 11 Q. But it's at that point that you all start talking 12 about a five-year, long-term lease with a five-year 13 renewal. 14 A. No. One of the people that I had brought in to 15 look at purchasing the property was actually 16 looking at it to turn it into a -- I don't know 17 what you call it -- long-term care for older folks. 18 It's not -- it's not like a hospice where you're 19 going there to die, but, anyway, we were pretty far 20 along, and they were very interested. That's when 21 we got the letter from Doug Bell, stating, Well, 22 greetings, folks. We just extended for another 23 year. This was in March, I believe, which threw me 24 out of balance for 14 months with no sale. 25 So I went back to those people and said, I've	100 1 MR. SMITH: Object to the form of the 2 question. You can answer. 3 Q. And you preferred not to extend the lease, although 4 Louis had the ultimate decision on that? 5 A. Louis was not going to extend the lease. 6 Q. Well -- 7 A. We had decided that we would not extend the lease. 8 Doug Bell had sent us three or four inquiries, 9 requiring that we sign an extension. We had 10 refused every time -- No. We're not extending. 11 Take your stuff and get out. So they just extended 12 on their own as, apparently, the lease allowed them 13 to do. They didn't need our permission. 14 Q. But it was at that point that you started talking 15 to Louis Smith about securing a long-term lease 16 rather than a sale with Lander? 17 A. No. Let me say it again. I was talking to the 18 people out of Atlanta, who were interested in 19 purchasing the building. They're the ones that 20 brought up if Lander -- they would still entertain 21 purchasing the building if Lander wanted to do a 22 five to 10-year lease. 23 Q. Correct. And my question is, at that point, you 24 were trying to sell it to someone in Atlanta? 25 A. That's correct.

101 1 Q. And I believe that Louis told you that the best way 2 to go, if you could sell it to the people in 3 Atlanta, was with a triple-net lease for five to 10 4 years, and that the investor, whoever the person 5 was you were negotiating with, would do all of the 6 sprinklers and the roof and everything else. 7 A. Well, I would have to say that was one of about 8 twenty different scenarios bouncing around at the 9 time. Nothing -- no agreements were ever reached 10 on that in any way. We were sitting around, 11 throwing all the things on the table to see what 12 stuck, what we could do, what was feasible. 13 Q. Because you weren't sure whether Lander was going 14 to be able to purchase it or not? 15 A. Tom Lander felt like Lander would be willing to 16 enter a five or 10-year lease. He brought it to 17 the board. We never got the figures out of Doug 18 Bell to put anything together for the potential 19 purchasers out of Atlanta. They finally gave up 20 and went away. 21 Q. My question was, you were going to another buyer 22 because you knew that it was not a sure thing that 23 Lander could purchase the building? 24 MR. SMITH: Object to the form of the 25 question. Go ahead and answer.	103 1 MR. SMITH: I need to take a break, if 2 that's all right. 3 MS. MEREDITH: Sure. 4 MR. SMITH: Thanks. 5 (OFF THE RECORD 2:30 - 2:40) 6 Q. Mr. Huffman, before we went off the record, we were 7 talking about you getting another purchaser for the 8 building. 9 MS. MEREDITH: I need to mark this, I 10 believe, as Sixty-Nine. 11 MR. SMITH: No. It would be Sixty-Eight, 12 I think, and let's get this corrected, if we 13 could, please, Mr. Court Reporter, and have it 14 as a Defendant's Exhibit. 15 A. We were talking about me getting a contingency 16 contract. 17 THE COURT REPORTER: This is Number Sixty- 18 Eight? 19 MS. MEREDITH: Yes, sir. 20 THE COURT REPORTER: I'm sorry. Do I have 21 two different documents here? 22 MS. MEREDITH: You should just have one 23 page, which is Bates-marked 52 at the bottom. 24 MR. SMITH: You have two documents. I 25 gave you the Sixty-Eight -- I mean, Number
102 1 Q. You can answer the question, Mr. Huffman. 2 A. Ask it again. 3 Q. The reason you went to another buyer and started 4 trying to negotiate with Lander for a long-term 5 lease instead of a purchase was you knew that there 6 could potentially be a problem with them being able 7 to buy the building? 8 A. I would have to say, at that point in time, I knew 9 nothing. I could get nothing out of Lander. Every 10 time I mentioned it, they kept reassuring me they 11 were going to purchase it, so I was looking for 12 contingency contracts, because I had no confidence 13 that Lander knew what they were doing. 14 Q. But they weren't sure that they could offer you a 15 price that you would be happy with, but, if they 16 had to replace the sprinklers, if they had to do 17 the roof, if there were any problems with the 18 foundation, and you went to another buyer so that 19 they would not necessarily have to purchase the 20 building, they could just lease it. 21 MR. SMITH: Object to the form of the 22 question. Please answer it, for the thousandth 23 time, again. Thank you. 24 A. I don't even know what you just asked. It didn't 25 even make sense.	104 1 Sixty-Seven -- and then you have -- 2 THE COURT REPORTER: So the 52 out of this 3 is a separate document. 4 MS. MEREDITH: Yes, sir. That's the one 5 that we need to mark -- 6 THE COURT REPORTER: All right. 7 MS. MEREDITH: -- as Sixty-Eight. 8 Defendant's Deposition Exhibit #68, 9 consisting of 1 sheet, marked for 10 identification and made a part of this 11 deposition. (E-mail - Huffman to Covar) 12 Q. Mr. Huffman, I would ask if you can identify this. 13 I believe this is an email from you to Tom Covar. 14 A. No. This is an email from me to Diane Newton. 15 MR. SMITH: I think -- yeah. No. You're 16 not looking at the right thing. I don't know 17 how he got -- something's been awfully confused 18 here. 19 MS. MEREDITH: Yeah. This is -- 20 MR. SMITH: We've got the wrong thing 21 marked here. 22 MS. MEREDITH: One page needs to be marked 23 as Fifty-Two. 24 MR. SMITH: Let me find this. Hold on. 25 He's got the wrong thing. I don't see it in

105 1 here, in the original stack. 2 THE COURT REPORTER: All I remember being 3 handed was the document that you handed me to 4 remark as -- 5 MR. SMITH: Right. Well, you may never 6 have gotten the original one. I don't know 7 where it is, because I just handed you -- 8 THE COURT REPORTER: Then why don't we put 9 that 52 back in there, where it belongs. 10 MR. SMITH: Yeah. Let's do that. I don't 11 see -- 12 MS. MEREDITH: Let's go off the record for 13 a second. 14 (MOMENTARILY OFF THE RECORD) 15 Q. All right. I think we've got the right page now. 16 This is an email from you to Tom Covar, and it's 17 copied to Doug Bell and Leonard Jordan. Is that 18 right, Mr. Huffman? 19 A. It appears to be so. 20 Q. And it indicates that you're going to arrive next 21 Thursday, March the 25th, and the purpose of your 22 visit will be to inspect the facilities with a 23 potential purchaser from Atlanta. 24 A. That's correct. 25 Q. And I don't believe you've ever identified who that	107 1 A. I had a firm meeting of the minds with Lander. 2 Q. Okay. And you were representing IOS both as a 3 general manager and as a real estate agent. 4 Correct? 5 A. Primarily general manager. Yes. 6 Q. But you had not negotiated a contract that had been 7 reduced to writing to purchase the building. 8 Correct? 9 A. No. 10 Q. There was an option only to purchase the building, 11 and, if you had found another purchaser, which you 12 were actively trying to do, it's your testimony 13 that you would have gone to Lander and said, If you 14 all aren't going to buy it, I'm going to sell it to 15 this guy? 16 A. That's correct. 17 Q. But, as far as the actual purchasers themselves, 18 you don't recall who it was that you brought to 19 view the property, just that you began negotiating 20 with someone about buying it and then leasing it 21 back to Lander? 22 A. Well, I think this was the same group we talked 23 about. I think right after this or shortly before 24 this is when Lander extended for a year, and I 25 think this was the group that said they would still
106 1 person was. 2 A. One of several I was dealing with. I don't recall, 3 after all these years. 4 Q. And you visited, particularly in March of 2010, 5 with one particular purchaser, or were there 6 several? 7 A. I think there were several. Yeah. There were 8 three, because one of them was a guy that owned a 9 hotel, that wanted to buy a hotel. 10 Q. If they had given you a contract, at that point, to 11 purchase the Inn on the Square, you would have 12 encouraged Louis Smith to accept it. Correct? 13 A. We would not have been able to accept it at that 14 point in time. It would have had to be a 15 contingency contract, based on Lander's closing or 16 pulling out of the deal. So I would presented it 17 to Lander, If you're going to close on this deal, 18 get off the pot. If you're not, get out of my 19 building. 20 Q. But you would agree with me, at that point, you 21 didn't have a signed contract of sale with Lander. 22 Correct? 23 MR. SMITH: Object to the point -- object 24 to the form of the question. Go ahead and 25 answer.	108 1 be interested in the purchase, if Lander resisted a 2 five-year contract, but you've got to remember, I 3 probably dealt with 30 or 40 potential buyers over 4 a 10-year period with that property. 5 Q. Okay. And do you have a file with regard to the 6 people that you dealt with? 7 A. No. 8 Q. Do you have any correspondence with anyone that you 9 dealt with? 10 A. No. 11 Q. You didn't email anyone that was a potential 12 purchaser -- 13 A. No, I didn't. 14 Q. -- to set up any type of inspections? 15 A. I emailed a lot of people. 16 Q. So you would have emails to and from some of these 17 potential buyers during this time frame, because 18 you were setting them up to come in to look at the 19 Inn on the Square. Correct? 20 A. Maybe. Maybe not. It might have been by phone. 21 Q. Is it your recollection that you emailed several 22 different potential purchasers with regard to the 23 Inn? 24 A. I didn't use a lot of emails for that sort of 25 thing. I sent out letters of inquiry and letters

109 1 of interest, or I called them directly by phone. 2 Q. Okay. What was the outcome of the inspection? 3 They were interested in the property? 4 A. Oh, very. 5 Q. And what purchase price did they agree upon? 6 A. We never agreed on a purchase price. The sales 7 price, I told them, was 3.5 million. 8 Q. Okay. And why had it gone up from 2.2 to 3.3 to 9 3.5 by that point? 10 A. I don't know. Why not? 11 Q. But did you have authority from Louis and Craig to 12 tell them that it was 3.5? 13 A. Well, I didn't have authority to do that, but I 14 told them I was doing it and got no objections. 15 Q. Did they make you an offer? 16 A. These people? No. We never got that far. That's 17 -- shortly after this is when I got Doug's letter 18 stating that they were extending for another year, 19 which kind of knocked everything off track. I went 20 back to these people. They were interested only if 21 Lander -- they weren't interested in waiting 15 22 months to get control of the property, but they 23 would buy the property if Lander wanted to do a 24 long-term five to 10-year lease. They were still 25 interested, but no offer was ever made.	111 1 A. Yes. 2 Q. -- to renew the lease? 3 A. I was on the phone with him every day, and 4 demanding that he -- I had give up trying to deal 5 with Doug Bell. He would not talk to me. He would 6 not answer phone calls. When I went to his office, 7 he was never there -- chuckle, chuckle -- so I gave 8 up and put it in my attorney's hands, and I said, 9 Here. You talk to the fruitcake. He won't talk to 10 me. 11 Q. But your attorney in March -- March the 1st -- was 12 asking Doug Bell to confirm that they were going to 13 extend the lease -- 14 A. We were trying -- 15 Q. -- not telling him that they would not accept an 16 extension of the lease. 17 A. We were -- we were trying to get anything we could 18 out of Lander. We don't know what Lander's doing. 19 Keep in mind, the last we heard, Lander was closing 20 in April. No one had ever said anything different. 21 Q. Mr. Huffman, my question was, were you aware that 22 your attorney, presumably on your behalf, was 23 asking for a renewal of the lease? 24 A. I don't know how much clearer I can be, but yes, I 25 was aware of it, and that's the way I answered your
110 1 After about six weeks of them calling me about 2 three times a week and me telling them, I still 3 haven't got anything out of Lander, they basically 4 said, Well, when you get your ducks in order, call 5 us. 6 Q. But you don't remember the name of that person? 7 A. I don't, offhand. No. 8 Q. Or the company? 9 A. I understand it was a company. It doesn't really 10 matter. 11 Q. Did they have an agent, or did you deal with 12 someone in the company directly? 13 A. I dealt with the director of the company. That's 14 all I deal with. I don't deal with agents. 15 Q. And when were you notified that the lease was going 16 to be extended? 17 A. Probably within a day or two of this letter. I had 18 to look on Doug Bell's email, and I don't know why 19 he sent it to me. It says, Lander has extended for 20 a year. 21 I said, What do you mean, has, because we were 22 refusing to extend Lander. I basically was 23 thinking they would move out in April. 24 Q. Were you aware that Mr. Jordan was contacting Doug 25 Bell, asking for a commitment --	112 1 question the first time you asked it. 2 Q. Were you also aware that he was asking for some 3 sort of agreement as to how the lease termination 4 was going to be handled, if the University was not 5 going to be able to purchase the building? 6 MR. SMITH: Object to the form of the 7 question. 8 A. I don't know that I was aware of that, probably. 9 Once again, I don't know how to make it any 10 clearer. We didn't know what Lander was doing, 11 because Lander was not responding to anyone. 12 Q. Well, we talked a minute ago about Tom Covar and 13 how he was sending you the appraisal that you 14 disagreed was an appraisal, that he was sending you 15 the building condition assessment. As they were 16 coming in, he was sending you these things -- 17 A. Uh-huh -- 18 Q. -- and no one could give you a commitment because 19 all of the studies had not been performed yet. 20 Isn't that -- isn't that the case? 21 MR. SMITH: Object to the form of the 22 question. 23 A. Why didn't somebody like Doug Bell, the sole point 24 of contact, get on the phone and explain that to my 25 attorney or me? We don't know what's going on.

113 1 We're like mushrooms. We have no clue what Lander 2 is doing, because Lander ain't saying. All I know 3 is it's March. I'm running out of time. I've got 4 everything fixed to end in April, which is about 45 5 days, and I've got a whole lot of lenders and 6 vendors that's going to be real upset when I don't 7 walk around and hand out checks. 8 Q. Well, you understood that all of these appraisals 9 and condition reports and environmental reports 10 would have to be finished before any final 11 determinations could be made. Correct? 12 MR. SMITH: Object to the form of the 13 question. 14 A. I've answered that about ten times. I understood 15 that for the first time in December. I was told I 16 would have all this by the end of November. 17 Q. Well, you were told in the middle of November that 18 that was what was going on, because I believe 19 that's what we went over in the emails between you 20 and Diane. 21 MR. SMITH: Object to the form of the 22 question. 23 A. Diane was all over the board. If you asked her, 24 the next day, you'd get a different answer. 25 Q. But you understood that all of these studies had to	115 1 Q. Okay. So between March of 2010 and March of 2011 2 or April of 2011, how many people did you show the 3 building to, to try to sell it, other than Lander? 4 A. I don't think any after Lander extended. There was 5 no use. I can't sell the property if the tenant 6 wants out. So, after the Atlanta group pulled out 7 -- Doug Bell would not provide us an answer, I quit 8 marketing the property. 9 Q. How many people did you sell it to after Lander 10 elected not to renew the lease the third time? 11 MR. SMITH: Object to the form of the 12 question. 13 A. I could not market it to anybody. The property was 14 run down, mildewed, in horrible shape, and you 15 could not show the property. It was a hazard. 16 Q. Did you show it to anyone after March of 2010? 17 A. Probably through March -- I'm not sure. One or two 18 more times, but, at that point in time, I was 19 working with a group out of Atlanta who ultimately 20 walked away. I never contacted anybody after that. 21 Q. All right, and the individual that you said was 22 present for the Business Carolina inspection, the 23 joint inspection, the two walk-throughs that you 24 had with Mr. Bell and Business Carolina, that would 25 have been with John Carter?
114 1 be completed before a final determination could be 2 made and an approval reached by the Budget and 3 Control Board, if there was going to be one? 4 MR. SMITH: Object to the form of the 5 question. You can answer. 6 A. I understood that in the middle of December, and I 7 understood, if none of that went through, Lander 8 was going to refer to Foundation monies and 9 purchase the Inn on the Square. 10 Q. But, instead of talking to them about purchasing it 11 through the Foundation, you went out looking for 12 other buyers? 13 MR. SMITH: Object to the form of the 14 question. 15 A. I looked for contingency buyers, because Lander was 16 not corresponding with us. Do you not understand? 17 If you ask somebody something as a potential buyer 18 and you get no answer, you don't know what to do. 19 Q. What is your understanding of the reason that 20 Lander was ultimately not able to purchase the 21 building? 22 A. They never gave us a reason. They simply withdrew, 23 and I believe that was in March or April of 2011, 24 when they -- and they simply stated they would not 25 be renewing their lease.	116 1 A. Yeah. John Carter. 2 Q. Did he take any photographs of his own? 3 A. I don't know. 4 Q. Did you see him with a camera? 5 A. I don't remember. I took pictures. My wife took 6 pictures. I think Susan took pictures. I don't 7 know -- I know Doug Bell didn't. I don't know if 8 John Carter did or not. I don't think he did, 9 because he asked me to supply him copies of all the 10 pictures I took, and we did, so I don't imagine 11 that he took any himself. There were like 350 12 pictures, I remember, that we took altogether. 13 Q. All of them taken on the same day? 14 A. No. Taken over four different visits. 15 Q. The ones of the mold on the carpet were taken when? 16 A. That was the same day. You'll notice there's no 17 lighting. 18 Q. I'm sorry? 19 A. I said the same day. You'll notice there's no 20 lighting. 21 MS. MEREDITH: All right. I think I've 22 got one other exhibit that I need to ask you 23 about, and then I'm done, but I need to go off 24 the record one second, because it's not where 25 it should be.

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1 (OFF THE RECORD 3:00 - 3:13)
 2 Q. Mr. Huffman, you got notice that the lease was
 3 going to be renewed sometime around the beginning
 4 of March of 2009 -- 2010. Excuse me.
 5 MR. SMITH: Object to the form of the
 6 question.
 7 A. What is your question?
 8 Q. Were you not advised that Lander would be renewing
 9 their lease for June 2010 to June 2011 in the
 10 beginning of March of 2010?
 11 A. I'm not sure when it was. I was out of the country
 12 for a little bit of that time. I first got word of
 13 it when my attorney, Leonard Jordan, who -- when I
 14 got back. I'm not sure of the exact date.
 15 Q. I think there had been some discussion of it prior
 16 to that, and I think you knew before you left that
 17 that was what was going to happen.
 18 A. Well, I didn't know anything that was going to
 19 happen before I left.
 20 MS. MEREDITH: I'd like to mark this as
 21 Defendant's -- whatever we're up to now.
 22 THE COURT REPORTER: I believe it is
 23 Number Sixty-Nine, ma'am.
 24 Defendant's Deposition Exhibit #69,
 25 consisting of 2 sheets, marked for

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1 identification and made a part of this
 2 deposition. (E-mail)
 3 Q. Mr. Huffman, this is an email from you to Doug Bell
 4 that's dated March 4th. You're advising him that
 5 you've been notified that they're going to be
 6 renewing the lease and that you're fixing to leave
 7 to go out of the country. Isn't that right?
 8 A. Give me time to read it.
 9 Q. Yes, sir.
 10 A. It's very smudged. I can't read it. This is --
 11 Doug Bell is still trying to get us to sign a lease
 12 extension, which we were not willing to do.
 13 They want to extend the lease. We do not want them
 14 to.
 15 Q. In the body of your email to him, which is quite
 16 lengthy --
 17 A. And it --
 18 Q. -- it says, I have been notified of Lander's intent
 19 to renew the lease.
 20 A. Are you talking about here?
 21 Q. Yes.
 22 A. Okay. I can't read this.
 23 Q. I think the paper that it was on when it was copied
 24 had some sort of coloring in it, and that was why
 25 it looks like that, but I can ask you specific

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1 questions about specific sentences, if that's
 2 easier.
 3 A. All right. So what is your question concerning
 4 this?
 5 Q. You had been made aware, prior to leaving, I
 6 believe in a letter that was dated March the 2nd,
 7 that Lander wished to renew the lease for another
 8 year.
 9 A. Possibly. Yes. I received several letters like
 10 that. As I said, we were not inclined to renew the
 11 lease.
 12 Q. And, at that point, you were going out of town for
 13 a week, two weeks. Upon your return is when you
 14 begin taking other buyers, on March the 25th.
 15 A. I had been carrying other buyers out for the last
 16 six months.
 17 Q. Right, but I understand that we went over an email
 18 just a moment ago, with Tom Covar, where you
 19 indicated that you were going to be there on March
 20 the 25th --
 21 A. Okay.
 22 Q. -- but it was your testimony a while ago that you
 23 didn't take any buyers after they -- any potential
 24 purchasers after they renewed their lease, because
 25 there wasn't any point.

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1 A. No. That's not what I said.
 2 Q. Okay.
 3 A. What I said was that I didn't carry any other
 4 potential purchasers, outside the Atlanta group.
 5 There was no sense in contacting them, because they
 6 were not going to wait 15 months to buy a property.
 7 I told you this group would continue to -- probably
 8 through April or May, whenever, trying to get the
 9 lease numbers out of Lander. They were still
 10 interested in purchasing the building, with a five
 11 or 10-year lease, from Lander.
 12 Q. But you didn't shop it to any other purchasers who
 13 could have leased it back to Lander?
 14 A. No.
 15 Q. You didn't do anything else to try to show it,
 16 after that point?
 17 A. No. There was no use.
 18 Q. So, for a whole year, you didn't show it to anyone?
 19 A. No. You don't show a commercial property to
 20 somebody and say, It's going to be available in 15
 21 months. Want to buy it?
 22 Q. You had a potential purchaser who would have leased
 23 it back to Lander, if that had worked out.
 24 A. Yes.
 25 Q. And they walked, and you didn't look for anyone

121 1 else willing to lease it back to Lander? 2 A. No. Why would I? I couldn't get the numbers out 3 of Lander for the first one I had. 4 Q. All right. During the first part of your 5 testimony, you told us that you sat down with Diane 6 Newton and Doug Bell, and that they promised you 7 that Lander would buy the building for \$2.3 8 million, or the Foundation would buy it for \$2.3 9 million. 10 A. Diane -- 11 MR. SMITH: Object to the form of the 12 question. That is not a question. 13 A. All I said specifically was, they were talking 14 about a lease for 10 months and getting Obama's 15 money. I told him I had no confidence that they 16 were going to get Obama's money from our current 17 governor. Diane then said, Well, Doug and I are on 18 the Lander Foundation board. We can guarantee you 19 two things. (A) Lander has money. The Lander 20 Foundation has money and, (B) if we don't get the 21 Obama money, Lander will purchase it out of those 22 funds. 23 I said, I want that built into the contract. 24 Q. All right. My point was, at the time that the 25 discussion was had, Mr. Bell was there, per your	123 1 following through -- 2 A. 90% -- 3 Q. -- with your promise to purchase for \$2.3 million? 4 MR. SMITH: Object to the form of the 5 question. You can answer it again. 6 Q. 90% of Diane Newton's and my discussions were 7 verbal, in person or over the phone. Very few 8 emails went between us. I asked that question of 9 Diane Newton numerous times, and Doug Bell. In 10 fact, I think you'll see it in writing to Doug Bell 11 numerous times, and Tom Covar. Like I say, it was 12 no secret. 13 Q. Well, the email that we're looking at right now, 14 which is dated March the 4th, says, I was 15 approached by Lander's representative in August of 16 2009 about keeping the Inn on the Square for 17 student housing. I informed her I was not 18 interested in a lease -- 19 A. Correct. 20 Q. -- and further informed her I was in negotiations 21 with potential buyers in Charlotte, in Charleston. 22 A. Correct. 23 Q. Ms. Newton inquired as to the price of the 24 building. I informed her that the listed price was 25 3.3.
122 1 testimony. That's correct? 2 A. That's correct. We were in his office. 3 Q. Okay. And on March the 4th, you're corresponding 4 with him by email. 5 A. Yes. 6 Q. Correct? And prior to this, in any of the emails 7 that we've looked at, with Diane Newton, there's 8 been no discussion of the Foundation buying the 9 building, there's been no discussion of a \$2.3 10 million purchase price, has there? 11 MR. SMITH: Object to the form of the 12 question. You can answer. 13 A. The whole focus, as far as getting the Obama money 14 -- it already been approved by their board. If 15 that fell through, the Foundation was buying it. 16 Why have a discussion? 17 Q. My question was, yes or no, had you had any 18 discussion with Diane about, Why are you not doing 19 what you said you were going to do? 20 A. Probably -- 21 MR. SMITH: Object to the form of the 22 question. You can answer. 23 A. Probably about ten or twelve discussions. 24 Q. There are no emails that you have provided us, 25 where you have asked Diane Newton, Why are you not	124 1 A. That's correct. 2 Q. She asked me if I would be willing to discount the 3 price to 2.3 million. 4 A. That's correct. 5 Q. I stated I would present any and all offers to my 6 partnership for consideration. 7 A. That's correct. 8 Q. Ms. Newton contacted me a couple of days later to 9 inquire if I had reached a deal with my potential 10 buyers. I informed her one of the groups was 11 inspecting the building as we spoke. 12 A. Correct. 13 Q. I requested a meeting that afternoon to present a 14 proposal on Lander's behalf. 15 A. Correct. 16 Q. Ms. Newton stated Lander would be interested in 17 purchasing the building, but would need to enter 18 into a 10-month lease in order to obtain State 19 Budget and Control Board funding. 20 A. Actually, that occurred the following day -- wait a 21 minute -- no -- yeah, it was the following day. We 22 were at Doug Bell's office. 23 Q. All right. Well, my first question is, one; if 24 Doug Bell was at that meeting, why are you telling 25 him this on March the 4th of 2010 --

125 1 A. Because I -- 2 Q. -- like he's never heard it before? 3 MR. SMITH: Object to the form of the 4 question. Please answer the question. 5 A. That's a good question. Why do I have to repeat it 6 to him? He was there during the meeting. He's 7 heard it fifteen times. Why am I having to 8 regurgitate it back to him? 9 Q. Well, that's not what you say in your email, 10 though. You don't say, Doug, you told me in August 11 of 2009. You say, Diane and I discussed. 12 A. So would you like to wordsmith my emails for me? 13 Q. Mr. Huffman, I'm asking you about the context of 14 the email and your testimony, and why is it that 15 you are not addressing him directly, if he 16 allegedly promised you something? 17 A. Because he never opened his mouth in that meeting. 18 Q. Okay. 19 A. I'm reminding him of what she said with him sitting 20 there, and he did not find fault with it. 21 Q. None of this has ever been brought, from August 22 until March, to the attention of Diane Newton or 23 Tom Covar in an email. Correct? 24 MR. SMITH: Object to the form of the 25 question.	127 1 A. I had several people I approached about contingency 2 contracts, in case Lander did not purchase in 3 April. There was never a doubt that Lander had the 4 ability to purchase. We simply could not get 5 anything out of them, and I had until April the 6 30th to make a lot of people happy or unhappy. 7 Q. And in April of 2010 was when your tax liens for 8 the unpaid South Carolina employee and federal 9 employee withholding from 2005 until 2010 hit the 10 books, wasn't it? 11 A. I don't know. I have no idea. 12 Q. But you never made anyone aware that that had not 13 been paid and was going to be a lien against that 14 property? 15 A. No, but we took care of it. No big deal. 16 Q. It was not paid at this point in time, though, was 17 it? 18 A. Oh, I don't think we ran down that morning and paid 19 it, but it went into the budget and got paid. 20 Q. Well, tell me how you paid it. 21 A. With money. 22 Q. How did you pay the payments? Did you pay \$310,000 23 in one fell swoop -- 24 A. I don't -- 25 Q. -- or did you make a payment agreement with them?
126 1 A. I don't know. 2 Q. Is this the first time you directly confronted 3 anyone about purchasing the building for \$2.3 4 million? 5 A. Lord, no. 6 Q. Okay. 7 A. Multiple times. To be clear, Diane Newton, Tom 8 Covar, and Doug Bell, this is not a surprise to any 9 of them, and I think you'll see Doug Bell and Tom 10 Covar's and possibly Diane Newton's is in email 11 form, but really the problems didn't start until 12 Diane left. 13 Q. After the lease was renewed in March of 2010, a 14 purchase contract was not in place. Correct? 15 A. No. 16 MR. SMITH: Object to the form of the 17 question. Go ahead and answer. 18 A. We had been waiting since September for the 19 purchase contract from Doug Bell. 20 Q. And up until March of 2010 and through March of 21 2010, you had been showing it to other buyers, so 22 that you had contingency arrangements in the event 23 Lander wasn't able to purchase it? 24 MR. SMITH: Object to the form of the 25 question. You can answer.	128 1 A. I don't remember. I believe it was by check. 2 Q. Did you have an installment agreement with the IRS 3 that was approved by the IRS to pay that arrearage? 4 A. Probably. That's not unusual. I've done that 5 multiple times. 6 Q. Did you have one that you negotiated? 7 A. I don't recall. 8 Q. Okay. So exactly when was it paid? 9 A. I don't know. 10 Q. And was it paid in a lump sum or was it paid in 11 installments? 12 A. I don't know exactly when it was paid, and I don't 13 know if we paid it in installments. Some -- I've 14 done it different ways, many times. Like I say, 15 that's not an unusual occurrence. 16 Q. After April of 2010, you ceased any active 17 marketing to sell the building to any other buyers? 18 A. I couldn't sell the building with a 15-month lease 19 in place, so no. I contacted nobody and negotiated 20 with nobody after April -- possibly, with a group 21 that was interested in the Lander thing. I don't 22 remember exactly when they pulled out, April or 23 May. 24 Q. What about at the beginning of 2011? 25 A. What about it?

129 1 Q. Did you try to market and sell the building near 2 the end of the term of Lander's lease? 3 A. I may have. I don't remember. That would have 4 been about the time frame that you would start 5 marketing that property, so I very well could have. 6 Q. Well, I'm asking you if you did or you didn't. 7 A. Well, I'm telling you I don't remember. 8 MS. MEREDITH: I think that's all I have. 9 Bear with me just one second. I want to go off 10 the record and make sure that I don't have 11 anything, but I need to look. 12 (OFF THE RECORD 3:32 - 3:40) 13 MS. MEREDITH: I don't believe that the 14 defendants have any other questions at this 15 point. 16 MR. SMITH: Thank you very much. I just 17 have a few questions for you, John, just to 18 finish this up. 19 RE-EXAMINATION 20 BY MR. SMITH: 21 Q. You were -- you took over to manage IOS, the hotel 22 itself. Right? 23 A. Right. 24 Q. And, as I understand, you had some experience in 25 doing this before. There's other hotels, other	131 1 Q. You invested how much money in getting it turned 2 around? 3 A. Through it all? 4 Q. Yes. 5 A. 680 or 90,000, as I recall. 6 Q. Okay. And when you turned over the keys to Lander, 7 it was in -- around August of '09? 8 A. August 12th, 15th, in that area. 9 Q. And, at that time, it was in that four-star 10 condition? 11 A. Oh, yes. 12 Q. And you also had the Clarion franchise? 13 A. Yes. 14 Q. Would you have signed a lease without Lander's 15 promise to purchase? 16 A. Actually -- 17 MS. MEREDITH: Object to the form of the 18 question. 19 MR. SMITH: You can answer the question. 20 I'll state it again. 21 Q. Would you have signed the lease that was presented 22 to you, without the promise by Lander -- 23 specifically, Diane Newton on Lander's behalf -- to 24 purchase the property? 25 A. Absolutely not.
130 1 even student housing that you had been involved in 2 and successfully managed. Is that correct? 3 A. That's correct. I managed my first hotel and motel 4 in the Army, and mostly managed student housing and 5 apartments outside of that, then I got into 6 renovating properties. 7 Q. And you had taken the IOS, Inn on the Square, from 8 on the brink of disaster to four-star 9 accommodations with -- and I think it was Clarion 10 franchise. Is that correct? 11 A. Clarion -- 12 MS. MEREDITH: Object to the form of the 13 question. 14 MR. SMITH: That's fine. You can answer. 15 A. We franchised it and flew the Clarion flag, and it 16 was a four-star boutique hotel. 17 Q. At the time of the -- in August of '09, it was a 18 successful business? 19 A. Yes. It was finally turning the corner. We'd been 20 through a few rough months with the downturn in 21 '08, but it was finally coming back. The business 22 was coming back, and we were doing quite well. 23 Q. And you had invested how much in getting it turned 24 around? 25 A. At that point in time -- I'm sorry?	132 1 MS. MEREDITH: Object to the form of the 2 question. 3 MR. SMITH: You can -- 4 MS. MEREDITH: He actually didn't sign the 5 lease. 6 A. Absolutely not. Diane had first approached us 7 about a lease, and I told her we had no interest in 8 leasing it out, period. She came back a couple of 9 days later with a purchase lease. 10 Q. Would the IOS leadership have agreed to the lease 11 without Lander's promise to purchase? 12 A. Absolutely not. 13 MS. MEREDITH: Same objection. 14 A. No. 15 Q. And the promise you have all along since testified 16 to, and you've already testified to the terms of 17 the purchase. Is that correct? 18 A. 2.3 million. 19 Q. And I won't go through all the other terms of the 20 purchase, but you had -- at that time, did you 21 believe there to be an oral contract to purchase 22 the Inn on the Square? 23 A. Oh, yeah. I didn't have any doubts in my mind. As 24 I said, I had worked with Lander for five years. I 25 knew most of the people at Lander. As far as I

133 1 knew, they were all great people, and just never -- 2 they were a solid institution. I never imagined I 3 would be in this position today. 4 Q. And did the lease language allow Lander to pour 5 concrete in the pool? 6 A. Oh, absolutely not. No. 7 Q. Did the lease language allow Lander to nail the 8 windows shut? 9 A. No. 10 Q. Did the lease language allow Lander to move the 11 fence or make any permanent alterations? 12 A. No. In fact, I'd go so far as to say the lease 13 specifically prohibited those things. 14 Q. All right, and each time when those things 15 occurred, did you raise objection or concern with 16 Lander representatives? 17 A. With Diane Newton specifically. 18 Q. And what would Ms. Newton say when you raised 19 concern about that? 20 A. Her first response was she didn't know what the big 21 deal was. They bought the building and everything 22 in it. Her second response was I didn't -- she 23 didn't need me in her face three times a week, 24 every time I go up there. I needed to realize I've 25 sold them this building and get out of their way.	135 1 commitment to purchase the building? 2 A. Oh, no question. It was a firm meeting of the 3 minds. Their -- Lander's attorney just needed time 4 to draw up the contract. 5 Q. And did that ever happen? 6 A. It never happened. It drug out and drug out and 7 drug out. To this day, I've never seen one. 8 Q. But once they -- once you handed over -- the day 9 you handed over the keys, in what condition -- and 10 this is the day you gave the keys to Lander to 11 assume control of that property -- what condition 12 was it in? 13 A. Four-star boutique, Clarion Choice. 14 Q. And I believe there was some discussion about, you 15 know, TVs that were in the bar. Was all the 16 equipment and property that was in there, that was 17 there the moment they took control of the property? 18 A. Everything except the furniture I sold to Lander, 19 which they then carried to Lander -- 20 Q. Right. 21 A. -- and -- but everything else was in place, 22 mounted. 23 Q. And that was the one that was referenced by Ms. 24 Meredith earlier, in the first part of the last 25 part of your deposition?
134 1 Q. Right. 2 A. Her third response -- I just -- I went to the bank 3 and said, I've got big problems, and I told the 4 bank what was going on, because I was -- everything 5 we were doing was against what the bank would allow 6 me to do. 7 Q. Did the lease language that Lander signed with IOS 8 allow them to rip out equipment? 9 A. Oh, no. 10 Q. And to take -- 11 A. Or to move equipment, take equipment out, sell 12 equipment, none of that. 13 Q. Go out and to take industrial dryers? 14 A. No. 15 Q. Allow them to take furniture? 16 A. Kitchenware -- we bought -- I don't know how much 17 kitchenware we lost. 18 Q. Didn't give them ownership? Did the lease language 19 give them ownership of any of that property? 20 A. No. Absolutely not. Now, let me say that. The 21 lease didn't. Diane Newton felt strongly it did. 22 She felt strongly that Lander had bought that 23 building and it was their building to do with as 24 they pleased. 25 Q. And do you feel strongly that they made an oral	136 1 A. Yeah. It was all working. There was nothing -- in 2 fact, I walked through that building with Diane and 3 her whole staff. There was nothing in that 4 building that did not work, and all the inspections 5 were up to date. 6 Q. Now, when Lander assumed control of the building 7 and -- they began to immediately move students in. 8 Correct? Is that right? 9 A. They -- they initially spent about a week or 10 10 days of just moving stuff everywhere -- 11 Q. Right. 12 A. -- and moving stuff in, moving stuff out. It was - 13 - it was crazy. I think the students started 14 coming in around the 25th of August or shortly 15 after, but, during that 10-day period, it was 16 insane. You walked in that hotel -- it was just 17 wrecked. 18 Q. Right, and they were moving kids in? 19 A. Yeah. Telephones, putting in -- coffee pots, beds, 20 pictures, ottomans, sofas. It was just a madhouse. 21 They were just literally rearranging the hotel to 22 accommodate a hundred students instead of 48 23 guests. 24 Q. And during that time, did you ever hear any concern 25 from Ms. Newton or anyone from Lander about the

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- 1 fact that the sprinkler system wasn't to code?
 2 A. Oh, no. We had all that -- I gave her all those
 3 inspections, had the fire marshal there with me. I
 4 had the facilities guy there with me. They went
 5 through with me, Diane Newton, and the maintenance
 6 people. We showed them all the switches, bells,
 7 buzzers, showed them that everything worked, showed
 8 them all the inspections, made sure they were
 9 totally -- went to the kitchen, showed them the
 10 kitchen with everything in it and all the fire
 11 suppression equipment. It was -- everything was in
 12 perfect working order, inspected and functional the
 13 day I walked out.
 14 Q. So there was no code or regulatory objection made
 15 by Lander -- or anyone, for that matter -- on them
 16 assuming control of the building and moving
 17 children in there?
 18 A. No. They mostly wanted me out of their way,
 19 because I was -- so they really wanted me to go
 20 back to Columbia and stay there, because I was kind
 21 of a thorn in their side.
 22 Q. And despite the original promise -- well, once the
 23 promise was made to purchase the building and you
 24 or IOS entered into a lease agreement, at that
 25 point, you're pregnant. Right? At that point,

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- 1 you're pregnant. Right?
 2 A. I'm what?
 3 Q. You're pregnant. It's a figure of speech. Not a
 4 good question, and I'll -- but, in other words -- I
 5 mean, they're in the building. Right?
 6 A. Yeah. I didn't doubt that Lander owned the
 7 building.
 8 Q. Now, when there became issues where they started
 9 talking about Budget and Control Board issues and
 10 those kinds of things, were you doing everything
 11 you could to be -- to facilitate whatever they
 12 needed to --
 13 A. Oh, yeah. Now, we couldn't live with the Budget
 14 and Control Board lease, not on 31,000 a month.
 15 Q. Right.
 16 A. I doubt that we could do it on 51,000.
 17 Q. Right.
 18 A. So Diane's thing was, Just appease these people.
 19 We'll cut our own deal --
 20 Q. Yeah.
 21 A. -- and I have to say that was a verbal deal, and
 22 Lander -- Lander lived up to every bit of their
 23 verbal deals. They did everything they said they
 24 would do.
 25 Q. Until that point. Right? Did they live up to

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- 1 their verbal agreement to purchase the building,
 2 though, ultimately?
 3 A. No. No, and the second year was when things went
 4 south. It was when they quit maintaining the
 5 elevators, which was a State crime, by the way.
 6 That's a felony. So, the second year, things went
 7 to hell. The first year, we worked well with
 8 Lander on the maintenance end, and there wasn't any
 9 problems.
 10 Q. You know, there are just sort of a couple of
 11 things, and I don't -- they may not be important --
 12 clearing up now, but the notion of the renewal of
 13 the lease, your lawyer was looking for proof that
 14 the lease was renewed. Right? He wasn't asking
 15 that they renew the lease?
 16 A. I don't know. At that point in time, I was
 17 frantic, and I was trying to find out anything. As
 18 I say, Doug Bell had not corresponded with me in
 19 months and wouldn't return my phone calls, wouldn't
 20 answer my emails, was never there when I went by,
 21 so I had my attorney trying to correspond with him.
 22 I didn't know what Lander was doing, but I was
 23 getting very nervous. There was never any thought
 24 about renewing the lease. The thought of renewing
 25 -- as I said, we were already \$200,000 in the hole

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- 1 on the backside --
 2 Q. Right.
 3 A. -- with the taxes that Lander didn't pay and the
 4 170,000 that they skipped out on, that was part of
 5 the lease, and then they carried that over a second
 6 year. So they screwed us out of \$400,000 just on
 7 the lease --
 8 Q. Right.
 9 A. -- before you get into the damages and everything
 10 else.
 11 Q. So -- and you've already testified a lot to those
 12 damages, at length, and they are substantial.
 13 Given the state in which Lander had destroyed the
 14 property, did you have any chance at all to
 15 recover, at this point?
 16 A. None.
 17 MS. MEREDITH: Object to the form of the
 18 question.
 19 MR. SMITH: You can answer.
 20 A. I tried my best to meet with Lander and their
 21 representatives, to do what the lease called for.
 22 Q. Right.
 23 A. The lease required us to do a joint property
 24 assessment, damage assessment, and lease --
 25 Q. Right.

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- 1 A. -- property assessment. That's required in the
2 lease.
3 Q. Yes, it is.
4 A. Doug Bell came down the first time for what you
5 call the prequel. That's where we go through; if
6 we see any problems, they'll take care of it.
7 Q. Uh-huh.
8 A. We came down the second time. We could not do it
9 because Lander had not gotten the furniture out.
10 So we set it up for the last day, which was the
11 15th of June. My concern was all this damage,
12 you're not going to be able to fix by the 15th of
13 June --
14 Q. Right.
15 A. -- and Doug said, I assure you that Lander has
16 assured me all these things will be repaired.
17 Well, what can I do? I came back the 15th -- the
18 place abandoned, locks removed, no repairs done.
19 Q. No repairs done, and they never showed up, huh?
20 A. Zero.
21 Q. Do you consider that they breached the lease again
22 by not participating in the --
23 A. Absolutely, and they abandoned the property.
24 Q. And they abandoned the property?
25 A. For three days, that building stood open to the

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- 1 world. It had vagrants living in it.
2 Q. So Lander, at the time that the property was to be
3 handed back to you, the landlord, they had every
4 opportunity to review with you and contest any
5 damages they might like to contest?
6 A. And they --
7 MS. MEREDITH: Object to the form of the
8 question.
9 MR. SMITH: You can answer that question.
10 A. And they had three or four times, after that -- if
11 you read the letters I sent to Doug Bell -- Here's,
12 Doug, what I found.
13 Q. Right.
14 A. Bring your Lander group down. We'll go through
15 every one of these --
16 Q. Right.
17 A. -- and, if you disagree with something, if you
18 disagree with the price of a sheet or a pillow,
19 show me your price --
20 Q. Right.
21 A. -- you know, because I knew I could do it cheaper
22 than they could --
23 Q. Right.
24 A. -- and I had all the people lined up, and they
25 never showed up on any of the three visits.

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- 1 Q. And at any time after you went through and you
2 provided notice to Lander's representative, Mr.
3 Bell, of the damages, did they ever ask to review
4 that? Did they ever ask to look into it?
5 A. They never corresponded with me at all. In fact,
6 Doug Bell sent an email to Lander and said, I would
7 prefer not to deal with John Huffman, and Leonard
8 said, John, you've got to deal through me, and I
9 said, Whoopie doo. You'll get as much response as
10 I do.
11 Q. Yeah. Right.
12 A. So I didn't get anything else from anybody. I did
13 call -- oh, never mind.
14 Q. So you spent -- you started in '05, spent four
15 years to build up a failing entity into a four-star
16 franchise, Clarion franchise, and, in a year -- how
17 long did Lander have it?
18 A. Two years.
19 Q. And, in two years, they destroyed all of that?
20 A. Yeah.
21 MS. MEREDITH: Object to the form of the
22 question.
23 MR. SMITH: You can answer it.
24 Q. I mean, that entire time, it was in great shape
25 when you gave it to them?

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- 1 A. When I handed it to them --
2 Q. The inspections were current, and all of that?
3 A. It was a four-star Clarion boutique hotel with
4 everything in it operating.
5 Q. And what did they give you back?
6 A. An uninhabitable mess. A -- a hazard.
7 Q. All right.
8 A. Even -- they even stripped the fire hoses off the
9 wall. What would they do with fire hoses?
10 Q. And there was very expensive equipment that was
11 missing?
12 A. Oh, yeah.
13 Q. Didn't some of the representatives tell you, from
14 Lander, that they were taking property out of the
15 IOS to use elsewhere in the Lander University?
16 A. Yes, they did. They said -- you know, a lot of --
17 you got to understand, I was friends with a lot of
18 the Lander staff --
19 Q. Right.
20 A. -- plus I knew all the Lander kids.
21 Q. Right.
22 A. They came in every night for karaoke --
23 Q. Uh-huh.
24 A. -- so I knew them all -- the professors, students,
25 and yes, so I was getting all this information,

145 1 what you call hearsay, back about where the 2 equipment went, what they were doing with it, and 3 that sort of stuff, and -- 4 Q. So -- so -- 5 A. -- some of my staff actually went to work for 6 Lander, after Lander took over, and had to move all 7 of that kitchenware to Lander's kitchens, which 8 they will all be happy to testify to. 9 Q. Uh-huh. 10 MR. SMITH: Thank you, John. You, I 11 think, did a marathon of nearly 20 hours of 12 your deposition, but I don't have any further 13 questions, unless Ms. Meredith has some. 14 MS. MEREDITH: I do, but I am getting 15 through this time. I mean it. 16 RE-EXAMINATION 17 BY MS. MEREDITH: 18 Q. Mr. Huffman, you just mentioned people that you 19 said would be happy to testify as to the kitchen 20 items being removed and taken to Lander. Who are 21 those people? 22 A. Various people. 23 Q. Well, I need to know what witnesses you're going to 24 be calling at trial, because that's part of our 25 discovery.	147 1 Q. Well, it sounded like what you said to Mr. Smith 2 just a minute ago. 3 A. What I said was, things had turned around, and we 4 were doing well and well on the road to recovery, 5 and we had had a rough year since 2008 with the 6 economy, but it was turning around. 7 Q. Well, you were quoted in the paper as saying you 8 could no longer continue to operate as a hotel 9 because you didn't have the occupancy required to 10 make the money to stay open. 11 A. That was a consideration we were considering, when 12 we were looking at closing the top two floors and 13 just running the events and the pub; which were 14 moneymakers. We never reached a decision on that, 15 but there were discussions, but we would only -- 16 probably only close it for four to six months. 17 Q. But, in your earlier testimony, I believe what you 18 said was that you were going to close the top two 19 floors and that you were only going to have the 20 bottom floor open, and the pub and the K-room? 21 A. No. I don't remember saying that. 22 Q. You don't remember saying that? 23 A. What I said was that we were considering. We were 24 discussing. The hotel side was not making any 25 money. We were renting three or four rooms a
146 1 A. I don't know yet. 2 Q. You don't know yet? 3 A. No. It depends on if I want to use them or not. 4 Q. Okay. Well, no one that I know of has been listed 5 in your discovery responses that's going to testify 6 to that. Today, as you sit here today, who would 7 be someone that would have knowledge of that? 8 A. Me. 9 Q. Who would have knowledge, eyewitness knowledge, 10 that things were taken out of Inn on the Square 11 over to Lander? 12 A. Well, I got twenty-four employees, and I think 13 about nine of them were hired by Lander. 14 Q. Okay. Well, I'm asking for names. 15 A. I don't know the names. 16 Q. You don't know the names of the employees? 17 A. It's been six years ago. 18 Q. You're not going to answer the question? 19 A. I don't know the answer to your question. I don't 20 walk around and remember those names. 21 Q. It's your testimony that in August of 2009, that 22 business was great and that you had turned it 23 around and that you were -- had no problems 24 financially at the Inn on the Square? 25 A. That's not my testimony.	148 1 night. That does not sustain itself. We were 2 making good money in the pub, good money on events, 3 so we were going to close the restaurant, keep the 4 event open and the pub open for a few months until 5 the market came back fully, and then reopen the 6 rooms. 7 Q. But, if you continued to operate as a hotel, you 8 would have gone broke, wouldn't you? 9 A. No. We had -- 10 Q. You wouldn't have? 11 A. No. We had 100,000 reserves. I just didn't want 12 to keep eating up my reserve money. 13 Q. So you were prepared to shut the hotel, even though 14 the hotel could have remained a viable business? 15 A. I never said I'd shut the hotel down. That was 16 never a consideration either. We never considered 17 shutting the hotel down. 18 Q. Just the top two floors? 19 A. The rooms shut. Now, when I say the top two 20 floors, we were also using those for events like 21 weddings, birthdays, religious things that we had 22 already booked, but, as far as day-to-day 23 operations, renting two or three rooms a night, we 24 were losing money. I didn't want to get into that. 25 Q. I believe we talked about this at the very

149 1 beginning of your deposition, but you're not the 2 plaintiff in this action. Correct? 3 A. IOS, LLC is. 4 Q. Okay. You don't have any ownership interest in 5 IOS, LLC? 6 A. No, I don't. 7 Q. And you don't have any authority to act on behalf 8 of IOS, LLC to enter into a contract? 9 MR. SMITH: Object to the form of the 10 question. 11 A. It depends on the contract and the time. 12 Q. Okay. When the lease was signed, you were not 13 authorized to sign the lease. That was Louis Smith 14 -- 15 MR. SMITH: Object -- 16 Q. -- as managing member of the LLC? 17 MR. SMITH: Object to the form of the 18 question. 19 A. I saw no reason for me to sign the lease. That's 20 his normal duties. I normally did not sign 21 contracts. 22 Q. You could not sign a contract. In fact, throughout 23 any of these things with Lander, you did not sign 24 any of them. 25 A. Probably not. I may have, but I don't recall that	151 1 people, me, and Louis were at the table. I did all 2 the talking; she did all the talking. 3 Q. Before any contract could be finalized for the 4 purchase of that building, there had to be a 5 written contract with a purchase price that Louis 6 Smith had to sign? 7 MR. SMITH: Object to the form of the 8 question. 9 A. I would assume so. I might could have signed it, 10 if Louis gave me permission. 11 Q. And there was no written contract that Louis Smith 12 ever signed with a purchase price? 13 A. There was never any written contract ever presented 14 to IOS, LLC in any format. 15 Q. In fact, every email back and forth between you and 16 Diane or you and Tom Covar is still up in the air 17 on a purchase price. 18 A. No, it's not. That was only on the Budget and 19 Control Board purchase. There was never a doubt on 20 the Lander, LLC purchase, if it came to that. 21 Everything throughout that time was trying to get 22 Obama's money, and I did everything I could to 23 facilitate that for them, but, if it didn't happen, 24 they were supposed to buy it out of LLC funds. 25 Q. There was never any mention in the Foundation -- of
150 1 I did, but no, I didn't sign contracts. The 2 managing general partner, Louis Smith, did. As far 3 as I can remember, he signed all the contracts. I 4 simply negotiated and brought them to him. 5 Q. You negotiated and brought offers to them. 6 Correct? 7 A. Yeah. 8 Q. And before there could be a contract for anything, 9 the managing member of the LLC had to agree. 10 Correct? 11 A. Correct. 12 Q. And Louis Smith never had any kind of agreement 13 with Diane Newton? 14 A. Oh, yeah. He was there for four of our meetings 15 and for the \$2.3 million deal. Louis was there for 16 the meetings with them. Louis was -- do you think 17 I would walk around and do this deal without 18 telling the managing general partner? 19 Q. Well, the testimony that you gave earlier was that 20 Diane promised you that she would buy it. You 21 didn't have the authority to enter into any 22 contract on behalf of IOS, LLC? 23 MR. SMITH: Object to the form of the 24 question. 25 A. I did the negotiating with Diane Newton, when her	152 1 the Foundation in any of the emails between you and 2 Diane Newton. Correct? 3 A. I don't know. I haven't read all the emails. As I 4 said, Diane and I talked on the phone three times a 5 day; we met three or four times a week. There 6 really wasn't a lot of reason for emails. We seen 7 each other every day. 8 Q. When it became a concern for you that Lander was 9 not getting you a contract, you did not go to Diane 10 Newton or to Tom Covar in an email and ask them why 11 it was not being presented to the Foundation. You 12 told them, I have to get another buyer, if you all 13 aren't going to buy it. 14 MR. SMITH: Object to the form of the 15 question. You can answer. 16 A. Let me be clear again, because I've answered this 17 about ten times. My understanding and what was 18 supposed to be in the contract and the agreement 19 was that Lander was going all out to get Obama's 20 money. I facilitated that every way I could. If 21 that fell through, it had already been presented by 22 Diane Newton to Lander's board and approval that, 23 if everything fell, they would use LLC -- what else 24 was there to discuss? Now, after Diane left, there 25 were no communications. Nobody knew what was going

153 1 on. 2 Q. In March of 2010, you were bringing other buyers to 3 the Inn on the Square to inspect it, to try to sell 4 it to them. Correct? 5 A. Under a contingency contract. 6 Q. Okay. 7 MS. MEREDITH: That's all I have. 8 MR. SMITH: Just a few, Mr. Huffman. 9 FURTHER EXAMINATION 10 BY MR. SMITH: 11 Q. John, you were the manager of IOS. Correct? 12 A. Correct. 13 Q. And you were given the authority by IOS principals 14 to negotiate the sale of IOS? 15 A. That's correct. 16 Q. Ultimately, they would approve the sale or any 17 disposition of IOS. Correct? 18 A. That's correct. 19 Q. And part of that -- so that included what you've 20 already testified to, the oral contract of Lander, 21 as articulated through Diane Newton, to purchase 22 IOS. Correct? 23 A. Correct. 24 Q. And Mr. Smith, the managing principal of IOS, LLC 25 was aware of that oral promise to purchase.	155 1 A. Yeah. I put it together, but keep in mind, I 2 actually recommended that we not take the deal in 3 the beginning, but the partnership wanted to. 4 Q. You testified to that. 5 A. So, at that point on, I did everything I could to 6 make it work. 7 Q. Right. 8 MR. SMITH: Mr. Huffman, God bless you. 9 Thank you for your time. 10 Further deponent sayeth not. 11 (There being no further questions, the 12 deposition concluded at 4:09 p.m.)
154 1 Correct? 2 A. Right. 3 MS. MEREDITH: Object to the form of the 4 question. 5 MR. SMITH: You can answer. 6 Q. He was aware of that? 7 A. He was aware of it, and, in the early stages, at 8 most of the meetings -- 9 Q. He was present? 10 A. -- with Diane. Yes. 11 Q. And he heard her say those words? 12 A. Yes. He was physically present. 13 Q. And he also is the manager of that and relied on 14 the representations made by Diane Newton as the 15 representative from Lander. Correct? 16 A. Louis thought more of Lander than I did. 17 Q. Yeah. 18 A. Yeah. 19 Q. And ultimately, the decision made to enter into the 20 lease and the reliance on the oral contract to 21 purchase, that was Louis' call? 22 A. That's right. 23 Q. But you put it together? 24 A. Yeah. 25 Q. And he was aware of all of the circumstances?	