

19121

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM HORRY COUNTY
Master in Equity

Cynthia Graham Howe Master in Equity

Case No 09 CP 26 3470

RECEIVED
JUL 08 2011
Ct of Appeals

Robert W Oskin Glenn Small
and Freddie Kanos Appellants

a

v

Stephen Mark Johnson Michael Brown
Joan Conner Brown and J Conner LLC Respondents

J

And which State of South Carolina ex rel
Allan Wilson Attorney General is Intervening Party

RECORD ON APPEAL
VOLUME II

Michael J Anzelmo
Nelson Mullins Riley &
Scarborough, LLP
1320 Main Street / 17th Floor
Post Office Box 11070 (29211-1070)
Columbia, South Carolina 29201

Mark A Brunty
Brunty Law Firm, P A
Post Office Box 1980
Myrtle Beach, South Carolina 29578

Attorneys for Appellants

Henrietta Golding
Dan V Butler
McNair Law Firm
2411 Oak Street
Myrtle Beach, South Carolina 29577

C Scott Masel
Newby, Sartip, et al
P O Box 808
Myrtle Beach, South Carolina 29578

Attorneys For Respondents

**RECORD ON APPEAL
INDEX**

VOLUME I

ORDERS and JUDGMENTS

Order for Summary Judgment filed December 11 2008	1
Consent Order of Reference filed June 23 2009	5
Order denying Defendants Motion for Summary Judgment filed August 21 2009	10
Order denying Plaintiffs Motion for Summary Judgment filed September 28 2009	14
Form 4 Judgment and Final Order filed March 26 2010	17
Order denying Plaintiffs Motion for Reconsideration to Alter or Amend for A New Trial filed May 6, 2010	30

PLEADINGS

Summons & Complaint with exhibits filed April 6 2009	34
Answer of Defendants Michael Brown Joan Conner Brown and J Conner LLC filed May 6, 2009	110

TRANSCRIPTS

Hearing Transcript February 15 2010	114
Excerpts from the Deposition of Jim Boyd taken June 24 2009	370

VOLUME II

EXHIBITS

1 Deed to Lot 13 Phase II Grande Dunes, recorded December 5 2006 in DB 3198 at Page 1933, Horry County ROD	379
2 Note to SCB&T for 3,500,000 dated November 30 2006	384
3 Mortgage to SCB&T for 3 500 000 recorded December 5, 2006	386
4 Equity Loan Agreement between AmerisBank Stephen Johnson and Michael	

Brown for \$500 000 dated April 23 2007	396
5 Mortgage to AmerisBank for \$500 000 recorded December 5 2006	400
6 Assignment of Note dated December 30 2008	406
7 Allonge to Note	407
8 Assignment of Mortgage, recorded January 14 2009	408
9 Articles of Organization for J Conner, LLC filed November 20 2008	410
10 Limited Liability Operating Agreement of J Conner LLC	412
11 Certificate of Resolution to Borrow dated December 16 2008	427
12 Promissory Note to Wachovia Bank for \$3 500 000 dated December 15 2008	429
13 Security Agreement to Wachovia Bank dated December 16, 2008	435
14 Control Agreement to Wachovia Bank dated December 16 2008	445
15 Unconditional Guaranty of Michael D Brown to Wachovia Bank Dated December 16 2008	449
16 Unconditional Guaranty of Joan C Brown to Wachovia Bank dated December 16, 2008	456
17 Minutes of a Special Meeting of the Members of J Conner LLC on January 14 2009	463
18 Appraisal Report by Crescent Coast Inc of Lot 13, Phase II, Grande Dune	464
19 Appraisal Report by Appraisals of Carolina of Lot 13 Phase II Grande Dunes	484
<u>OTHER</u>	
Stipulation of Dismissal with Prejudice as to SCB&T	509
Plaintiffs Notice and Motion for Reconsideration to Alter or Amend or for a New Trial filed April 5 2010	511
Certificate of Counsel	

TMS Number correct
1660967018

STATE OF SOUTH CAROLINA)
)
)¹ DEED TO REAL ESTATE
COUNTY OF HORRY)

KNOW ALL MEN BY THESE PRESENTS, That **Dunes Lot 13, LLC ("Grantor")** in the State
aforesaid for the sum of **Five Dollars and 00/100 (\$5 00) Dollars** paid to it by **Michael D Brown and
Stephen Mark Johnson of 8810 N Ocean Boulevard, North Myrtle Beach, SC 29572 (the
"Grantees")** in the State aforesaid, (Receipt of which is hereby acknowledged) Grantor has granted,
bargained sold and released and by these presents does grant, bargain, sell and release unto the said
Grantees, their heirs and assigns, forever, in fee simple all of her interest in the following described
property, to wit

SEE ATTACHED EXHIBIT A

TOGETHER with all and singular the Rights, Members, Hereditaments and Appurtenances belonging or
in any wise incident or appertaining

TO HAVE AND TO HOLD all and singular the premises before mentioned unto the said **Grantees**, their
heirs and assigns

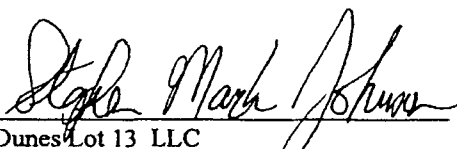
And the Grantor herein hereby binds itself, its Successors and Assigns, to warrant and defend all and
singular the premises unto the **Grantees** their heirs and assigns against itself and its Successors and
Assigns and all persons lawfully claiming, or who may claim the same or any part hereof

Witness the execution hereof by Grantor this 30th day of November in the year of our Lord Two Thousand
and Six and in the Two Hundred Thirty-First Year of the Independence of the United States of America

Signed Sealed and Delivered
in the Presence of

Witness

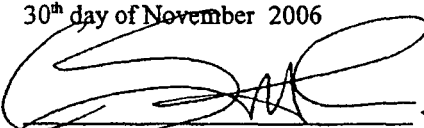
Notary


Dunes Lot 13 LLC
By, Stephen Mark Johnson Member

STATE OF SOUTH CAROLINA)
) PROBATE
COUNTY OF HORRY)

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within named Stephen Mark Johnson, Member of Dunes Lot 13, LLC sign, seal and as its act and deed, executed the foregoing deed and that (s)he with the other named witness, witnessed the execution thereof.

SWORN to before me this
30th day of November 2006


Notary Public for South Carolina
My Commission Expires 5/13/08

<seal>

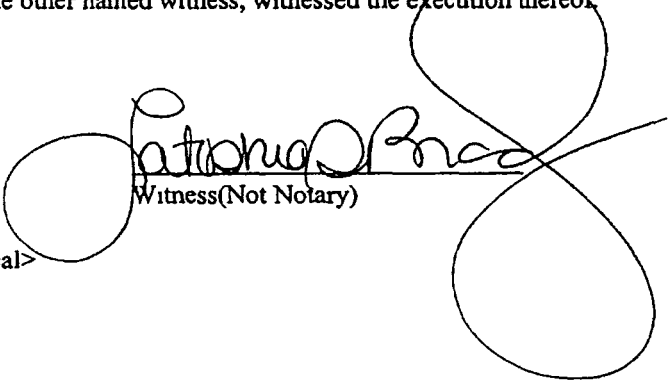

Witness (Not Notary)

EXHIBIT "A"

All and singular that certain piece parcel or lot of land situate lying and being in Dogwood Neck Township School District Eight, County and State aforesaid, and being more particularly described as Lot 13, Dunes Ocean Front Development Phase II, as shown on map prepared by Associated Land Surveyors dated October 27, 1997 and recorded February 12, 1998 in Plat Book 153 at Page 108 in the office of the Register of Deeds for Horry County, reference to which is craved as forming a part of these presents

THIS being the identical property conveyed to Dunes Lot 13, LLC by deed of Ronald C Vallone dated October 14 2004, recorded October 18 2004 in Deed Book 2808 at Page 313 Horry County Records

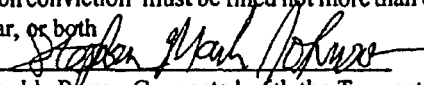
STATE OF SOUTH CAROLINA)
COUNTY OF HORRY)

AFFIDAVIT

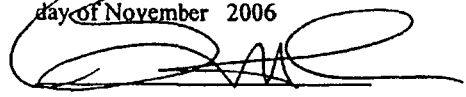
PERSONALLY appeared before me the undersigned, who being duly sworn deposes and says

- 1 I have read the information on this affidavit and I understand such information
- 2 The property being transferred is known as Lot 13 Dunes Oceanfront Development, in Horry County, bearing County Tax Map Number 166-09-07-018 which was transferred by Dunes Lot 13, LLC to Michael D Brown and Stephen Mark Johnson on November 30, 2006
- 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 to a trust or as a distribution to a trust beneficiary
 - (c) X exempt from the deed recording fee because (See Information section of affidavit)
(If exempt please skip items 4 - 7, and go to item 8 of this affidavit)
DEED OF GIFT
- 4 Check one of the following if either item 3(a) or item 3(b) above has been checked (See Information section of this affidavit)
 - (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 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) Place the amount listed in item 4 above here \$ _____
 - (b) Place the amount listed in item 5 above here \$ _____
(If no amount is listed, place zero here)
 - (c) Subtract Line 6(b) from Line 6(a) and place result here \$ _____
- 7 The deed recording fee due is based on the amount listed on Line 6(c) above and the deed recording fee due is \$ _____
- 8 As required by Code Section 12-24 70 I state that I am a responsible person who was connected with the transaction as Seller

- 9 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 dollars or imprisoned not more than one year, or both


Responsible Person Connected with the Transaction

SWORN to before me this 30th
day of November 2006


Notary Public for South Carolina
My Commission Expires 5/13/07

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, a 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

- (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 12-6-40(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 constitute 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, except for transfers from one family trust to another family trust without consideration, 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 family 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. Family means the grantor, the grantor's spouse, parents, grandparents, sisters, brothers, children, stepchildren, grandchildren, and the spouses and lineal descendants of any of them and the grantor's and grantor's spouse's heirs under a statute of descent and distribution. A family partnership or family trust also includes charitable entities, other family partnerships and family trusts of the grantor and charitable remainder and charitable lead trusts, if all the beneficiaries are charitable entities or members of the grantor's family. A charitable entity means an entity which may receive deductible contributions under Section 170 of the Internal Revenue Code as defined in Section 12-6-40(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 used to confirm title 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 mortgagee or deed 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 purchase 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

NOTE

11/30/2006
(Date)

COLUMBIA
(City)

118,166
SOUTH CAROLINA
(State)

8818 NORTH OCEAN BLVD, MYRTLE BEACH, SC 29577
(Property Address)

1. BORROWER'S PROMISE TO PAY

I (we) for a loan that I have received I promise to pay U.S. \$3,500,000.00 (this amount is called "Principal") plus interest to the order of the Lender. The Lender is SOUTH CAROLINA BANK AND TRUST NA, ORGANIZED AND EXISTING UNDER THE LAWS OF THE UNITED STATES OF AMERICA.

I will make all payments under this Note in the form of cash, check or money order. I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder".

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of 7.000%. Interest will be charged beginning on 11/30/2006.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Periodic Payments

I will pay principal and interest by making periodic payments when scheduled:

☐ I will make payments of \$ _____ each on the _____ of each _____ beginning on _____.

(B) I will make payments as follows:

22 MONTHLY INTEREST PAYMENTS BEGINNING FROM \$18465.76 TO \$70808.22 BEGINNING 12/30/2006.

☐ In addition to the payments described above, I will pay a "Balloon Payment" of \$3,500,000.00 on 11/30/2006.

The Note Holder will deliver or mail to me notice prior to maturity that the Balloon Payment is due. This notice will state the Balloon Payment amount and the date that it is due.

(B) Maturity Date and Place of Payments

I will make these payments as scheduled until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. My periodic payments will be applied as of its scheduled due date and will be applied to interest before Principal. If on 11/30/2006, I will owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date".

I will make my periodic payments at 850 JOHN C. CALHOUN DRIVE, PO BOX 1297, CHARLOTTE, SC 29218.

or at a different

place if required by the Note Holder.

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment". When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the periodic payments due under this Note.

I may make a full Prepayment or partial Prepayments without paying any Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my periodic payments unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law which applies to this loan and which sets maximum loan charges is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit, and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any periodic payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.000% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each periodic payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver By Note Holder

Even if at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

MULTIPURPOSE FL
Borrowing Agreement, Note, Deed of Conveyance
and Security Agreement

EXHIBIT D

page 2 pages

[Handwritten signatures]

ROA_0384

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(B) on page 1 of this Note or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. Presentment means the right to require the Note Holder to demand payment of amounts due. Notice of Dishonor means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

10. SECURED NOTE

In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") dated 11/30/2006 protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. This Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of these conditions are described as follows:

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

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 given in accordance with Section 13 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

11. BALLOON PAYMENT DISCLOSURE

[Complete the Balloon Payment notice below if this Note provides for a Balloon Payment at Section 3(A) on page 1 of this Note.]

THIS LOAN IS PAYABLE IN FULL BY NOVEMBER 30, 2008

----- AT Maturity I MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND UNPAID INTEREST THEN DUE, WHICH MAY BE A LARGE PAYMENT. LENDER IS UNDER NO OBLIGATION TO REFINANCE THE LOAN AT THAT TIME. I WILL THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT I MAY OWN OR I WILL HAVE TO FIND A LENDER, WHICH MAY BE THE LENDER I HAVE THIS LOAN WITH WILLING TO LEND ME THE MONEY IF I REFINANCE THIS LOAN AT MATURITY I MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF I OBTAIN REFINANCING FROM THE SAME LENDER.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED

Michael D Brown
MICHAEL D BROWN

(Seal)
Borrower

Stephen Mark Johnson
STEPHEN MARK JOHNSON

(Seal)
Lender

(Sign Original Only)

Instrument# 7006900004871 MTG BK
4795 PG 1676 DOCTYPE 002 12/05/2006
at 04 53 34 PM 1 OF 8
BALLERY V SKIPPER HORRY COUNTY
SC REGISTRAR OF DEEDS

[Space Above This Line For Recording Data]

MORTGAGE

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3 11 13 18 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) **Security Instrument** means this document which is dated 11 30 2008 together with all Riders to this document.
(B) **Borrower** is MICHAEL O BROWN AND STEPHEN MARK JOHNSON

Borrower is the mortgagor under this Security Instrument

(C) **Lender** is SOUTH CAROLINA BANK AND TRUST NA CORPORATION

Lender is a

organized and existing under the laws of

THE UNITED STATES OF AMERICA
9907 ORANGEBURG SC 29115

Lender's address is 950 JOHN C CALHOUN DRIVE PO BOX

Lender is the mortgagee under this Security Instrument

(D) **Note** means the promissory note signed by Borrower and dated 11 30 2008. The Note states that Borrower owes Lender THREE MILLION FIVE HUNDRED THOUSAND AND NO/100 Dollars (U.S. \$ 3,500,000.00) plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than 11 30 2008.

(E) **Property** means the property that is described below under the heading Transfer of Rights in the Property.

(F) **Loan** means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.

(G) **Riders** means all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower (check box as applicable):

- | | | |
|--|---|---|
| ☐ Adjustable Rate Rider | ☐ Condominium Rider | ☐ Second Home Rider |
| ☐ Balloon Rider | ☐ Planned Unit Development Rider | ☐ Other(s) [specify] |
| ☐ 1-4 Family Rider | ☐ Biweekly Payment Rider | |

(H) **Applicable Law** means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final non-appellable judicial opinions.

(I) **Community Association Dues, Fees and Assessments** means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization.

(J) **Electronic Funds Transfer** means any transfer of funds, other than a transaction originated by check, draft or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer or magnetic tape so as to order, instruct or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point of sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers and automated clearinghouse transfers.

(K) **Escrow Items** means those items that are described in Section 3.

(L) **Miscellaneous Proceeds** means any compensation, settlement, award of damages or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

(M) **Mortgage Insurance** means insurance protecting Lender against the nonpayment of, or default on, the Loan.

(N) **Periodic Payment** means the regularly scheduled amount due for (i) principal and interest under the Note, plus (ii) an amount under Section 3 of this Security Instrument.

(O) **RESPA** means the Real Estate Settlement Procedures Act (12 U.S.C. §2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, RESPA refers to all requirements and restrictions that are imposed in regard to a federally related mortgage loan, even if the Loan does not qualify as a federally related mortgage loan under RESPA.

(P) **Successor in Interest of Borrower** means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

This Security Instrument secures to Lender: (i) the repayment of the Loan and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender and Lender's successors and assigns the following described property located in the REGISTER OF DEEDS of

HORRY

(Type in full)

(Print in full)

Form 3041 1/01

SOUTH CAROLINA—Single Family—Federal Mortgage Reform and Fairness Act of 1990 UNIFORM INSTRUMENT

Page 1 of 7 pages



EXHIBIT E

Johnson Docs Page 8 of 84

ROA_0386

which currently has the address of 8810 NORTH OCEAN BLVD

(Str et)

MYRTLE BEACH

(City)

South Carolina 29572

(Zip C d)

(Property Address)

TO HAVE AND TO HOLD this property unto Lender and Lender's successors and assigns forever together with all the improvements now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the Property.

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

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS Borrower and Lender covenant and agree as follows:

1 **Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges.** Borrower shall pay when due the principal of and interest on the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the following forms as selected by Lender: (a) cash; (b) money order; (c) certified check; bank check; treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency; instrumentality or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the location designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 15. Lender may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Lender may accept any payment or partial payment insufficient to bring the Loan current without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds. Lender may hold such unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2 **Application of Payments or Proceeds.** Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied to each Periodic Payment in the order in which it became due. Any remaining amounts shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if and to the extent that each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date or change the amount of the Periodic Payments.

3 **Funds for Escrow Items.** Borrower shall pay to Lender on the day Periodic Payments are due under the Note until the Note is paid in full a sum (the Funds) to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10. These items are called Escrow Items. At origination or at any time during the term of the Loan, Lender may require that Community Association Dues, Fees, and Assessments, if any, be escrowed by Borrower, and such dues, fees, and assessments shall be an Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, Borrower shall pay directly when and where payable the amounts due for any Escrow Items for which payment of Funds has been waived by Lender, and if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and upon such revocation, Borrower shall pay to Lender all Funds and in such amounts that are then required under this Section 3.

Lender may at any time collect and hold Funds in an amount (a) sufficient to permit Lender to apply the Funds at the time specified under RESPA, and (b) not to exceed the maximum amount a lender can require under RESPA. Lender shall estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with Applicable Law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Lender shall not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and Applicable Law permits Lender to make such a charge. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender can agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds as required by RESPA.

If there is a surplus of Funds held in escrow as defined under RESPA, Lender shall account to Borrower for the excess funds in accordance with RESPA. If there is a shortage of Funds held in escrow as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the shortage in accordance with RESPA, but in no more than 12 monthly payments. If there is a deficiency of Funds held in escrow as

defined under RESPA Lender shall notify Borrower as required by RESPA and Borrower shall pay to Lender the amount necessary to make up the deficiency in accordance with RESPA but in no more than 12 monthly payments

Upon payment in full of all sums secured by this Security Instrument Lender shall promptly refund to Borrower any Funds held by Lender

4 Charges Liens. Borrower shall pay all taxes assessments charges fines and impositions attributable to the Property which can attain priority over this Security Instrument leasehold payments or ground rents on the Property if any and Community Association Dues Fees and Assessments if any To the extent that these items are Escrow Items Borrower shall pay them in the manner provided in Section 3

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender but only so long as Borrower is performing such agreement (b) contests the lien in good faith by or defends against enforcement of the lien in legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien while those proceedings are pending but only until such proceedings are concluded or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument If Lender determines that any part of the Property is subject to a lien which can attain priority over this Security Instrument Lender may give Borrower a notice identifying the lien Within 10 days of the date on which that notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth above in this Section 4

Lender may require Borrower to pay a one time charge for a real estate tax verification and/or reporting service used by Lender in connection with this Loan

5 Property 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 any other hazards including but not limited to earthquakes and floods for which Lender requires insurance This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Lender requires What Lender requires pursuant to the preceding sentences can change during the term of the Loan The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's right to disapprove Borrower's choice which right shall not be exercised unreasonably Lender may require Borrower to pay in connection with this Loan either (a) a one-time charge for flood zone determination certification and tracking services or (b) a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur which reasonably might affect such determination or certification Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Borrower

If Borrower fails to maintain any of the coverages described above Lender may obtain insurance coverage at Lender's option and Borrower's expense Lender is under no obligation to purchase any particular type or amount of coverage Therefore such coverage shall cover Lender but might or might not protect Borrower Borrower's equity in the Property or the contents of the Property against any risk hazard or liability and might provide greater or lesser coverage than was previously in effect Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Borrower could have obtained Any amounts disbursed by Lender under this Section 5 shall become additional debt of Borrower secured by this Security Instrument These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable with such interest upon notice from Lender to Borrower requesting payment

All insurance policies required by Lender and renewals of such policies shall be subject to Lender's right to disapprove such policies shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee Lender shall have the right to hold the policies and renewal certificates If Lender requires Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices If Borrower obtains any form of insurance coverage not otherwise required by Lender for damage to or destruction of the Property such policy shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee

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 Unless Lender and Borrower otherwise agree in writing any insurance proceeds whether or not the underlying insurance was required by Lender shall be applied to restoration or repair of the Property if the restoration or repair is economically feasible and Lender's security is not lessened During such repair and restoration period Lender shall have the right to hold such insurance proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction provided that such inspection shall be undertaken promptly Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds Lender shall not be required to pay Borrower any interest or earnings on such proceeds Fees for public adjusters or other third parties retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower If the restoration or repair is not economically feasible or Lender's security would be lessened the insurance proceeds shall be applied to the sums secured by this Security Instrument whether or not then due with the excess if any paid to Borrower Such insurance proceeds shall be applied in the order provided for in Section 2

If Borrower abandons the Property Lender may file negotiate and settle any available insurance claim and related matters If Borrower does not respond within 30 days to a notice from Lender that the insurance carrier has offered to settle a claim then Lender may negotiate and settle the claim The 30-day period will begin when the notice is given In either event or if Lender acquires the Property under Section 22 or otherwise Borrower hereby assigns to Lender (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument and (b) any other of Borrower's rights (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property insofar as such rights are applicable to the coverage of the Property Lender may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument whether or not then due

6 Occupancy Borrower shall occupy establish and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy unless Lender otherwise agrees in writing which consent shall not be unreasonably withheld or unless extenuating circumstances exist which are beyond Borrower's control

7 Preservation Maintenance and Protection of the Property Inspections Borrower shall not destroy damage or impair the Property allow the Property to deteriorate or commit waste on the Property Whether or not Borrower is residing in the Property Borrower shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible Borrower shall promptly repair the Property if damaged to avoid further deterioration or damage If insurance or condemnation proceeds are paid in connection with damage to or the taking of the Property Borrower shall be responsible for repairing or restoring the Property only if Lender has released proceeds for such purposes Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed If the insurance or condemnation proceeds are not sufficient to repair or restore the Property Borrower is not relieved of Borrower's obligation for the completion of such repair or restoration

Lender or its agent may make reasonable entries upon and inspections of the Property If it has reasonable cause Lender may inspect the interior of the improvements on the Property Lender shall give Borrower notice at the time of or prior to such an interior inspection specifying such reasonable cause

8 Borrower's Loan Application Borrower shall be in default if during the Loan application process Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false

SOUTH CAROLINA - Single Family - First Mortgage - UNIFORM INSTRUMENT

Banker's Note - Inc. S. C. of M. N. F. M. M. D. 1-S. C. 8/20/2009

Page 3 of 3
F m 3041 1/01
JMF MRE

Johnson Docs Page 10 of 84

ROA_0388

misleading or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include but are not limited to representations concerning Borrower's occupancy of the Property as Borrower's principal residence.

9 Protection of Lender's Interest in the Property and Rights Under this Security Instrument. If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate for condemnation or forfeiture for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations) or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property and securing and/or repairing the Property. Lender's actions can include but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument (b) appearing in court and (c) paying reasonable attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument including its secured position in a bankruptcy proceeding. Securing the Property includes but is not limited to entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Lender may take action under this Section 9, Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.

Any amounts disbursed by Lender under this Section 9 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable with such interest upon notice from Lender to Borrower requesting payment.

If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

10 Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan, Borrower shall pay the premiums required to maintain the Mortgage Insurance in effect. If for any reason the Mortgage Insurance coverage required by Lender ceases to be available from the mortgage insurer that previously provided such insurance and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the Mortgage Insurance previously in effect at a cost substantially equivalent to the cost to Borrower of the Mortgage Insurance previously in effect from an alternate mortgage insurer selected by Lender. If substantially equivalent Mortgage Insurance coverage is not available, Borrower shall continue to pay to Lender the amount of the separately designated payments that were due when the insurance coverage ceased to be in effect. Lender will accept use and retain these payments as a non-refundable loss reserve in lieu of Mortgage Insurance. Such loss reserve shall be non-refundable notwithstanding the fact that the Loan is ultimately paid in full and Lender shall not be required to pay Borrower any interest or earnings on such loss reserve. Lender can no longer require loss reserve payments if Mortgage Insurance coverage (in the amount and for the period that Lender requires) provided by an insurer selected by Lender again becomes available, is obtained and Lender requires separately designated payments toward the premiums for Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to maintain Mortgage Insurance in effect or to provide a non-refundable loss reserve until Lender's requirement for Mortgage Insurance ends in accordance with any written agreement between Borrower and Lender providing for such termination or until termination is required by Applicable Law. Nothing in this Section 10 affects Borrower's obligation to pay interest at the rate provided in the Note.

Mortgage Insurance reimburses Lender (or any entity that purchases the Note) for certain losses it may incur if Borrower does not repay the Loan as agreed. Borrower is not a party to the Mortgage Insurance.

Mortgage insurers evaluate their total risk on all such insurance in force from time to time and may enter into agreements with other parties that share or modify their risk or reduce losses. These agreements are on terms and conditions that are satisfactory to the mortgage insurer and the other party (or parties) to these agreements. These agreements may require the mortgage insurer to make payments using any source of funds that the mortgage insurer may have available (which may include funds obtained from Mortgage Insurance premiums).

As a result of these agreements, Lender, any purchaser of the Note, another insurer, any reinsurer, any other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) amounts that derive from (or might be characterized as) a portion of Borrower's payments for Mortgage Insurance in exchange for sharing or modifying the mortgage insurer's risk or reducing losses. If such agreement provides that an affiliate of Lender takes a share of insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement is often termed captive reinsurance. Further:

(a) Any such agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance or any other terms of the Loan. Such agreements will not increase the amount Borrower will owe for Mortgage Insurance and they will not entitle Borrower to any refund.

(b) Any such agreements will not affect the rights Borrower has. If any with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998 or any other law. These rights may include the right to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Insurance premiums that were unearned at the time of such cancellation or termination.

11 Assignment of Miscellaneous Proceeds Forfeiture. All Miscellaneous Proceeds are hereby assigned to and shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess if any paid to Borrower. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2.

In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess if any paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not the sums are then due.

SOUTH CAROLINA—Single Family—Fiduciary—Uniform Instrument

Blanket System: In: S Carolina, MN Form MD SC 8/20/2000

Form 3041 1/01
pg 4 of 10

Johnson Docs: Page 11 of 84

ROA_0389

If the Property is abandoned by Borrower or if after notice by Lender to Borrower that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages Borrower fails to respond to Lender within 30 days after the date the notice is given Lender is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument whether or not then due Opposing Party means the third party that owes Borrower Miscellaneous Proceeds or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds

Borrower shall be in default if any action or proceeding whether civil or criminal is begun that in Lender's judgment could result in forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument Borrower can cure such a default and if acceleration has occurred reinstate as provided in Section 19 by causing the action or proceeding to be dismissed with a ruling that in Lender's judgment precludes forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument The proceeds of any award or claim for damages that are attributable to the impairment of Lender's interest in the Property are hereby assigned and shall be paid to Lender

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2

12 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 Security Instrument granted by Lender to Borrower or any Successor in interest of Borrower shall not operate to release the liability of Borrower or any Successors in interest of Borrower Lender shall not be required to commence proceedings against any Successor in interest of Borrower or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or any Successors in interest of Borrower Any forbearance by Lender in exercising any right or remedy including without limitation Lender's acceptance of payments from third persons entities or Successors in interest of Borrower or in amounts less than the amount then due shall not be a waiver of or preclude the exercise of any right or remedy

13 Joint and Several Liability Co-signers Successors and Assigns Bound Borrower covenants and agrees that Borrower's obligations and liability shall be joint and several However any Borrower who co-signs this Security Instrument but does not execute the Note (a co-signer) (a) is co-signing this Security Instrument only to mortgage grant and convey the co-signer's interest in the Property under the terms of this Security Instrument, (b) is not personally obligated to pay the sums secured by this Security Instrument and (c) agrees that Lender and any other Borrower can agree to extend modify forfeit or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer's consent

Subject to the provisions of Section 18 any Successor in interest of Borrower who assumes Borrower's obligations under this Security Instrument in writing and is approved by Lender shall obtain all of Borrower's rights and benefits under this Security Instrument Borrower shall not be released from Borrower's obligations and liability under this Security Instrument unless Lender agrees to such release in writing The covenants and agreements of this Security Instrument shall bind (except as provided in Section 20) and benefit the successors and assigns of Lender

14 Loan Charges Lender may charge Borrower fees for services performed in connection with Borrower's default for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument including but not limited to attorneys fees property inspection and valuation fees In regard to any other fees the absence of express authority in this Security Instrument to charge a specific fee to Borrower shall not be construed as a prohibition on the charging of such fee Lender may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law

If the Loan is subject to a law which sets maximum loan charges and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan exceed the permitted limits then (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit and (h) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower If a refund reduces principal the reduction will be treated as a partial prepayment without any prepayment charge (whether or not a prepayment charge is provided for under the Note) Borrower's acceptance of any such refund made by direct payment to Borrower will constitute a waiver of any right of action Borrower might have arising out of such overcharge

15 Notices All notices given by Borrower or Lender in connection with this Security Instrument must be in writing Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address if sent by other means Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender Borrower shall promptly notify Lender of Borrower's change of address If Lender specifies a procedure for reporting Borrower's change of address then Borrower shall only report a change of address through that specified procedure There may be only one designated notice address under this Security Instrument at any one time Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually received by Lender If any notice required by this Security Instrument is also required under Applicable Law the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument

16 Governing Law Severability Rules of Construction This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent but such silence shall not be construed as a prohibition against agreement by contract In the event that any provision or clause of this Security Instrument or the Note conflicts with Applicable Law such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision

As used in this Security Instrument (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender (b) words in the singular shall mean and include the plural and vice versa and (c) the word may gives sole discretion without any obligation to take any action

17 Borrower's Copy Borrower shall be given one copy of the Note and of this Security Instrument

18 Transfer of the Property or a Beneficial Interest in Borrower As used in this Section 18 interest in the Property means any legal or beneficial interest in the Property including but not limited to those beneficial interests transferred in a bond for deed contract for deed installment sales contract or escrow agreement the intent of which is the transfer of title by Borrower at a future date to a purchaser

If all or any part of the Property or any interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent Lender may require immediate payment in full of all sums secured by this Security Instrument However this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law

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 given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument If Borrower fails to pay these sums prior to the expiration of this period Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower

19 Borrower's Right to Reinstate After Acceleration If Borrower meets certain conditions Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earliest of (a) five days before sale of the Property pursuant to Section 22 of this Security Instrument (b) such other period as Applicable Law might specify for

the termination of Borrower's right to reinstate or (c) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred (b) cures any default of any other covenants or agreements (c) pays all expenses incurred in enforcing this Security Instrument including but not limited to reasonable attorneys' fees, property inspection and valuation fees and other fees incurred for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument and (d) takes such action as Lender may reasonably require to assure that Lender's interest in the Property and rights under this Security Instrument and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Lender may require that Borrower pay such reinstatement sums and expenses in one or more of the following forms as selected by Lender: (a) cash (b) money order (c) certified check, bank check, treasurer's check or cashier's check provided any such check is drawn upon an institution whose deposits are insured by a federal agency instrumentality or entity or (d) Electronic Funds Transfer. Upon reinstatement by Borrower, this Security Instrument and obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 18.

20 Sale of Note Change of Loan Servicer Notice of Grievance. The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other mortgage loan servicing obligations under the Note, this Security Instrument and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Borrower nor Lender may commence, join or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of or any duty owed by reason of this Security Instrument until such Borrower or Lender has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to Borrower pursuant to Section 22 and the notice of acceleration given to Borrower pursuant to Section 18 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.

21 Hazardous Substances. As used in this Section 21 (a) Hazardous Substances are those substances defined as toxic or hazardous substances, pollutants or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde and radioactive materials. (b) Environmental Law means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection. (c) Environmental Cleanup includes any response action, remedial action or removal action as defined in Environmental Law and (d) an Environmental Condition means a condition that can cause, contribute to or otherwise trigger an Environmental Cleanup.

Borrower shall not cause or permit the presence, use, disposal, storage or release of any Hazardous Substances or threaten to release any Hazardous Substances on or in the Property. Borrower shall not do nor allow anyone else to do anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition or (c) which due to the presence, use or release of a Hazardous Substance creates a condition that adversely affects the value of the Property. The preceding two sentences shall not apply to the presence, use or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including but not limited to hazardous substances in consumer products).

Borrower shall promptly give Lender written notice of (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge, (b) any Environmental Condition including but not limited to any spilling, leaking, discharge, release or threat of release of any Hazardous Substance and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower learns or is notified by any governmental or regulatory authority or any private party that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Lender for an Environmental Cleanup.

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

22 Acceleration Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). The notice shall specify (a) the default, (b) the action required to cure the default, (c) a date not less than 30 days from the date the notice is given to Borrower by which the default must be cured and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, 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 non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22, including but not limited to reasonable attorneys' fees and costs of title evidence, all of which shall be additional sums secured by this Security Instrument.

23 Release. Upon payment of all sums secured by this Security Instrument, this Security Instrument shall become null and void. Lender shall release this Security Instrument. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under Applicable Law.

24 Homestead Waiver. Borrower waives all rights of homestead exemption in the Property to the extent allowed by Applicable Law.

25 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 30 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. TO THE EXTENT PERMITTED BY LAW, 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 MORTGAGED PROPERTY. This waiver shall not apply so long as the Property is used as a dwelling place as defined in § 12-37-250 of the South Carolina Code of Laws.

SOUTH CAROLINA—Single Family—Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

Bankers Systems, Inc. No. 5 Cloud MN Form MD 1 SC 8 20/2000

(page 6 of 7 pages)

Johnson Docs Page 13 of 84

ROA_0391

26 Future Advances The lien of this Security Instrument shall secure the existing indebtedness under the Note and any future advances made under this Security Instrument up to 150% of the original principal amount of the Note plus interest thereon attorneys fees and court costs

BY SIGNING BELOW Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider executed by Borrower and recorded with it

Signed sealed and delivered in the presence of




MICHAEL D BROWN (Seal)
Borrower


STEPHEN MARK JOHNSON (Seal)
Borrower

[Space Below This Line For Acknowledgment]

STATE OF SOUTH CAROLINA

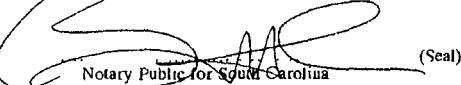
Horry

County ss

Before me personally appeared the undersigned witness
and made oath that he/she/they
saw the within named Borrower sign seal and as his/her/their act and deed deliver the within
written Mortgage and that with the undersigned Notary
witnessed the execution thereof

Sworn before me this 00TH

day of NOVEMBER 2006


Notary Public for South Carolina (Seal)

My commission expires 5/13/07



EXHIBIT A'

All and singular, that certain piece, parcel or lot of land situate, lying and being in Dogwood Neck Township, School District Eight, County and State aforesaid, and being more particularly described as Lot 13 Dunes Ocean Front Development Phase II, as shown on map prepared by Associated Land Surveyors dated October 27, 1997 and recorded February 12, 1998 in Plat Book 153 at Page 108 in the office of the Register of Deeds for Horry County, reference to which is craved as forming a part of these presents

THIS being the identical property conveyed to Dunes Lot 13 LI C by deed of Ronald C Vallone dated October 14, 2004, recorded October 18, 2004 in Deed Book 2808 at Page 313 Horry County Records

THIS being the identical property conveyed to Michael D Brown and Stephen Mark Johnson by Deed of Dunes Lot 13 LLC, dated November 30, 2006, recorded simultaneously herewith

NOTE

11 30 2006
[Date]

COLUMBIA
[City]

SOUTH CAROLINA
[State]

8810 NORTH OCEAN BLVD MYRTLE BEACH SC 29572

[Property Address]

1 BORROWER'S PROMISE TO PAY

In return for a loan that I have received I promise to pay U.S. \$350,000.00 (this amount is called Principal) plus interest to the order of the Lender. The Lender is SOUTH CAROLINA BANK AND TRUST NA ORGANIZED AND EXISTING UNDER THE LAWS OF THE UNITED STATES OF AMERICA.

I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the Note Holder.

2 INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of 7.000%. Interest will be charged beginning on 11/30/2006.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3 PAYMENTS

(A) Periodic Payments

I will pay principal and interest by making periodic payments when scheduled.

☐ I will make payments of \$ _____ of each _____ beginning on _____ each on the _____.

☒ I will make payments as follows:

23 MONTHLY INTEREST PAYMENTS RANGING FROM \$19465.75 TO \$20808.22 BEGINNING 12/30/2006

☒ In addition to the payments described above, I will pay a Balloon Payment of \$352,808.22 on 11/30/2008.

The Note Holder will deliver or mail to me notice prior to maturity that the Balloon Payment is due. This notice will state the Balloon Payment amount and the date that it is due.

(B) Maturity Date and Place of Payments

I will make these payments as scheduled until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. My periodic payments will be applied as of its scheduled due date and will be applied to interest before Principal. If on 11/30/2008 I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the Maturity Date.

I will make my periodic payments at 950 JOHN C. CALHOUN DRIVE PO BOX 1287 ORANGEBURG SC 29118.

or at a different

place if required by the Note Holder.

4 BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a Prepayment. When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the periodic payments due under this Note.

I may make a full Prepayment or partial Prepayments without paying any Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my periodic payment unless the Note Holder agrees in writing to those changes.

5 LOAN CHARGES

If a law which applies to this loan and which sets maximum loan charges is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit, and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial repayment.

6 BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any periodic payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.000% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each periodic payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver By Note Holder

Even if at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

MULTIPURPOSE FIXED RATE NOTE (MULTISTATE)

Binder System No. 5 - Joint MN Form M - RMN 2/19/2002
1/10/06 PR

Page 1 Johnson 10/24/06 Page 18 of 14

ROA_0394

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7 GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(B) on page 1 of this Note or at a different address if I am given a notice of that different address.

8 OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9 WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. Presentment means the right to require the Note Holder to demand payment of amounts due. Notice of Dishonor means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

10 SECURED NOTE

In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust or Security Deed (the Security Instrument) dated 11/30/2008 protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

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

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 given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

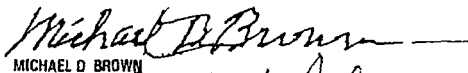
11 BALLOON PAYMENT DISCLOSURE

[Complete the Balloon Payment notice below if this Note provides for a Balloon Payment at Section 3(A) on page 1 of this Note.]

THIS LOAN IS PAYABLE IN FULL ON NOVEMBER 30 2008

AT MATURITY I MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND UNPAID INTEREST THEN DUE, WHICH MAY BE A LARGE PAYMENT. LENDER IS UNDER NO OBLIGATION TO REFINANCE THE LOAN AT THAT TIME. I WILL THEREFORE BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT I MAY OWN OR I WILL HAVE TO FIND A LENDER, WHICH MAY BE THE LENDER I HAVE THIS LOAN WITH, WILLING TO LEND ME THE MONEY. IF I REFINANCE THIS LOAN AT MATURITY, I MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN, EVEN IF I OBTAIN REFINANCING FROM THE SAME LENDER.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED


MICHAEL D. BROWN

(Seal)
Borrower


STEPHEN MARK JOHNSON

(Seal)
Borrower

[Sign Original Only]

ROA 0397

Space Above This Line For Recording Date

This document was prepared by AMERIS BANK 1301 GERVAIS ST STE 700 COLUMBIA South Carolina 29201

MORTGAGE

(With Future Advance Clause)

DATE AND PARTIES The date of this Mortgage (Security Instrument) is APRIL 23 2007 The parties and their addresses are

MORTGAGOR

STEPHEN M JOHNSON
8810 N OCEAN BLVD
MYRTLE BEACH South Carolina 29575

MICHAEL D BROWN
966 QUEENS RD
CHARLOTTE North Carolina 28207

LENDER

AMERIS BANK
Organized and existing under the laws of Georgia
1301 Gervais Street
Suite 700
Columbia South Carolina 29201

1 CONVEYANCE. For good and valuable consideration the receipt and sufficiency of which is acknowledged and to secure the Secured Debts and Mortgagor's performance under this Security Instrument Mortgagor grants bargains conveys and mortgages to Lender the following described property

SEE EXHIBIT A

The property is located in HORRY County at 8810 N OCEAN BLVD MYRTLE BEACH South Carolina 29575

Together with all rights easements appurtenances royalties mineral rights oil and gas rights all water and riparian rights wells ditches and water stock and all existing and future improvements structures fixtures and replacements that may now or at any time in the future be part of the real estate described (all referred to as Property) This Security Instrument will remain in effect until the Secured Debts and all underlying agreements have been terminated in writing by Lender

2 MAXIMUM OBLIGATION LIMIT The total principal amount secured by this Security Instrument at any one time will not exceed \$500 000 00 This limitation of amount does not include interest and other fees and charges validly made pursuant to this Security Instrument Also this limitation does not apply to advances made under the terms of this Security Instrument to protect Lender's security and to perform any of the covenants contained in this Security Instrument Interest under the Note will be deferred accrued or capitalized however Lender will not be required to defer accrue or capitalize any interest except as provided in the Note

3 SECURED DEBTS The term Secured Debts includes and this Security Instrument will secure each of the following:

A Specific Debts The following debts and all extensions renewals refinancings modifications and replacements A promissory note or other agreement No 7900900112 001 dated April 23 2007 from Mortgagor to Lender with a maximum credit limit of \$500 000 00 and maturing on April 23 2022 One or more of the debts secured by this Security Instrument contains a future advance provision

B All Debts All present and future debts from Mortgagor to Lender even if this Security Instrument is not specifically referenced or if the future debt is unrelated to or of a different type than this debt If more than one person signs this Security Instrument, each agrees that it will secure debts incurred either individually or with others who may not sign this Security Instrument Nothing in this Security Instrument constitutes a commitment to make additional or future loans or advances Any such commitment must be in writing In the event that Lender fails to provide any required notice of the right of rescission Lender waives any subsequent

STEPHEN M JOHNSON
South Carolina Mortgage
SC4XXAruthm00006900005588025042307Y

©1996 Bankers Systems, Inc. St. Cloud, MN *Express*

In

Page

security interest in the Mortgagor's principal dwelling that is created by this Security Instrument. This Security Instrument will not secure any debt for which a non-possessory non-purchase money security interest is created in household goods in connection with a consumer loan as those terms are defined by federal law governing unfair and deceptive credit practices. This Security Instrument will not secure any debt for which a security interest is created in margin stock and Lender does not obtain a statement of purpose as defined and required by federal law governing securities.

C Sums Advanced All sums advanced and expenses incurred by Lender under the terms of this Security Instrument

4 PAYMENTS Mortgagor agrees that all payments under the Secured Debts will be paid when due and in accordance with the terms of the Secured Debts and this Security Instrument

5 WARRANTY OF TITLE. Mortgagor warrants that Mortgagor is or will be lawfully seized of the estate conveyed by this Security Instrument and has the right to grant bargain convey sell and mortgage the Property. Mortgagor also warrants that the Property is unencumbered except for encumbrances of record

6 PRIOR SECURITY INTERESTS With regard to any other mortgage deed of trust security agreement or other lien document that created a prior security interest or encumbrance on the Property Mortgagor agrees

A To make all payments when due and to perform or comply with all covenants

B To promptly deliver to Lender any notices that Mortgagor receives from the holder

C Not to allow any modification or extension of nor to request any future advances under any note or agreement secured by the lien document without Lender's prior written consent

7 CLAIMS AGAINST TITLE Mortgagor will pay all taxes assessments liens encumbrances lease payments ground rents utilities and other charges relating to the Property when due. Lender may require Mortgagor to provide to Lender copies of all notices that such amounts are due and the receipts evidencing Mortgagor's payment. Mortgagor will defend title to the Property against any claims that would impair the lien of this Security Instrument. Mortgagor agrees to assign to Lender as requested by Lender any rights claims or defenses Mortgagor may have against parties who supply labor or materials to maintain or improve the Property

8 DUE ON SALE Lender may at its option declare the entire balance of the Secured Debt to be immediately due and payable upon the creation of or contract for the creation of any transfer or sale of all or any part of the Property. This right is subject to the restrictions imposed by federal law (12 C.F.R. 591) as applicable

9 WARRANTIES AND REPRESENTATIONS Mortgagor has the right and authority to enter into this Security Instrument. The execution and delivery of this Security Instrument will not violate any agreement governing Mortgagor or to which Mortgagor is a party

10 PROPERTY CONDITION ALTERATIONS AND INSPECTION Mortgagor will keep the Property in good condition and make all repairs that are reasonably necessary. Mortgagor will not commit or allow any waste impairment or deterioration of the Property. Mortgagor will keep the Property free of noxious weeds and grasses. Mortgagor agrees that the nature of the occupancy and use will not substantially change without Lender's prior written consent. Mortgagor will not permit any change in any license restrictive covenant or easement without Lender's prior written consent. Mortgagor will notify Lender of all demands proceedings claims and actions against Mortgagor and of any loss or damage to the Property

Lender or Lender's agents may at Lender's option enter the Property at any reasonable time for the purpose of inspecting the Property. Lender will give Mortgagor notice at the time of or before an inspection specifying a reasonable purpose for the inspection. Any inspection of the Property will be entirely for Lender's benefit and Mortgagor will in no way rely on Lender's inspection

11 AUTHORITY TO PERFORM If Mortgagor fails to perform any duty or any of the covenants contained in this Security Instrument Lender may without notice perform or cause them to be performed. Mortgagor appoints Lender as attorney in fact to sign Mortgagor's name or pay any amount necessary for performance. Lender's right to perform for Mortgagor will not create an obligation to perform and Lender's failure to perform will not preclude Lender from exercising any of Lender's other rights under the law or this Security Instrument. If any construction on the Property is discontinued or not carried on in a reasonable manner Lender may take all steps necessary to protect Lender's security interest in the Property including completion of the construction

12 MORTGAGE COVENANTS Mortgagor agrees that the covenants in this Security Instrument are material obligations under the Secured Debts and this Security Instrument. If Mortgagor breaches any covenant in this Security Instrument Lender may refuse to make additional extensions of credit or may reduce the credit limit. By not exercising either remedy on Mortgagor's breach Lender does not waive Lender's right to later consider the event a breach if it happens again

13 DEFAULT Mortgagor will be in default if any of the following occur

A Fraud Mortgagor engages in fraud or material misrepresentation in connection with the Secured Debts

B Payments Any party obligated on the Secured Debts fails to make a payment when due

C Property Any action or inaction occurs that adversely affects the Property or Lender's rights in the Property

14 REMEDIES ON DEFAULT In addition to any other remedy available under the terms of this Security Instrument Lender may accelerate the Secured Debts and foreclose this Security Instrument in a manner provided by law if Mortgagor is in default. In some instances federal and state law will require Lender to provide Mortgagor with notice of the right to cure or other notices and may establish time schedules for foreclosure actions

At the option of the Lender all or any part of the agreed fees and charges accrued interest and principal will become immediately due and payable after giving notice if required by law upon the occurrence of a default or anytime thereafter

The acceptance by Lender of any sum in payment or partial payment on the Secured Debts after the balance is due or is accelerated or after foreclosure proceedings are filed will not constitute a waiver of Lender's right to require

complete cure of any existing default. By not exercising any remedy on Mortgagor's default, Lender does not waive Lender's right to later consider the event a default if it happens again.

15 EXPENSES ADVANCES ON COVENANTS ATTORNEYS FEES COLLECTION COSTS If Mortgagor breaches any covenant in this Security Instrument, Mortgagor agrees to pay all expenses Lender incurs in performing such covenants or protecting its security interest in the Property. Such expenses include, but are not limited to, fees incurred for inspecting, preserving, or otherwise protecting the Property and Lender's security interest. Mortgagor agrees to pay all costs and expenses incurred by Lender in collecting, enforcing, or protecting Lender's rights and remedies under this Security Instrument or any other document relating to the Secured Debts. Expenses include, but are not limited to, attorneys' fees, court costs, and other legal expenses. These expenses are payable on demand and will bear interest from the date of payment until paid in full at the highest interest rate in effect as provided for in the terms of Secured Debts. In addition, to the extent permitted by the United States Bankruptcy Code, Mortgagor agrees to pay the reasonable attorneys' fees incurred by Lender to protect Lender's rights and interests in connection with any bankruptcy proceedings initiated by or against Mortgagor. This Security Instrument will remain in effect until released. Mortgagor agrees to pay for any recordation costs of such release.

16 ENVIRONMENTAL LAWS AND HAZARDOUS SUBSTANCES As used in this section, (1) Environmental Law means, without limitation, the Comprehensive Environmental Response Compensation and Liability Act (CERCLA 42 U.S.C. 9601 et seq.) all other federal, state, and local laws, regulations, ordinances, court orders, attorney general opinions, or interpretive letters concerning the public health, safety, welfare, environment, or a hazardous substance; and (2) Hazardous Substance means any toxic, radioactive, or hazardous material, waste, pollutant, or contaminant which has characteristics which render the substance dangerous or potentially dangerous to the public health, safety, welfare, or environment. The term includes, without limitation, any substances defined as hazardous material, toxic substance, hazardous waste, hazardous substance, or regulated substance under any Environmental Law.

Mortgagor represents, warrants, and agrees that:

A. Except as previously disclosed and acknowledged in writing to Lender, no Hazardous Substance is or will be located, stored, or released on or in the Property. This restriction does not apply to small quantities of Hazardous Substances that are generally recognized to be appropriate for the normal use and maintenance of the Property.

B. Except as previously disclosed and acknowledged in writing to Lender, Mortgagor and every tenant have been, are, and will remain in full compliance with any applicable Environmental Law.

C. Mortgagor will immediately notify Lender if a release or threatened release of a Hazardous Substance occurs on, under, or about the Property or there is a violation of any Environmental Law concerning the Property. In such an event, Mortgagor will take all necessary remedial action in accordance with any Environmental Law.

D. Mortgagor will immediately notify Lender in writing as soon as Mortgagor has reason to believe there is any pending or threatened investigation, claim, or proceeding relating to the release or threatened release of any Hazardous Substance or the violation of any Environmental Law.

17 CONDEMNATION Mortgagor will give Lender prompt notice of any pending or threatened action by private or public entities to purchase or take any or all of the Property through condemnation, eminent domain, or any other means. Mortgagor authorizes Lender to intervene in Mortgagor's name in any of the above described actions or claims. Mortgagor assigns to Lender the proceeds of any award or claim for damages connected with a condemnation or other taking of all or any part of the Property. Such proceeds will be considered payments and will be applied as provided in this Security Instrument. This assignment of proceeds is subject to the terms of any prior mortgage, deed of trust, security agreement, or other lien document.

18 INSURANCE Mortgagor agrees to keep the Property insured against the risks reasonably associated with the Property. Mortgagor will maintain this insurance in the amounts Lender requires. This insurance will last until the Property is released from this Security Instrument. What Lender requires pursuant to the preceding two sentences can change during the term of the Secured Debts. Mortgagor may choose the insurance company, subject to Lender's approval, which will not be unreasonably withheld. All insurance policies and renewals will include a standard mortgage clause and, where applicable, loss payee clause.

Mortgagor will give Lender and the insurance company immediate notice of any loss. All insurance proceeds will be applied to restoration or repair of the Property or to the Secured Debts at Lender's option. If Lender acquires the Property in damaged condition, Mortgagor's rights to any insurance policies and proceeds will pass to Lender to the extent of the Secured Debts.

Mortgagor will immediately notify Lender of cancellation or termination of insurance. If Mortgagor fails to keep the Property insured, Lender may obtain insurance to protect Lender's interest in the Property, and Mortgagor will pay for the insurance on Lender's demand. Lender may demand that Mortgagor pay for the insurance all at once, or Lender may add the insurance premiums to the balance of the Secured Debts and charge interest on it at the rate that applies to the Secured Debts. This insurance may include coverages not originally required of Mortgagor, may be written by a company other than one Mortgagor would choose, and may be written at a higher rate than Mortgagor could obtain if Mortgagor purchased the insurance. Mortgagor acknowledges and agrees that Lender or one of Lender's affiliates may receive commissions on the purchase of this insurance.

19 ESCROW FOR TAXES AND INSURANCE. Mortgagor will not be required to pay to Lender funds for taxes and insurance in escrow.

20 CO-SIGNERS If Mortgagor signs this Security Instrument but is not otherwise obligated to pay the Secured Debts, Mortgagor does so only to mortgage Mortgagor's interest in the Property to secure payment of the Secured Debts, and Mortgagor does not agree by signing this Security Instrument to be personally liable on the Secured Debts. If this Security Instrument secures a guaranty between Lender and Mortgagor, Mortgagor agrees to waive any rights that may prevent Lender from bringing any action or claim against Mortgagor or any party indebted under the obligation. These rights may include, but are not limited to, any anti-deficiency or one-action laws.

21 WAIVERS Except to the extent prohibited by law, Mortgagor waives all homestead exemption rights relating to the Property.

STEPHEN M. JOHNSON
South Carolina Mortgage
SC14XXXtrnm00009300005586025042307Y

1995 Banker System, Inc. St. Cloud, MN Export

Info P. 013

ROA_0402

22 OTHER TERMS The following are applicable to this Security Instrument

A Line of Credit The Secured Debts include a revolving line of credit provision. Although the Secured Debts may be reduced to a zero balance, this Security Instrument will remain in effect until the Secured Debts and all underlying agreements have been terminated in writing by Lender.

B Additional Terms. ENVIRONMENTAL CLAUSE You shall indemnify and hold harmless the bank, its parent company, subsidiaries, and all of their directors, officers, employees, agents, successors, attorneys, and assigns from and against any loss, damage, cost, expense, or liability directly or indirectly arising out of or attributable to the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal, or presence of a hazardous substance on, under, or about your property leased by you, including, but not limited to, attorney's fees, including the reasonable estimate of the allocated cost of in-house counsel and staff. This indemnity shall survive repayment of your obligations to the bank and the release of the mortgage, if any, whether by payment of the secured indebtedness or foreclosure or action in lieu thereof.

23 APPLICABLE LAW This Security Instrument is governed by the laws of South Carolina, the United States of America, and to the extent required by the laws of the jurisdiction where the Property is located, except to the extent such state laws are preempted by federal law.

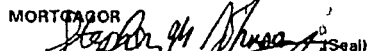
24 JOINT AND INDIVIDUAL LIABILITY AND SUCCESSORS Each Mortgagor's obligations under this Security Instrument are independent of the obligations of any other Mortgagor. Lender may sue each Mortgagor individually or together with any other Mortgagor. Lender may release any part of the Property and Mortgagor will still be obligated under this Security Instrument for the remaining Property. If this Security Instrument secures a guaranty between Lender and Mortgagor, Mortgagor agrees to waive any rights that may prevent Lender from bringing any action or claim against Mortgagor or any party indebted under the obligation. These rights may include, but are not limited to, any anti-deficiency or one-action laws. Mortgagor agrees that Lender and any party to this Security Instrument may extend, modify, or make any change in the terms of this Security Instrument or any evidence of debt without Mortgagor's consent. Such a change will not release Mortgagor from the terms of this Security Instrument. The duties and benefits of this Security Instrument will bind and benefit the successors and assigns of Lender and Mortgagor.

25 AMENDMENT, INTEGRATION AND SEVERABILITY This Security Instrument may not be amended or modified by oral agreement. No amendment or modification of this Security Instrument is effective unless made in writing and executed by Mortgagor and Lender. This Security Instrument and any other documents relating to the Secured Debts are the complete and final expression of the agreement. If any provision of this Security Instrument is unenforceable, then the unenforceable provision will be severed, and the remaining provisions will still be enforceable.

26 INTERPRETATION Whenever used, the singular includes the plural and the plural includes the singular. The section headings are for convenience only and are not to be used to interpret or define the terms of this Security Instrument.

27 NOTICE, FINANCIAL REPORTS, ADDITIONAL DOCUMENTS AND RECORDING TAXES Unless otherwise required by law, any notice will be given by delivering it or mailing it by first class mail to the appropriate party's address listed in the DATE AND PARTIES section or to any other address designated in writing. Notice to one Mortgagor will be deemed to be notice to all Mortgagors. Mortgagor will inform Lender in writing of any change in Mortgagor's name, address, or other application information. Mortgagor will provide Lender any financial statements or information Lender requests. All financial statements and information Mortgagor gives Lender will be correct and complete. Mortgagor agrees to pay all expenses, charges, and taxes in connection with the preparation and recording of this Security Instrument. Mortgagor agrees to sign, deliver, and file any additional documents or certifications that Lender may consider necessary to perfect, continue, and preserve Mortgagor's obligations under this Security Instrument and to confirm Lender's lien status on any Property and Mortgagor agrees to pay all expenses, charges, and taxes in connection with the preparation and recording thereof. Time is of the essence.

SIGNATURES By signing under seal, Mortgagor agrees to the terms and covenants contained in this Security Instrument. Mortgagor also acknowledges receipt of a copy of this Security Instrument.

MORTGAGOR

STEPHEN M. JOHNSON
Individually


(Witness)
MICHAEL D. BROWN
Individually


(Witness)
(Witness)

STEPHEN M. JOHNSON
South Carolina Mortgage
SC/AXXX/000005900005586021042307Y

1996 B k r s y m Inc St Cloud, MN

Indb
Page 1

LENDER

Ameris Bank

By _____ (Seal)
Ruth Myrick Branch Manager

(Witness)

(Witness)

ACKNOWLEDGMENT

(Individual)

STATE OF SC County OF Horry ss
I C Scott Mase a notary public for SC do
hereby certify that STEPHEN M JOHNSON personally appeared before me this day and acknowledged the due
execution of the foregoing instrument
Witness my hand and official seal this 23rd day of April 2007

Signature of Notary Public

My commission expires 5/13/07

(Individual)

STATE OF SC County OF Horry ss
I C Scott Mase a notary public for SC do
hereby certify that MICHAEL D BROWN personally appeared before me this day and acknowledged the due
execution of the foregoing instrument
Witness my hand and official seal this 23rd day of April 2007

Signature of Notary Public

My commission expires 5/13/07

EXHIBIT A

All and singular that certain piece parcel or lot of land situate lying and being in Dogwood Neck Township School District Eight, County and State aforesaid and being more particularly described as Lot 13 Dunes Ocean Front Development, Phase II as shown on map prepared by Associated Land Surveyors dated October 27 1997 and recorded February 12 1998 in Plat Book 153 at Page 108 in the office of the Register of Deeds for Horry County reference to which is craved as forming a part of these presents

This being the property conveyed to Stephen Mark Johson and Michael D Brown by deed from Dunes Lot 13 LLC recorded December 5 2006 in Deed Book 3198 at Page 1933 Horry County records

(JOHNSON BROWN 15007M PFD/07-3 15007M/12)



ASSIGNMENT OF NOTE

For value received SCBT, N A hereby sells and assigns this Loan Note dated November 30 2006 to J Conner LLC, and with full power to J Conner LLC to take all such legal or other proceedings as the seller might take save for this assignment

SCBT, N A warrants that this Note is genuine in all respects and that all signatures are genuine that all parties have the capacity to contract, and that the seller has no knowledge of any defect which could impair the validity of the Agreement

This assignment is made Without Recourse to SCBT, N A this 30th day of December 2008

SCBT N A

By James W Boyd

This Note is hereby accepted by the purchaser under the terms stipulated above

Purchaser _____

ALLONGE TO NOTE

Without Recourse

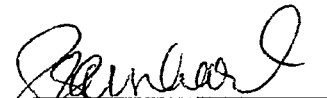
For valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby sells, transfers, endorses, assigns and delivers to

J Conner, LLC
Sherri L McGirt, Organizer
327 Hillsborough St
Raleigh, NC 27603

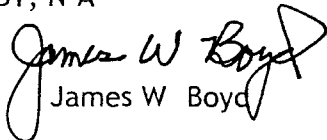
All of its rights, title, and interest in and to that promissory note dated November 30, 2006 in the face amount of \$three million five hundred thousand dollars and 00/100 (\$3,500,000 00) entered into by and between SCBT, N A as lender, and Michael D Brown and Stephen Mark Johnson, as borrower

Said promissory note is secured by a security instrument of the same date on Real Property located in Horry County, South Carolina


Witness


Witness

SCBT, N A

By 
James W Boyd

Its Special Assets Officer

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHALAND)

ASSIGNMENT OF MORTGAGE

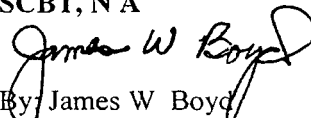
FOR VALUE RECEIVED the undersigned SCBT, N A ("Assignor) a bank organized and existing under the laws of the State of South Carolina assigns to J Conner LLC, its successors and assigns ("Assignees"), all right title and interest in that certain mortgage of real estate dated November 30 2006, securing the original principal sum of \$3,500,000 00, made by Michael D Brown and Stephen Mark Johnson, as mortgagor(s) to SCBT N A as mortgagee, as filed in the office of the Register of Deeds for Horry County together with the Note dated November 30 2006 and indebtedness secured by said mortgage This Assignment is made without recourse

Assignee's address 327 Hillsborough St Raleigh, NC 28282

Executed this 30th day of December 2008

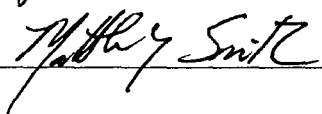
Mortgage recorded December 5, 2006 in Book 4795 at Page 1676

SCBT, N A


By James W Boyd

Its Special Assets Officer/SVP

Witness 

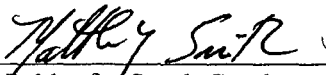
Witness 

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

ACKNOWLEDGEMENT

As a Notary Public for the State of South Carolina, I hereby certify that James W Boyd personally appeared before me on this date and acknowledged that s/he is an Authorized Agent of South Carolina Bank and Trust, N A and that by authority duly given and as the act of the corporation s/he has signed the foregoing instrument

Witness my hand and official seal dated 12/30/2008


Notary Public for South Carolina
My Commission Expires 7/21/2016

(Notary Stamp)

EXHIBIT "A"

All and singular, that certain piece, parcel or lot of land situate, lying and being in Dogwood Neck Township, School District Eight, County and State aforesaid, and being more particularly described as Lot 13, Dunes Ocean Front Development Phase II, as shown on map prepared by Associated Land Surveyors, dated October 27, 1997 and recorded February 12, 1998 in Plat Book 153 at Page 108 in the office of the Register of Deeds for Horry County, reference to which is craved as forming a part of these presents

THIS being the identical property conveyed to Dunes Lot 13, LLC by deed of Ronald C Vallone dated October 14, 2004, recorded October 18, 2004 in Deed Book 2808 at Page 313, Horry County Records

THIS being the identical property conveyed to Michael D Brown and Stephen Mark Johnson by Deed of Dunes Lot 13, LLC, dated November 30, 2006, recorded simultaneously herewith

State of North Carolina
Department of the Secretary of State

SOSID 1072752
Date Filed 11/20/2008 4 08 00 PM
Elaine F Marshall
North Carolina Secretary of State
C200832500148

Limited Liability Company
ARTICLES OF ORGANIZATION

Pursuant to §57C-2-20 of the General Statutes of North Carolina the undersigned does hereby submit these Articles of Organization for the purpose of forming a limited liability company

- 1 The name of the limited liability company is J, Conner LLC
- 2 If the limited liability company is to dissolve by a specific date, the latest date on which the limited liability company is to dissolve (*If no date for dissolution is specified there shall be no limit on the duration of the limited liability company*) _____
- 3 The name and address of each person executing these articles of organization is as follows
(*State whether each person is executing these articles of organization in the capacity of a member organizer or both Note This document must be signed by all persons listed here*)
Sherr L McGirt Organizer

301 South Tryon Street Suite 1615

Charlotte North Carolina 28282

- 4 The street address and county of the initial registered office of the limited liability company is
Number and Street 327 Hillsborough Street
City State, Zip Code Raleigh North Carolina 27603 County Wake
- 5 The mailing address *if different from the street address*, of the initial registered office is

- 6 The name of the initial registered agent is Corporation Service Company
- 7 Principal office information (*Select either a or b*)
a. ☐ The limited liability company has a principal office
The street address and county of the principal office of the limited liability company is
Number and Street _____
City State Zip Code _____ County _____
The mailing address *if different from the street address* of the principal office of the corporation is

b. ☒ The limited liability company does not have a principal office

8 Check one of the following

☒ (i) *Member-managed LLC* all members by virtue of their status as members shall be managers of this limited liability company

☐ (ii) *Manager-managed LLC* except as provided by N C G S Section 57C-3-20(a) the members of this limited liability company shall not be managers by virtue of their status as members

9 Any other provisions which the limited liability company elects to include are attached

10 These articles will be effective upon filing unless a date and/or time is specified

This is the 19th day of November, 20 08

J CONNER LLC

Sherr L McGirt
Signature

Sherr L McGirt Organizer
Type or Print Name and Title

NOTES

1 Filing fee is \$125 This document must be filed with the Secretary of State

CORPORATIONS DIVISION
(Revised January 2002)

P O Box 29622

Instructions for Filing

RALEIGH NC 27626 0622
(Form L 01)

**LIMITED LIABILITY OPERATING AGREEMENT
OF
J CONNER, LLC**

This Agreement, dated as of November 24, 2008, is between the following parties

Joan C Brown, the sole Member ("Member"), an individual and a resident of the State of North Carolina, whose address is 966 Queens Rd Charlotte, NC 28207, and J Conner, LLC (the "Company"), a limited liability company formed on November 21, 2008, pursuant to Chapter 57C of the General Statutes of North Carolina, (the "LLC Act" or "Act")

PREAMBLE

Whereas on November 20, 2008, Articles of Organization were filed with the Secretary of State of the State of North Carolina creating the Company A copy of the Articles is attached as Exhibit A,

Whereas, this Agreement confirms the agreement between the parties as to the internal affairs of the Company and the conduct of its business effective as of the date of the filing of the Articles of Organization,

Now therefore, the parties agree as follows

**Article I
Preliminary Provisions**

1.1 *Effective Date of Agreement, Enforceability*

The LLC was formed upon the filing of the Articles with the Secretary of State of North Carolina ("Effective Date") Once this Agreement is signed by Joan C Brown she shall be admitted as a Member of the LLC and this Agreement will be effective as of the Effective Date

Sherril L McGirt, (the "Organizer") executed and filed the Articles and otherwise acted as the organizer of the LLC The Organizer's acts and conduct in connection with the organization of the LLC are hereby ratified and adopted by the LLC as acts and conduct by and on behalf of the LLC and are deemed to be in its best interest The organizational and other activities for which the Organizer was responsible have been completed the Organizer is relieved of any further duties and responsibilities in that regard and the LLC and the sole Member hereby agree to indemnify and hold harmless Organizer for any loss liability or expense arising from her actions or conduct in such capacity

The Act and this Agreement, including all Exhibits attached hereto, govern the rights and obligations of the Members and the terms and conditions of the LLC. This Agreement controls to the extent there are any inconsistencies between the Act and this Agreement with respect to any subject matter covered in this Agreement. The LLC shall have no oral operating agreements, and this Agreement may be amended only in accordance with Section 11.2 below and the Act.

The Member shall execute and file on behalf of the LLC all instruments or documents, and shall accomplish all such filing, recording or other acts as necessary or appropriate from time to time to comply with the requirements of law for the continuation and operation of a limited liability company in North Carolina and in any other states and jurisdictions in which the LLC shall transact business.

1.2 *Company's Name, Purpose, Etc.*

The Company's name shall be J. Conner, LLC.

The purpose of the LLC is (i) to acquire that certain note and mortgage currently held by South Carolina Bank and Trust, N.A. from Michael D. Brown and Stephen Mark Johnson, dated November 30, 2006 in the original principal amount of \$3,500,000 and secured by that certain mortgage of the same date which is a first lien on real property located at 8810 North Ocean Blvd., Myrtle Beach, South Carolina and more particularly described therein; (ii) to incur indebtedness or obligations in furtherance of the activities described in clause (i), and (iii) to conduct such other business as the Member shall determine, all on the terms and conditions and subject to the limitations set forth in this Agreement.

The registered agent and registered office are set forth in the Articles. The Members may name a different registered agent or different registered office upon the vote of the Members, in which case members shall file a statement of change as required by the Act.

The LLC commenced on the Effective Date and shall continue until the dissolution of the LLC, the winding up of its affairs and the making of the final liquidating distributions required by this Agreement.

1.3 *Principal Place of Business of Company*

The Company has no current principal place of business. The sole Member of the Company may change the Company's principal place of business from time to time in the Member's sole discretion.

1.4 *Reservation of Management of Company to Members*

The management of the Company is reserved to the sole Member. The sole Member shall have the complete authority and exclusive control over the management of

the business and affairs of the LLC The Member may, but shall not be required to, delegate by written resolution, which resolution may be general or may be limited to specific matters, to one Person, several Persons or a committee of Persons (with such title as the sole Member shall select, including “manager ”) which Persons may but need not be Members, provided, however, that the delegation of authority by the Member pursuant to the Section shall not relieve the Member from the duties and responsibilities set forth in the Act or this Agreement Notices of meetings, agenda and minutes of meetings shall be provided in a timely manner to all Members even if they have appointed another person as manager

1 5 *Limited Liability of Member and Manager*

a The Member shall not be personally obligated to any third party for any debt, obligation or liability of the Company solely by reason of being a member

b The Manager, if one is appointed, shall not be personally obligated to any third party for any debt, obligation or liability of the Company solely by reason of acting as manager

c The Member and the Manager shall be liable for their conduct in their individual capacities as provided by law

1 6 *Admission of Additional Members*

Whether additional members shall be admitted as members of the Company shall be in the sole discretion of the Member PROVIDED, that upon the death of the Member the Member’s successor shall immediately be admitted as a member in accordance with Article 5 2

1 7 *Amendment of Agreement if Company has Multiple Members*

If at any time the Company has two or more members, the members shall, with reasonable promptness, make all written amendments to this Agreement necessary to reflect their agreement concerning the allocation of the Company s profits and losses, the allocation of management rights, and other appropriate matters

1 8 *Taxation of Company and Member*

Under federal tax law and to the maximum extent possible under the tax laws of each state and the District of Columbia, the Company shall be taxable as a sole proprietorship. As a single member organization, it is intended that this entity be disregarded as an entity separate from its Member pursuant to Internal Revenue Service Regs. 301.77001-3(b), and the Member shall conduct its tax reporting obligations accordingly.

1 9 *Annual Accounting Period of Company*

The Company's annual accounting period for financial and tax purposes shall be the calendar year.

1 10 *Company Method of Accounting*

The Company shall use the cash method of accounting to compute its taxable income.

1 11 *Effect of LLC Act*

Except as otherwise provided in this Agreement or by law, the business and internal affairs of the Company shall be governed by the Company Act as in effect on the Effective Date.

1 12 *Relation of Agreement to Certificate.*

If there is any conflict between the provisions of this Agreement and those of the Certificate, the provisions of this Agreement shall prevail.

1 13 *Qualification in Other Jurisdictions*

Before conducting business on a regular basis in any jurisdiction other than this State, the Company shall file all forms and shall do all other things required under the laws, including the tax laws, of that jurisdiction in order to conduct that business.

**Article 2
Capital Contributions and Loan**

2 1 *Contributions of Cash and Non-Cash Property*

Promptly after the parties have signed and dated this Agreement, the Member shall transfer to the Company as the sole and entire consideration for the

Member's membership in the Company the amount of cash and the items of property identified in the attached *Exhibit B* (the "Contribution")

2.2 *No Duty to Make Additional Contributions*

Except for the Contribution, the Member shall have no duty to make contributions to the Company

2.3 *Loans by Member to Company*

The Member shall be permitted to make loans to the Company pursuant to terms and conditions to be determined by the member or the Manager, at the time of the loan

Article 3
Allocations and Distributions of Company Profits

3.1 *Allocations of Profits and Losses and Allocations of Distributions*

Only the Member shall be entitled to allocations of Company profits and losses to allocations of distributions of Company profits and other Company assets and to distributions of Company profits and other assets. No other person shall have any right to any such allocations or distributions

3.2 *Decisions Concerning Allocations, Etc*

It shall be within the sole and exclusive discretion of the Member to decide

- a Whether to make allocations of its profits and losses to the Member,
- b Whether to make allocations of distributions of profits and other assets to the Member,
- c Whether to make distributions of profits and other assets to the Member and
- d When and in what amounts to make any such allocation or distribution

Provided that the Company shall make no such distribution to the extent that, immediately after the distribution, the Company's liabilities would exceed its assets

Article 4

Company Management

4 1 *Decision Making*

Except as provided in Article 4 3, the sole Member shall have complete authority and exclusive control over the management of the business and affairs of the LLC

4 2 *Signing Contracts, Etc*

Except as provided in Article 4 3, the sole Member, in the Member's sole discretion, shall have the exclusive right, power and authority to sign contracts on behalf of the Company and otherwise bind the Company with third parties

4 3 *Management Rights of other Persons*

Should the sole Member, in her discretion so appoint a Manager or other Persons to act on behalf of the LLC, the Manager shall be entitled to exercise all of the rights, authority and powers of the Member under the Act and under this Agreement

a If and to the extent that the Member expressly so provides in writing,

b If the Member dies and there is no personal representative or beneficiary who has been admitted as a new Member

c If and to the extent that during any period, the Member is incapable of acting as a manager because of the Member's absence or because of any physical or mental disability of the Member

4 4 *No Duty to Record Decisions, Etc*

The Member in the Member's capacity as a member and as a manager shall have no duty to record in writing or otherwise any decision in the Member's capacity as a member or manager and the Member's failure to make any such record shall not impair the validity of any such decision

4 5 *Manager as President, Etc*

In exercising the Member's rights, powers and authority as Manager, the Member may use the title 'Managing Member', 'Manager', 'President' or any other title that the Member shall determine to use from time to time

4 6 *Method of Appointing and Removing Managers*

The Member or the Member's successor (or, in the event of the Member's death or incompetence, the Member's personal representative) in his or her sole discretion may without liability, appoint or remove any Manager at any time with or without cause

4 7 *Term of Service of Member as Manager*

The term of service of the Member as Manager shall begin on the Effective Date and shall terminate on the earlier of

- a The date on which the Member resigns as Manager,
- b The date on which the Member ceases to be a member

4 8 *Manager Resignation*

The Manager may, without liability, resign as Manager of the Company at any time for any reason

4 9 *Manager Compensation, Etc*

The Manager shall be compensated by the Company for the Manager's services under this Agreement as Manager as the Member shall determine from time to time in the Member's sole discretion

4 10 *Fiduciary Duties of Manager*

The sole Member as member and as Manager shall have no fiduciary duties toward the Company including any duty of care or loyalty

4 11 *Indemnification of Manager*

The Company shall fully indemnify the Member for any claim against the Member in the Member's capacity as a member or as a manager

4 12 *Advancement of Manager's Litigation*

The Company shall advance litigation expenses to the Member for any claim against the Member in the Member's capacity as a member or as a Manager

Article 5

Member Meetings

The member may take or ratify any action permitted or required by this Agreement, including any amendment to the Articles or to this Agreement by written consent, signed by the sole Member

Article 6

Transfers and Pledges of Company Memberships and Interests

6 1 *Transfers of Membership Rights – In General.*

The Member, in the Member's sole discretion may transfer (whether by sale gift or otherwise) all or any part of the Member's membership rights including any economic and non-economic rights, to any person at any time The Member may make any such transfer under any terms and conditions that the Member deems appropriate

6 2 *Transfer of Member's Membership Upon Member's Death*

Upon the Member's death, the Member's membership rights shall be transferred as provided in the Member's will or other testamentary documents, or, in the absence of any such documents, by the laws of descent and distribution

6 3 *Pledges*

The Member shall have exclusive and absolute discretion to pledge all or any part of the Member's membership rights to any person at any time as collateral for any debt of the Member The Member may make any such pledge under any terms and conditions that the Member deems appropriate

Article 7

Cessation of Member's Membership

Except as otherwise provided in Article 6 2 or elsewhere in this Agreement, the Member shall cease to be a member of the Company only upon the Member's death and shall not cease to be a member for any other reason, including

- a A judicial declaration that the Member is incompetent

- b The Member's bankruptcy,
- c The Member's assigning of the Member's entire Company interest to another person

Article 8

Company Books of Accounts, Reports, Etc

The Company shall maintain on a current basis accurate books of account in accordance with financial standards normally applied to business organizations generally similar to the Company in size and business activities

Article98

Dissolution

9 1 *Definition of Dissolution, Winding Up and Liquidation*

For purposes of this Agreement

- a ***Dissolution*** The dissolution of the Company shall mean the cessation of its normal business activities and the beginning of the process of winding it up and liquidating it
- b ***Winding Up*** The winding up of the Company shall mean the process of concluding its existing business activities and internal affairs and preparing for its liquidation
- c ***Liquidation*** The liquidation of the Company shall mean the sale or other disposition of its assets and the distribution of its assets (or the distribution of the proceeds of the sale or other disposition of its assets) to its creditors and to the member(s)

9 2 *Dissolution of Company*

The member, in the Member's sole and absolute discretion, may determine whether and when to dissolve the Company. The Company shall be dissolved immediately upon the Member's deciding to dissolve it.

9 3 *Filing of Certificate of Dissolution*

Upon determining to dissolve the Company, the Member shall file a certificate of dissolution with the Secretary of State.

9 4 *Date of Termination of Legal Existence of Company*

The certificate of dissolution shall set forth the effective date of the cancellation of the Company's certificate of formation. On that date, the legal existence of the Company shall terminate.

**9.5 *Winding Up and Liquidation of Company,
Distribution of Company Assets***

Promptly after determining to terminate the legal existence of the Company, the Member shall wind up its business and internal affairs, shall liquidate it, and shall distribute its assets to the Member and to creditors as required by the LLC Act.

9.6 *Satisfaction Of Company's Known and Unknown Debts*

In connection with the winding up of the Company, the Member shall take all appropriate measures:

- a To comply with applicable federal and state tax laws relating to entity dissolutions, and
- b To the extent possible under the laws of this State, to bar known and unknown claims against the Company.

**Article 10
Term and Termination**

The term of this Agreement shall begin on the Effective Date and shall end upon the earlier of:

- a The date on which the Company ceases to exist under this Agreement or under other applicable law, or
- b The date on which the parties determine to terminate the Agreement.

Article 11
Miscellaneous Provisions

11 1 *Entire Agreement.*

This Agreement contains the complete agreement between the parties concerning its subject matter, and it replaces all earlier agreements between them, whether written or oral, concerning its subject matter

11 2 *Amendments*

No amendment of this Agreement or of the Certificate shall be valid unless it is set forth in a writing signed by both parties

11 3 *Notices*

All notices under this Agreement shall be in writing and shall be deemed to have been given three (3) days after deposit in the United States mail if mailed by first class, certified or registered mail, postage prepaid or on the date of delivery if delivered by overnight delivery service hand, telegram or facsimile transmission addressed to the Company at its principal office or to the Member or the Manager at such Member or Manager s address then contained in the records of the Company

11 4 *Governing Law*

This Agreement shall be governed exclusively by the laws of the State of North Carolina (exclusive of its laws relating to conflicts of law)

11 5 *Captions*

Captions in this Agreement are for convenience only and shall be deemed irrelevant in construing its provisions

11 6 *Incorporation of Certificate, Etc*

The Certificate and all exhibits referred to in this Agreement are hereby incorporated in the Agreement and made an integral part of it

11 7 *Definition of "Including", "Person", Etc*

The terms 'including' and 'includes' shall mean a partial definition. The term 'person' shall mean a natural person and any kind of entity

11 8 *Withdrawal of Organizing Member*

In order to form the Company, Sherri L. McGirt (the "Organizing Member") served as organizer solely for purposes of filing the Company's Articles Pursuant to Sections 57C-2-20 and 57C-3-01 of the North Carolina General Statutes, the Organizing Member became a member upon filing the Articles with the North Carolina Secretary of State. Upon complete execution of this Agreement, the Organizing Member shall withdraw as, and shall cease to be, a Member and any interest of the Organizing Member as a Member of the Company shall be terminated. The Organizing Member shall not be entitled to receive any compensation for serving in such capacity and shall have no rights or obligations with respect to the Company or any of its assets. The Company shall indemnify and hold harmless the Organizing Member from any and all obligations and liabilities of any nature relating to the Company or service as Organizing Member.

In witness of their acceptance of the above terms and conditions, the parties by themselves or by their duly authorized representatives have signed and dated this Agreement as follows:

Joan C Brown
Joan C Brown

J CONNER, LLC

By Joan C Brown
Joan C Brown, Sole Member

The undersigned Organizing Member hereby executes this Agreement to confirm and evidence in accordance with Section 11-08, the termination of any Membership Interest as may be deemed to exist in respect of such persons and the withdrawal as a member from the Company as of the effective date of this Agreement.

Sherri L McGirt
Sherri L McGirt



NORTH CAROLINA

Department of The Secretary of State

To all whom these presents shall come, Greetings

I, **ELAINE F MARSHALL**, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF ORGANIZATION

OF

J CONNER, LLC

the original of which was filed in this office on the 20th day of November, 2008



IN WITNESS WHEREOF, I have hereunto
set my hand and affixed my official seal at the
City of Raleigh, this 20th day of November, 2008

Elaine F Marshall

Secretary of State

Document Id C20083250014
8

ROA_0425

Exhibit B
Contributions

<u>Member</u>	<u>Cash</u>	<u>Property</u>	<u>Total</u>
Joan C Brown	\$100 00	0	\$100 00

CERTIFICATE OF RESOLUTION TO BORROW

The undersigned hereby certifies to Wachovia Bank National Association (Bank") that the undersigned is (are) a (the) Managing Member(s) Member(s) or Manager(s) in whom management of J CONNER LLC ("LLC") a Limited Liability Company duly organized and existing under the laws of the State of North Carolina is vested by the Organizational Documents (as defined below) of the LLC that the following is a true copy of the Resolution duly adopted by each required Managing Member Member or Manager that such Resolution is in full force and effect and has not been amended or rescinded and that there is no provision in the Certificate or Articles of Formation or Organization Operating Agreement or other organizational documents (the "Organizational Documents ") of the LLC or the laws of North Carolina limiting the power of such Managing Member Member or Manager to pass the following Resolution which is in full conformity with the provisions of the Organizational Documents of the LLC and the laws of North Carolina

RESOLVED that EACH of the present holder(s) of the following office(s) and/or position(s) of LLC and his (her) successor(s) in office or position

Member Manager

is (are) hereby authorized on behalf of in the name of and for the account of LLC to

- a borrow money and/or obtain or continue credit (with or without security) from Bank upon such terms and conditions and in such amounts as such officer(s) or position-holder(s) may deem desirable
- b execute and/or endorse all documents necessary or required by Bank to evidence or consummate any loan to LLC
- c guarantee the obligations of others to Bank
- d engage in business transactions of any nature and kind and/or enter into any manner of contractual relationships with Bank
- e grant a security interest of any kind in, assign mortgage or otherwise encumber property whether real personal tangible intangible and/or mixed (including securities of all types and in whatever form) of LLC as collateral securing payment or performance relative to any loan to LLC or guaranteed by LLC
- f sell purchase and/or lease real personal tangible intangible and/or mixed property to/from Bank
- g enter into execute and deliver and perform LLC's obligations under any swap agreement (as defined in 11 USC §101 as in effect from time to time) with Bank derivative agreement or foreign exchange agreement and execute any and all documents relative thereto as may be necessary or required by Bank

RESOLVED FURTHER that the foregoing authority shall not be limited to the above-identified officer(s) or position-holder(s) of LLC but shall extend to such additional or different individuals as are named as being so authorized in any letter form or other written or oral notice by any such above-identified officer or position-holder of LLC

RESOLVED FURTHER that the Member(s) of LLC shall furnish Bank a certified copy of this Resolution and Bank is hereby authorized to deal with the present holder(s) of said office(s) or

534999 (Rev 21 0)

RESOL

WPC1844220XXXX001

CDRESOLXXX

resol.doc

085522175049

position(s) under the authority of this Resolution unless and until it shall be expressly notified in writing to the contrary by LLC

RESOLVED FURTHER that the Member(s) of LLC shall from time to time hereafter as changes in the personnel of the said office(s) or position(s) of LLC are made immediately certify such changes to Bank and that Bank shall be fully protected in relying upon such certifications of the Member(s) of LLC and shall be indemnified and saved harmless from any claims demands expenses losses and/or damages resulting from or growing out of honoring the signature of any officer(s) or position-holder(s) representative(s) agent(s) or employee(s) so certified or refusing to honor any signature not so certified which is not described or stated in this Resolution

RESOLVED FURTHER that the Member(s) of LLC is (are) authorized and directed to certify to Bank that this Resolution was duly adopted and that the provisions thereof are in full conformity with the Organizational Documents

RESOLVED FURTHER that all transactions by any officer(s) member(s) position-holder(s) representative(s) agent(s) or employee(s) of LLC on its behalf and in its name with Bank prior to delivery of a certified copy of this Resolution are in all respects hereby ratified confirmed and adopted

RESOLVED FURTHER that any person(s) authorized to act on behalf of LLC pursuant to the terms of this Resolution is (are) fully authorized to take any action or exercise any powers as set out or granted by those terms in relation to any subsidiary parent or affiliate of LLC

I finally certify that the following is (are) the person(s) who now hold(s) the office(s) and/or position(s) referred to above in this Resolution and that his (her) bona fide signature(s) is (are) set forth below

Name	Title	Signature
Joan C Brown	Member Manager	By <u>Joan C Brown</u> Joan C Brown

IN WITNESS WHEREOF I have hereunto duly subscribed my name(s) and affixed the seal if any of LLC on December 16 2008

By <u>Joan C Brown</u>	Authorized Signer
Printed Name <u>JOAN C BROWN</u>	
Title <u>MEMBER-MANAGER</u>	

Tracking # 831297
CAT Deal # 1074855 Facility ID 844220

PROMISSORY NOTE

\$3 500 000 00

December 16, 2008

J Conner LLC
996 Queens Road
Charlotte North Carolina 28207
(Hereinafter referred to as "Borrower")

Wachovia Bank, National Association
Charlotte North Carolina 28202
(Hereinafter referred to as "Bank")

Borrower promises to pay to the order of Bank, in lawful money of the United States of America by mailing to the address specified hereinafter or wherever else Bank may specify the sum of Three Million Five Hundred Thousand and No/100 Dollars (\$3 500 000 00) or such sum as may be advanced and outstanding from time to time with interest on the unpaid principal balance at the rate and on the terms provided in this Promissory Note (including all renewals extensions or modifications hereof this "Note")

NON-REVOLVING LINE OF CREDIT Borrower may borrow and upon the request of Borrower Bank shall advance under this Note from time to time (each an "Advance" and together the Advances), so long as the total principal balance outstanding under this Note at any one time does not exceed the principal amount stated on the face of this Note subject to the limitations described in any loan agreement to which this Note is subject. Bank's obligation to make Advances under this Note shall terminate if a demand for payment is made under this Note or if a Default (as defined in the other Loan Documents) under any Loan Document occurs or in any event on the first anniversary hereof unless renewed or extended by Bank in writing upon such terms then satisfactory to Bank. As of the date of each proposed Advance Borrower shall be deemed to represent that each representation made in the Loan Documents is true as of such date Advances once repaid may not be reborrowed

USE OF PROCEEDS Borrower shall use the proceeds of the loan(s) evidenced by this Note for the commercial purposes of Borrower as follows: payoff of existing debt.

SECURITY Joan C Brown and Michael D Brown have granted or will grant Bank a security interest in the collateral described in the Loan Documents and such other security instruments as are executed from time to time including but not limited to personal property collateral described in that certain Security Agreement, of even date herewith as modified restated or replaced from time to time

INTEREST RATE Interest shall accrue on the unpaid principal balance of this Note from the date hereof at the LIBOR Market Index Rate plus 1 15% as that rate may change from day to day in accordance with changes in the LIBOR Market Index Rate (Interest Rate) LIBOR Market Index Rate for any day means the rate for 1 month U S dollar deposits as reported on Telerate Successor Page 3750 as of 11 00 a m London time on such day or if such day is not a London business day then the immediately preceding London business day (or if not so reported then as determined by Bank from another recognized source or interbank quotation)

DEFAULT RATE. In addition to all other rights contained in this Note if a default in the payment of Obligations occurs all outstanding Obligations other than Obligations under any swap agreements (as defined in 11 U S C § 101 as in effect from time to time) between Borrower and Bank or its affiliates shall bear interest at the Interest Rate plus 3% (Default Rate) except if the Note is governed by the laws

535080 (Rev 31 0)

WPC1844220XXXX001

CDCNOTEXXX

Note.doc

CNOTE

of the State of North Carolina and the original principal amount is less than or equal to \$300 000 00 The Default Rate shall also apply from demand until the Obligations or any judgment thereon is paid in full

INTEREST AND FEE(S) COMPUTATION (ACTUAL/360) Interest and fees if any shall be computed on the basis of a 360-day year for the actual number of days in the applicable period ("Actual/360 Computation") The Actual/360 Computation determines the annual effective interest yield by taking the stated (nominal) rate for a year's period and then dividing said rate by 360 to determine the daily periodic rate to be applied for each day in the applicable period Application of the Actual/360 Computation produces an annualized effective rate exceeding the nominal rate

REPAYMENT TERMS This Note shall be due and payable in consecutive monthly payments of accrued interest only commencing on January 15 2009 and continuing on the same day of each month thereafter until fully paid In any event, this Note shall be due and payable in full including all principal and accrued interest on demand

AUTOMATIC DEBIT OF CHECKING ACCOUNT FOR LOAN PAYMENT Borrower authorizes Bank to debit demand deposit account number 2000040502511 or any other account with (routing number 053000219) designated in writing by Borrower beginning January 15 2009 for any payments due under this Note Borrower further certifies that Borrower holds legitimate ownership of this account and preauthorizes this periodic debit as part of its right under said ownership

APPLICATION OF PAYMENTS Monies received by Bank from any source for application toward payment of the Obligations shall be applied to accrued interest and then to principal Upon the occurrence of a default in the payment of the Obligations or a Default (as defined in the other Loan Documents) under any other Loan Document monies may be applied to the Obligations in any manner or order deemed appropriate by Bank

If any payment received by Bank under this Note or other Loan Documents is rescinded avoided or for any reason returned by Bank because of any adverse claim or threatened action the returned payment shall remain payable as an obligation of all persons liable under this Note or other Loan Documents as though such payment had not been made

DEFINITIONS **Loan Documents** The term Loan Documents as used in this Note and the other Loan Documents refers to all documents executed in connection with or related to the loan evidenced by this Note and any prior notes which evidence all or any portion of the loan evidenced by this Note and any letters of credit issued pursuant to any loan agreement to which this Note is subject any applications for such letters of credit and any other documents executed in connection therewith or related thereto and may include without limitation a commitment letter that survives closing a loan agreement this Note guaranty agreements security agreements security instruments financing statements mortgage instruments any renewals or modifications whenever any of the foregoing are executed but does not include swap agreements (as defined in 11 U.S.C. § 101 as in effect from time to time) **Obligations** The term Obligations as used in this Note and the other Loan Documents refers to any and all indebtedness and other obligations under this Note all other obligations under any other Loan Document(s) and all obligations under any swap agreements (as defined in 11 U.S.C. § 101 as in effect from time to time) between Borrower and Bank or its affiliates whenever executed **Certain Other Terms** All terms that are used but not otherwise defined in any of the Loan Documents shall have the definitions provided in the Uniform Commercial Code

LATE CHARGE If any payments are not timely made Borrower shall also pay to Bank a late charge equal to 5% of each payment past due for 10 or more days This late charge shall not apply to payments due at maturity or by acceleration hereof

Acceptance by Bank of any late payment without an accompanying late charge shall not be deemed a waiver of Bank's right to collect such late charge or to collect a late charge for any subsequent late payment received

ATTORNEYS' FEES AND OTHER COLLECTION COSTS Borrower shall pay all of Bank's reasonable expenses actually incurred to enforce or collect any of the Obligations including without limitation reasonable arbitration paralegals attorneys and experts fees and expenses whether incurred without the commencement of a suit in any trial arbitration or administrative proceeding or in any appellate or bankruptcy proceeding

USURY If at any time the effective interest rate under this Note would but for this paragraph exceed the maximum lawful rate the effective interest rate under this Note shall be the maximum lawful rate and any amount received by Bank in excess of such rate shall be applied to principal and then to fees and expenses or if no such amounts are owing returned to Borrower

DEMAND NOTE This is a demand Note and all Obligations hereunder shall become immediately due and payable upon demand In addition the Obligations hereunder shall automatically become immediately due and payable if Borrower or any guarantor or endorser of this Note commences or has commenced against it a bankruptcy or insolvency proceeding

REMEDIES Upon the occurrence of a default in the payment of the Obligations or a Default (as defined in the other Loan Documents) under any other Loan Document, Bank may at any time thereafter take the following actions **Bank Lien** Foreclose its security interest or lien against Borrower's deposit accounts and investment property without notice **Cumulative** Exercise any rights and remedies as provided under the Note and the other Loan Documents or as provided by law or equity

TAX RETURNS Borrower shall deliver to Bank within 30 days of filing complete copies of federal and state tax returns as applicable together with all schedules thereto each of which shall be signed and certified by Borrower to be true and complete copies of such returns In the event an extension is filed Borrower shall deliver a copy of the extension within 30 days of filing

FINANCIAL AND OTHER INFORMATION Borrower shall deliver to Bank such information as Bank may reasonably request from time to time including without limitation financial statements and information pertaining to Borrower's financial condition Such information shall be true complete and accurate

WAIVERS AND AMENDMENTS No waivers amendments or modifications of this Note and other Loan Documents shall be valid unless in writing and signed by an officer of Bank. No waiver by Bank of any Default (as defined in the other Loan Documents) shall operate as a waiver of any other Default or the same Default on a future occasion Neither the failure nor any delay on the part of Bank in exercising any right power or remedy under this Note and other Loan Documents shall operate as a waiver thereof nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right power or remedy

Except to the extent otherwise provided by the Loan Documents or prohibited by law each Borrower and each other person liable under this Note waives presentment, protest notice of dishonor notice of intention to accelerate maturity notice of acceleration of maturity notice of sale and all other notices of any kind Further each agrees that Bank may (i) extend modify or renew this Note or make a novation of the loan evidenced by this Note and/or (ii) grant releases compromises or indulgences with respect to any collateral securing this Note or with respect to any Borrower or other person liable under this Note or any other Loan Documents all without notice to or consent of each Borrower and other such person and without affecting the liability of each Borrower and other such person provided Bank may not extend modify or renew this Note or make a novation of the loan evidenced by this Note without the consent of the Borrower or if there is more than one Borrower without the consent of at least one Borrower and further provided if there is more than one Borrower Bank may not enter into a modification of this Note which increases the burdens of a Borrower without the consent of that Borrower

MISCELLANEOUS PROVISIONS **Assignment.** This Note and the other Loan Documents shall inure to the benefit of and be binding upon the parties and their respective heirs legal representatives successors and assigns Bank's interests in and rights under this Note and the other Loan Documents are freely assignable in whole or in part, by Bank. In addition nothing in this Note or any of the other

Loan Documents shall prohibit Bank from pledging or assigning this Note or any of the other Loan Documents or any interest therein to any Federal Reserve Bank. Borrower shall not assign its rights and interest hereunder without the prior written consent of Bank and any attempt by Borrower to assign without Bank's prior written consent is null and void. Any assignment shall not release Borrower from the Obligations.

Organization Powers. Borrower represents that Borrower (i) is (a) an adult individual and is suo juris, or (b) a corporation, general partnership, limited partnership, limited liability company or other legal entity duly organized, validly existing and in good standing under the laws of its state of organization and is authorized to do business in each other jurisdiction wherein its ownership of property or conduct of business legally requires such organization; (ii) has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated; and (iii) has the power and authority to execute, deliver and perform, and by all necessary action has authorized the execution, delivery and performance of all of its obligations under this Note and any other Loan Document to which it is a party.

Compliance with Laws. Borrower represents that Borrower and any subsidiary and affiliate of Borrower and any guarantor are in compliance in all respects with all federal, state and local laws, rules and regulations applicable to its properties, operations, business and finances, including without limitation, all applicable federal, state and local laws and regulations intended to protect the environment and the Employee Retirement Income Security Act of 1974 as amended (ERISA), if applicable. None of Borrower or any subsidiary or affiliate of Borrower or any guarantor is a Sanctioned Person or has any of its assets in a Sanctioned Country or does business in or with or derives any of its operating income from investments in or transactions with, Sanctioned Persons or Sanctioned Countries in violation of economic sanctions administered by OFAC. The proceeds from the Loan will not be used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Country. "OFAC" means the U.S. Department of the Treasury's Office of Foreign Assets Control. "Sanctioned Country" means a country subject to a sanctions program identified on the list maintained by OFAC and available at <http://www.treas.gov/offices/enforcement/ofac/programs/index.shtml> or as otherwise published from time to time. "Sanctioned Person" means (i) a person named on the list of Specially Designated Nationals or Blocked Persons maintained by OFAC available at <http://www.treas.gov/offices/enforcement/ofac/sdn/index.shtml> or as otherwise published from time to time; or (ii) (A) an agency of the government of a Sanctioned Country; (B) an organization controlled by a Sanctioned Country; or (C) a person resident in a Sanctioned Country to the extent subject to a sanctions program administered by OFAC.

Applicable Law, Conflict Between Documents. This Note and, unless otherwise provided in any other Loan Document, the other Loan Documents shall be governed by and interpreted in accordance with federal law and, except as preempted by federal law, the laws of the state named in Bank's address on the first page hereof without regard to that state's conflict of laws principles. If the terms of this Note should conflict with the terms of any loan agreement or any commitment letter that survives closing, the terms of this Note shall control.

Borrower's Accounts. Except as prohibited by law, Borrower grants Bank a security interest in all of Borrower's deposit accounts and investment property with Bank and any of its affiliates.

Swap Agreements. All swap agreements (as defined in 11 U.S.C. § 101) as in effect from time to time) if any between Borrower and Bank or its affiliates are independent agreements governed by the written provisions of said swap agreements, which will remain in full force and effect unaffected by any repayment, prepayment, acceleration, reduction, increase or change in the terms of this Note, except as otherwise expressly provided in said written swap agreements, and any payoff statement from Bank relating to this Note shall not apply to said swap agreements except as otherwise expressly provided in such payoff statement.

Jurisdiction. Borrower irrevocably agrees to non-exclusive personal jurisdiction in the state named in the Bank's address on the first page hereof.

Severability. If any provision of this Note or of the other Loan Documents shall be prohibited or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Note or other such document.

Payments. All payments shall be mailed to Bank at Commercial Loan Services, P.O. Box 740502, Atlanta, GA 30374-0502 or other such address as provided by Bank in writing.

Notices. Any notices to Borrower shall be sufficiently given if in writing and mailed or delivered to the Borrower's address shown above or such other address as provided hereunder and to Bank if in writing and mailed or delivered to Wachovia Bank National Association, Mail Code VA7628, P.O. Box 13327, Roanoke, VA 24040 or Wachovia Bank National Association, Mail Code VA7628, 7711 Plantation Road, Roanoke, VA 24019 or such other address as Bank may specify in writing from time to time.

time Notices to Bank must include the mail code In the event that Borrower changes Borrower's address at any time prior to the date the Obligations are paid in full Borrower agrees to promptly give written notice of said change of address by registered or certified mail return receipt requested all charges prepaid **Plural, Captions** All references in the Loan Documents to Borrower guarantor person document or other nouns of reference mean both the singular and plural form as the case may be and the term "person" shall mean any individual person or entity The captions contained in the Loan Documents are inserted for convenience only and shall not affect the meaning or interpretation of the Loan Documents **Advances** Bank may in its sole discretion make other advances which shall be deemed to be advances under this Note even though the stated principal amount of this Note may be exceeded as a result thereof **Posting of Payments** All payments received during normal banking hours after 2 00 p m local time at the address for payments set forth above shall be deemed received at the opening of the next banking day **Joint and Several Obligations** If there is more than one Borrower each is jointly and severally obligated together with all other parties obligated for the Obligations **Fees and Taxes.** Borrower shall promptly pay all documentary intangible recordation and/or similar taxes on this transaction whether assessed at closing or arising from time to time **LIMITATION ON LIABILITY WAIVER OF PUNITIVE DAMAGES** EACH OF THE PARTIES HERETO, INCLUDING BANK BY ACCEPTANCE HEREOF AGREES THAT IN ANY JUDICIAL, MEDIATION OR ARBITRATION PROCEEDING OR ANY CLAIM OR CONTROVERSY BETWEEN OR AMONG THEM THAT MAY ARISE OUT OF OR BE IN ANY WAY CONNECTED WITH THIS AGREEMENT THE LOAN DOCUMENTS OR ANY OTHER AGREEMENT OR DOCUMENT BETWEEN OR AMONG THEM OR THE OBLIGATIONS EVIDENCED HEREBY OR RELATED HERETO IN NO EVENT SHALL ANY PARTY HAVE A REMEDY OF OR BE LIABLE TO THE OTHER FOR (1) INDIRECT SPECIAL OR CONSEQUENTIAL DAMAGES OR (2) PUNITIVE OR EXEMPLARY DAMAGES EACH OF THE PARTIES HEREBY EXPRESSLY WAIVES ANY RIGHT OR CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES THEY MAY HAVE OR WHICH MAY ARISE IN THE FUTURE IN CONNECTION WITH ANY SUCH PROCEEDING CLAIM OR CONTROVERSY WHETHER THE SAME IS RESOLVED BY ARBITRATION MEDIATION JUDICIALLY OR OTHERWISE **Patriot Act Notice** To help fight the funding of terrorism and money laundering activities Federal law requires all financial institutions to obtain verify and record information that identifies each person who opens an account For purposes of this section account shall be understood to include loan accounts **Telephone Communication Monitoring** Borrower agrees that Borrower's telephone communications with Bank may be monitored and/or recorded to improve customer service and security **Final Agreement** This Note and the other Loan Documents represent the final agreement between the parties and may not be contradicted by evidence of prior contemporaneous or subsequent agreements of the parties There are no unwritten agreements between the parties

ARBITRATION Upon demand of any party hereto whether made before or after institution of any judicial proceeding any claim or controversy arising out of or relating to the Loan Documents between parties hereto (a Dispute) shall be resolved by binding arbitration conducted under and governed by the Commercial Financial Disputes Arbitration Rules (the "Arbitration Rules ") of the American Arbitration Association (the AAA) and the Federal Arbitration Act Disputes may include without limitation tort claims counterclaims a dispute as to whether a matter is subject to arbitration or claims arising from documents executed in the future but shall specifically exclude claims brought as or converted to class actions A judgment upon the award may be entered in any court having jurisdiction Notwithstanding the foregoing this arbitration provision does not apply to disputes under or related to swap agreements **Special Rules** All arbitration hearings shall be conducted in the city named in the address of Bank first stated above A hearing shall begin within 90 days of demand for arbitration and all hearings shall conclude within 120 days of demand for arbitration These time limitations may not be extended unless a party shows cause for extension and then for no more than a total of 60 days The expedited procedures set forth in Rule 51 et seq. of the Arbitration Rules shall be applicable to claims of less than \$1 000 000 00 Arbitrators shall be licensed attorneys selected from the Commercial Financial Dispute Arbitration Panel of the AAA The parties do not waive applicable Federal or state substantive law except as provided herein **Preservation and Limitation of Remedies** Notwithstanding the preceding binding arbitration provisions the parties agree to preserve without diminution certain remedies that any party may exercise before or after an arbitration proceeding is brought The parties shall have the right to proceed in any court of proper jurisdiction or by self-help to exercise or prosecute the following remedies

(D)
U
C
N
A
H
D
C
N
N
C
C

as applicable (i) all rights to foreclose against any real or personal property or other security by exercising a power of sale or under applicable law by judicial foreclosure including a proceeding to confirm the sale (ii) all rights of self-help including peaceful occupation of real property and collection of rents set-off and peaceful possession of personal property (iii) obtaining provisional or ancillary remedies including injunctive relief sequestration garnishment attachment appointment of receiver and filing an involuntary bankruptcy proceeding and (iv) when applicable a judgment by confession of judgment. Any claim or controversy with regard to any party's entitlement to such remedies is a Dispute Waiver of Jury Trial THE PARTIES ACKNOWLEDGE THAT BY AGREEING TO BINDING ARBITRATION THEY HAVE IRREVOCABLY WAIVED ANY RIGHT THEY MAY HAVE TO JURY TRIAL WITH REGARD TO A DISPUTE AS TO WHICH BINDING ARBITRATION HAS BEEN DEMANDED

IN WITNESS WHEREOF Borrower on the day and year first above written has caused this Note to be duly executed under seal

J Conner LLC

By Jean C Brown (SEAL)
Jean C Brown Member Manager

Tracking # 831297
CAT Deal # 1074855 Facility ID 844220

SECURITY AGREEMENT

December 16, 2008

Joan C Brown
966 Queens Road
Charlotte North Carolina 28207

Michael D Brown
966 Queens Road
Charlotte North Carolina 28207
(Individually and collectively "Debtor")

Wachovia Bank National Association
Charlotte North Carolina 28202
(Hereinafter referred to as Bank)

This Security Agreement amends and restates that certain Security Agreement dated December 7 2007

For value received and to secure payment and performance of any and all obligations of J Conner LLC or Michael D Brown ("Borrower") to Bank however created arising or evidenced whether direct or indirect, absolute or contingent now existing or hereafter arising or acquired including swap agreements (as defined in 11 USC § 101 as in effect from time to time) future advances and all costs and expenses incurred by Bank to obtain preserve perfect and enforce the security interest granted herein and to maintain preserve and collect the property subject to the security interest (collectively Secured Obligations) Debtor hereby grants to Bank a continuing security interest in and lien upon the following described property whether now owned or hereafter acquired and any additions replacements accessions or substitutions thereof and all cash and non-cash proceeds and products thereof (collectively "Collateral")

All of the investment property financial assets cash equity interests instruments and/or general intangibles which are held in or credited to accounts (the Pledged Account") with Wachovia Bank National Association as Custodian and the Pledged Account itself described as follows Account No 8125005645 in the name of Michael D Brown Account No 8125007732 in the name of Michael D Brown and Account No 8125005654 in the name of Joan C Brown and all rights to which Debtor now or hereafter becomes entitled by reason of its interest in any of the previously described Collateral

Debtor hereby represents and agrees that

OWNERSHIP Debtor owns the Collateral The Collateral is free and clear of all liens security interests and claims except those previously reported in writing to and approved by Bank and Debtor will keep the Collateral free and clear from all liens security interests and claims other than those granted to or approved by Bank Debtor will not borrow on margin or other credit secured by the Pledged Account or property in the Pledged Account from any party other than Bank either directly or by making any purchases in excess of any credit balance or money market mutual funds held in the Pledged Account or by trading in instruments such as options that create similar obligations All securities and security entitlements pledged as Collateral are fully paid and non-assessable All income dividends earnings and profits with respect to the Collateral shall be reported for state and federal income tax purposes as attributable to the Debtor and not Bank and Third Party (as defined herein) and Bank or any other person authorized to report income distributions is authorized to issue IRS Forms 1099 indicating Debtor as the recipient of such income earnings and profits

NAME AND OFFICES The name and address of Debtor appearing at the beginning of this Agreement are Debtor's exact legal name and the address of its residence There has been no change in the name of Debtor or the name under which Debtor conducts business within the five years preceding the date

535096 (Rev 28.0)

SAGR

WPC1844220XXXX001

CDSAGRXXXX

Secagr.doc

hereof except as previously reported in writing to Bank Debtor has not moved its residence or business address within the five years preceding the date hereof except as previously reported in writing to Bank.

TITLE/TAXES Debtor has good and marketable title to the Collateral and will warrant and defend same against all claims Debtor will not transfer sell or lease Collateral (except as permitted herein) Debtor agrees to pay promptly all taxes and assessments upon or for the use of Collateral and on this Security Agreement. At its option Bank may discharge taxes liens, security interests or other encumbrances at any time levied or placed on Collateral Debtor agrees to reimburse Bank on demand for any such payment made by Bank Any amounts so paid shall be added to the Secured Obligations

WAIVERS Debtor agrees not to assert against Bank as a defense (legal or equitable) as a set-off as a counterclaim or otherwise any claims Debtor may have against any seller or lessor that provided personal property or services relating to any part of the Collateral or against any Borrower or any other party liable to Bank for all or any part of the Secured Obligations Debtor waives all exemptions and homestead rights with regard to the Collateral Debtor waives any and all rights to any bond or security which might be required by applicable law prior to the exercise of any of Bank's remedies against any Collateral All rights of Bank and security interests hereunder and all obligations of Debtor hereunder shall be absolute and unconditional not discharged or impaired irrespective of (and regardless of whether Debtor receives any notice of) (i) any lack of validity or enforceability of any Loan Document (ii) any change in the time manner or place of payment or performance or in any term of all or any of the Secured Obligations or the Loan Documents or any other amendment or waiver of or any consent to any departure from any Loan Document or (iii) any exchange insufficiency unenforceability enforcement, release impairment or non-perfection of any collateral or any release of or modifications to or insufficiency unenforceability or enforcement of the obligations of any guarantor or other obligor To the extent permitted by law Debtor hereby waives any rights under any valuation stay appraisement, extension or redemption laws now existing or which may hereafter exist and which but for this provision might be applicable to any sale or disposition of the Collateral by Bank, and any other circumstance which might otherwise constitute a defense available to or a discharge of any party with respect to the Secured Obligations

NOTIFICATIONS, LOCATION OF COLLATERAL Debtor will notify Bank in writing at least 30 days prior to any change in (i) Debtor's chief place of business and/or residence (ii) Debtor's name or identity (iii) Debtor's corporate/organizational structure or (iv) the jurisdiction in which Debtor is organized In addition Debtor shall promptly notify Bank of any claims or alleged claims of any other person or entity to the Collateral or the institution of any litigation arbitration governmental investigation or administrative proceedings against or affecting the Collateral Debtor will keep Collateral at the location(s) previously provided to Bank until such time as Bank provides written advance consent to a change of location Debtor will bear the cost of preparing and filing any documents necessary to protect Bank's liens

FINANCING STATEMENTS CERTIFICATES OF TITLE POWER OF ATTORNEY No financing statement (other than any filed or approved by Bank) covering any Collateral is on file in any public filing office Debtor authorizes the filing of one or more financing statements covering the Collateral in form satisfactory to Bank and without Debtor's signature where authorized by law agrees to deliver certificates of title on which Bank's lien has been indicated covering any Collateral subject to a certificate of title statute and will pay all costs and expenses of filing or applying for the same or of filing this Security Agreement in all public filing offices where filing is deemed by Bank to be desirable Debtor hereby constitutes and appoints Bank the true and lawful attorney of Debtor with full power of substitution to take any and all appropriate action and to execute any and all documents instruments or applications that may be necessary or desirable to accomplish the purpose and carry out the terms of this Security Agreement including without limitation to complete execute and deliver Control Agreement(s) by Bank Debtor and Third Party(ies) required in connection herewith (Individually and collectively the Control Agreement) instructions to Third Party(ies) regarding among other things control and disposition of any Collateral and endorsements desirable for transfer or delivery of any Collateral registration of any Collateral under applicable laws relating any Collateral receipt endorsement and/or collection of all checks and other orders for payment of money payable to Debtor with respect to Collateral The foregoing power of attorney is coupled with an interest and shall be irrevocable until all of the Secured

10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20

10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20

10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20

10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20

10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20

10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20

Mutual Funds - Money Market	95%
Mutual Funds - Bond	90%
Mutual Funds - Other	75% *
Equities - Real Estate Investments Trusts (REIT's)	80% *
Unit Investment Trusts	75% *
Mortgage Backed Securities	85%
Any Wachovia or Evergreen Hedge Fund	50%
All Other Types of Collateral	0%

Except that if Regulation U of the Federal Reserve Board applies then 50% shall be the percentage

Commercial Paper means fixed rate debt instruments of domestic corporations rated A2 or higher by Standard & Poor's and Prime 2 or higher by Moody's. Floating rate commercial paper and commercial paper of other than US corporations are not included in the term in this context.

Corporate Bonds means bonds of domestic corporations which are not convertible to equity and which are rated BBB- or higher by Standard & Poor's and Baa3 or higher by Moody's. Convertible bonds and bonds of other than US corporations are not included in the term in this context. Short-term corporate bonds are those with 2 years or less remaining until date of maturity; all others are longer term.

Equities means stock of domestic corporations, American Depositary Receipts (ADRs), Exchange Traded Funds (ETFs) and Real Estate Investment Trusts (REITs) which, as to all of the foregoing, have a value greater than or equal to \$10.00 per share and trade on a National Securities Exchange and have done so for at least 30 days after IPO initial settlement. Equity securities of value less than \$10.00 per share, newly issued trading on the OTC Pink Sheets or regional exchanges only, unregistered, unlisted or de-listed, or closely held, and put or call options, rights or warrants, managed futures, stand-alone ADRs, restricted and control securities, auction rate preferred stock, and exchange funds, hedge funds, and other private equity or investment groups are not included in the term in this context.

Fair Market Value or **FMV** means the per share or per unit closing sale price quoted or reported at the close of the preceding business day, as to any Collateral that is uncertificated, in the Pledged Account, and as to any Collateral that is certificated, in the Wall Street Journal (or, if not available, such other customary publication of securities closing sale prices Bank may elect to reference), multiplied by the number of shares or units of like Collateral. The aggregate Fair Market Value of the Collateral is the total of all such Fair Market Values so determined plus the amount of cash Collateral. If Fair Market Value cannot be determined by the foregoing procedure, then Fair Market Value shall be determined by the Bank by reference to such public information and procedures as may otherwise then be available. All cash and other value references are to currency denominated in dollars of the United States of America.

Margin Value means the sum of all Adjusted Fair Market Value plus 100% of Wachovia Deposits directly pledged as Collateral hereunder or as collateral by separate agreement, if any, and 95% of other acceptable deposits pledged as collateral by separate agreement, if any.

Mortgage Backed Securities means GNMA, FNMA, and FHLMC Pass-through Certificates, Collateralized mortgage obligations (CMOs) paying interest only, principal only, or having inverse floating rates, and wholesale mortgage backed securities are not included in the term in this context.

Municipal Bonds means bonds of state, city, county, municipality and other public entities rated BBB- or higher by Standard & Poor's and Baa3 or higher by Moody's. Short term municipal bonds are those with 5 years or less remaining until date of maturity; all others are longer term.

Mutual Funds means investment companies regulated under the Investment Company Act of 1940 except those regulated under Sections 4 and 26 that invest primarily in money markets securities (Money Market Mutual Fund), bonds (US Government, Municipal and Corporate Bond Mutual Funds), equities

03552P175021

(Large Cap Mid Cap and Small Cap Mutual Funds) or invest by designs for balanced or allocated portfolios of securities (Balanced or Asset Allocation Mutual Funds). Non-networked offshore and international mutual funds and face amount certificate and management companies are not included in the term in this context

"National Securities Exchange" means the following securities exchanges registered with the Securities Exchange Commission as national securities exchanges in accordance with Section 6 of the Securities Exchange Act of 1934: American Stock Exchange, Boston Stock Exchange, Chicago Board Options Exchange, Chicago Stock Exchange, International Securities Exchange, National Stock Exchange, The NASDAQ Stock Market LLC, New York Stock Exchange, New York Arca (formerly the Pacific Exchange) and Philadelphia Stock Exchange

"Unit Investment Trusts (UIT)" means investment companies regulated primarily under Sections 4 and 26 of the Investment Company Act of 1940 that invested primarily in municipal securities or those invested primarily in securities of domestic corporations if the unit value therein is greater than or equal to \$2.00

"US Government Obligations" means US Treasury Bills, US Treasury Bonds and Notes, and US Government Zero Coupon Bonds. US Savings Bonds are not included in the term in this context. Short-term US Government Obligations are those with 2 years or less remaining until date of maturity; all others are longer term.

"Wachovia Deposits" means acceptable certificates of deposit, money market and demand deposits accounts of Wachovia Bank, National Association, directly pledged as collateral for the Secured Obligations. Wachovia CAP Accounts, 7-day CDs, callable CDs, and uninsured deposits of any kind are not included in the term in this context. FDIC-insured certificates of deposit, money market or demand deposit accounts of any other financial institution will not be treated as Wachovia Deposits but may be acceptable as collateral for the Secured Obligations at Bank's sole discretion.

TRADING OF COLLATERAL Until a Default occurs, if securities pledged hereunder are held in the Pledged Account, Debtor shall have the right to vote such Collateral, to exchange it or any part thereof for other easily marketable investment property or cash of at least equivalent value or purchase for cash readily marketable investment property, all of which property or cash proceeds shall be placed or paid into the Pledged Account to collect and receive all cash dividends and interest distributed periodically in the ordinary course by the obligor or issuer of such Collateral or part thereof, and unless otherwise restricted by this Security Agreement, to exercise other rights with respect to such Collateral. In the event that, notwithstanding the above, any such property or cash proceeds are received by Debtor (other than in the Pledged Account) as a result of such an exchange or purchase, such property or cash proceeds shall be held by Debtor in trust for, and immediately delivered to, Bank.

CONTROL Debtor will cooperate with Bank in obtaining control with respect to Collateral consisting of investment property. Debtor authorizes and directs Third Party to comply with the terms of this Security Agreement, to enter into a Control Agreement, to mark its records to show the security interest of and/or the transfer to Bank of the property pledged hereunder and to mail monthly statements to the Bank, in addition to Debtor, to the address provided herein.

COLLATERAL DUTIES Bank shall have no custodial or ministerial duties to perform with respect to Collateral pledged, as a result of this Security Agreement or any of the Loan Documents, except as set forth herein, and by way of explanation and not by way of limitation, Bank shall incur no liability for any of the following: (i) loss or depreciation of Collateral (unless caused by its willful misconduct or gross negligence); (ii) failure to present any paper for payment or protest, to protest or give notice of nonpayment, or any other notice with respect to any paper or Collateral; (iii) failure to ascertain, notify Debtor of, or take any action in connection with any conversion, call, redemption, retirement, or any other event relating to any of the Collateral, or failure to notify any party hereto that Collateral should be presented or surrendered for any such reason. Debtor acknowledges that Bank is not an investment

advisor or insurer with respect to the Collateral as a result of this Security Agreement or any of the Loan Documents and Bank has no duty to advise Debtor of any actual or anticipated changes in the value of the Collateral as a result of this Security Agreement or any of the Loan Documents

TRANSFER OF COLLATERAL. Bank may assign its rights in Collateral or any part thereof to any assignee who shall thereupon become vested with all the powers and rights herein given to Bank with respect to the property so transferred and delivered and Bank shall thereafter be forever relieved and fully discharged from any liability with respect to such property so transferred, but with respect to any property not so transferred Bank shall retain all rights and powers hereby given

INSPECTION BOOKS AND RECORDS Debtor will at all times keep accurate and complete records covering each item of Collateral including the proceeds therefrom Bank or any of its agents shall have the right at intervals to be determined by Bank and without hindrance or delay at Debtor's expense to inspect audit, and examine the Collateral during normal business hours and to make copies of and extracts from the books records journals orders receipts correspondence and other data relating to Collateral Debtor's business or any other transaction between the parties hereto Debtor will at its expense furnish Bank copies thereof upon request For the further security of Bank it is agreed that Bank has and is hereby granted a security interest in all books and records of Debtor pertaining to the Collateral

COMPLIANCE WITH LAW Debtor will comply with all federal state and local laws and regulations applicable to it including without limitation laws and regulations relating to the environment, labor or economic sanctions in the creation use operation manufacture and storage of the Collateral and the conduct of its business

REGULATION U None of the proceeds of the credit secured hereby shall be used directly or indirectly for the purpose of purchasing or carrying any margin stock in violation of any of the provisions of Regulation U of the Board of Governors of the Federal Reserve System (Regulation U) or for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry margin stock or for any other purchase which might render the Loan a "Purpose Credit" within the meaning of Regulation U

CROSS COLLATERALIZATION LIMITATION As to any other existing or future consumer purpose loan made by Bank to Debtor within the meaning of the Federal Consumer Credit Protection Act Bank expressly waives any security interest granted herein in Collateral that Debtor uses as a principal dwelling and household goods

ATTORNEYS FEES AND OTHER COSTS OF COLLECTION Debtor shall pay all of Bank's reasonable expenses incurred in enforcing this Security Agreement and in preserving and liquidating Collateral including but not limited to reasonable arbitration paralegals' attorneys' and experts fees and expenses whether incurred with or without the commencement of a suit trial arbitration or administrative proceeding or in any appellate or bankruptcy proceeding

DEFAULT If any of the following occurs a default ("Default") under this Security Agreement shall exist: **Loan Document Default** A default under any Loan Document **Collateral Loss or Destruction.** Any loss theft substantial damage or destruction of Collateral not fully covered by insurance or as to which insurance proceeds are not remitted to Bank within 30 days of the loss **Collateral Sale, Lease or Encumbrance** Any sale lease or encumbrance of any Collateral not specifically permitted herein without prior written consent of Bank **Levy, Seizure or Attachment** The making of any levy seizure or attachment on or of Collateral which is not removed within 10 days **Cessation Bankruptcy** The death of appointment of guardian for dissolution or termination of existence of loss of good standing status by appointment of a receiver for assignment for the benefit of creditors of or commencement of any bankruptcy or insolvency proceeding by or against Debtor its Subsidiaries or Affiliates if any or any general partner of or the holder(s) of the majority ownership interests in Debtor or any party to the Loan Documents ("Affiliate" shall have the meaning as defined in 11 U.S.C. § 101 as in effect from time to time and "Subsidiary" shall mean any business in which Debtor holds directly or indirectly a controlling

interest) **Third Party Breach** Any default or breach by a Third Party of any provision contained in any Control Agreement executed in connection with any of the Collateral **Unauthorized Termination** Any attempt to terminate revoke rescind modify or violate the terms of this Security Agreement or any Control Agreement without the prior written consent of Bank. **Material Adverse Change** Bank determines in good faith in its sole discretion, that the prospects for payment or performance of the Secured Obligations are impaired or a material adverse change has occurred in the business or prospects of Debtor or Borrower or any guarantor financial or otherwise

REMEDIES ON DEFAULT (INCLUDING POWER OF SALE) If a Default occurs Bank shall have all the rights and remedies of a secured party under the Uniform Commercial Code Without limitation thereto Bank shall have the following rights and remedies (i) to take immediate possession of Collateral without notice or resort to legal process and for such purpose to enter upon any premises on which Collateral or any part thereof may be situated and to remove the same therefrom or at its option to render Collateral unusable or dispose of said Collateral on Debtor's premises (ii) to require Debtor to assemble the Collateral and make it available to Bank at a place to be designated by Bank, (iii) to exercise its or its affiliate's right of set-off or Bank lien as to any monies of Debtor deposited in deposit accounts and investment accounts of any nature maintained by Debtor with Bank or affiliates of Bank without advance notice regardless of whether such accounts are general or special (iv) to dispose of Collateral as a unit or in parcels separately or with any real property interests also securing the Secured Obligations In any county or place to be selected by Bank at either private or public sale (at which public sale Bank may be the purchaser) with or without having the Collateral physically present at said sale In addition to the foregoing Bank shall be authorized to notify Third Party to terminate immediately any trading other rights or entitlements of Debtor with respect to the Collateral and any distributions to Debtor from the Collateral transfer into Bank's name or the name of its nominee all or any part of the Collateral receive all interest dividends and other proceeds of the Collateral notify any person obligated on any Collateral of the security interest of Bank therein and require such person to make payment directly to Bank demand sue for collect or receive the Collateral and any proceeds thereof and/or make any settlement or compromise as Bank deems desirable with respect to any Collateral and exercise any voting conversion registration purchase or other rights of an owner holder or entitlement holder of the Collateral Debtor agrees that Bank may exercise its rights under this Security Agreement without regard for the actual or potential tax consequences to Debtor under federal or state law and without regard to any instructions or directives given Bank by Debtor

Any notice of sale disposition or other action by Bank required by law and sent to Debtor at Debtor's address shown above or at such other address of Debtor as may from time to time be shown on the records of Bank, at least 5 days prior to such action shall constitute reasonable notice to Debtor Notice shall be deemed given or sent when mailed postage prepaid to Debtor's address as provided herein Bank shall be entitled to apply the proceeds of any sale or other disposition of the Collateral and the payments received by Bank with respect to any of the Collateral to Secured Obligations in such order and manner as Bank may determine Collateral that is perishable or subject to rapid declines in value or is customarily sold in recognized markets may be disposed of by Bank without providing notice of sale Debtor waives any and all requirements that the Bank sell or dispose of all or any part of the Collateral at any particular time regardless of whether Debtor has requested such sale or disposition

REMEDIES ARE CUMULATIVE No failure on the part of Bank to exercise and no delay in exercising any right power or remedy hereunder shall operate as a waiver thereof nor shall any single or partial exercise by Bank or any right power or remedy hereunder preclude any other or further exercise thereof or the exercise of any right power or remedy The remedies herein provided are cumulative and are not exclusive of any remedies provided by law in equity or in other Loan Documents

INDEMNIFICATION Debtor shall protect indemnify and save harmless Bank from and against all losses liabilities obligations claims damages penalties fines causes of action costs and expenses (including without limitation reasonable attorneys fees and expenses) (collectively Damages) imposed upon incurred by or asserted or assessed against Bank on account of or in connection with (i) the Loan Documents or any failure or alleged failure of Debtor to comply with any of the terms of or the inaccuracy or breach of any representation in the Loan Documents (ii) the Collateral or any claim of loss or damage

to the Collateral or any injury or claim of injury to or death of any person or property that may be occasioned by any cause whatsoever pertaining to the Collateral or the use occupancy or operation thereof (iii) any failure or alleged failure of Debtor to comply with any law rule or regulation applicable to it or to the Collateral or the use occupancy or operation of the Collateral (including without limitation the failure to pay any taxes fees or other charges) (iv) any Damages whatsoever by reason of any alleged action obligation or undertaking of Bank relating in any way to or any matter contemplated by the Loan Documents or (v) any claim for brokerage fees or such other commissions relating to the Collateral or the Secured Obligations Nothing contained herein shall require Debtor to indemnify Bank for any Damages resulting from Bank's gross negligence or its willful misconduct and such indemnity shall be effective only to the extent of any Damages that may be sustained by Bank in excess of any net proceeds received by it from any insurance of Debtor (other than self-insurance) with respect to such Damages The indemnity provided for herein shall survive payment of the Secured Obligations and shall extend to the officers directors, employees and duly authorized agents of Bank. In the event Bank incurs any Damages arising out of or in any way relating to the transaction contemplated by the Loan Documents (including any of the matters referred to in this section) the amounts of such Damages shall be added to the Secured Obligations shall bear interest to the extent permitted by law at the interest rate borne by the Secured Obligations from the date incurred until paid and shall be payable on demand

MISCELLANEOUS (i) **Amendments and Waivers** No waiver amendment or modification of any provision of this Security Agreement shall be valid unless in writing and signed by Debtor and an officer of Bank No waiver by Bank of any Default shall operate as a waiver of any other Default or of the same Default on a future occasion (ii) **Assignment** All rights of Bank hereunder are freely assignable in whole or in part and shall inure to the benefit of and be enforceable by Bank, its successors assigns and affiliates Debtor shall not assign its rights and interest hereunder without the prior written consent of Bank and any attempt by Debtor to assign without Bank's prior written consent is null and void Any assignment shall not release Debtor from the Secured Obligations This Security Agreement shall be binding upon Debtor and the heirs personal representatives successors and assigns of Debtor (iii) **Applicable Law Conflict Between Documents** This Security Agreement shall be governed by and interpreted in accordance with federal law and except as preempted by federal law the laws of the state named in Bank's address on the first page hereof without regard to that state's conflict of laws principles except to the extent that the UCC requires the application of the law of a different jurisdiction If any terms of this Security Agreement conflict with the terms of any commitment letter or loan proposal the terms of this Security Agreement shall control (iv) **Jurisdiction** Debtor irrevocably agrees to non-exclusive personal jurisdiction in the state named in the Bank's address on the first page hereof (v) **Severability** If any provision of this Security Agreement shall be prohibited by or invalid under applicable law such provision shall be ineffective but only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Security Agreement (vi) **Payments** All payments shall be mailed to Commercial Loan Services P O Box 740502 Atlanta GA 30374-0502 or such other address as provided by Bank in writing (vii) **Notices** Any notices to Debtor shall be sufficiently given if in writing and mailed or delivered to the address of Debtor shown above or such other address as provided hereunder and to Bank if in writing and mailed or delivered to Wachovia Bank National Association Mail Code VA7628 P O Box 13327 Roanoke VA 24040 or Wachovia Bank National Association Mail Code VA7628 7711 Plantation Road Roanoke VA 24019 or such other address as Bank may specify in writing from time to time Notices to Bank must include the mail code In the event that Debtor changes Debtor's mailing address at any time prior to the date the Secured Obligations are paid in full Debtor agrees to promptly give written notice of said change of address by registered or certified mail return receipt requested all charges prepaid (viii) **Captions** The captions contained herein are inserted for convenience only and shall not affect the meaning or interpretation of this Security Agreement or any provision hereof The use of the plural shall also mean the singular and vice versa (ix) **Joint and Several Liability** If more than one party has signed this Security Agreement such parties are jointly and severally obligated hereunder (x) **Binding Contract** Debtor by execution and Bank by acceptance of this Security Agreement, agree that each party is bound by all terms and provisions of this Security Agreement (xi) **LIMITATION ON LIABILITY WAIVER OF PUNITIVE DAMAGES** EACH OF THE PARTIES HERETO INCLUDING BANK BY ACCEPTANCE HEREOF AGREES THAT IN ANY JUDICIAL MEDIATION OR ARBITRATION PROCEEDING OR ANY

CLAIM OR CONTROVERSY BETWEEN OR AMONG THEM THAT MAY ARISE OUT OF OR BE IN ANY WAY CONNECTED WITH THIS AGREEMENT THE LOAN DOCUMENTS OR ANY OTHER AGREEMENT OR DOCUMENT BETWEEN OR AMONG THEM OR THE SECURED OBLIGATIONS EVIDENCED HEREBY OR RELATED HERETO IN NO EVENT SHALL ANY PARTY HAVE A REMEDY OF OR BE LIABLE TO THE OTHER FOR, (1) INDIRECT SPECIAL OR CONSEQUENTIAL DAMAGES OR (2) PUNITIVE OR EXEMPLARY DAMAGES EACH OF THE PARTIES HEREBY EXPRESSLY WAIVES ANY RIGHT OR CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES THEY MAY HAVE OR WHICH MAY ARISE IN THE FUTURE IN CONNECTION WITH ANY SUCH PROCEEDING CLAIM OR CONTROVERSY WHETHER THE SAME IS RESOLVED BY ARBITRATION MEDIATION JUDICIALLY OR OTHERWISE (xi) **Telephone Communication Monitoring** Debtor agrees that Debtor's telephone communications with Bank may be monitored and/or recorded to improve customer service and security (xii) **Final Agreement** This Agreement and the other Loan Documents represent the final agreement between the parties and may not be contradicted by evidence of prior contemporaneous or subsequent agreements of the parties There are no unwritten agreements between the parties

DEFINITIONS **Loan Documents** The term Loan Documents refers to all documents including this Agreement, whether now or hereafter existing executed in connection with or related to the Secured Obligations and may include without limitation and whether executed by Debtor or others commitment letters that survive closing loan agreements promissory notes guaranty agreements deposit or other similar agreements other security agreements letters of credit and applications for letters of credit, security instruments financing statements mortgage instruments any renewals or modifications whenever any of the foregoing are executed but does not include swap agreements (as defined in 11 U.S.C. § 101 as in effect from time to time) **Third Party** The term "Third Party" means each and every Securities Intermediary maintaining a securities account, and acting in such capacity for Debtor with respect to some or all of the Collateral **UCC** "UCC" means the Uniform Commercial Code as presently and hereafter enacted in the Jurisdiction. **Terms defined in the UCC** Any term used in this Agreement and in any financing statement filed in connection herewith which is defined in the UCC and not otherwise defined in this Agreement or any other Loan Document has the meaning given to the term in the UCC

ARBITRATION Upon demand of any party hereto whether made before or after institution of any judicial proceeding any claim or controversy arising out of or relating to the Loan Documents between parties hereto (a **Dispute**) shall be resolved by binding arbitration conducted under and governed by the Commercial Financial Disputes Arbitration Rules (the **Arbitration Rules**) of the American Arbitration Association (the **"AAA"**) and the Federal Arbitration Act Disputes may include without limitation tort claims counterclaims a dispute as to whether a matter is subject to arbitration or claims arising from documents executed in the future but shall specifically exclude claims brought as or converted to class actions A judgment upon the award may be entered in any court having jurisdiction Notwithstanding the foregoing this arbitration provision does not apply to disputes under or related to swap agreements **Special Rules** All arbitration hearings shall be conducted in the city named in the address of Bank first stated above A hearing shall begin within 90 days of demand for arbitration and all hearings shall conclude within 120 days of demand for arbitration These time limitations may not be extended unless a party shows cause for extension and then for no more than a total of 60 days The expedited procedures set forth in Rule 51 et seq. of the Arbitration Rules shall be applicable to claims of less than \$1,000,000.00 Arbitrators shall be licensed attorneys selected from the Commercial Financial Dispute Arbitration Panel of the AAA. The parties do not waive applicable Federal or state substantive law except as provided herein **Preservation and Limitation of Remedies** Notwithstanding the preceding binding arbitration provisions the parties agree to preserve without diminution certain remedies that any party may exercise before or after an arbitration proceeding is brought. The parties shall have the right to proceed in any court of proper jurisdiction or by self-help to exercise or prosecute the following remedies as applicable (i) all rights to foreclose against any real or personal property or other security by exercising a power of sale or under applicable law by judicial foreclosure including a proceeding to confirm the sale (ii) all rights of self-help including peaceful occupation of real property and collection of rents set-off and peaceful possession of personal property (iii) obtaining provisional or ancillary remedies including injunctive relief sequestration garnishment attachment, appointment of receiver and filing an involuntary bankruptcy proceeding and (iv) when applicable a judgment by confession of judgment. Any claim or controversy with regard to any party's entitlement to such remedies is a Dispute

08352P175028

Waiver of Jury Trial THE PARTIES ACKNOWLEDGE THAT BY AGREEING TO BINDING ARBITRATION THEY HAVE IRREVOCABLY WAIVED ANY RIGHT THEY MAY HAVE TO JURY TRIAL WITH REGARD TO A DISPUTE AS TO WHICH BINDING ARBITRATION HAS BEEN DEMANDED

IN WITNESS WHEREOF Debtor on the day and year first written above has caused this Security Agreement to be duly executed under seal

Debtor

Joan C Brown (SEAL)
Joan C Brown

Michael D Brown (SEAL)
Michael D Brown

Tracking # 831297
CAT Deal # 1074855 Facility ID 844220

CONTROL AGREEMENT

TRADING AND PAYMENT OF INTEREST AND DIVIDENDS PERMITTED

December 16 2008

Joan C Brown
966 Queens Road
Charlotte North Carolina 28207

Michael D Brown
966 Queens Road
Charlotte North Carolina 28207
(Individually and collectively Debtor)

Wachovia Bank National Association
Attn Commercial Loan Support
Charlotte North Carolina 28202
(Hereinafter referred to as the Bank)

Wachovia Bank National Association as Custodian
401 S Tryon Street
Charlotte North Carolina 28202 1934
(Hereinafter referred to as the Collateral Agent)

Debtor has granted Bank a security interest in a securities account maintained by Collateral Agent for Debtor. The parties are entering into this agreement to perfect Bank's security interest in that account.

THE ACCOUNT Collateral Agent represents and warrants to Bank that: (i) it maintains securities account number 8125005645 in the name of Michael D Brown, securities account number 8125007732 in the name of Michael D Brown and securities account number 8125005654 in the name of Joan C Brown (the Account) for Debtor and is the securities intermediary as defined in the Uniform Commercial Code with respect to the Account; (ii) Exhibit A is a statement produced by Collateral Agent in the ordinary course of its business regarding the property credited to the Account at the statement's date and Collateral Agent does not know of any inaccuracy in the statement; and (iii) Collateral Agent does not know of any claim to or interest in the Account except for claims and interests of the parties referred to in this agreement.

CONTROL BY BANK Collateral Agent will comply with all notifications it receives directing it to transfer or redeem any property in the Account (each an Entitlement Order) originated by Bank without further consent by Debtor.

DEBTOR'S RIGHTS IN ACCOUNT Except as otherwise provided in this section, Collateral Agent will comply with Entitlement Orders originated by Debtor without further consent by Bank. If Bank notifies Collateral Agent that Bank will exercise exclusive control over the Account (a Notice of Exclusive Control), Collateral Agent will cease complying with Entitlement Orders or other directions concerning the Account originated by Debtor and, if so directed, cease distributing to Debtor interest and dividends on property in the Account. Until Collateral Agent receives a Notice of Exclusive Control, Collateral Agent may distribute to Debtor all interest and regular cash dividends on property in the Account.

540428 (Rev 20 0)

WPCI844220XXXX001

CDCAGREXXX

ecb1ag.doc

CAGRE

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

notice to Collateral Agent and Debtor. Collateral Agent may terminate this agreement on 30 days notice to Bank and Debtor. In the event of the notice of termination of this Agreement by Collateral Agent, it shall promptly deliver to Bank (or its nominee) all investment property and financial assets contained in the Account and any interest, dividends and proceeds subsequently received by it with respect to such property and assets on the effective date of termination. If Bank notifies Collateral Agent that Bank's security interest in the Account has terminated this agreement will immediately terminate. The sections entitled "Collateral Agent's Responsibility" and "Indemnity" will survive termination of this Agreement.

MISCELLANEOUS PROVISIONS **Governing Law** This Agreement and the Account will be governed by the laws of the jurisdiction of the Collateral Agent as determined by the Uniform Commercial Code. Collateral Agent and Debtor may not change the law governing the Account without Bank's express written agreement. **Entire Agreement.** This Agreement is the entire agreement, and supersedes any prior agreements and contemporaneous oral agreements of the parties concerning its subject matter. **Amendments** No amendment of or waiver of a right under this Agreement will be binding unless it is in writing and signed by the party to be charged. **Severability** To the extent a provision of this Agreement is unenforceable this Agreement will be construed as if the unenforceable provision were omitted. **Financial Assets** All property credited to the Account will be treated as financial assets under Article 8 of the Uniform Commercial Code. **Successors and Assigns** A successor to or assignee of Bank's rights and obligations under the security agreement between Bank and Debtor will succeed to Bank's rights and obligations under this Agreement. **Notices** A notice or other communication to a party under this Agreement will be in writing (except that Entitlement Orders may be given orally) will be sent with respect to Debtor and Collateral Agent to such party's address set forth above and with respect to Bank to Wachovia Bank National Association Mail Code VA7628 P O Box 13327 Roanoke VA 24040 or Wachovia Bank National Association Mail Code VA7628 7711 Plantation Road Roanoke VA 24019 or to such other address as the party may notify the other parties. Such notice will be effective on receipt. Notices to Bank must include the mail code. **Conflicting Agreements** In the event of a conflict between this Agreement and any other agreement between Collateral Agent and Debtor the terms of this Agreement shall prevail. **LIMITATION ON LIABILITY WAIVER OF PUNITIVE DAMAGES** EACH OF THE PARTIES HERETO INCLUDING BANK BY ACCEPTANCE HEREOF AGREES THAT IN ANY JUDICIAL MEDIATION OR ARBITRATION PROCEEDING OR ANY CLAIM OR CONTROVERSY BETWEEN OR AMONG THEM THAT MAY ARISE OUT OF OR BE IN ANY WAY CONNECTED WITH THIS AGREEMENT THE LOAN DOCUMENTS OR ANY OTHER AGREEMENT OR DOCUMENT BETWEEN OR AMONG THEM OR THE OBLIGATIONS EVIDENCED HEREBY OR RELATED HERETO IN NO EVENT SHALL ANY PARTY HAVE A REMEDY OF OR BE LIABLE TO THE OTHER FOR (1) INDIRECT SPECIAL OR CONSEQUENTIAL DAMAGES OR (2) PUNITIVE OR EXEMPLARY DAMAGES. EACH OF THE PARTIES HEREBY EXPRESSLY WAIVES ANY RIGHT OR CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES THEY MAY HAVE OR WHICH MAY ARISE IN THE FUTURE IN CONNECTION WITH ANY SUCH PROCEEDING CLAIM OR CONTROVERSY WHETHER THE SAME IS RESOLVED BY ARBITRATION MEDIATION JUDICIALLY OR OTHERWISE.

WAIVER OF JURY TRIAL AND OF PUNITIVE DAMAGES REMEDY TO THE EXTENT PERMITTED BY APPLICABLE LAW EACH OF DEBTOR AND COLLATERAL AGENT BY EXECUTION HEREOF AND BANK BY ACCEPTANCE HEREOF KNOWINGLY VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON OR ARISING OUT OF UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY COURSE OF CONDUCT COURSE OF DEALING STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY WITH RESPECT HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO BANK TO ACCEPT THIS AGREEMENT.

IN WITNESS WHEREOF Debtor Bank and Collateral Agent have caused this Agreement to be duly executed as of the date first above written

DEBTOR

Joan C Brown (SEAL)
Joan C Brown

Michael D Brown (SEAL)
Michael D Brown

COLLATERAL AGENT

Wachovia Bank National Association as Custodian

By [Signature] (SEAL)
Printed Name Wm Anderson
Title SVP

ACCEPTED BY

Wachovia Bank National Association

By [Signature] (SEAL)
Bob Suddreth Senior Vice President

Tracking # 831297
CAT Deal # 1074855 Facility ID 844220

For Wachovia Internal Use Only	
CATerms Deal # and Facility #	
Credit Team	
Credit Contact Name	
Credit Contact Employee ID#	

SECRET 175030

UNCONDITIONAL GUARANTY

December 16 2008

J Conner LLC
996 Queens Road
Charlotte North Carolina 28207
(Hereinafter referred to as Borrower)

Michael D Brown
966 Queens Road
Charlotte North Carolina 28207
(Hereinafter referred to as Guarantor")

Wachovia Bank National Association
Charlotte North Carolina 28202
(Hereinafter referred to as Bank")

To Induce Bank to make extend or renew loans advances credit, or other financial accommodations to or for the benefit of Borrower which are and will be to the direct interest and advantage of the Guarantor and in consideration of loans advances credit or other financial accommodations made extended or renewed to or for the benefit of Borrower which are and will be to the direct interest and advantage of the Guarantor Guarantor hereby absolutely irrevocably and unconditionally guarantees to Bank and its successors assigns and affiliates the timely payment and performance of all liabilities and obligations of Borrower to Bank and its affiliates Including, but not limited to all obligations under any notes loan agreements security agreements letters of credit instruments accounts receivable contracts drafts leases chattel paper indemnities acceptances repurchase agreements overdrafts and the Loan Documents as defined below and all obligations of Borrower to Bank or any of its affiliates under any swap agreement (as defined in 11 U S C § 101 as in effect from time to time) however and whenever incurred or evidenced whether primary secondary direct indirect absolute contingent due or to become due now existing or hereafter contracted or acquired and all modifications extensions and renewals thereof (collectively the Guaranteed Obligations")

Guarantor further covenants and agrees

GUARANTOR S LIABILITY This Guaranty is a continuing and unconditional guaranty of payment and performance and not of collection The parties to this Guaranty are jointly and severally obligated together with all other parties obligated for the Guaranteed Obligations This Guaranty does not impose any obligation on Bank to extend or continue to extend credit or otherwise deal with Borrower at any subsequent time This Guaranty shall continue to be effective or be reinstated as the case may be If at any time any payment of the Guaranteed Obligations is rescinded avoided or for any other reason must be returned by Bank and the returned payment shall remain payable as part of the Guaranteed Obligations all as though such payment had not been made Except to the extent the provisions of this Guaranty give Bank additional rights this Guaranty shall not be deemed to supersede or replace any other guaranties given to Bank by Guarantor and the obligations guaranteed hereby shall be in addition to any other obligations guaranteed by Guarantor pursuant to any other agreement of guaranty given to Bank and other guaranties of the Guaranteed Obligations

TERMINATION OF GUARANTY Guarantor may terminate this Guaranty only by written notice delivered personally to or received by certified or registered United States Mail by an authorized officer of

535104 (Rev 24 0)

WPC1844220XXXX002

CDGUARXXXX

guar.doc

COPY TO THE RECORDS

Bank at the address for notices provided herein. Such termination shall be effective only with respect to Guaranteed Obligations arising more than 15 days after the date such written notice is received by said Bank officer. Such termination shall not be effective with respect to Guaranteed Obligations (including any subsequent extensions, modifications or compromises of the Guaranteed Obligations) then existing or Guaranteed Obligations arising subsequent to receipt by Bank of said notice if such Guaranteed Obligations are a result of Bank's obligation to make advances pursuant to a commitment, or are based on Borrower's obligations to make payments pursuant to any swap agreement (as defined in 11 U.S.C. § 101 as in effect from time to time) entered into prior to expiration of the 15 day notice period, or are a result of advances which are necessary for Bank to protect its collateral or otherwise preserve its interests. Termination of this Guaranty by any single Guarantor will not affect the existing and continuing obligations of any other Guarantor hereunder.

CONSENT TO MODIFICATIONS Guarantor consents and agrees that Bank (and, with respect to swap obligations, its affiliates) may from time to time in its sole discretion, without affecting, impairing, lessening or releasing the obligations of Guarantor hereunder: (a) extend or modify the time, manner, place or terms of payment or performance and/or otherwise change or modify the credit terms of the Guaranteed Obligations; (b) increase, renew, or enter into a novation of the Guaranteed Obligations; (c) waive or consent to the departure from terms of the Guaranteed Obligations; (d) permit any change in the business or other dealings and relations of Borrower or any other guarantor with Bank; (e) proceed against, exchange, release, realize upon, or otherwise deal with in any manner any collateral that is or may be held by Bank in connection with the Guaranteed Obligations or any liabilities or obligations of Guarantor; and (f) proceed against, settle, release, or compromise with Borrower, any insurance carrier, or any other person or entity liable as to any part of the Guaranteed Obligations, and/or subordinate the payment of any part of the Guaranteed Obligations to the payment of any other obligations which may at any time be due or owing to Bank, all in such manner and upon such terms as Bank may deem appropriate, and without notice to or further consent from Guarantor. No invalidity, irregularity, discharge, or unenforceability of or action or omission by Bank relating to any part of the Guaranteed Obligations or any security therefor shall affect or impair this Guaranty.

WAIVERS AND ACKNOWLEDGMENTS Guarantor waives and releases the following rights, demands, and defenses Guarantor may have with respect to Bank (and with respect to swap obligations, its affiliates) and collection of the Guaranteed Obligations: (a) promptness and diligence in collection of any of the Guaranteed Obligations from Borrower or any other person liable thereon, and in foreclosure of any security interest and sale of any property serving as collateral for the Guaranteed Obligations; (b) any law or statute that requires that Bank (and with respect to swap obligations, its affiliates) make demand upon, assert claims against, or collect from Borrower or other persons or entities; foreclose any security interest; sell collateral; exhaust any remedies; or take any other action against Borrower or other persons or entities prior to making demand upon, collecting from, or taking action against Guarantor with respect to the Guaranteed Obligations, including any such rights Guarantor might otherwise have had under Va. Code §§ 49-25 and 49-26 et seq., N.C.G.S. §§ 26-7 et seq., Tenn. Code Ann. § 47-12-101, O.C.G.A. § 10-7-24, Mississippi Code Ann. Section 87-5-1, California Civil Code Section §§ 2787 to 2855 inclusive, and any successor statute and any other applicable law; (c) any law or statute that requires that Borrower or any other person be joined in, notified of, or made part of any action against Guarantor; (d) that Bank or its affiliates preserve, insure, or perfect any security interest in collateral, or sell or dispose of collateral in a particular manner or at a particular time, provided that Bank's obligation to dispose of collateral in a commercially reasonable manner is not waived hereby; (e) notice of extensions, modifications, renewals, or novations of the Guaranteed Obligations, of any new transactions or other relationships between Bank, Borrower, and/or any guarantor, and of changes in the financial condition, ownership, or business structure of Borrower or any other guarantor; (f) presentment, protest, notice of dishonor, notice of default, demand for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, notice of sale, and all other notices of any kind whatsoever to which Guarantor may be entitled; (g) the right to assert against Bank or its affiliates any defense (legal or equitable), set-off, counterclaim, or claim that Guarantor may have at any time against Borrower or any other party liable to Bank or its affiliates; (h) all defenses relating to invalidity

insufficiency unenforceability enforcement, release or impairment of Bank or its affiliates lien on any collateral of the Loan Documents or of any other guaranties held by Bank (i) any right to which Guarantor is or may become entitled to be subrogated to Bank or its affiliates rights against Borrower or to seek contribution reimbursement indemnification payment or the like or participation in any claim right or remedy of Bank or its affiliates against Borrower or any security which Bank or its affiliates now has or hereafter acquires until such time as the Guaranteed Obligations have been fully satisfied beyond the expiration of any applicable preference period (j) any claim or defense that acceleration of maturity of the Guaranteed Obligations is stayed against Guarantor because of the stay of assertion or of acceleration of claims against any other person or entity for any reason including the bankruptcy or insolvency of that person or entity (k) the right to marshaling of Borrower's assets or the benefit of any exemption claimed by Guarantor (l) any defense based upon any lack of authority of the officers directors partners or agents acting or purporting to act on behalf of Borrower or any principal of Borrower or any defect in the formation of Borrower or any principal of Borrower; (m) any defense based upon Bank's election in any proceeding instituted under the Federal Bankruptcy Code of the application of Section 1111(b)(2) of the Federal Bankruptcy Code or any successor statute (n) any defense based upon any borrowing or any grant of a security interest under Section 364 of the Federal Bankruptcy Code and (o) the benefit of any statute of limitations affecting the liability of Guarantor hereunder or the enforcement hereof Guarantor acknowledges and represents that Guarantor has relied upon Guarantor's own due diligence in making an independent appraisal of Borrower Borrower's business affairs and financial condition and any collateral Guarantor will continue to be responsible for making an independent appraisal of such matters and Guarantor has not relied upon Bank or its affiliates for information regarding Borrower or any collateral Guarantor agrees that the payment of all sums payable under the Guaranteed Obligations or any part thereof or other act which tolls any statute of limitations applicable to the Guaranteed Obligations shall similarly operate to toll the statute of limitations applicable to Guarantor's liability hereunder

FINANCIAL CONDITION Guarantor warrants represents and covenants to Bank and its affiliates that on and after the date hereof (a) the fair saleable value of Guarantor's assets exceeds its liabilities, Guarantor is meeting its current liabilities as they mature and Guarantor is and shall remain solvent; (b) all financial statements of Guarantor furnished to Bank are correct and accurately reflect the financial condition of Guarantor as of the respective dates thereof (c) since the date of such financial statements, there has not occurred a material adverse change in the financial condition of Guarantor (d) there are not now pending any court or administrative proceedings or undischarged judgments against Guarantor no federal or state tax liens have been filed or threatened against Guarantor and Guarantor is not in default or claimed default under any agreement and (e) at such reasonable times as Bank requests Guarantor will furnish Bank and its affiliates with such other financial information as Bank and its affiliates may reasonably request.

INTEREST AND APPLICATION OF PAYMENTS Regardless of any other provision of this Guaranty or other Loan Documents if for any reason the effective interest on any of the Guaranteed Obligations should exceed the maximum lawful interest, the effective interest shall be deemed reduced to and shall be such maximum lawful interest and any sums of interest which have been collected in excess of such maximum lawful interest shall be applied as a credit against the unpaid principal balance of the Guaranteed Obligations Monies received from any source by Bank or its affiliates for application toward payment of the Guaranteed Obligations may be applied to such Guaranteed Obligations in any manner or order deemed appropriate by Bank and its affiliates

DEFAULT If any of the following events occur a default ("Default") under this Guaranty shall exist: (a) failure of timely payment or performance of the Guaranteed Obligations or a default under any Loan Document (b) a breach of any agreement or representation contained or referred to in the Guaranty or any of the Loan Documents or contained in any other contract or agreement of Guarantor with Bank or its affiliates whether now existing or hereafter arising (c) the death of appointment of a guardian for dissolution of termination of existence of loss of good standing status by appointment of a receiver for assignment for the benefit of creditors of or the commencement of any insolvency or bankruptcy

proceeding by or against Guarantor or any general partner of or the holder(s) of the majority ownership interests of Guarantor and/or (d) Bank determines in good faith in its sole discretion that the prospects for payment or performance of the Guaranteed Obligations are impaired or a material adverse change has occurred in the business or prospects of Borrower or Guarantor financial or otherwise

If a Default occurs the Guaranteed Obligations shall be due immediately and payable without notice other than Guaranteed Obligations under any swap agreements (as defined in 11 U.S.C. § 101, as in effect from time to time) with Bank or its affiliates which shall be due in accordance with and governed by the provisions of said swap agreements and Bank and its affiliates may exercise any rights and remedies as provided in this Guaranty and other Loan Documents or as provided at law or equity. Guarantor shall pay interest on the Guaranteed Obligations from such Default at the highest rate of interest charged on any of the Guaranteed Obligations.

ATTORNEYS' FEES AND OTHER COSTS OF COLLECTION Guarantor shall pay all of Bank's and its affiliates' reasonable expenses incurred to enforce or collect any of the Guaranteed Obligations including without limitation reasonable arbitration paralegals' attorneys' and experts fees and expenses whether incurred without the commencement of a suit in any suit arbitration or administrative proceeding or in any appellate or bankruptcy proceeding.

SUBORDINATION OF OTHER DEBTS Guarantor agrees (a) to subordinate the obligations now or hereafter owed by Borrower to Guarantor ("Subordinated Debt") to any and all obligations of Borrower to Bank or its affiliates now or hereafter existing while this Guaranty is in effect, provided however that Guarantor may receive regularly scheduled principal and interest payments on the Subordinated Debt so long as (i) all sums due and payable by Borrower to Bank and its affiliates have been paid in full on or prior to such date and (ii) no event or condition which constitutes or which with notice or the lapse of time would constitute an event of default with respect to the Guaranteed Obligations shall be continuing on or as of the payment date. (b) Guarantor will either place a legend indicating such subordination on every note ledger page or other document evidencing any part of the Subordinated Debt or deliver such documents to Bank and (c) except as permitted by this paragraph Guarantor will not request or accept payment of or any security for any part of the Subordinated Debt and any proceeds of the Subordinated Debt paid to Guarantor through error or otherwise shall immediately be forwarded to Bank by Guarantor properly endorsed to the order of Bank to apply to the Guaranteed Obligations.

MISCELLANEOUS Assignment This Guaranty and other Loan Documents shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Bank's interests in and rights under this Guaranty and other Loan Documents are freely assignable in whole or in part by Bank. Any assignment shall not release Guarantor from the Guaranteed Obligations.

Organization Powers Guarantor (i) is (a) an adult individual and is single or (b) a corporation, general partnership, limited partnership, limited liability company or other legal entity (as indicated below) duly organized, validly existing and in good standing under the laws of its state of organization and is authorized to do business in each other jurisdiction wherein its ownership of property or conduct of business legally requires such organization. (ii) has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated, and (iii) has the power and authority to execute, deliver and perform and by all necessary action has authorized the execution, delivery and performance of all of its obligations under this Guaranty and any other Loan Document to which it is a party.

Applicable Law **Conflict Between Documents** This Guaranty shall be governed by and interpreted in accordance with federal law and except as preempted by federal law, the laws of the state named in Bank's address on the first page hereof without regard to that state's conflict of laws principles. If the terms of this Guaranty should conflict with the terms of any commitment letter that survives closing, the terms of this Guaranty shall control.

Guarantor's Accounts Except as prohibited by law, Guarantor grants Bank and its affiliates a security interest in all of Guarantor's deposit accounts and investment properties maintained with Bank and its affiliates.

Jurisdiction Guarantor irrevocably agrees to non-exclusive personal jurisdiction in the state named in Bank's address on the first page hereof.

Severability If any provision of this Guaranty or of the other Loan Documents shall be

10
4
0
14
14
12
01
11
11
00
0

535104 (Rev 24 01)

information pertaining to Guarantor's financial condition. Such information shall be true, complete, and accurate.

NEGATIVE COVENANTS. Guarantor agrees that from the date hereof and until final payment in full of the Guaranteed Obligations, unless Bank shall otherwise consent in writing, Guarantor will not: **Default on Other Contracts or Obligations.** Default on any material contract with or obligation when due to a third party or default in the performance of any obligation to a third party incurred for money borrowed; **Government Intervention.** Permit the assertion or making of any seizure, vesting or intervention by or under authority of any governmental entity as a result of which the management of Guarantor or any guarantor is displaced of its authority in the conduct of its respective business or such business is curtailed or materially impaired; **Judgment Entered.** Permit the entry of any monetary judgment or the assessment against the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due; **Retire or Repurchase Capital Stock.** Retire or otherwise acquire any of its capital stock.

PERSONAL FINANCIAL STATEMENTS. Each Guarantor who is an individual shall deliver to Bank annually within thirteen months of the previous statement date on file with Bank, Guarantor's financial statement. Said financial statement shall disclose all of Guarantor's assets, liabilities, net worth, income and contingent liabilities, all in reasonable detail and acceptable to Bank and submitted on a form to be provided by Bank or on such other form acceptable to Bank, signed by Guarantor and certified by Guarantor to Bank to be true, correct and complete.

TAX RETURNS. Guarantor shall deliver to Bank within 30 days of filing, complete copies of federal and state tax returns as applicable, together with all schedules thereto, each of which shall be signed and certified by Guarantor to be true and complete copies of such returns. In the event an extension is filed, Guarantor shall deliver a copy of the extension within 30 days of filing.

ARBITRATION. Upon demand of any party hereto, whether made before or after institution of any judicial proceeding, any claim or controversy arising out of or relating to the Loan Documents between parties hereto (a "Dispute") shall be resolved by binding arbitration conducted under and governed by the Commercial Financial Disputes Arbitration Rules (the "Arbitration Rules") of the American Arbitration Association (the "AAA") and the Federal Arbitration Act. Disputes may include, without limitation, tort claims, counterclaims, a dispute as to whether a matter is subject to arbitration, or claims arising from documents executed in the future, but shall specifically exclude claims brought as or converted to class actions. A judgment upon the award may be entered in any court having jurisdiction. Notwithstanding the foregoing, this arbitration provision does not apply to disputes under or related to swap agreements. **Special Rules.** All arbitration hearings shall be conducted in the city named in the address of Bank first stated above. A hearing shall begin within 90 days of demand for arbitration and all hearings shall conclude within 120 days of demand for arbitration. These time limitations may not be extended unless a party shows cause for extension and then for no more than a total of 60 days. The expedited procedures set forth in Rule 51 et seq. of the Arbitration Rules shall be applicable to claims of less than \$1,000,000.00. Arbitrators shall be licensed attorneys selected from the Commercial Financial Dispute Arbitration Panel of the AAA. The parties do not waive applicable Federal or state substantive law except as provided herein. **Preservation and Limitation of Remedies.** Notwithstanding the preceding binding arbitration provisions, the parties agree to preserve, without diminution, certain remedies that any party may exercise before or after an arbitration proceeding is brought. The parties shall have the right to proceed in any court of proper jurisdiction or by self-help to exercise or prosecute the following remedies as applicable: (i) all rights to foreclose against any real or personal property or other security by exercising a power of sale or under applicable law by judicial foreclosure including a proceeding to confirm the sale; (ii) all rights of self-help including peaceful occupation of real property and collection of rents, set-off and peaceful possession of personal property; (iii) obtaining provisional or ancillary remedies including injunctive relief, sequestration, garnishment, attachment, appointment of receiver and filing an involuntary bankruptcy proceeding; and (iv) when applicable, a judgment by confession of judgment. Any claim or controversy with regard to any party's entitlement to such remedies is a Dispute. **Waiver of Jury Trial.** THE PARTIES ACKNOWLEDGE THAT BY AGREEING TO BINDING

063529.175043

ARBITRATION THEY HAVE IRREVOCABLY WAIVED ANY RIGHT THEY MAY HAVE TO JURY TRIAL
WITH REGARD TO A DISPUTE AS TO WHICH BINDING ARBITRATION HAS BEEN DEMANDED

IN WITNESS WHEREOF Guarantor on the day and year first written above has caused this
Unconditional Guaranty to be duly executed under seal

 (SEAL)
Michael D Brown

Tracking # 831297
CAT Deal # 1074855 Facility ID 844220

UNCONDITIONAL GUARANTY

December 16, 2008

J Conner LLC
996 Queens Road
Charlotte North Carolina 28207
(Hereinafter referred to as "Borrower")

Joan C Brown
966 Queens Road
Charlotte North Carolina 28207
(Hereinafter referred to as Guarantor")

Wachovia Bank National Association
Charlotte North Carolina 28202
(Hereinafter referred to as Bank")

To induce Bank to make extend or renew loans advances credit or other financial accommodations to or for the benefit of Borrower which are and will be to the direct interest and advantage of the Guarantor and in consideration of loans advances credit or other financial accommodations made extended or renewed to or for the benefit of Borrower which are and will be to the direct interest and advantage of the Guarantor Guarantor hereby absolutely irrevocably and unconditionally guarantees to Bank and its successors assigns and affiliates the timely payment and performance of all liabilities and obligations of Borrower to Bank and its affiliates including but not limited to all obligations under any notes loan agreements security agreements letters of credit instruments accounts receivable contracts drafts leases chattel paper indemnities acceptances repurchase agreements, overdrafts and the Loan Documents as defined below and all obligations of Borrower to Bank or any of its affiliates under any swap agreement (as defined in 11 U.S.C. § 101 as in effect from time to time) however and whenever incurred or evidenced whether primary secondary direct, indirect absolute contingent, due or to become due now existing or hereafter contracted or acquired and all modifications extensions and renewals thereof (collectively the Guaranteed Obligations)

Guarantor further covenants and agrees

GUARANTOR'S LIABILITY This Guaranty is a continuing and unconditional guaranty of payment and performance and not of collection. The parties to this Guaranty are jointly and severally obligated together with all other parties obligated for the Guaranteed Obligations. This Guaranty does not impose any obligation on Bank to extend or continue to extend credit or otherwise deal with Borrower at any subsequent time. This Guaranty shall continue to be effective or be reinstated as the case may be if at any time any payment of the Guaranteed Obligations is rescinded avoided or for any other reason must be returned by Bank and the returned payment shall remain payable as part of the Guaranteed Obligations all as though such payment had not been made. Except to the extent the provisions of this Guaranty give Bank additional rights this Guaranty shall not be deemed to supersede or replace any other guaranties given to Bank by Guarantor and the obligations guaranteed hereby shall be in addition to any other obligations guaranteed by Guarantor pursuant to any other agreement of guaranty given to Bank and other guaranties of the Guaranteed Obligations.

TERMINATION OF GUARANTY Guarantor may terminate this Guaranty only by written notice delivered personally to or received by certified or registered United States Mail by an authorized officer of

535104 (Rev 24 0)

GUAR

WPC1844220XXXX001

CDGUARXXXX

guar.doc

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

Bank at the address for notices provided herein. Such termination shall be effective only with respect to Guaranteed Obligations arising more than 15 days after the date such written notice is received by said Bank officer. Such termination shall not be effective with respect to Guaranteed Obligations (including any subsequent extensions, modifications or compromises of the Guaranteed Obligations) then existing or Guaranteed Obligations arising subsequent to receipt by Bank of said notice if such Guaranteed Obligations are a result of Bank's obligation to make advances pursuant to a commitment or are based on Borrower's obligations to make payments pursuant to any swap agreement (as defined in 11 U.S.C. § 101 as in effect from time to time) entered into prior to expiration of the 15 day notice period or are a result of advances which are necessary for Bank to protect its collateral or otherwise preserve its interests. Termination of this Guaranty by any single Guarantor will not affect the existing and continuing obligations of any other Guarantor hereunder.

CONSENT TO MODIFICATIONS. Guarantor consents and agrees that Bank (and with respect to swap obligations, its affiliates) may from time to time in its sole discretion, without affecting, impairing, lessening or releasing the obligations of Guarantor hereunder: (a) extend or modify the time, manner, place or terms of payment or performance and/or otherwise change or modify the credit terms of the Guaranteed Obligations; (b) increase, renew or enter into a novation of the Guaranteed Obligations; (c) waive or consent to the departure from terms of the Guaranteed Obligations; (d) permit any change in the business or other dealings and relations of Borrower or any other guarantor with Bank; (e) proceed against, exchange, release, realize upon or otherwise deal with in any manner any collateral that is or may be held by Bank in connection with the Guaranteed Obligations or any liabilities or obligations of Guarantor; and (f) proceed against, settle, release or compromise with Borrower any insurance carrier or any other person or entity liable as to any part of the Guaranteed Obligations and/or subordinate the payment of any part of the Guaranteed Obligations to the payment of any other obligations which may at any time be due or owing to Bank, all in such manner and upon such terms as Bank may deem appropriate and without notice to or further consent from Guarantor. No invalidity, irregularity, discharge or unenforceability of or action or omission by Bank relating to any part of the Guaranteed Obligations or any security therefor shall affect or impair this Guaranty.

WAIVERS AND ACKNOWLEDGMENTS. Guarantor waives and releases the following rights, demands and defenses Guarantor may have with respect to Bank (and with respect to swap obligations, its affiliates) and collection of the Guaranteed Obligations: (a) promptness and diligence in collection of any of the Guaranteed Obligations from Borrower or any other person liable thereon and in foreclosure of any security interest and sale of any property serving as collateral for the Guaranteed Obligations; (b) any law or statute that requires that Bank (and with respect to swap obligations, its affiliates) make demand upon, assert claims against, or collect from Borrower or other persons or entities; (c) foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Borrower or other persons or entities prior to making demand upon, collecting from or taking action against Guarantor with respect to the Guaranteed Obligations, including any such rights Guarantor might otherwise have had under Va. Code §§ 49-25 and 49-26 et seq., N.C.G.S. §§ 26-7 et seq., Tenn. Code Ann. § 47-12-101, O.C.G.A. § 10-7-24, Mississippi Code Ann. Section 87-5-1, California Civil Code Section §§ 2787 to 2855 inclusive and any successor statute and any other applicable law; (d) any law or statute that requires that Borrower or any other person be joined in, notified of or made part of any action against Guarantor; (e) that Bank or its affiliates preserve, insure or perfect any security interest in collateral or sell or dispose of collateral in a particular manner or at a particular time, provided that Bank's obligation to dispose of collateral in a commercially reasonable manner is not waived hereby; (f) notice of extensions, modifications, renewals or novations of the Guaranteed Obligations or of any new transactions or other relationships between Bank, Borrower and/or any guarantor and of changes in the financial condition, ownership of or business structure of Borrower or any other guarantor; (g) presentment, protest, notice of dishonor, notice of default, demand for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, notice of sale and all other notices of any kind whatsoever to which Guarantor may be entitled; (h) the right to assert against Bank or its affiliates any defense (legal or equitable), set-off, counterclaim or claim that Guarantor may have at any time against Borrower or any other party liable to Bank or its affiliates; (i) all defenses relating to invalidity

35051124460

insufficiency unenforceability enforcement, release or impairment of Bank or its affiliates lien on any collateral of the Loan Documents or of any other guaranties held by Bank (i) any right to which Guarantor is or may become entitled to be subrogated to Bank or its affiliates rights against Borrower or to seek contribution reimbursement, indemnification payment or the like or participation in any claim, right or remedy of Bank or its affiliates against Borrower or any security which Bank or its affiliates now has or hereafter acquires until such time as the Guaranteed Obligations have been fully satisfied beyond the expiration of any applicable preference period (j) any claim or defense that acceleration of maturity of the Guaranteed Obligations is stayed against Guarantor because of the stay of assertion or of acceleration of claims against any other person or entity for any reason including the bankruptcy or insolvency of that person or entity (k) the right to marshalling of Borrower's assets or the benefit of any exemption claimed by Guarantor (l) any defense based upon any lack of authority of the officers directors partners or agents acting or purporting to act on behalf of Borrower or any principal of Borrower or any defect in the formation of Borrower or any principal of Borrower (m) any defense based upon Bank's election in any proceeding instituted under the Federal Bankruptcy Code of the application of Section 1111(b)(2) of the Federal Bankruptcy Code or any successor statute (n) any defense based upon any borrowing or any grant of a security interest under Section 364 of the Federal Bankruptcy Code and (o) the benefit of any statute of limitations affecting the liability of Guarantor hereunder or the enforcement hereof Guarantor acknowledges and represents that Guarantor has relied upon Guarantor's own due diligence in making an independent appraisal of Borrower Borrower's business affairs and financial condition and any collateral Guarantor will continue to be responsible for making an independent appraisal of such matters and Guarantor has not relied upon Bank or its affiliates for information regarding Borrower or any collateral Guarantor agrees that the payment of all sums payable under the Guaranteed Obligations or any part thereof or other act which tolls any statute of limitations applicable to the Guaranteed Obligations shall similarly operate to toll the statute of limitations applicable to Guarantor's liability hereunder

FINANCIAL CONDITION Guarantor warrants represents and covenants to Bank and its affiliates that on and after the date hereof (a) the fair saleable value of Guarantor's assets exceeds its liabilities Guarantor is meeting its current liabilities as they mature and Guarantor is and shall remain solvent, (b) all financial statements of Guarantor furnished to Bank are correct and accurately reflect the financial condition of Guarantor as of the respective dates thereof (c) since the date of such financial statements, there has not occurred a material adverse change in the financial condition of Guarantor (d) there are not now pending any court or administrative proceedings or undischarged judgments against Guarantor no federal or state tax liens have been filed or threatened against Guarantor and Guarantor is not in default or claimed default under any agreement and (e) at such reasonable times as Bank requests Guarantor will furnish Bank and its affiliates with such other financial information as Bank and its affiliates may reasonably request.

INTEREST AND APPLICATION OF PAYMENTS Regardless of any other provision of this Guaranty or other Loan Documents if for any reason the effective interest on any of the Guaranteed Obligations should exceed the maximum lawful interest the effective interest shall be deemed reduced to and shall be such maximum lawful interest and any sums of interest which have been collected in excess of such maximum lawful interest shall be applied as a credit against the unpaid principal balance of the Guaranteed Obligations Monies received from any source by Bank or its affiliates for application toward payment of the Guaranteed Obligations may be applied to such Guaranteed Obligations in any manner or order deemed appropriate by Bank and its affiliates

DEFAULT If any of the following events occur a default ("Default") under this Guaranty shall exist (a) failure of timely payment or performance of the Guaranteed Obligations or a default under any Loan Document (b) a breach of any agreement or representation contained or referred to in the Guaranty or any of the Loan Documents or contained in any other contract or agreement of Guarantor with Bank or its affiliates whether now existing or hereafter arising (c) the death of appointment of a guardian for dissolution or termination of existence of loss of good standing status by appointment of a receiver for assignment for the benefit of creditors of or the commencement of any insolvency or bankruptcy

proceeding by or against Guarantor or any general partner of or the holder(s) of the majority ownership interests of Guarantor and/or (d) Bank determines in good faith in its sole discretion, that the prospects for payment or performance of the Guaranteed Obligations are impaired or a material adverse change has occurred in the business or prospects of Borrower or Guarantor financial or otherwise

If a Default occurs the Guaranteed Obligations shall be due immediately and payable without notice other than Guaranteed Obligations under any swap agreements (as defined in 11 U.S.C. § 101 as in effect from time to time) with Bank or its affiliates which shall be due in accordance with and governed by the provisions of said swap agreements and Bank and its affiliates may exercise any rights and remedies as provided in this Guaranty and other Loan Documents or as provided at law or equity Guarantor shall pay interest on the Guaranteed Obligations from such Default at the highest rate of interest charged on any of the Guaranteed Obligations

ATTORNEYS FEES AND OTHER COSTS OF COLLECTION Guarantor shall pay all of Bank's and its affiliates reasonable expenses incurred to enforce or collect any of the Guaranteed Obligations including without limitation reasonable arbitration paralegals attorneys and experts fees and expenses whether incurred without the commencement of a suit in any suit, arbitration or administrative proceeding or in any appellate or bankruptcy proceeding

SUBORDINATION OF OTHER DEBTS Guarantor agrees, (a) to subordinate the obligations now or hereafter owed by Borrower to Guarantor ("Subordinated Debt") to any and all obligations of Borrower to Bank or its affiliates now or hereafter existing while this Guaranty is in effect, provided however that Guarantor may receive regularly scheduled principal and interest payments on the Subordinated Debt so long as (i) all sums due and payable by Borrower to Bank and its affiliates have been paid in full on or prior to such date, and (ii) no event or condition which constitutes or which with notice or the lapse of time would constitute an event of default with respect to the Guaranteed Obligations shall be continuing on or as of the payment date (b) Guarantor will either place a legend indicating such subordination on every note ledger page or other document evidencing any part of the Subordinated Debt or deliver such documents to Bank and (c) except as permitted by this paragraph Guarantor will not request or accept payment of or any security for any part of the Subordinated Debt and any proceeds of the Subordinated Debt paid to Guarantor through error or otherwise shall immediately be forwarded to Bank by Guarantor properly endorsed to the order of Bank to apply to the Guaranteed Obligations

MISCELLANEOUS Assignment. This Guaranty and other Loan Documents shall inure to the benefit of and be binding upon the parties and their respective heirs legal representatives successors and assigns Bank's interests in and rights under this Guaranty and other Loan Documents are freely assignable in whole or in part by Bank Any assignment shall not release Guarantor from the Guaranteed Obligations **Organization Powers** Guarantor (i) is (a) an adult individual and is single or (b) a corporation, general partnership limited partnership limited liability company or other legal entity (as indicated below) duly organized validly existing and in good standing under the laws of its state of organization and is authorized to do business in each other jurisdiction wherein its ownership of property or conduct of business legally requires such organization (ii) has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated and (iii) has the power and authority to execute deliver and perform and by all necessary action has authorized the execution delivery and performance of all of its obligations under this Guaranty and any other Loan Document to which it is a party **Applicable Law, Conflict Between Documents** This Guaranty shall be governed by and interpreted in accordance with federal law and except as preempted by federal law the laws of the state named in Bank's address on the first page hereof without regard to that state's conflict of laws principles If the terms of this Guaranty should conflict with the terms of any commitment letter that survives closing the terms of this Guaranty shall control **Guarantor's Accounts** Except as prohibited by law Guarantor grants Bank and its affiliates a security interest in all of Guarantor's deposit accounts and investment properties maintained with Bank and its affiliates **Jurisdiction** Guarantor irrevocably agrees to non-exclusive personal jurisdiction in the state named in Bank's address on the first page hereof **Severability** If any provision of this Guaranty or of the other Loan Documents shall be

prohibited or invalid under applicable law such provision shall be ineffective but only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Guaranty or other Loan Documents. **Payments** All payments shall be mailed to Commercial Loan Services P O Box 740502 Atlanta GA 30374-0502 **Notices** Any notices to Guarantor shall be sufficiently given if in writing and mailed or delivered to Guarantor's address shown above or such other address as provided hereunder and to Bank if in writing and mailed or delivered to Wachovia Bank, National Association Mail Code VA7628 P O Box 13327 Roanoke VA 24040 or Wachovia Bank National Association Mail Code VA7628 7711 Plantation Road Roanoke VA 24019 or such other address as Bank may specify in writing from time to time Notices to Bank must include the mail code In the event that Guarantor changes Guarantor's address at any time prior to the date the Guaranteed Obligations are paid in full Guarantor agrees to promptly give written notice of said change of address to Bank by registered or certified mail return receipt requested all charges prepaid **Plural, Captions** All references in the Loan Documents to borrower guarantor person document or other nouns of reference mean both the singular and plural form as the case may be and the term "person" shall mean any individual person or entity The captions contained in the Loan Documents are inserted for convenience only and shall not affect the meaning or interpretation of the Loan Documents **Binding Contract.** Guarantor by execution of and Bank by acceptance of this Guaranty agree that each party is bound to all terms and provisions of this Guaranty **Amendments Waivers and Remedies** No waivers amendments or modifications of this Guaranty and other Loan Documents shall be valid unless in writing and signed by an officer of Bank No waiver by Bank or its affiliates of any Default shall operate as a waiver of any other Default or the same Default on a future occasion Neither the failure nor any delay on the part of Bank or its affiliates in exercising any right power or privilege granted pursuant to this Guaranty and other Loan Documents shall operate as a waiver thereof nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege All remedies available to Bank or its affiliates with respect to this Guaranty and other Loan Documents and remedies available at law or in equity shall be cumulative and may be pursued concurrently or successively **Partnerships** If Guarantor is a partnership the obligations liabilities and agreements on the part of Guarantor shall remain in full force and effect and fully applicable notwithstanding any changes in the individuals comprising the partnership The term "Guarantor" includes any altered or successive partnerships and predecessor partnership(s) and the partners shall not be released from any obligations or liabilities hereunder **Loan Documents** The term "Loan Documents" refers to all documents executed in connection with or related to the Guaranteed Obligations and may include without limitation commitment letters that survive closing loan agreements other guaranty agreements security agreements instruments financing statements mortgages deeds of trust, deeds to secure debt letters of credit and any amendments or supplements (excluding swap agreements as defined in 11 U.S.C. § 101 as in effect from time to time) **LIMITATION ON LIABILITY WAIVER OF PUNITIVE DAMAGES** EACH OF THE PARTIES HERETO INCLUDING BANK BY ACCEPTANCE HEREOF AGREES THAT IN ANY JUDICIAL, MEDIATION OR ARBITRATION PROCEEDING OR ANY CLAIM OR CONTROVERSY BETWEEN OR AMONG THEM THAT MAY ARISE OUT OF OR BE IN ANY WAY CONNECTED WITH THIS AGREEMENT THE LOAN DOCUMENTS OR ANY OTHER AGREEMENT OR DOCUMENT BETWEEN OR AMONG THEM OR THE OBLIGATIONS EVIDENCED HEREBY OR RELATED HERETO IN NO EVENT SHALL ANY PARTY HAVE A REMEDY OF OR BE LIABLE TO THE OTHER FOR (1) INDIRECT SPECIAL OR CONSEQUENTIAL DAMAGES OR (2) PUNITIVE OR EXEMPLARY DAMAGES EACH OF THE PARTIES HEREBY EXPRESSLY WAIVES ANY RIGHT OR CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES THEY MAY HAVE OR WHICH MAY ARISE IN THE FUTURE IN CONNECTION WITH ANY SUCH PROCEEDING CLAIM OR CONTROVERSY WHETHER THE SAME IS RESOLVED BY ARBITRATION MEDIATION JUDICIALLY OR OTHERWISE **Telephone Communication Monitoring** Guarantor agrees that Guarantor's telephone communications with Bank may be monitored and/or recorded to improve customer service and security **Final Agreement.** This Agreement and the other Loan Documents represent the final agreement between the parties and may not be contradicted by evidence of prior contemporaneous or subsequent agreements of the parties There are no unwritten agreements between the parties

FINANCIAL AND OTHER INFORMATION Guarantor shall deliver to Bank such information as Bank may reasonably request from time to time including without limitation financial statements and

Information pertaining to Guarantor's financial condition. Such information shall be true, complete, and accurate.

NEGATIVE COVENANTS Guarantor agrees that from the date hereof and until final payment in full of the Guaranteed Obligations, unless Bank shall otherwise consent in writing, Guarantor will not: **Default on Other Contracts or Obligations** Default on any material contract with or obligation when due to a third party or default in the performance of any obligation to a third party incurred for money borrowed; **Government Intervention** Permit the assertion or making of any seizure, vesting or intervention by or under authority of any governmental entity as a result of which the management of Guarantor or any guarantor is displaced of its authority in the conduct of its respective business or such business is curtailed or materially impaired; **Judgment Entered** Permit the entry of any monetary judgment or the assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due; **Retire or Repurchase Capital Stock** Retire or otherwise acquire any of its capital stock.

PERSONAL FINANCIAL STATEMENTS Each Guarantor who is an individual shall deliver to Bank annually within thirteen months of the previous statement date on file with Bank, Guarantor's financial statement. Said financial statement shall disclose all of Guarantor's assets, liabilities, net worth, income and contingent liabilities, all in reasonable detail and acceptable to Bank and submitted on a form to be provided by Bank or on such other form acceptable to Bank, signed by Guarantor and certified by Guarantor to Bank to be true, correct and complete.

TAX RETURNS Guarantor shall deliver to Bank, within 30 days of filing, complete copies of federal and state tax returns as applicable, together with all schedules thereto, each of which shall be signed and certified by Guarantor to be true and complete copies of such returns. In the event an extension is filed, Guarantor shall deliver a copy of the extension within 30 days of filing.

ARBITRATION Upon demand of any party hereto, whether made before or after institution of any judicial proceeding, any claim or controversy arising out of or relating to the Loan Documents between parties hereto (a "Dispute") shall be resolved by binding arbitration conducted under and governed by the Commercial Financial Disputes Arbitration Rules (the "Arbitration Rules") of the American Arbitration Association (the "AAA") and the Federal Arbitration Act. Disputes may include, without limitation, tort claims, counterclaims, a dispute as to whether a matter is subject to arbitration, or claims arising from documents executed in the future, but shall specifically exclude claims brought as or converted to class actions. A judgment upon the award may be entered in any court having jurisdiction. Notwithstanding the foregoing, this arbitration provision does not apply to disputes under or related to swap agreements. **Special Rules** All arbitration hearings shall be conducted in the city named in the address of Bank first stated above. A hearing shall begin within 90 days of demand for arbitration and all hearings shall conclude within 120 days of demand for arbitration. These time limitations may not be extended unless a party shows cause for extension and then for no more than a total of 60 days. The expedited procedures set forth in Rule 51 et seq. of the Arbitration Rules shall be applicable to claims of less than \$1,000,000.00. Arbitrators shall be licensed attorneys selected from the Commercial Financial Dispute Arbitration Panel of the AAA. The parties do not waive applicable Federal or state substantive law except as provided herein. **Preservation and Limitation of Remedies** Notwithstanding the preceding binding arbitration provisions, the parties agree to preserve, without diminution, certain remedies that any party may exercise before or after an arbitration proceeding is brought. The parties shall have the right to proceed in any court of proper jurisdiction or by self-help to exercise or prosecute the following remedies as applicable: (i) all rights to foreclose against any real or personal property or other security by exercising a power of sale or under applicable law, including judicial foreclosure including a proceeding to confirm the sale; (ii) all rights of self-help including peaceful occupation of real property and collection of rents, set-off and peaceful possession of personal property; (iii) obtaining provisional or ancillary remedies including injunctive relief, sequestration, garnishment, attachment, appointment of receiver and filing an involuntary bankruptcy proceeding; and (iv) when applicable, a judgment by confession of judgment. Any claim or controversy with regard to any party's entitlement to such remedies is a Dispute. **Waiver of Jury Trial** THE PARTIES ACKNOWLEDGE THAT BY AGREEING TO BINDING

08352P175026

ARBITRATION THEY HAVE IRREVOCABLY WAIVED ANY RIGHT THEY MAY HAVE TO JURY TRIAL
WITH REGARD TO A DISPUTE AS TO WHICH BINDING ARBITRATION HAS BEEN DEMANDED

IN WITNESS WHEREOF Guarantor on the day and year first written above has caused this
Unconditional Guaranty to be duly executed under seal

Joan C Brown (SEAL)
Joan C Brown

Tracking # 831297
CAT Deal # 1074855 Facility ID 844220

**MINUTES OF A SPECIAL MEETING OF
THE MEMBERS OF
J CONNER, LLC (the "Company")
ON January 14, 2009**

The undersigned Manager of J Conner, LLC, a North Carolina limited liability company, hereby certifies that a special meeting of the Managers and Members of the Company was held on January 14, 2009. Present at the meeting was the Manager and sole Member of the company, Joan Brown. Notice and other formal requirements of the meeting were waived by all present or signing below.

Upon motion duly made, seconded and approved, the Members unanimously passed the following resolution.

"WHEREAS, Mike Brown and Mark Johnson own certain property in Myrtle Beach, South Carolina, known as Lot 13, Dunes Ocean Front Development Phase II (the **"Property"**), and

WHEREAS, The Property is secured by a promissory note and mortgage in the amount of \$3,500,000.00 held by South Carolina Bank and Trust, NA, recorded in the Horry County, South Carolina, Register of Deeds at Mortgage Book 4795 at Page 1676,

WHEREAS, J Conner, LLC has entered into negotiations to purchase the note and mortgage from South Carolina Bank and Trust, NA, and to the extent necessary, to borrow or otherwise secure the financing or funds for the purchase from Wachovia Bank (the **"Transaction"**), and

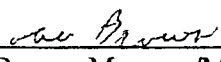
NOW THEREFORE, BE IT RESOLVED, that the terms of the Transaction, to the degree it requires the Company's consent, is ratified and the Company shall (a) conclude all of the various elements of the Transaction described above including, but not limited to purchasing the above described note and mortgage, becoming the record mortgagee for the property, and to enjoy all rights and obligations as the mortgagee for the property, and

FURTHER RESOLVED, that the Company, by and through its Manager, Joan Brown, shall have authority to complete the Transaction, negotiate any amendments or changes to the Transaction or its terms, and execute on behalf of the Company (a) any and all documents required to complete the Transaction, including but not limited to affidavits, consent agreements, and such other incidental documents or agreements deemed necessary by the Manager to complete the Transaction"

There being no further business before the Members, the meeting was adjourned.

J Conner, LLC

By


Joan Brown, Manager/Member

Uniform Residential Appraisal Report

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

Property Address **8810 N Ocean Blvd** City **Myrtle Beach** State **SC** Zip Code **29572 4419**

Borrower **Michael Brown** Owner of Public Record **Michael D Brown Etal** County **Horry**

Legal Description **Deed Book 3198 @ pp 1933 Dunes Lot 13 LLC**

Assessor's Parcel # **166 09 07 018** Tax Year **2007** R.E. Taxes \$ **18,996**

Neighborhood Name **Dunes** Map Reference **25PP15** Census Tract **503**

Occupant ☒ Owner ☐ Tenant ☐ Vacant ☐ Special Assessments \$ **None** ☐ PUD ☐ HOA \$ ☐ per year ☐ per month

Property Rights Appraised ☒ Fee Simple ☐ Leasehold ☐ Other (describe)

Assignment Type ☐ Purchase Transaction ☒ Refinance Transaction ☐ Other (describe)

Lender/Client **WACHOVIA BANK, NA** Address **100 Fidelity Plaza, Brunswick, NJ 08906**

Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of the appraisal? ☐ Yes ☒ No

Report data source(s) used offering price(s), and date(s) **Personal inspection, MLS, REIS, and County Records**

I ☐ did ☐ did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed. **N/A**

Contract Price \$ **N/A** Date of Contract **N/A** Is the property seller the owner of public record? ☐ Yes ☐ No Data Source(s) **N/A**

Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? ☐ Yes ☐ No

If Yes, report the total dollar amount and describe the items to be paid: **N/A**

Notes: Race and the racial composition of the neighborhood are not appraisal factors.

Neighborhood Characteristics

Location	Urban	Suburban	Rural	Property Values	Increasing	Stable	Declining	PRICE	AGE	One-Unit	Percentage Land Use
Built-Up	☐	☒	☐	Under 25%	☐	☒	☐	Over Supply	5000	(yrs)	2-4 Unit
Growth	☐	☒	☐	Marketing Time	Under 3 mths	☒	☐	Over 6 mths	500	Low	30+
Neighborhood Boundaries	Subject is bounded to the North by Dunes Country Club, to the East by Atlantic Ocean, to the South by 78th Ave N, and to the West by Hwy 17							5M	High	1	Commercial
Neighborhood Description	Subject is located in an ocean front suburban s/d with other similar houses. Employment stability appears to be average. Average convenience to employment, shopping, recreational facilities, and schools. Public transportation is limited in this area. Average police and fire protection. * See Additional Comments ***							2M	Med	4	Other
Market Conditions (including support for the above conclusions)	Sub property is located in an average market area which is experiencing limited to moderate sales activity at the present time. *** See Additional Comments ***										

Dimensions **See attached Tax Map and ext comments** Area **20104 +/- sq ft** Shape **Irregular** View **Sim Hms, Ocean Vw**

Specific Zoning Classification **R15** Zoning Description **Single Family Residential**

Zoning Compliance ☒ Legal ☐ Legal Nonconforming (Grandfathered Use) ☐ No Zoning ☐ Illegal (describe)

Is the highest and best use of the subject property as improved (or as proposed per plans and specifications) the present use? ☒ Yes ☐ No If No, describe

Utilities: Publ ☒ Other (describe) ☐ Publ ☒ Other (describe) ☐ Off-site Improvements—Type ☐ Public ☐ Private

Electricity ☒ Water ☒ Street **Asphalt** ☒ ☐

Gas ☒ Sanitary Sewer ☒ Alley ☐ ☐

FEMA Special Flood Hazard Area ☒ Yes ☐ No FEMA Flood Zone **AE** FEMA Map No. **450109 0568H** FEMA Map Date **1999-08 2**

Are the utilities and off-site improvements typical for the market area? ☒ Yes ☐ No If No, describe

Are there any adverse site conditions or external factors (assessments, encroachments, environmental conditions, land uses, etc.)? ☐ Yes ☒ No If Yes, describe

General Description

Units	One	One with Accessory Unit	Concrete Slab	Crawl Space	Foundation Walls	Pylons, Lattice	Floors	HW Crpt, C/Gd
# of Stories	2	☐	☐	☐	Exterior Walls	Stucco/Gd	Walls	Drywall/Good
Type	☒ Det.	☐ Alt.	☐ S-Def End Unit	Basement Area	N/A sq ft	Roof Surface	TC Tile/Gd	Trim/Finish
☒ Existing	☐ Proposed	☐ Under Const.	Basement Finish	N/A %	Gutters & Downspouts	None	Bath Floor	Tile/Good
Design (Style)	Rsd Beach	☐ Outside Entry/Exit	☐ Sump Pump	Window Type	Vinyl D/H-Gd	Bath Wainscot	DW/Gd	
Year Built	2006	Evidence of ☐ Infestation	Storm Sash/Insulated	Therms/Ins	None	Car Storage	☐ None	
Effective Age (Yrs)	1	☐ Dampness	☐ Settlement	Screens	None	☒ Driveway	# of Cars 2	
Attic	☐ None	Heating ☒ FMA	HMBB	Radiant	Amenities	Wood Stove(s) #	Driveway Surface	Concrete
☐ Drop Star	☐ Stars	☐ Other	Fuel	Electric	☒ Fireplace(s) # 2	Fence	☒ Garage	# of Cars 3
☐ Floor	☒ Soutile	Cooling ☒ Central Air Conditioning	☒ Patio/Deck	1 dk	☒ Porch	2A, 2L	Carport	# of Cars
☐ Finished	☐ Heated	☐ Individual	☐ Other	Pool	☒ Other Elevator	☒ Alt.	☐ Det.	☐ Built-in

Appliances ☒ Refrigerator ☒ Range/Oven ☒ Dishwasher ☒ Disposal ☒ Microwave ☐ Washer/Dryer ☐ Other (describe)

Finished area above grade contains **10** Rooms **5** Bedrooms **6.5** Bath(s) **4,846** Square Feet of Gross Living Area Above Grade

Additional features (special energy efficient items etc.) **Subject features ceiling fans, granite counter tops, stone interior columns, and an elevator**

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.) **Subject is in overall good condition and shows average physical depreciation for age. No repairs noted or observed. No functional or external inadequacies present that would have a negative value effect on subject.**

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? ☐ Yes ☒ No If Yes, describe

Does the property generally conform to the neighborhood (functional, utility, style, condition, use, construction, etc.)? ☒ Yes ☐ No If No, describe

Uniform Residential Appraisal Report

File # 2131W

There are 2 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 2,900,900.00 to \$ 5,900,000.00	
There are none comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ see comments to \$	
FEATURE	SUBJECT
8810 N Ocean Blvd	342 Posada Dr
Address Myrtle Beach	Myrtle Beach
Proximity to Subject	0.31 miles W
Sale Price	\$ N/A
Sale Price/Gross Ltr Area	\$ 472.55 sq. ft.
Date Source(s)	TMS# 1651205004
Verification Source(s)	DB 3342/1691
VALUE ADJUSTMENTS	DESCRIPTION
Sale or Financing	Conv
Concessions	No Conc
Date of Sale/Time	06/06/08 5 dm
Location	Suburban/Avg
Leasehold/Fee Simple	Fee Simple
Site	20104+ sf oc vw
View	Ocean View
Design (Style)	Rsd Beach
Quality of Construction	Stucco/V Gd
Actual Age	A2/E1
Condition	Good
Above Grade	Total Bdrms. Baths
Room Count	10 5 6.5
Gross Living Area	4,846 sq. ft.
Basement & Finished Rooms Below Grade	No Basement
Functional Utility	Average
Heating/Cooling	Hp Cent
Energy Efficient Items	Therms/Insul
Garage/Carport	3 Under
Porch/Patio/Deck	2LgPr, 2AvPr, DK
Pool	None
Elevator	None
Net Adjustment (Total)	\$ 200,300
Adjusted Sale Price of Comparables	\$ 2,660,000
I ☒ did not research the sale or transfer history of the subject property and comparable sales. If not, explain	
My research ☒ did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.	
Data Source(s) MLS, Assessor's Records, RIES	
My research ☐ did not reveal any prior sales or transfers of the comparable sales for the prior year to the date of sale of the comparable sale.	
Data Source(s) MLS, Assessor's Records, RIES	
Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).	
ITEM	SUBJECT
Date of Prior Sale/Transfer	11/30/06
Price of Prior Sale/Transfer	\$ 5
Date Source(s)	Public Records
Effective Date of Data Source(s)	10/02/2008
Analysis of prior sale or transfer history of the subject property and comparable sales Subject transferred on 11/30/06 for \$5.00 This was not a true sale (Dunes Lot 13 LLC to Michael D Brown et al)	
Summary of Sales Comparison Approach No similar houses located on similar type lots and location have sold in this market within the past 18 months. Comps used are located on direct ocean front, waterway front, or interior lots, therefore large site and location adjustments were made therefore all comps exceed 10% line adjustment gdlm and 20 gross adj gdlm due to site adjustments with comps 2&3 exceeding 15% net adj gdlm. No 2nd row houses located on lots with small ocean frontage could be found. Listing #1 is located on a similar type lot to subject. Comps 2,3,4,&5 exceed 1 mile gdlm but no other similar comps could be found within closer proximity of subject. Comp 1 is superior construction and a quality adjustment is made. Comp 1 is located 1 block from the ocean but does not have an ocean view and a view adjustment is made. Comps 1&2 are located on waterway front lots and no view adjustment is made.	
Indicated Value by Sales Comparison Approach \$ 2,600,000	
Indicated Value by Cost Approach (if developed) \$ 2,694,100	
Indicated Value by Income Approach (if developed) \$ N/A	
Value indicated by the Cost Approach supports the more accurate indicated value from the Sales Comparison Approach	
This approach measures actual market reaction. The Income Approach is N/A due to the fact most property is owner occupied.	
This appraisal made ☒ as is, ☐ subject to completion per plans and specifications on the basis of hypothetical condition that the improvements have been completed, ☐ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or ☐ subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair.	
Based on complete visual inspection of the interior and exterior areas of the subject property defined scope of work, statement of assumptions and limiting condition and appraiser's certification, my (our) opinion of the market value, as defined of the real property that is the subject of this report is \$ 2,600,000 as of Sept 28, 2008 which is the date of inspection and the effective date of this appraisal.	

Uniform Residential Appraisal Report

File # 2131W

DEFINITION OF INSPECTION

The Term Inspection as used in this report, is not the same level of inspection that is required for a Professional Home Inspection. The appraiser does not fully inspect the electrical system, mechanical system, roof (except from ground level), foundation system, floor structure, or subfloor. The appraiser is not an expert in construction materials and the purpose of the appraisal is to make an economic evaluation of the subject property. If the client needs a more detailed inspection of the property, a home inspection by a Professional Home Inspector is suggested.

INTENDED USER

The Intended User of this appraisal is the Lender/Client. The Intended Use is to evaluate the property that is the subject of this appraisal for a mortgage finance transaction, subject to the stated Scope Of Work, purpose of the appraisal, reporting requirements of this appraisal report form, and Definition of Market Value. No additional Intended Users are identified by the appraiser.

ADDITIONAL COMMENTS

COSTS/REPLACEMENT COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value)

Lot value is based on a study of recent lot sales in subject's s/d Lot 25 Phase III, TMS # 1660907030 sold 03/18/08 for \$1,897,731. This lot is very similar to subject lot in that it has 15 ft ocean front. Lot 12 TMS# 1660907012 sold 07/29/08 for \$1,762,500. This lot is adjacent to subject but has 102 ft ocean front.

COST APPROACH

ESTIMATED	REPRODUCTION OR	REPLACEMENT COST NEW	OPINION OF SITE VALUE	
Source of cost data	Marshall & Swift & Local Builders		Dwelling	4,846 Sq. Ft. @ \$ 275 = \$ 1,332,650
Quality rating from cost service	v. gd	Effective date of cost data	Pr&Stg	1,708 Sq. Ft. @ \$ 100 = \$ 170,800
Comments on Cost Approach (gross living area calculations, depreciation, etc.)				
See sketch addendum for square footage calculations			Garage/Carport	3,743 Sq. Ft. @ \$ 30 = \$ 112,290
Cost Approach Calculations from Marshall and Swift			Total Estimate of Cost-New	= \$ 1,615,740
Valuation Service and local builders Very Good Quality			Less Physical	Functional External
Construction Physical Depreciation = Age Life Method			Depreciation	22,620 = \$ (22,620)
			Depreciated Cost of Improvements	= \$ 1,593,120
			As-is Value of Site Improvements	= \$ 1,000
				= \$
Estimated Remaining Economic Life (HUD and VA only)			69 Years	Indicated Value By Cost Approach = \$ 2,694,120

INCOME APPROACH TO VALUE (not required by Fannie Mae)

Estimated Monthly Market Rent \$ N/A X Gross Rent Multiplier N/A \$ Indicated Value by Income Approach

Summary of Income Approach (including support for market rent and GRM) N/A

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)? ☐ Yes ☐ No Unit type(s) ☐ Detached ☐ Attached

Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.

Legal name of project

Total number of phases Total number of units Total number of units sold

Total number of units rented Total number of units for sale Date Source(s)

Was the project created by the conversion of existing building(s) into a PUD? ☐ Yes ☐ No If Yes, date of conversion

Does the project contain any multi-dwelling units? ☐ Yes ☐ No Data Source(s)

Are the units, common elements, and recreation facilities complete? ☐ Yes ☐ No If No describe the status of completion.

Are the common elements leased to or by the Homeowners' Association? ☐ Yes ☐ No If Yes describe the rental terms and options.

Describe common elements and recreational facilities

Crescent Coast, Inc

ROA_0466

Uniform Residential Appraisal Report

0826300074

File # 2131W

This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit, including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions or deletions to the intended use, intended user, definition of market value or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK. The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions and certifications. The appraiser must, at a minimum, (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions and conclusions in this appraisal report.

INTENDED USE. The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER. The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE. The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparison to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar-for-dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS. The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The appraiser has provided a sketch in this appraisal report to show the approximate dimension of the improvements. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data source) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question unless specific arrangements to do so have been made beforehand or as otherwise required by law.
5. The appraiser has noted in this appraisal report any adverse condition (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as but not limited to needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less salable and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.
6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs or alteration on the assumption that the completion, repairs or alteration of the subject property will be performed in a professional manner.

Uniform Residential Appraisal Report

File # 2131W

APPRAISER'S CERTIFICATION The Appraiser certifies and agrees that:

- 1 I have at a minimum developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
- 2 I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.
- 3 I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
- 4 I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.
- 5 I researched, verified, analyzed and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
- 6 I researched, verified, analyzed and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale unless otherwise indicated in this report.
- 7 I selected and used comparable sales that are locationally, physically and functionally the most similar to the subject property.
- 8 I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.
- 9 I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.
- 10 I verified from a disinterested source all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.
- 11 I have knowledge and experience in appraising this type of property in this market area.
- 12 I am aware of and have access to the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
- 13 I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
- 14 I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as but not limited to needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value and have reported on the effect of the conditions on the value and marketability of the subject property.
- 15 I have not knowingly withheld any significant information from this appraisal report and to the best of my knowledge all statements and information in this appraisal report are true and correct.
- 16 I stated in this appraisal report my own personal unbiased and professional analysis, opinion and conclusion which are subject only to the assumptions and limiting conditions in this appraisal report.
- 17 I have no present or prospective interest in the property that is the subject of this report and I have no present or prospective personal interest or bias with respect to the participant in the transaction. I did not base either partially or completely my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
- 18 My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction, or a value that favors the cause of any party or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
- 19 I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific task performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take responsibility for it.
- 20 I identified the lender/client in this appraisal report who is the individual, organization or agent for the organization that ordered and will receive this appraisal report.

Uniform Residential Appraisal Report

0826300074
File # 2131W

21 The lender/client may disclose or distribute this appraisal report to the borrower another lender at the request of the borrower the mortgagee or its successors and assigns, mortgage insurers government sponsored enterprises other secondary market participants data collection or reporting services professional appraisal organizations any department, agency or instrumentality of the United States; and any state the District of Columbia, or other jurisdictions, without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including but not limited to the public through advertising public relations, news sales, or other media).

22 I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23 The borrower another lender at the request of the borrower the mortgagee or its successors and assigns mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24 If this appraisal report was transmitted as an "electronic record" containing my electronic signature, as those terms are defined in applicable federal and/or state laws (excluding audio and video recording) or a facsimile transmission of this appraisal report containing a copy or representation of my signature the appraisal report shall be as effective enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25 Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including but not limited to fine or imprisonment or both under the provisions of Title 18 United States Code Section 1001 et seq. or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION The Supervisory Appraiser certifies and agrees that:

- I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis opinions statements conclusions, and the appraiser's certification.
- I accept full responsibility for the contents of this appraisal report including but not limited to the appraiser's analysis, opinions, statements conclusions and the appraiser's certification.
- The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm) is qualified to perform this appraisal and is acceptable to perform this appraisal under the applicable state law.
- This appraisal report complies with the Uniform Standard of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
- If this appraisal report was transmitted as an "electronic record" containing my electronic signature as those terms are defined in applicable federal and/or state laws (excluding audio and video recording) or a facsimile transmission of this appraisal report containing a copy or representation of my signature the appraisal report shall be as effective enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature [Signature]
 Name W W Whaley, Jr.
 Company Name Crescent Coast, Inc
 Company Address 3001 Kayla Ct.
Manon, SC 29571
 Telephone Number ---
 Email Address wikiewhaley@bellsouth.net
 Date of Signature and Report October 2, 2008
 Effective Date of Appraisal Sept 28, 2008
 State Certification # CR 532
 or State License # ---
 or Other ---
 State SC
 Expiration Date of Certification or License 06/30/2010

ADDRESS OF PROPERTY APPRAISED
8810 N Ocean Blvd
Myrtle Beach, SC 29572-4419
 APPRAISED VALUE OF SUBJECT PROPERTY \$ 2,600,000

LENDER/CLIENT
 Name ---
 Company Name WACHOVIA BANK, NA
 Company Address 100 Fidelity Plaza
Brunswick, NJ 08906
 Email Address ---

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature ---
 Name ---
 Company Name ---
 Company Address ---
 Telephone Number ---
 Email Address ---
 Date of Signature ---
 State Certification # ---
 or State License # ---
 State ---
 Expiration Date of Certification or License ---

SUBJECT PROPERTY

☐ Did not inspect subject property.
☐ Did inspect exterior of subject property from street
 Date of Inspection ---
☐ Did inspect interior and exterior of subject property.
 Date of Inspection ---

COMPARABLE SALES

☐ Did not inspect exterior of comparable sales from street
☐ Did inspect exterior of comparable sales from street
 Date of Inspection ---

Crescent Coast Inc

ROA_0469

ADDITIONAL COMMENTS

Borrower or Owner	Michael Brown				
Property Address	8810 N Ocean Blvd				
City	Myrtle Beach	County	Horry	State	SC
Zip Code	29572-4419				
Lender or Client	WACHOVIA BANK, NA				

The housing market in the Myrtle Beach area has been declining for the past several years and there is an over supply of houses listed at this time however the ocean front and 2nd row houses appear to be in balance with 14 active listing for ocean front and 2 listing for 2nd row houses in the entire Myrtle Beach Market. According to MLS and newspaper reports the inventory of single family housing has declined over the past year. As of the August report the median selling price of a single family house fell 10% over the past year. The average days on the market was 171 days.

NEIGHBORHOOD DESCRIPTION

Average property compatibility and general appearance of properties Avg market appeal

MARKET CONDITIONS

Most homes in this neighborhood generally sell in a 3-6 month marketing time and only limited competitive properties are offered for sale at this time. Seller typically pays no or only limited closing cost and discount points. No sales concessions known.

According to the Tax Map the lot dimensions are 91'x186'LSx92'Rx180'RS = 16744sf + 15'x223'LSx15'Rx225'RS = 3360sf or 16744sf + 3360sf = 20104sf. This is an irregular shaped lot with the 91'x188' section located on Ocean Blvd and a 15'x223' strip extending to the ocean front. See attached Tax Map.

At the present time there is no house between subject and the ocean and subject has an unobstructed view of the ocean. However when a house is built on the lot located between the subject and the ocean the subject will have a limited ocean view.

Garage area is under house.

According to MLS there are 14 ocean front houses for sale in the Myrtle Beach Market ranging in price from \$1,900,000 to \$5,900,000 with 1 of these in subject's s/d listed for \$5,900,000. There are 2 active 2nd row houses listed with a range of \$1,990,000 to \$2,900,900 with the latter located in subject's s/d on a similar lot to subject. See listing #1. Only 1 ocean front house has sold in this market within the past year and is a much older house than subject and sold for \$2,550,000. No second row houses have sold within the past year. There are 6 lots listed in subject's s/d at this time (1st and 2nd row) ranging from \$1,099,000 to \$2,500,000.

ADDITIONAL COMPARABLES											
Borrower Michael Brown											
Property Address 8810 N Ocean Blvd											
City Myrtle Beach County Horry State SC Zip Code 29572-4419											
Lender/Client WACHOVIA BANK, NA											
FEATURE	SUBJECT	COMPARABLE SALE NO. 4			COMPARABLE SALE NO. 5			COMPARABLE SALE NO. 6			
8810 N Ocean Blvd		4806 N Ocean Blvd			1540 Chiammi Lane						
Address	Myrtle Beach	Myrtle Beach			Myrtle Beach						
Proximity to Subject		3.38 miles SW			1.73 miles NW						
Sale Price	\$ N/A	\$ 2,550,000			\$ 2,200,000			\$			
Sale Price/Gross Liv. Area	\$ sq. ft.	\$ 879.31 sq. ft.			\$ 613.67 sq. ft.			\$ sq. ft.			
Data Source(s)		TMS# 1740923004			TMS# 1652101037						
Verification Source(s)		MLS# 731304			County Records						
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+/- Adjustment	DESCRIPTION	+/- Adjustment	DESCRIPTION	+/- Adjustment	DESCRIPTION	+/- Adjustment		
Sale or Financing		Conv		Conv							
Concessions		No Conc.		No Conc.							
Date of Sale/Time		05/28/08 209dm		11/20/07 uk dm							
Location	Suburban/Avg	Suburban/Avg		Suburban/Avg							
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple							
Site	20104+ sf oc vv	24300+ sf oc ft	-400,000	15580+ sf res	+600,000						
View	Ocean View	Ocean Front	127,500	Residential	+110,000						
Design (Style)	Rsd Beach	2 Story		2 Story							
Quality of Construction	Stucco/V Gd	Sid/Gd	+290,000	Stucco/V Gd							
Actual Age	A2/E1	A 40/E12	+66,000	A 3/E2							
Condition	Good	Good		Good							
Above Grade	Total Bdrms. Baths	Total Bdrms. Baths		Total Bdrms. Baths				Total Bdrms. Baths			
Room Count	10 5 6 5	7 4 4 2h	+4,500	8 3 4	+7,500						
Gross Living Area	4,846 sq. ft.	2,900 sq. ft.	+175,100	3,585 sq. ft.	+113,500						
Basement & Finished	No Basement	No Basement		No Basement							
Rooms Below Grade	N/A	N/A		N/A							
Functional Utility	Average	Average		Average							
Heating/Cooling	Hp Cent	Hp Cent		Hp Cent							
Energy Efficient Items	Therms/Insul	Therms/Insul		Therms/Insul							
Garage/Carport	3 Under	None/0 Stg	+10,000	2 Garage	10,000						
Porch/Patio/Deck	2LgPr,2AvPr,DK	Lg Por. Par		Sm Por. Lg Pat	+5,000						
Pool	None	InGd Pool		InGd Pool	30,000						
Elevator	Elevator										
Net Adjustment (Total)		[X]	\$ 18,100	[X]	\$ 796,000						
Adjusted Sale Price of Comparables		Net Adj. 0.71 % Gross Adj. 42.08 %	\$ 2,568,100	Net Adj. 36.18 % Gross Adj. 39.82 %	\$ 2,996,000			Net Adj. % Gross Adj. %	\$		
ITEM	SUBJECT	COMPARABLE SALE #4	COMPARABLE SALE #5	COMPARABLE SALE #6							
Date of Prior Sale/Transfer	11/30/06	No transfers within	No transfers within								
Price of Prior Sale/Transfer	5	the past 12 months	the past 12 months								
Data Source(s)	Public Records	Public Records	Public Records								
Effective Date of Data Source(s)	10/02/2008	10/02/2008	10/02/2008								
Comment on Sales Comparison: Comp 4 is the only ocean front sale that is available. This is an older house and inferior quality therefore a large age and quality adjustment is made. Comp 4 exceeds 25% gross adj. gdn due to site and view adjustments. Comp 5 is located on an interior lot and a site and view adjustment is made therefore the 25% gross and 15% net adj. gdn is exceeded. Comp 5 exceeds 6 months gdn. Comp 5 is currently listed for \$2,500,000 MLS# 733560, listed 12/04/07.											

Additional Listings
Uniform Residential Appraisal Report

0826300074
 File No. 2131W

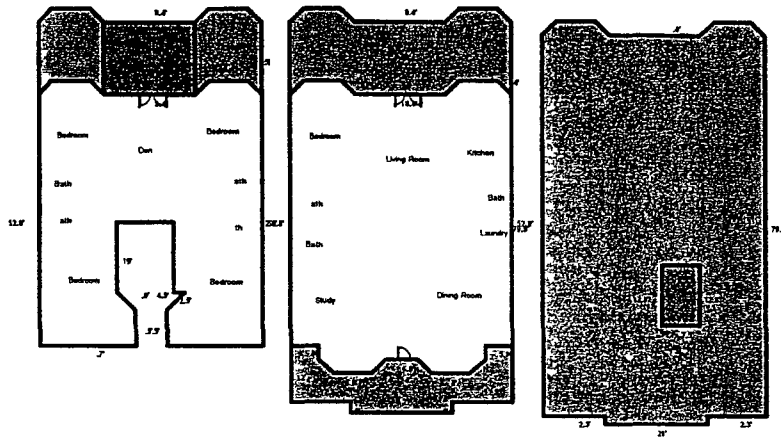
ADDITIONAL LISTINGS											
Borrower Michael Brown											
Property Address 8810 N Ocean Blvd											
City Myrtle Beach		County Horry		State SC		Zip Code 29572-4419					
Lender/Client WACHOVIA BANK, NA											
FEATURE		SUBJECT		LISTING # 1		LISTING # 2		LISTING # 3			
8810 N Ocean Blvd				8704 N Ocean Blvd							
Address Myrtle Beach				Myrtle Beach							
Proximity to Subject				0.19 miles W							
Original List Price		\$ N/A		\$ 2,900,900							
Current List Price				\$ 2,900,900							
List Price Revision Date				06/27/08							
List Price/Gross Liv. Area		\$ 547.34 sq. ft.				\$ sq. ft.					
Data Source(s)				MLS # 718933							
Verification Source(s)											
VALUE ADJUSTMENTS		DESCRIPTION		DESCRIPTION		+(-) \$ Adjustment		DESCRIPTION		+(-) \$ Adjustment	
Sale or Financing				N/A							
Concessions				N/A							
Days on Market				93		290,000					
Location		Suburban/Avg		Suburban/Avg							
Leasehold/Fee Simple		Fee Simple		Fee Simple							
Site		20104+ sf oc vt		21000+ sf							
View		Ocean View		Ocean View							
Design (Style)		Rsd Beach		Rsd Beach							
Quality of Construction		Stucco/V Gd		Stucco/V Gd							
Actual Age		A2/E1		A 9/E 4		+28,400					
Condition		Good		Good							
Above Grade		Total Bdrms. Baths		Total Bdrms. Baths		+1,500		Total Bdrms. Baths			
Room Count		10 5 6.5		8 4 5.1h		+3,000					
Gross Living Area		4,846 sq. ft.		5,300 sq. ft.		-40,900		sq. ft.		sq. ft.	
Basement & Finished		No Basement		No Basement							
Rooms Below Grade		N/A		N/A							
Functional Utility		Average		Average							
Heating/Cooling		Hp Cent		Hp Cent							
Energy Efficient Items		Therms/Insul		Therms/Insul							
Garage/Carport		3 Under		3+ Under							
Porch/Patio/Deck		2LgPr, 2AvPr, DK		2 Lg Porches							
Pool		None		None							
Elevator		Elevator		Elevator							
Net Adjustment (Total)				[X] \$ 298,000							
Adjusted Sale Price of Comparables				Net Adj. 10.27 %		Gross Adj. 12.54 %		Net Adj. %		Gross Adj. %	
ITEM		SUBJECT		LISTING # 1		LISTING # 2		LISTING # 3			
Date of Prior Sale/Transfer		11/30/06									
Price of Prior Sale/Transfer		\$									
Data Source(s)		Public Records									
Effective Date of Data Source(s)		10/02/2008									
Summary of Comparable Listings Listing 1 is located on a similar type lot to subject with 15ft ocean front. A 10% turne adjustment is made due to the fact a study of this market indicates most properties in this market are selling approximately 10% below listing price											

Crescent Coast Inc

ROA_0472

SKETCH ADDENDUM

Borrower or Owner **Michael Brown**
 Property Address **8810 N Ocean Blvd**
 City **Myrtle Beach** County **Horry** State **SC** Zip Code **29572-4419**
 Client **WACHOVIA BANK, NA**



SUMMARY			AREA CALCULATION DETAILS		
	SQ FT AREA	PERIMETER			
Living Area			First Floor		
First Floor	2630	212	10.8 X 2.8	30.2	
Second Floor	2216	253	10.8 X 2.8	30.2	
Total	4846	476	45.6 X 52.8	2407.6	
Porches/Patios			33.8 X 3.0	101.4	
Deck	278	67	10.8 X 2.8	30.2	
Porch	205	82	10.8 X 2.8	30.2	
Porch	205	62	Total	2629.8	
Porch	688	131	Second Floor		
Porch	427	130	10.8 X 2.8	30.2	
Subtotal	1525	385	10.8 X 2.8	30.2	
Garage/Carport			45.6 X 25.8	1222.0	
Attached Garage	3743	260	18.3 X 15.0	274.5	
Storage			16.2 X 15.0	243.0	
Stg & Elevator	96	41	17.5 X 3.5	61.2	
			17.9 X 3.5	62.6	
			19.3 X 7.5	144.7	
			19.7 X 7.5	147.7	
			Total	2216.1	

PHOTOGRAPH ADDENDUM

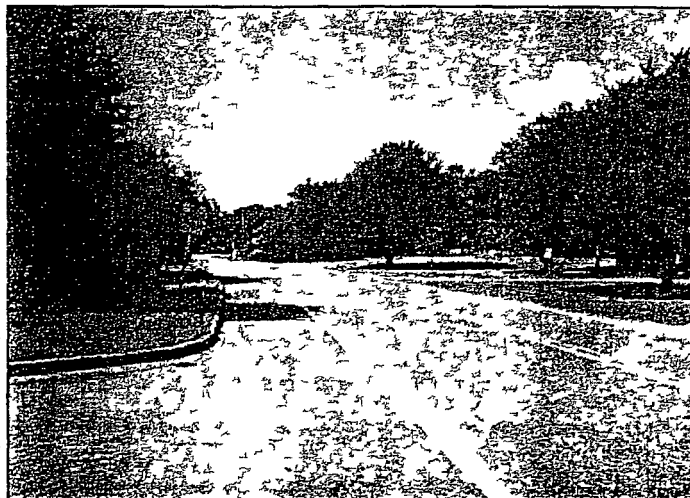
Borrower or Owner	Michael Brown				
Property Address	8810 N Ocean Blvd				
City	Myrtle Beach	County	Horry	State	SC
Zip Code	29572-4419				
Client	WACHOVIA BANK, NA				



FRONT VIEW OF
SUBJECT PROPERTY



REAR VIEW OF
SUBJECT PROPERTY



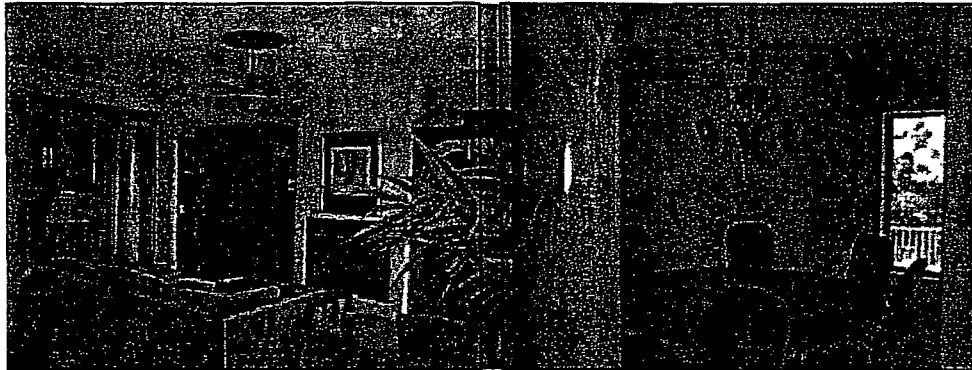
STREET SCENE OF
SUBJECT PROPERTY

Crescent Coast Inc

ROA_0474

0826300074
File No 2131W

Borrower or Owner Michael Brown				
Property Address 8810 N Ocean Blvd				
City Myrtle Beach	County Horry	State SC	Zip Code 29572 4419	
Client WACHOVIA BANK, NA				



8810 N Ocean Blvd
LIVING ROOM

8810 N OCEAN BLVD
DINING



8810 N OCEAN BLVD
KITCHEN



8810 N OCEAN BLVD
FOYER



8810 N OCEAN BLVD
FOYER



8810 N OCEAN BLVD
FOYER

Crescent Coast Inc

ROA_0475

Borrower or Owner Michael Brown

Property Address 8810 N Ocean Blvd

City Myrtle Beach

County Horry

State SC

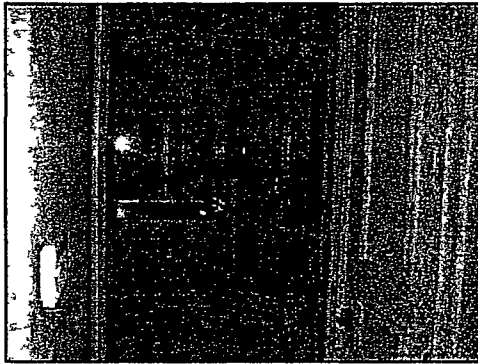
Zip Code 29572 4419

Client WACHOVIA BANK, NA

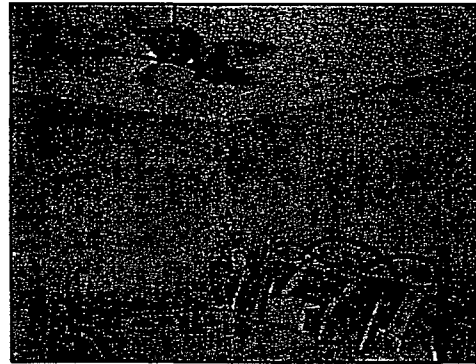


8810 N OCEAN BLVD
RIGHT SIDE

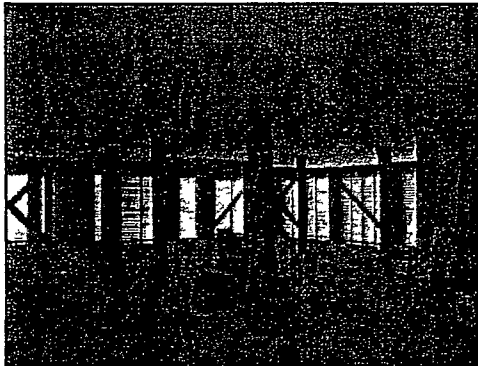
8810 N OCEAN BLVD
LEFT SIDE



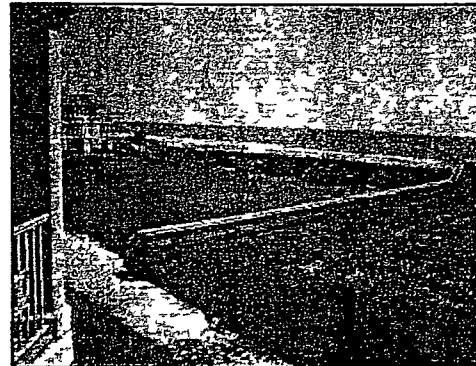
8810 N OCEAN BLVD
BATH



8810 N OCEAN BLVD
BEDROOM

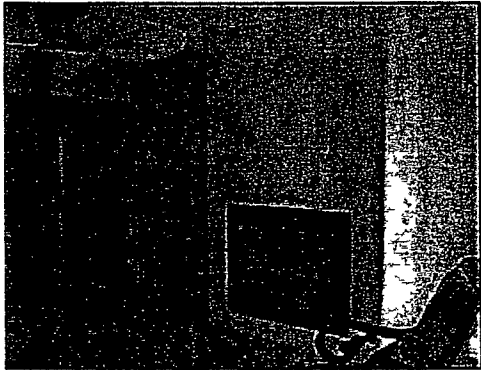


8810 N OCEAN BLVD
Garage



8810 N OCEAN BLVD
OCEAN VIEW

Borrower or Owner Michael Brown				
Property Address 8810 N Ocean Blvd				
City Myrtle Beach	County Horry	State SC	Zip Code 29572 4419	
Client WACHOVIA BANK, NA				



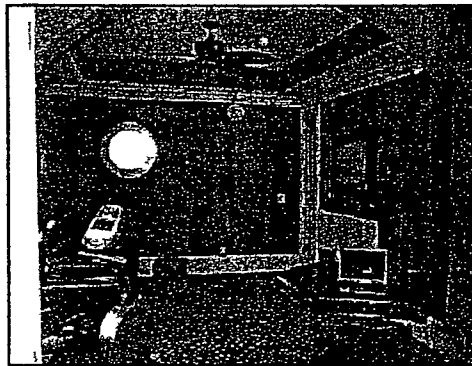
8810 N OCEAN BLVD
2ND FLOOR DEN



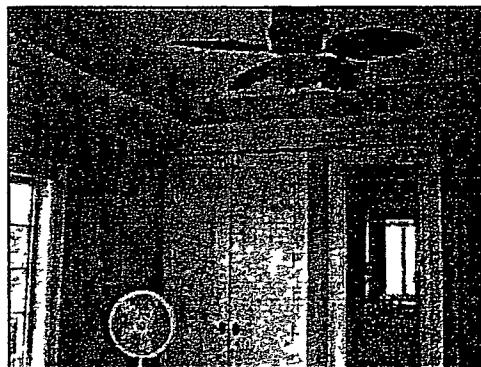
8810 N OCEAN BLVD
FOYER



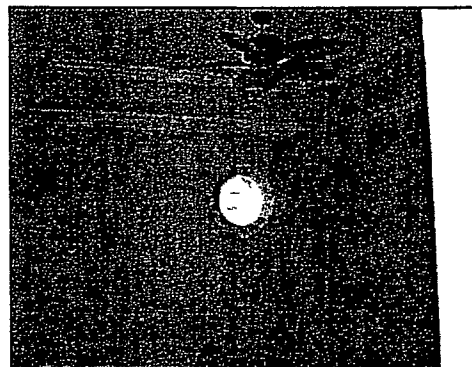
8810 N OCEAN BLVD
2ND FLOOR DEN



8810 N OCEAN BLVD
BEDROOM



8810 N OCEAN BLVD
BEDROOM



8810 N OCEAN BLVD
BEDROOM

PHOTOGRAPH ADDENDUM

Borrower or Owner **Michael Brown**
 Property Address **8810 N Ocean Blvd**
 City **Myrtle Beach** County **Horry** State **SC** Zip Code **29572-4419**
 Client **WACHOVIA BANK, NA**

**COMPARABLE #1**

342 Posada Dr
Myrtle Beach

Price \$2 660 000
 Price/SF 472 55
 Date 06/06/08 5 dm
 Age A 0/E 0
 Room Count 8 6-4f2h
 Living Area 5 629

Value Indication \$2 860,300

**COMPARABLE #2**

9337 Marina Parkway
Myrtle Beach

Price \$1 837,500
 Price/SF 390 87
 Date 09/29/08 191dm
 Age A 2/E 2
 Room Count 8 5 5f1h
 Living Area 4 701

V I Indication \$2 261 600

**COMPARABLE #3**

9237 Marina Parkway
Myrtle Beach

Price \$1 875 000
 Price/SF 374 85
 Date 08/29/08 182dm
 Age A 0/E 0
 Room Count 10 5 6f1h
 Living Area 5 002

V l u I d i c t i \$2 239 000

Crescent Coast Inc

ROA_0478

PHOTOGRAPH ADDENDUMBroker or Owner **Michael Brown**Property Address **8810 N Ocean Blvd**City **Myrtle Beach** County **Horry**State **SC**Zip Code **29572-4419**Client **WACHOVIA BANK, NA****COMPARABLE #4**4806 N Ocean Blvd
Myrtle Beach

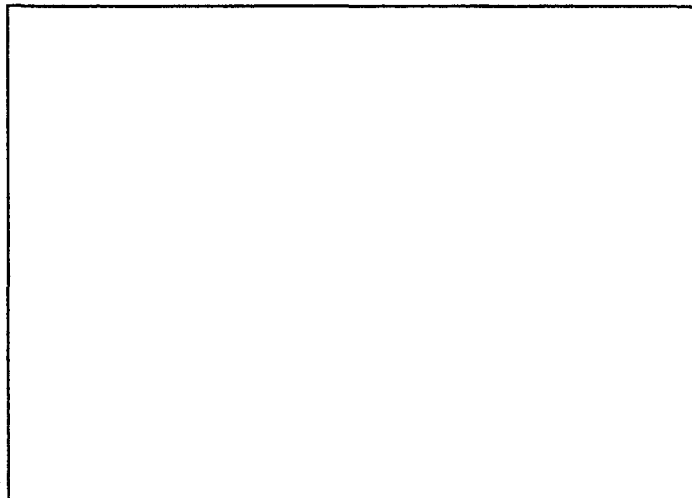
Price \$2,550 000
 Price/SF 879 31
 Date 05/28/08 209dm
 Age A 40/E12
 Room Count 7-4-4f2h
 Living Area 2 900

Value Indication \$2,568 100

**COMPARABLE #5**1540 Chuannu Lane
Myrtle Beach

Price \$2,200 000
 Price/SF 613 67
 Date 11/20/07 uk dm
 Age A 3/E2
 Room Count 8 3 4
 Living Area 3,585

Value Indication \$2 996 000

**COMPARABLE #6**

Price \$
 Price/SF
 Date
 Age
 Room Count
 Living Area

Value Indication \$

PHOTOGRAPH ADDENDUM

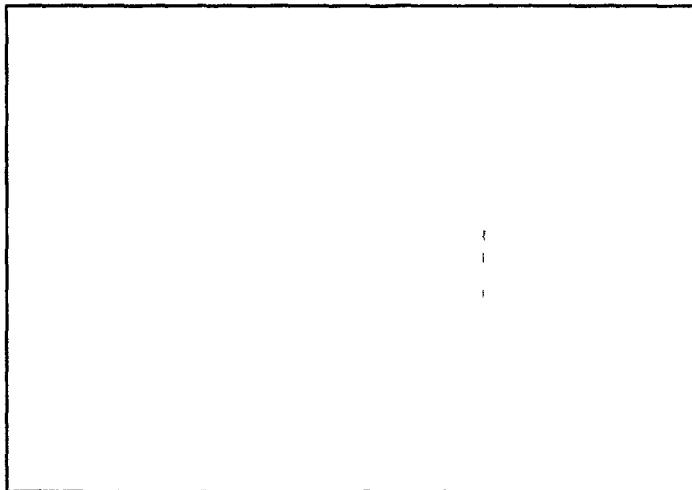
Borrower or Owner Michael Brown
Property Address 8810 N Ocean Blvd
City Myrtle Beach County Horry State SC Zip Code 29572-4419
Client WACHOVIA BANK, NA



LISTING #1

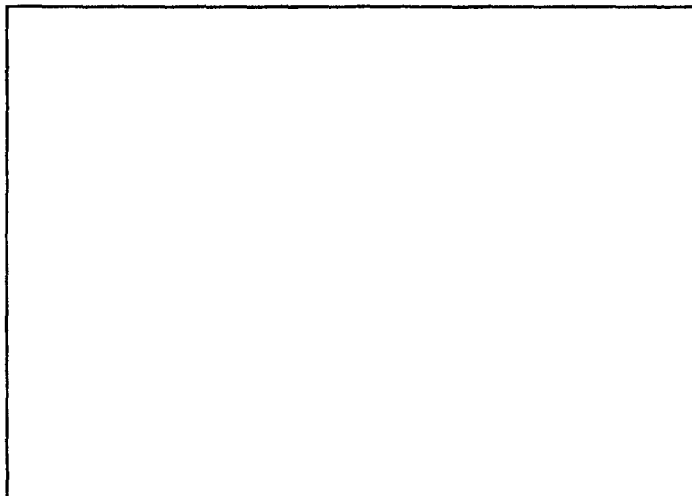
8704 N Ocean Blvd
Myrtle Beach

Price \$2 900 900
Price/SF 547 34
D O M 93
Age A 9/E 4
Room Count 8-4 5flh
Living Area 5,300



LISTING #2

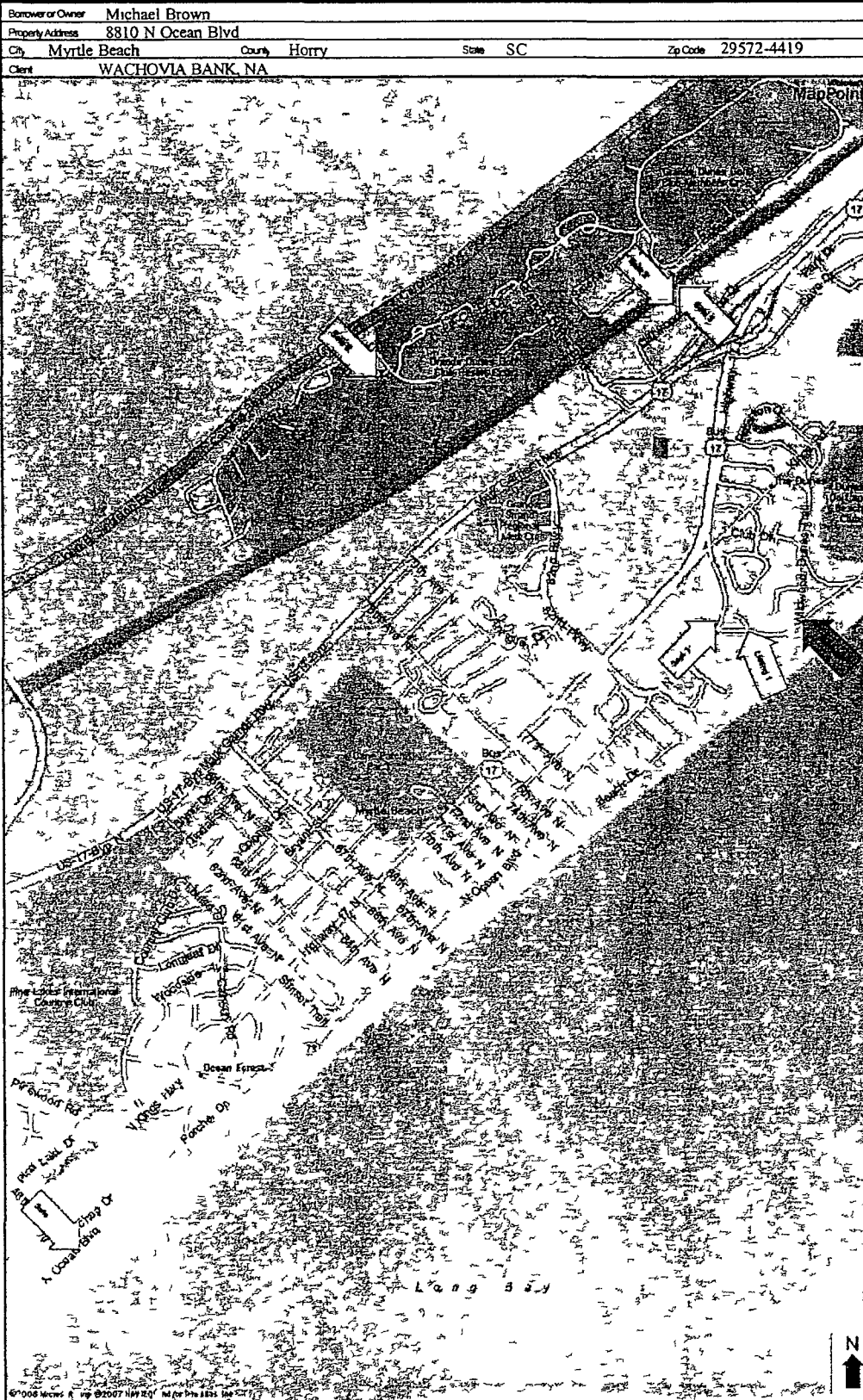
Price \$
Price/SF
D O M
Age
Room Count
Living Area



LISTING #3

Price \$
Price/SF
D O M
Age
Room Count
Living Area

LOCATION MAP

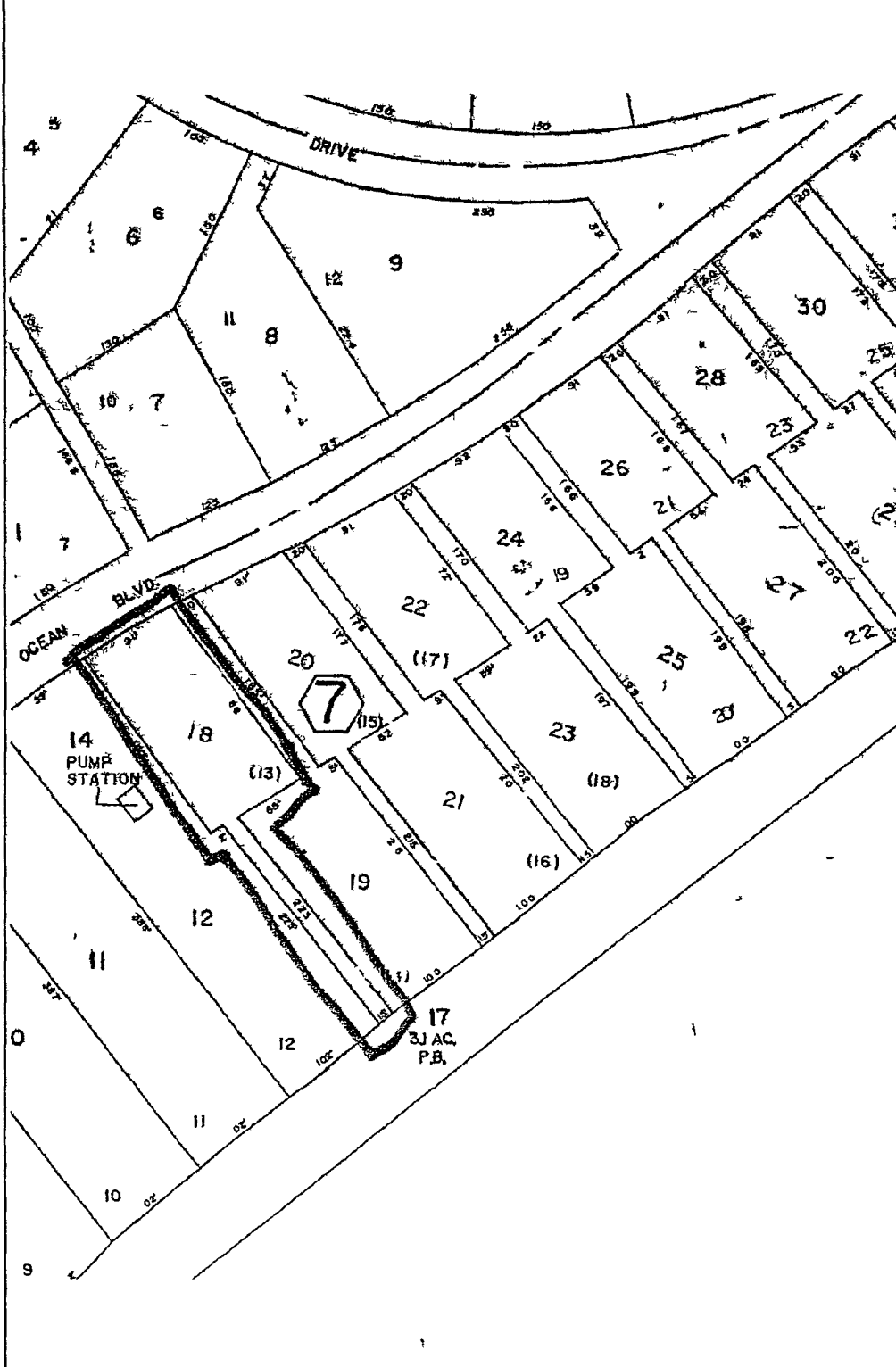


Crescent Coast Inc

ROA_0481

SITE PLAN

Owner or Owner	Michael Brown				
Property Address	8810 N Ocean Blvd				
City	Myrtle Beach	County	Horry	State	SC
				Zip Code	29572-4419
Client	WACHOVIA BANK, NA				

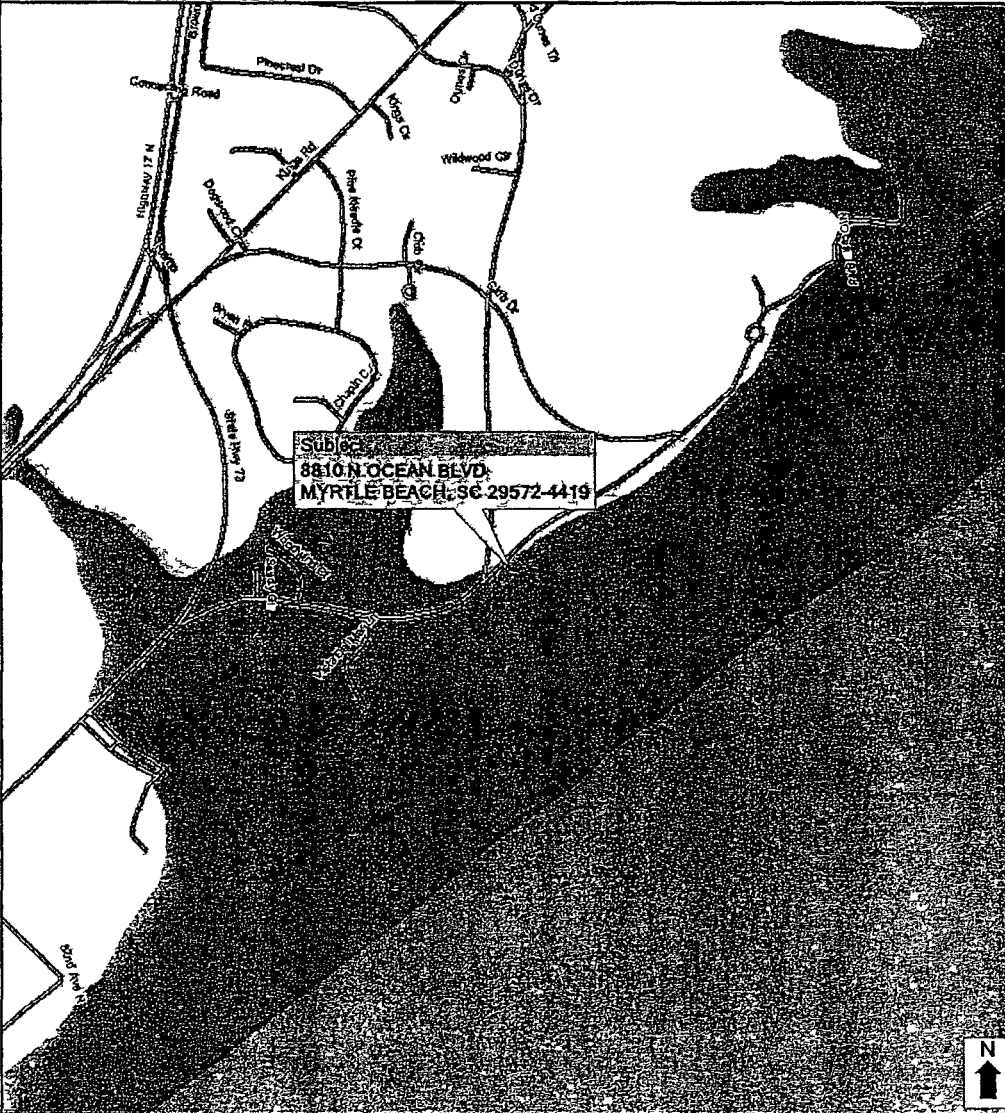


Crescent Coast Inc

ROA_0482

FLOOD MAP

Borrower or Owner **Michael Brown**
Property Address **8810 N Ocean Blvd**
City **Myrtle Beach** County **Horry** State **SC** Zip Code **29572 4419**
Client **WACHOVIA BANK, NA**



Flood Zones

- | | |
|---|--|
| Areas inundated by 500-year flooding | Floodway areas |
| Areas outside of the 100- and 500-year flood plains | Floodway areas with velocity hazard |
| Areas inundated by 100-year flooding | Areas of undetermined but possible flood hazards |
| Areas inundated by 100-year flooding with velocity hazard | Areas not mapped on any published FIRM |

Flood Zone Determination

Latitude **33 75332979496**
Longitude **78 800921410918**
Community Name
MYRTLE BEACH CITY OF
Community **450109**
SFHA (Flood Zone) **In**
Within 250 ft. of multiple flood zones **Yes**
Zone **AE**
Panel **0568H** Panel Date **1999-08-23**
FIPS Code: **45051** Census Tract **503**

This Report is for the sole benefit of the Customer that ordered and paid for the Report and is based on the property information provided by that Customer. That Customer's use of this Report is subject to the terms agreed to by that Customer when accessing this product. No third party is authorized to use or rely on this Report for any purpose. NEITHER FIRST AMERICAN FLOOD DATA SERVICES NOR THE SELLER OF THIS REPORT MAKES ANY REPRESENTATIONS OR WARRANTIES TO ANY PARTY CONCERNING THE CONTENT, ACCURACY OR COMPLETENESS OF THIS REPORT, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Neither FARES nor the seller of this Report shall have any liability to any third party for any use or misuse of this Report.

Uniform Residential Appraisal Report

File # 080245000

The purpose of this summary appraisal report is to provide the lender/client with an accurate and adequate reported opinion of the market value of the subject property.

Property Address: 3414 N. 10th St. City: Phoenix State: AZ Zip Code: 85018

Borrower: [Redacted] Owner of Public Record: [Redacted] County: Maricopa

Legal Description: [Redacted]

Assessor's Parcel #: 010-001-001 Tax Year: 2005 R.E. Taxes \$: 1,200

Neighborhood Name: Central Phoenix Map Reference: [Redacted] Census Tract: 2500

Occupant: ☒ Owner ☐ Tenant ☐ Vacant Special Assessments \$: 0 ☐ PUD HOA \$: 0 per year ☐ per month

Property Rights Appraised: ☒ Fee Simple ☐ Leasehold ☐ Other (describe): [Redacted]

Assignment Type: ☐ Purchase Transaction ☒ Refinance Transaction ☐ Other (describe): [Redacted]

Lender/Client: [Redacted] Address: [Redacted]

Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? ☐ Yes ☒ No

Report data source(s) used, offering price(s) and date(s): [Redacted]

Contract Price \$: 150,000 Date of Contract: 08/20/05 Is the property seller the owner of public record? ☐ Yes ☒ No Data Source(s): [Redacted]

Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? ☐ Yes ☒ No

If Yes, report the total dollar amount and describe the items to be paid: [Redacted]

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Location: ☐ Urban ☒ Suburban ☐ Rural	Property Values: ☐ Increasing ☐ Stable ☒ Declining	PRICE \$ (000): <u>150</u>	AGE (yrs): <u>10</u>	One-Unit: <u>100</u> %
Built-Up: ☒ Over 75% ☐ 25-75% ☐ Under 25%	Demand/Supply: ☐ Shortage ☐ In Balance ☒ Over Supply	Low: <u>100</u> %	High: <u>100</u> %	2-4 Unit: <u>0</u> %
Growth: ☒ Rapid ☐ Stable ☐ Slow	Marketing Time: ☐ Under 3 mths ☐ 3-6 mths ☒ Over 6 mths	Commercial: <u>0</u> %	Other: <u>0</u> %	

Neighborhood Boundaries: [Redacted]

Neighborhood Description: [Redacted]

Market Conditions (including support for the above conclusions): [Redacted]

Dimensions: 100' x 150' x 150' Are: 0.48 Shape: Rectangular View: Reasonable

Specific Zoning Classification: R-1 Zoning Description: Single-Family Detached

Zoning Compliance: ☒ Legal ☐ Legal Nonconforming (Grandfathered Use) ☐ No Zoning ☐ Illegal (describe): [Redacted]

Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? ☒ Yes ☐ No If No, describe: [Redacted]

Utilities: Public ☒ Other (describe): [Redacted] Off-site Improvements: Type: [Redacted] Public ☐ Private ☐

Electricity: ☒ Gas: ☐ Water: ☒ Sanitary Sewer: ☒ Street: ☒ Alley: ☐

FEMA Special Flood Hazard Area: ☒ Yes ☐ No FEMA Flood Zone: [Redacted] FEMA Map #: [Redacted] FEMA Map Date: 08/20/99

Are the utilities and off-site improvements typical for the market area? ☒ Yes ☐ No If No, describe: [Redacted]

Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? ☐ Yes ☒ No If Yes, describe: [Redacted]

See Attached Addendum: [Redacted]

Units: ☒ One ☐ One with Accessory Unit	☒ Concrete Slab ☐ Craw Space	Foundation Walls: <u>[Redacted]</u>	Floors: <u>[Redacted]</u>
# of Stories: <u>1</u>	☐ Full Basement ☐ Partial Basement	Exterior Walls: <u>[Redacted]</u>	Walls: <u>[Redacted]</u>
Type: ☒ Det. ☐ Att. ☐ S-Det/End Unit	Basement Area: <u>0</u> sq. ft.	Roof Surface: <u>[Redacted]</u>	Trim/Finish: <u>[Redacted]</u>
☒ Existing ☐ Proposed ☐ Under Const	Basement Finish: <u>[Redacted]</u> %	Gutters & Downspouts: <u>[Redacted]</u>	Bath Floor: <u>[Redacted]</u>
Design (Style): <u>[Redacted]</u>	Outside Entry/Exit: ☐ Sump Pump: ☐	Window Type: <u>[Redacted]</u>	Bath Water: <u>[Redacted]</u>
Year Built: <u>2005</u>	Evidence of: ☐ Dampness ☐ Settlement	Storm Sash/Insulated: <u>[Redacted]</u>	Closets: ☐ None ☒ Driveway # of Cars: <u>2</u>
Effective Age (Yrs): <u>10</u>	Heating: ☒ FWA ☐ HWBB ☐ Radiant	Screens: <u>[Redacted]</u>	Dwelling Surface: <u>[Redacted]</u>
Attic: ☐ None ☐ Drop Slat ☐ Stairs ☐ Floor ☒ Scuttle ☐ Fished ☐ Heated	Cooling: ☒ Central Air Conditioning ☐ Individual ☐ Other	Amenities: ☐ Wood Stove(s) ☒ Fireplace(s) <u>1</u> ☐ Fence ☐ Pool ☒ Other: <u>[Redacted]</u>	Garage: ☒ Age # of Cars: <u>3</u> ☐ Carport # of Cars: <u>0</u> ☐ Attached ☐ Detached ☒ Built

Appliance: ☒ Refrigerator ☒ Range/Oven ☒ Dishwasher ☒ Disposal ☒ Microwave ☒ Washer/Dryer ☒ Other (describe): [Redacted] Wet Bar: [Redacted]

Finished above grade contains: 10 Rooms: 5 Bedrooms: 3 Bath(s): 2 Square Feet of Gross Living Area: 4848

Additonal features (special energy efficient items, etc.): [Redacted]

See Attached Addendum: [Redacted]

Describe the condition of the property (including needed repairs, deterioration, encroachments, remodeling, etc.): [Redacted]

Typical in size and quality for this market with a functional floor plan. No deferred maintenance, no functional or external depreciation. No observable inadequacies were noted.

Are there any physical deficiencies or adverse conditions that affect the livability or soundness, structural integrity of the property? ☐ Yes ☒ No If Yes, describe: [Redacted]

Does the property generally conform to the neighborhood (functional, likely style, condition, use, construction, etc.)? ☒ Yes ☐ No If No, describe: [Redacted]

ROA_0484

Uniform Residential Appraisal Report

File # 0002438002

There are 3 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 250,000 to \$ 260,000.
There are 3 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 250,000 to \$ 260,000.

FEATURE	SUBJECT	COMPARABLE SALE #1	COMPARABLE SALE #2	COMPARABLE SALE #3
Address				
Proximity to Subject				
Sale Price	\$ <u>250,000</u>	\$ <u>250,000</u>	\$ <u>250,000</u>	\$ <u>250,000</u>
Sale Price/Gross Liv. Area	\$ <u>250,000</u> / <u>1,000</u> sq. ft.	\$ <u>250,000</u> / <u>1,000</u> sq. ft.	\$ <u>250,000</u> / <u>1,000</u> sq. ft.	\$ <u>250,000</u> / <u>1,000</u> sq. ft.
Data Source(s)				
Verification Source(s)				
VALUE ADJUSTMENTS				
DESCRIPTION	DESCRIPTION	(+) \$ Adjustment	DESCRIPTION	(-) \$ Adjustment
Sale or Financing				
Concessions				
Date of Sale/Time				
Location				
Leasehold/Fee Simple				
Site				
View				
Design (Style)				
Quality of Construction				
Actual Age				
Condition				
Above Grade	Total Bdrms. Baths	Total Bdrms. Baths	Total Bdrms. Baths	Total Bdrms. Baths
Room Count				
Gross Living Area	<u>1,000</u> sq. ft.	<u>1,000</u> sq. ft.	<u>1,000</u> sq. ft.	<u>1,000</u> sq. ft.
Basement & Finished				
Rooms Below Grade				
Functional Utility				
Heating/Cooling				
Energy Efficient Items				
Garage/Carport				
Porch/Patio/Deck				
Pool				
Other				
Net Adjustment (Total)				
Adjusted Sale Price of Comparables				

I ☒ did ☐ did not research the sale or transfer history of the subject property and comparable sales. If not explain:

My research ☒ did ☐ did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.
Data source(s) MISCELLANEOUS RECORDS REGISTER OF DEEDS
My research ☐ did ☒ did not reveal any prior sales or transfers of the comparable sales to the year prior to the date of sale of the comparable sale.
Data source(s) MISCELLANEOUS RECORDS REGISTER OF DEEDS

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).

ITEM	SUBJECT	COMPARABLE SALE #1	COMPARABLE SALE #2	COMPARABLE SALE #3
Date of Prior Sale/Transfer	<u>10/30/2008</u>	<u>08/05/2008</u>	<u>07/15/2008</u>	<u>06/15/2008</u>
Price of Prior Sale/Transfer	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$250,000</u>
Data Source(s)	<u>DEED RECORDS</u>	<u>Tax Records</u>	<u>Tax Records</u>	<u>Tax Records</u>
Effective Date of Data Source(s)	<u>10/30/2008</u>	<u>10/01/2008</u>	<u>10/01/2008</u>	<u>10/01/2008</u>

Analysis of prior sale or transfer history of the subject property and comparable sales:
Subject property was sold to the subject on 10/30/2008 for \$250,000. The sale appears to have been a deed transaction. The comparable sales were sold to the subject on 08/05/2008, 07/15/2008, and 06/15/2008 for \$250,000 each. The sales appear to have been deed transactions.

Summary of Sales Comparison Approach:
See Attached Addendum

Indicated Value by Sales Comparison Approach \$ 250,000

Indicated Value by Sales Comparison Approach each \$ 250,000 Cost Approach (if developed) \$ 258,800 Income Approach (if developed) \$ 0

See Attached Addendum
This appraisal is made ☒ as is ☐ subject to complete per plans and specifications on the basis of a hypothetical condition that the improvements have been completed ☐ subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or ☐ subject to the following equal inspection based on the extraordinary assumption that the condition of efficiency does not require alteration or repair.

Based on a complete visual inspection of the interior and exterior of the subject property and a scope of work, statement of assumption and limiting conditions, and appraiser's certification my (our) opinion of the market value as defined of the property that the subject of this report is \$ 250,000 as of 09/29/2008 which is the date of inspection and the effective date of this appraisal.

ROA_0485

Loan 0828300074
File # 080924014062

[illegible]

Provide adequate information to the lender/client to replicate the below cost figures and calculations
Support to the opinion of site value (summary of comparable land sales or other methods for estimating site value)
MILITARY RECORDS, REGISTER OF DEEDS, LOCAL BROKERS AND LAND SALES RECORDS

ESTIMATED ☐ REPRODUCTION OR ☒ REPLACEMENT COST NEW	OPINION OF SITE VALUE	\$ 1,000,000
Source of cost data: MARSHALL NEW HOME BUILDERS	Dwelling 2444 Sq Ft @ \$ 1800	\$ 4,392,000
Quality rating from cost service: A-2 Effective date of cost data: 08/29/2003	2444 Sq Ft @ \$ 1800	\$ 4,392,000
Comments on Cost Approach (gross living area calculation depreciation to)	2444 Sq Ft @ \$ 1800	\$ 4,392,000
Site value formulae based on analysis of site sales and abstraction of site sales of	Garage/Carport 668 Sq Ft @ \$ 600	\$ 400,800
improved properties. Value adjusted to local conditions with area and local multiplier	Total Estimate / Cost-New	\$ 4,792,800
Construction cost supported by Marshall's Smith Residential Cost Handbook and cost from	Less Physical Depreciation 279677	\$ 4,513,123
local builders & local suppliers	Less Functional Depreciation 677,428	\$ 3,835,695
	Less External Depreciation 16,720	\$ 3,818,975
	Depreciated Cost of Improvements	\$ 3,818,975
	As-is Value of Site Improvements	\$ 250,000
Estimated Remaining Economic Life (HUD and VA only) 34 Years	Indicated Value by Cost Approach	\$ 3,818,975

Estimated Monthly Market Revenue: \$ 0 X Gross Rent Multiplier: 0.55 Indicated Value by Income Approach: \$ 0

Summary of Income Approach (including support to market and GRM)

I, the developer/builder, control the Homeowners Association (HOA)? ☐ Yes ☐ No ☐ If type() ☐ Detached ☐ Attached

Provide the following information to PUDs ONLY if the developer/builder controls the HOA and the subject property is an attached dwelling unit.

Legal Name of Project _____

Total number of phases _____ Total number of units _____ Total number of units sold _____

Total number of units entered _____ Total number of units for sale _____ Dollars (\$) _____

Was the project controlled by the co-version of existing building(s) to a PUD? ☐ Yes ☐ No If Yes, date of conversion _____

Does the project contain any multi-dwelling units? ☐ Yes ☐ No Data source() _____

Are the units common elements and recreation facilities complete? ☐ Yes ☐ No If Yes, describe the status of completion _____

Are the common elements leased to or by the Homeowners Association? ☐ Yes ☐ No If Yes, describe the terms and provisions _____

Describe common elements and recreation facilities _____

Uniform Residential Appraisal Report

Loan # ~~000000000000000000~~
File # ~~000000000000000000~~

This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit, including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK. The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum, (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE. The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER. The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE. The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar-for-dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS. The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand or as otherwise required by law.
5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.
6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

ROA_0487

Uniform Residential Appraisal Report

Loan# 0826300074322
File # 08092401060228

APPRAISER'S CERTIFICATION The Appraiser certifies and agrees that:

- 1 I have at a minimum developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
- 2 I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.
- 3 I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
- 4 I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them unless otherwise indicated in this report.
- 5 I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal unless otherwise indicated in this report.
- 6 I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale unless otherwise indicated in this report.
- 7 I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.
- 8 I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.
- 9 I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.
- 10 I verified from a disinterested source all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.
- 11 I have knowledge and experience in appraising this type of property in this market area.
- 12 I am aware of and have access to the necessary and appropriate public and private data sources such as multiple listing services, tax assessment records, public land records, and other such data sources for the area in which the property is located.
- 13 I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
- 14 I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value and have reported on the effect of the conditions on the value and marketability of the subject property.
- 15 I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
- 16 I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
- 17 I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
- 18 My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
- 19 I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.
- 20 I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

ROA_0488

Uniform Residential Appraisal Report

Copy to 08/02/2008
File # 080923-0106023

21 The lender/client may disclose or distribute this appraisal report to the borrower another lender at the request of the borrower the mortgagee or its successors and assigns mortgage insurers government sponsored enterprises other secondary market participants data collection or reporting services professional appraisal organizations any department agency or instrumentality of the United States and any state the District of Columbia or other jurisdictions without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including but not limited to the public through advertising public relations news sales or other media)

22 I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me

23 The borrower another lender at the request of the borrower the mortgagee or its successors and assigns mortgage insurers government sponsored enterprises and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties

24 If this appraisal report was transmitted as an electronic record containing my electronic signature as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings) or a facsimile transmission of this appraisal report containing a copy or representation of my signature the appraisal report shall be as effective enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature

25 Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including but not limited to fine or imprisonment or both under the provisions of Title 18 United States Code Section 1001 et seq or similar state laws

SUPERVISORY APPRAISER'S CERTIFICATION The Supervisory Appraiser certifies and agrees that:

1 I directly supervised the appraiser for this appraisal assignment, have read the appraisal report and agree with the appraiser's analysis opinions statements conclusions and the appraiser's certification

2 I accept full responsibility for the contents of this appraisal report including but not limited to the appraiser's analysis opinions statements conclusions and the appraiser's certification

3 The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm) is qualified to perform this appraisal and is acceptable to perform this appraisal under the applicable state law

4 This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared

5 If this appraisal report was transmitted as an electronic record containing my electronic signature as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings) or a facsimile transmission of this appraisal report containing a copy or representation of my signature the appraisal report shall be as effective enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature

APPRAISER

Signature

Name L. Benjamin Hickman

Company Name Appraisers of Carolina

Company Address P.O. Box 7709

Myrtle Beach SC 29572

Telephone Number 843-365-2220

Email Address appraisers@coast.net

Date of Signature and Report 10/02/2008

Effective Date of Appraisal 09/29/2008

State Certification # CR3438

or State License # 330992

or Other (describe) State #

State SC

Expiration Date of Certification or License 09/30/2010

ADDRESS OF PROPERTY APPRAISED

8810 N. Ocean Blvd

Myrtle Beach SC 29572

APPRAISED VALUE OF SUBJECT PROPERTY \$ 2550000

LENDER/CLIENT

Name PAG/Wealth

Company Name W. Chow Bank NA

Company Address 100 Fidelity Plaza

New Brunswick NJ 08906

Email Address

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature

Name

Company Name

Company Address

Telephone Number

Email Address

Date of Signature

State Certification #

or State License #

State

Expiration Date of Certification or License

SUBJECT PROPERTY

☐ Did not inspect subject property

☐ Did inspect exterior of subject property from street

Date of Inspection

☐ Did inspect interior and exterior of subject property

Date of Inspection

COMPARABLE SALES

☐ Did not inspect exterior of comparable sales from street

☐ Did inspect exterior of comparable sales from street

Date of Inspection

[illegible]

FD-302a (Rev. 05-08-10)

ROA 0490

Edgar 0826300074
File # 080924010002

annie Mao om 004 March 2005

ROA_0491

TEXT ADDENDUM

File No

Borrower/Client	Michael P. Brown				
Property Address	[REDACTED]				
City	Myrtle Beach	County	Horry	State	SC
Zip Code	[REDACTED]				
Lender	PAC/WEALTH				

Type of Appraisal
APPRAISALS of CAROLINA

Amenities Porch desc
Cvd

Subject: Data & Verification Sources
Inspection

Subject: Data & Verification Sources 2
Public Records

Subject: Date of Sale/Time
0

Subject: Sales or Financing Concessions
None Known

Subject: Sales or Financing Concessions 2
Conv Loan

Economic Age Basis
65

GLA Adjustment Factor
100

Comments on Sales Comparison

The subject is located in a well established ocean front section of Myrtle Beach. There have been few sales in this market of properties similar to the property appraised in this report, making it necessary to find and use dated comparable sales and to exceed guidelines for distance from subject to comparable sales. The use of dated comparable sales and exceeding guidelines for distance is typical for the subjects market area and similar markets along the beach and coastal areas of Horry county. This is due in part to seasonal markets along the coastal areas. The three comparable sales analyzed above represent three homes of similar location, design, condition and overall market appeal. Adjustments were applied to dissimilarities in market conditions, site value, view, quality of construction, age, room count, square footage of living area and measurable differences in amenities.

An adjustment of 8% was made with all comparable sales for a change in market conditions/time, declining market. Site values were based on the estimated value of the sites, as though vacant.

Comparable sale number one is located on ocean and was adjusted downward equally for site and view as is typical for the market. Comparable sale number two and three were adjusted upward equally for their inferior views. Comparable sale number three has a waterway view and typically these views have an estimated lower market value of 5% to 8%.

Comparable sale number one was adjusted upward for quality of construction and at the time of this photo was being renovated and upgraded. All comparable sales were adjusted upward for the number of fireplaces and elevator. There are other homes in the subjects market area with an equal number of fireplaces and elevators, as shown with comparable listing number 4, however in my search for comparable sales data, no sales of these properties were found within the past 12-24 months.

It was necessary to exceed guidelines for overall net/gross adjustments with the comparable sales analyzed in this appraisal. This was due in part to the superior site value and view of the subject property.

Exceeding guidelines for overall net/gross adjustments is typical for the subjects market area and similar markets along the coastal areas of Horry county. Dollar cost adjustments, while not absolute, were derived by match pair analysis when possible. When not possible in this analysis, appraiser files were used for similar adjustments for dissimilarities. Through a weighted analysis of the data given, a clear indication of value was derived.

Neighborhood Description

The subject is located in the Grande Dunes section of Myrtle Beach. This is Dunes section consist mostly of high quality, upper range value homes located on a variety of homesites from residential views, golf course, waterway, ocean front and 2nd row with ocean views. A well established community it is considered one of the most desirable areas along the Grand Strand area of Myrtle Beach.

All supporting amenities, such as public schools, medical, law and financial facilities, shopping centers, restaurants, recreation, hospitals and employment, are provided by Horry county and the cities Myrtle Beach and North Myrtle Beach.

Additional Features

Well built, well maintained home on 2nd row from the ocean homesite with view of the ocean. Many upgrades: elevator, granite counters, tray ceiling, tile/marble floors, wet bars, covered porches with ocean views, upgraded appliances and millwork.

Neighborhood Market Conditions

The market in this area usually demands an extended time for resale under normal conditions due, in part, to the nature of seasonal markets. This is typical for the subjects market area and similar markets along the coastal areas of Horry county.

New construction continues, however property values appear to be slightly declining in this area.

It appears that the most affected properties are condominiums and townhouses.

Recent sales in the subjects market area appear to have closed for 15% to 25% below listing price.

Demand has slowed down and supply of homes/condominiums and townhouses. For Sale in the subject's market area has increased over the past 12-24 months. This has created an over supply of properties. For Sale in the subject's market area.

Marketing times typically three to six months for properties priced correctly.

A variety of conventional loans are available and seller concessions, other than closing cost, and loan discount points are not necessary at this time.

Employment appears to be stable in the subjects market.

CONTINUED ON NEXT PAGE

TEXT ADDENDUM

File No

Borrower/Client	[REDACTED]				
Property Address	[REDACTED]				
City	Myrtle Beach	County	[REDACTED]	State	[REDACTED]
Zip Code	[REDACTED]				
Lender	PACIFIC [REDACTED]				

area

The conclusion and opinion of the neighborhood market conditions were based on research from the local MLS, Horry County tax records, register of deeds, local real estate agents/brokers, appraisal associates, appraiser data files, prior appraisals in the subject's market area, local economists, builders, developers, and 20+ years experience analyzing and appraising in this market.

Final Reconciliation

Market approach is the most persuasive estimate of value and is well supported by the cost approach setting the upper limit. Income approach is not applicable due to predominance of owner occupancy in the market area. Homes typically are not purchased for rental income in this market.

It appears that the recent trends of rapid property value increases and mass investor purchases has stopped in the subjects market area.

No value of consideration given to personal property in the final opinion of value.

Site Comments

No apparent adverse easements or encroachments noted other than normal utilities and road r/w.

Private L.P. Gas tanks (typically for gas heating and/or fireplace logs) are typical for the area and appear to have no adverse effect on market value.

Survey to determine exact site dimensions, easements and flood hazard zones, if any.

Site adjustments are made based upon the value of the site as though vacant. Values are not necessarily based on size as other factors are considered such as road frontage, buildable area, distance to nearest town/amenities, what is legally permissible, etc.

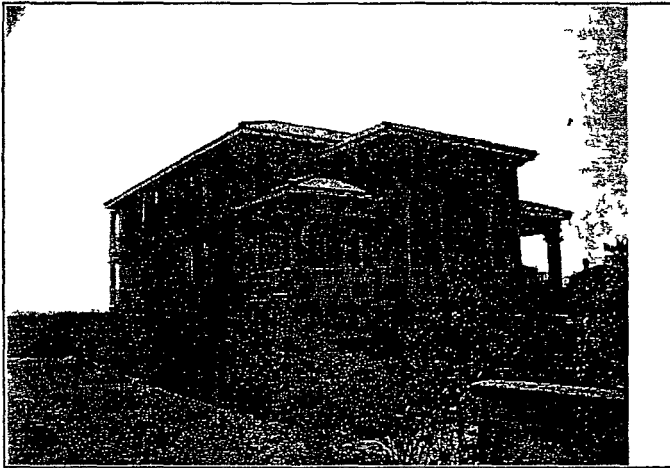
The land to value ratio may exceed typical percentage requirements, however, large land to value ratios are typical for the subjects market area and similar markets along the coastal areas of Horry county.

Site dimensions taken from the Horry county tax map and square footage verified by the Horry county tax office.

SUBJECT PHOTOGRAPH ADDENDUM

File No 060924-01000-2

Borrower/Client	[REDACTED]		
Property Address	[REDACTED]		
City	County	State	Zip Code
[REDACTED]	Horry	SC	[REDACTED]
Lender	Wachovia Bank		



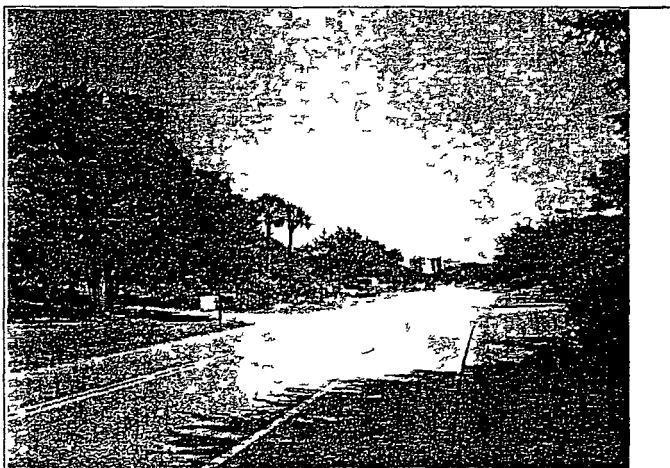
FRONT OF
SUBJECT PROPERTY

[REDACTED]
[REDACTED]
[REDACTED]



REAR OF
SUBJECT PROPERTY

[REDACTED]
[REDACTED]
[REDACTED]



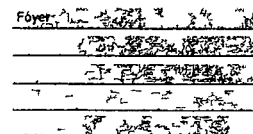
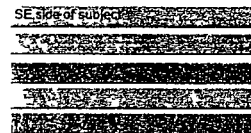
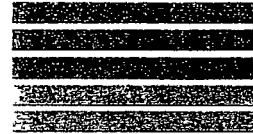
STREET SCENE

[REDACTED]
[REDACTED]
[REDACTED]

ADDITIONAL PHOTOGRAPH ADDENDUM

File No. 000922000000

Borrower/Client	Michael D. Smith							
Property Address	2000 Ocean Blvd							
City	Myrtle Beach	Co	ty	Myrtle	State	SC	Zip Code	29577
Lender	Wichowicz Bank NA							



ADDITIONAL PHOTOGRAPH ADDENDUM

File No. 080522010001

Borrower/Client <u>Michael D Brown</u>				
Property Address <u>8510 N Ocean Blvd</u>				
City <u>Myrtle Beach</u>	County <u>Horry</u>	State <u>SC</u>	Zip Code <u>29578</u>	
Lender <u>PAG/Wealth</u>		Wachovia Bank NA		



Fireplace and mantel



Kitchen



Breakfast area

ADDITIONAL PHOTOGRAPH ADDENDUM

File No

Borrower/Client Michael G. Brown

Property Address 8810 N. Ocean Blvd

City Myrtle Beach

County

State

Zip Code 29577

Lender PNC Wealth



Breakfast room view
 view of ocean from balcony
 view of ocean from balcony
 view of ocean from balcony
 view of ocean from balcony



View of Ocean from subject balcony
 view of ocean from balcony
 view of ocean from balcony
 view of ocean from balcony
 view of ocean from balcony



View of Ocean from subject balcony

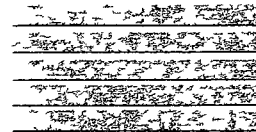
showing Ocean from lot with-

For Sale sign

ADDITIONAL PHOTOGRAPH ADDENDUM

File No. [REDACTED]

Borrower/Client	[REDACTED]				
Property Address	[REDACTED]				
City	[REDACTED]	County	[REDACTED]	State	[REDACTED]
Zip Code	[REDACTED]				
Lender	[REDACTED]				



COMPARABLES PHOTOGRAPH ADDENDUM

File No.

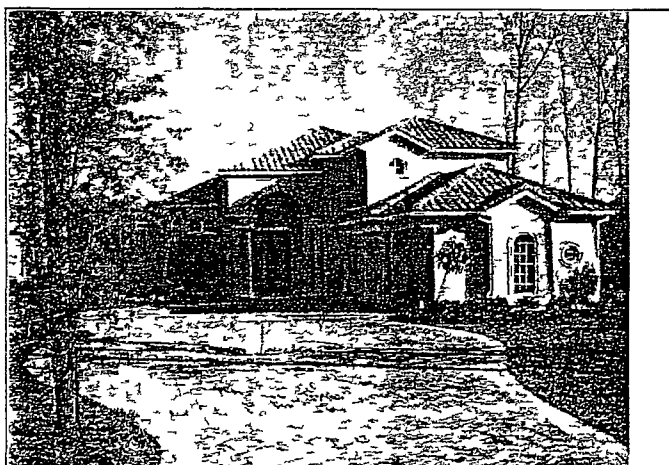
Borrower/Client	Michael D Brown
Property Address	8810 N. Ocean Blvd
City	Myrtle Beach
County	Horry
State	SC
Zip Code	29577
Lender	PAGWealth
Wachovia Bank NA	



Comparable Sale 1
4808 N. Ocean Blvd
Myrtle Beach, SC
 Date of Sale: 06/28/2008
 Sale Price: 255000
 Sq. Ft.
 \$ / Sq. Ft.



Comparable Sale 2
1540 Chippendale Lane
Myrtle Beach, SC
 Date of Sale: 11/20/2007
 Sale Price: 220000
 Sq. Ft.
 \$ / Sq. Ft. 813.67



Comparable Sale 3
9237 Marina Parkway
Myrtle Beach, SC
 Date of Sale: 09/29/2008
 Sale Price: 167500
 Sq. Ft. 5002
 \$ / Sq. Ft. 374.85

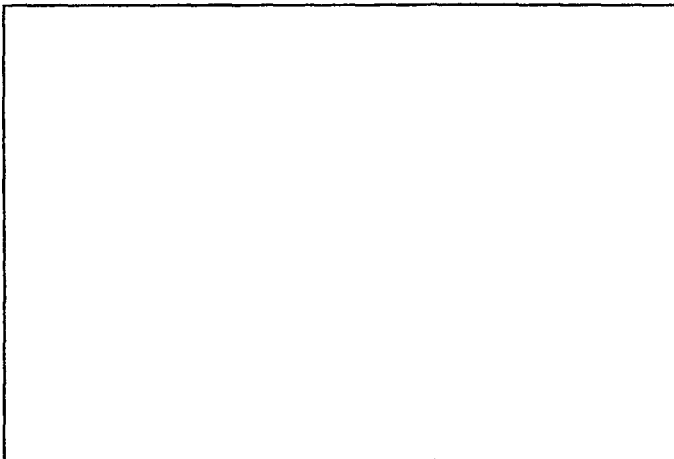
COMPARABLES PHOTOGRAPH ADDENDUM

File No. 050924-01001-2

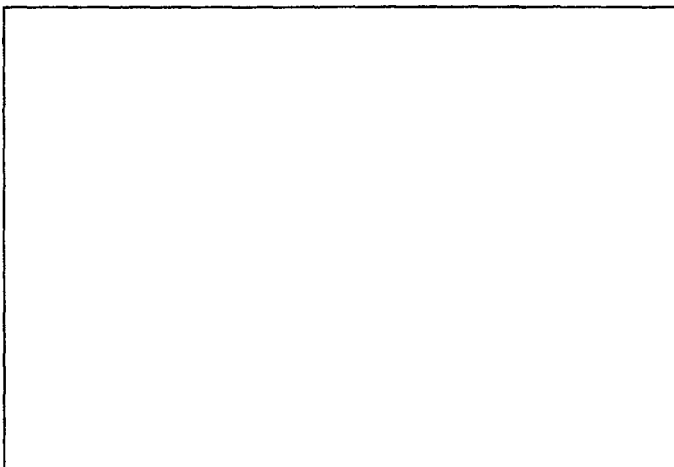
Borrower/Client	MICHAEL J. BROWN				
Property Address	8810 N. 10th St. Bldg. 100				
City	Phoenix	County	Maricopa	State	Arizona
Zip Code	85020				
Lender	BAC MORTGAGE				



Comparable Sale 4
 8704 N. 10th St. Bldg. 100
 Myrtle Beach, SC 29577
 Date of Sale: 12/11/06
 Sale Price: 290,000
 Sq. Ft. 1,500
 \$ / Sq. Ft. 193



Comparable 5
 8704 N. 10th St. Bldg. 100
 Myrtle Beach, SC 29577
 Date of Sale: 12/11/06
 Sale Price: 290,000
 Sq. Ft. 1,500
 \$ / Sq. Ft. 193



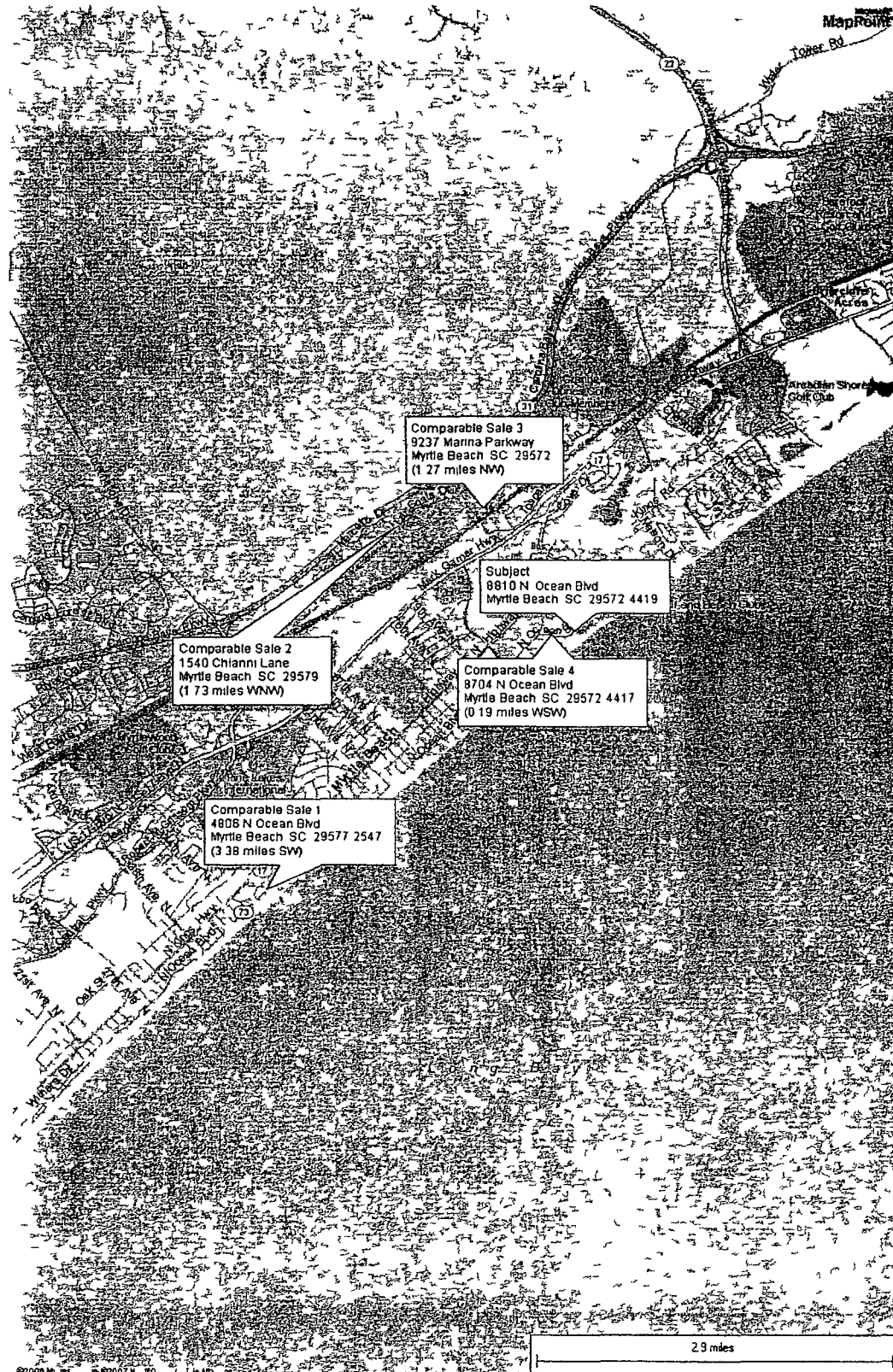
Comparable 6

 Date of Sale: _____
 Sale Price: _____
 Sq. Ft. _____
 \$ / Sq. Ft. 0.00

LOCATION MAP ADDENDUM

File No 080924-01100-2

Borrower/Client	MIENBERG BROWN		
Property Address	8810 N OCEAN BLVD, MYRTLE BEACH, SC 29572		
City	MYRTLE BEACH	County	MYRTLE BEACH
State	SC	Zip Code	29572
Lender	WACHOVIA BANK NA		

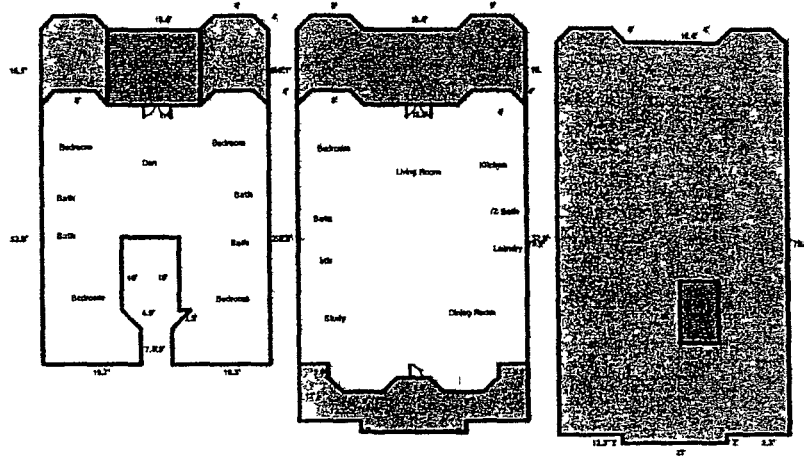


ROA_0501

SKETCH ADDENDUM

File No. 1809240002

Borrower/Client	Michael D Brown		
Property Address	20111 S 26TH AVE		
City	MOBILE	County	State
Lender	PACORP		

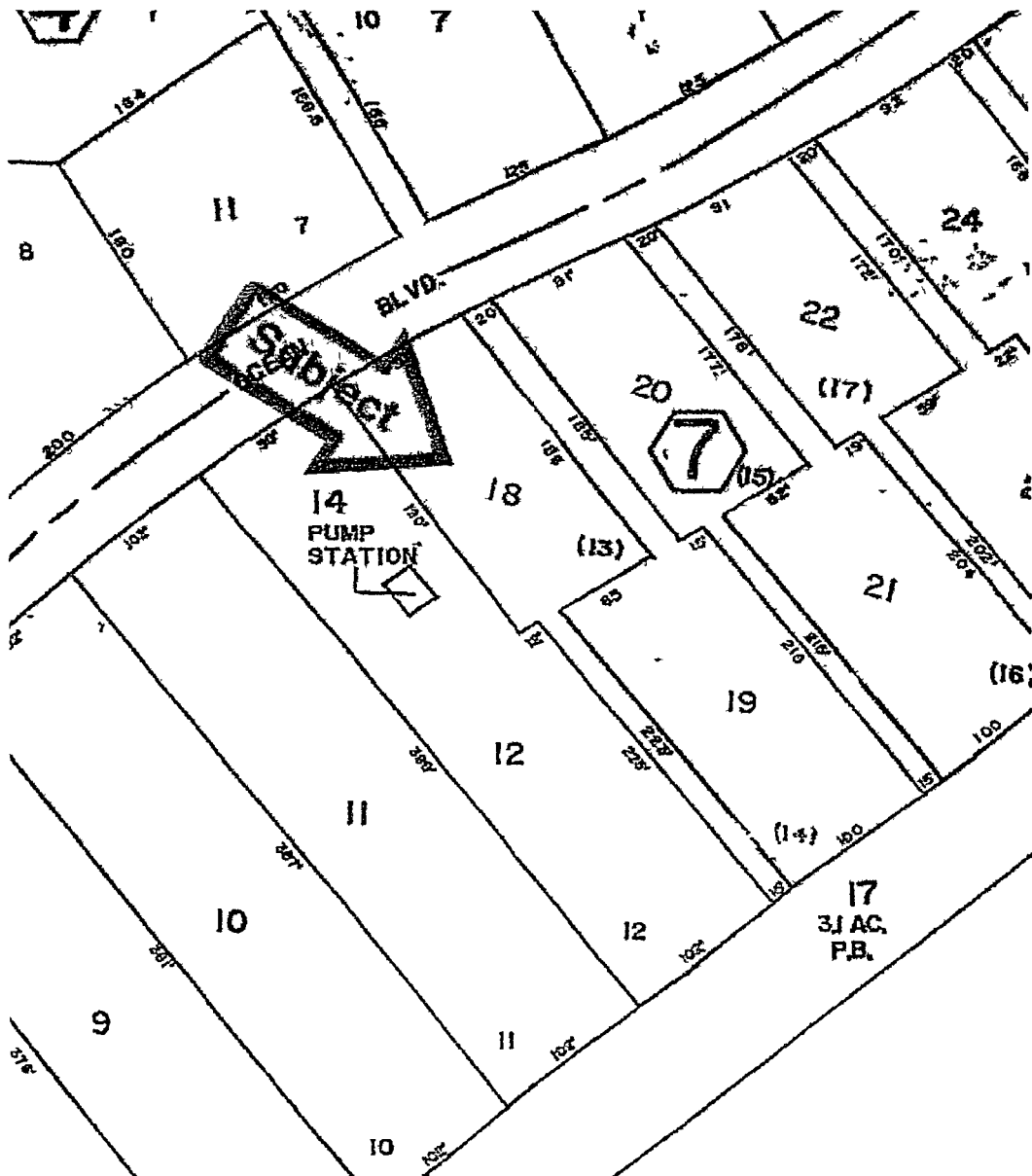


SUMMARY		SQ. FT. AREA	PERIMETER	AREA CALCULATION DETAILS	
Living Area				First Floor	
First Floor		2630	212	10.8 X 2.8	30.2
Second Floor		2216	263	10.8 X 2.8	30.2
Total		4846	475	45.6 X 52.8 =	2407.6
Porches/Patios				33.8 X 3.0	101.4
Deck		278	67	10.8 X 2.8 =	30.2
Porch		205	62	10.8 X 2.8 =	30.2
Porch		205	62		
Porch		689	131		
Porch		427	130		
Subtotal		1525	385	Total	2529.6
Garage/Carport				Second Floor	
Attached Garage		3743	280	10.8 X 2.8	30.2
Storage				10.8 X 2.8 =	30.2
Stg & Elevator		-98	41	45.6 X 26.8 =	1222.0
				18.3 X 15.0 =	274.5
				16.2 X 15.0 =	243.0
				17.5 X 3.5 =	61.2
				17.9 X 3.5 =	62.6
				19.3 X 7.5 =	144.7
				19.7 X 7.5 =	147.7
				Total	2216.1

PLAT MAP ADDENDUM

File No. 0502240106623

Borrower/Client	MICHAEL D. BROWN				
Property Address	[REDACTED]				
City	WASHO	County	WASHO	State	OR
Land	PACIFIC NORTHWEST BANK				



ROA_0503

Borrower/Client	MICHAEL D BROWN		
Property Address	8810 N OCEAN BLVD		
City	MYRTLE BEACH	County	CHARLESTON
State	SC	Zip Code	29577
Lender	PACIFIC		

GEOGRAPHIC LOCATION MAP 166-09 BLOCK 7 PARCEL 18

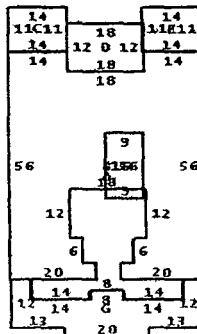
OWNER MAILING ADDRESS BROWN MICHAEL D ETAL
8810 N OCEAN BLVD
N MYRTLE BEACH, SC 29582

STREET ADDRESS 8810 OCEAN BLVD STREET VALIDITY 1
DESCRIPTION DUNES OCEAN FRONT PH II LOT 13

TOTAL VALUE	\$1 256,350	TYPE	1
LAND VALUE	\$324 000	DEED BOOK/PAGE	3198/1933
BUILDING VALUE	\$706 080	LAND SQ FT	
OTHER VALUE	\$26 270	ACREAGE	
SALE PRICE	\$5	ZONING	R-15
SALE DATE	11/30/2006	LAND USE	101
RECENT		PROPERTY TYPE	R
		MAP FILE	166-09-- TIF

YEAR BUILT	2006	FIREPLACE	
BUILDING AREA	4824	BUILDING STYLE	BEACH
STORIES	1	CONDITION	EXCLNT
BASEMENT	YES	SELLER	DUNES LOT 13 LLC
ROOMS	10	SALE HISTORY PRICE	1100000
BEDROOMS	4	SALE HISTORY DATE	10/14/2004
BATHS	5	SALE HISTORY PRICE 1	400000
HEAT TYPE	HT PMP	SALE HISTORY DATE 1	5/1/1998

A0C56R14D5R18U5R14D56L5D5L14U2L8D2L14U5L5A1C56R14D5R18U5R14D56L20U4R
3U6R3U12L18D12R3D6R3D4L20A2U56CU11X14A3U51R14CU12X18A4U56R32CU11X14A5U
20R23CU16X9A6CR5D5R14U2R8D2R14U5R5D12L13D2L20U2L13U12H

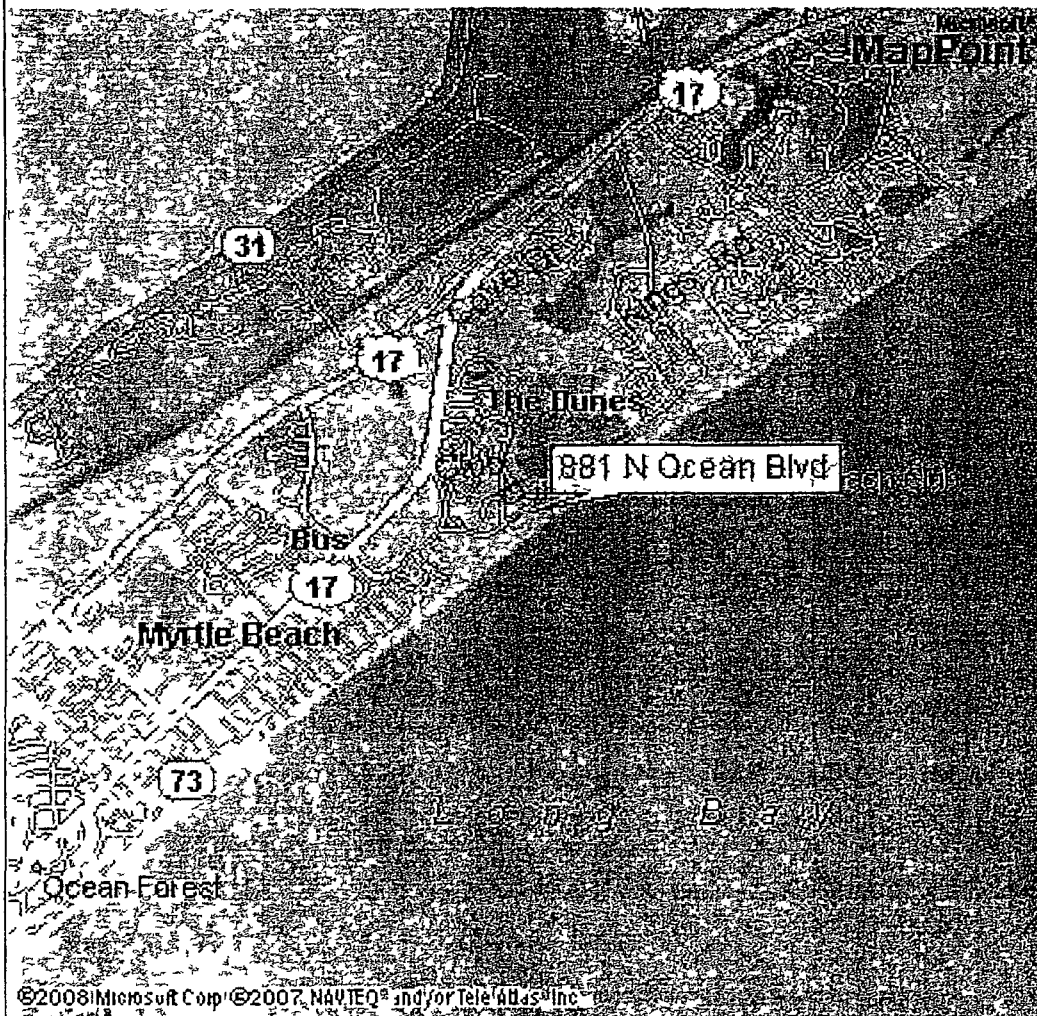


8810 OCEAN BLVD

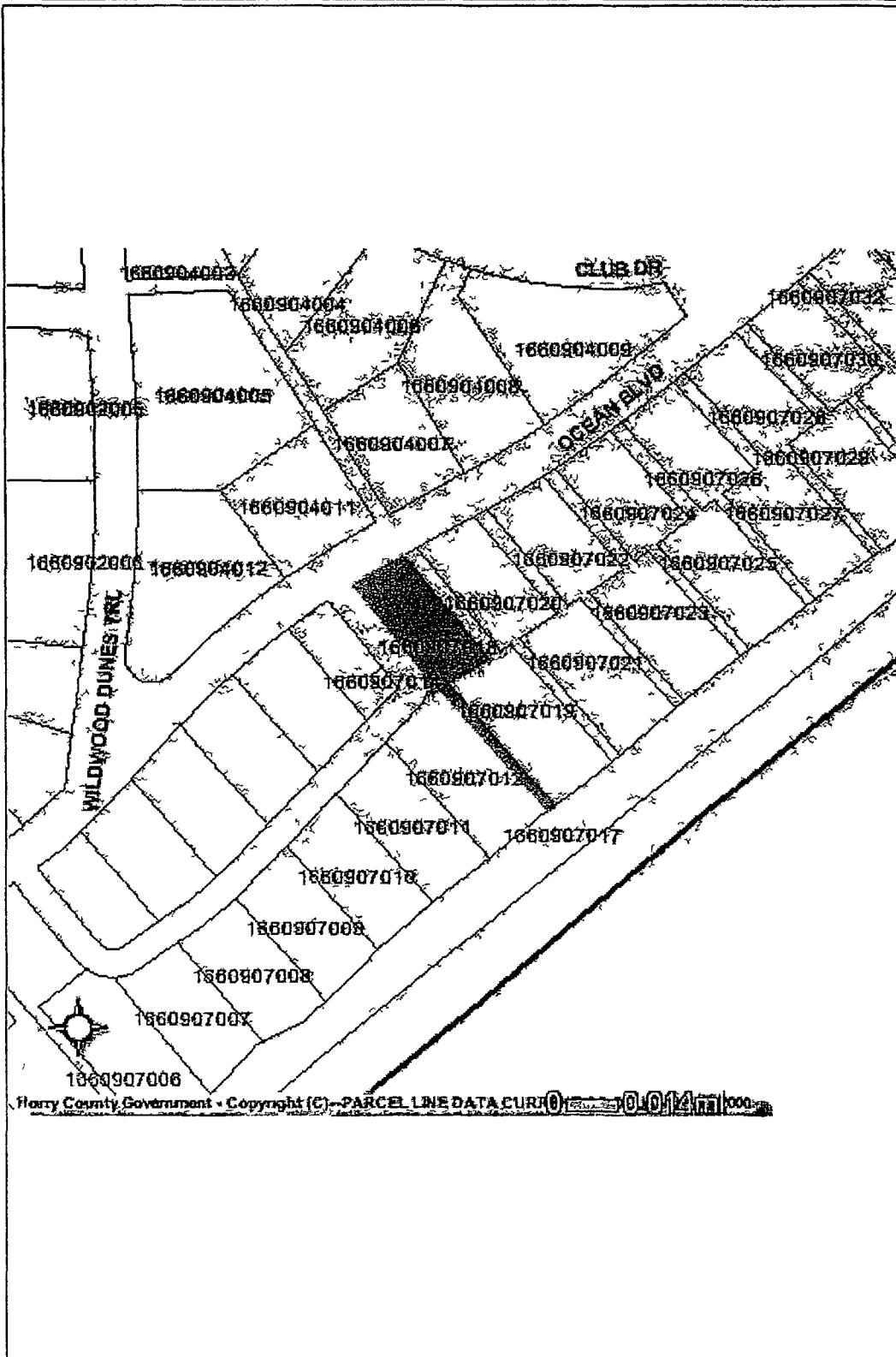
Gold Imaging Property Cards and Tax Maps

CO. D. M. CTNG PROPERTY CARDS MAP T X M PS 888 814-0065 www.gold.m.c.pa.com

Borrower/Client	Michael D Brown						
Property Address							
City	Myrtle Beach	County	Horry	State	SC	Zip Code	29577
Lender	WACU						



Borrower/Client	Michael B. Brown				
Property Address	8917 N. Ocean Blvd.				
City	Wilmington	County	New Castle	State	DE
Zip Code	19802				
Lender	PNC Mortgage				



10/3/2008 1 22 39 PM

ROA_0508

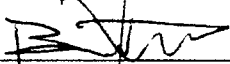
STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)
)
Robert W Oskin Glenn Small)
and Freddie Kanos)
)
Plaintiff(s))
)
vs)
)
Stephen Mark Johnson Michael)
Brown Joan Conner Brown)
J Conner LLC and South)
Carolina Bank and Trust N A)
)
Defendant(s))
)

IN THE COURT OF COMMON PLEAS
FIFTEENTH JUDICIAL CIRCUIT
CASE NO 2009 CP-26-3470

STIPULATION OF DISMISSAL
WITH PREJUDICE
(As to South Carolina Bank and Trust N A)

YOU WILL PLEASE TAKE NOTICE that the Plaintiff stipulates to the dismissal
of the Defendant South Carolina Bank and Trust N A with prejudice with no costs to
be charged

The Floyd Law Firm PC

 8/27/09
Bradley A Floyd Esquire
P O Drawer 14607
Surfside Beach, SC 29587
843-238-5141
Attorney for Defendant South
Carolina Bank and Trust, N A

McNair Law Firm

Dan V Butler Esquire
P O Box 336
Myrtle Beach SC 29576
843-444-1107
Attorneys for Defendants
Michael Brown Joan Conner Brown
and J Conner LLC

Mullen Wylie, LLC

Mark A Brunty Esquire
P O Box 1980
Myrtle Beach SC 29578
843-449-4800
Attorney for Plaintiffs

Newby Sartip, Masel & Casper LLC

C Scott Masel Esquire
P O Box 808
Myrtle Beach, SC 29578
843-449-9417
Attorney for Defendant Stephen
Mark Johnson

STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)
)
Robert W Oskin Glenn Small)
and Freddie Kanos)
)
Plaintiff(s))

vs)

Stephen Mark Johnson Michael)
Brown Joan Conner Brown)
J Conner LLC and South)
Carolina Bank and Trust N A)
)
Defendant(s))

IN THE COURT OF COMMON PLEAS
FIFTEENTH JUDICIAL CIRCUIT
CASE NO 2009 CP 26-3470

STIPULATION OF DISMISSAL
WITH PREJUDICE
(As to South Carolina Bank and Trust N A)

YOU WILL PLEASE TAKE NOTICE that the Plaintiff stipulates to the dismissal
of the Defendant South Carolina Bank and Trust N A with prejudice with no costs to
be charged

The Floyd Law Firm PC

Bradley A Floyd Esquire
P O Drawer 14607
Surfside Beach SC 29587
843-238-5141
Attorney for Defendant South
Carolina Bank and Trust N A

McNair Law Firm

Dan V Butler Esquire
P O Box 336
Myrtle Beach SC 29576
843-444-1107
Attorneys for Defendants
Michael Brown Joan Conner Brown
and J Conner LLC

Mullen Wylie, LLC

Mark A Brunty, Esquire
P O Box 1980
Myrtle Beach SC 29578
843-449-4800
Attorney for Plaintiffs

Newby Sartip Masel & Casper LLC

C Scott Masel Esquire
P O Box 808
Myrtle Beach SC 29578
843-449-9417
Attorney for Defendant Stephen
Mark Johnson

STATE OF SOUTH CAROLINA
COUNTY OF HORRY

) IN THE COURT OF COMMON PLEAS
) FIFTEENTH JUDICIAL CIRCUIT
) CIVIL ACTION NO 2009-CP 26-3470

Robert W Oskin Glenn Small
and Freddie Kanos

Plaintiffs

vs

Stephen Mark Johnson Michael Brown
Joan Conner Brown J Conner LLC and
South Carolina Bank and Trust N A

Defendants

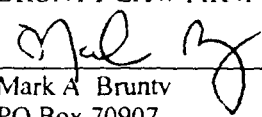
**PLAINTIFFS' NOTICE OF MOTION
AND MOTION FOR RECONSIDERATION
TO ALTER OR AMEND OR FOR A
FOR A NEW TRIAL**

TO COUNSEL FOR DEFENDANTS

You will please take notice that Plaintiffs by and through their undersigned counsel will move before the Master in Equity for Horry County at the Horry County Courthouse Conway South Carolina ten (10) days from the date hereof or at such other time and place as is convenient for the Court and counsel for an Order pursuant to Rule 59 SCRCP altering and/or amending the Court's Order dated March 25 2010 which was filed with the Horry County Clerk of Court on March 26 2010 and mailed on March 30 2010 or for a new trial Plaintiffs request the Court alter or amend and reconsider its findings of law and fact Plaintiffs are preparing and will provide a Memorandum of Law setting forth their arguments

You are invited to attend and to take such part as if fit and proper under the South Carolina Rules of Civil Procedure

BRUNTY LAW FIRM

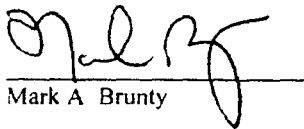

Mark A Bruntv
PO Box 70907
Myrtle Beach SC 29572
Attorney for Plaintiffs

April 5 2010

APR 11 11 17 AM '10
CLERK OF COURT
Horry County

ROA_0511

I CERTIFY that I served a copy of Plaintiff's Notice of Motion and Motion for Reconsideration to Alter or Amend or for a New Trial on Dan Butler and C. Scott Masel attorneys for Defendants by hand delivering them to their offices and sending them via electronic mail


Mark A. Brunty

11
NOTY
11-5 AM 17
APR 13 11 17 AM
11 17

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM HORRY COUNTY
Master-in-Equity

Cynthia Graham Howe, Master-in-Equity

Case No 09-CP-26-3470

Robert W Oskin, Glenn Small,
and Freddie Kanos,

Appellants,

v

Stephen Mark Johnson, Michael Brown,
Joan Conner Brown, and J Conner LLC

Respondents

CERTIFICATE OF COUNSEL

The undersigned certifies that the Record on Appeal contains all material
proposed to be included by any of the parties and not any other material

NELSON MULLINS RILEY & SCARBOROUGH LLP

By



Michael J. Anzelmo
1320 Main Street / 17th Floor
Post Office Box 11070 (29211-1070)
Columbia, South Carolina 29201
803 799 2000
Mark A. Brunty
Brunty Law Firm, P A
Post Office Box 1980
Myrtle Beach, South Carolina 29578
843 449 1500

Attorneys for Appellants

Columbia, South Carolina
June 17, 2011

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM Horry County
Master-in-Equity
Cynthia Graham Howe, Master-in-Equity

Case No 09-CP-26-3470

Robert W Oskin, Glenn Small,
and Freddie Kanos,

v

Stephen Mark Johnson, Michael Brown,
Joan Conner Brown, and J Conner LLC

And which State of South Carolina *ex rel*
Allan Wilson, Attorney General is,

RECEIVED
JUL 26 2011
SC Court of Appeals

Appellants,

Respondents,

Intervening Party

CERTIFICATE OF COUNSEL

The undersigned certifies that the Record on Appeal contains all material
proposed to be included by any of the parties and not any other material

NELSON MULLINS RILEY & SCARBOROUGH LLP

By



Michael J. Anzelmo
1320 Main Street / 17th Floor
Post Office Box 11070 (29211-1070)
Columbia, South Carolina 29201
803 799 2000

Mark A Brunty
Brunty Law Firm, P A
Post Office Box 1980

Myrtle Beach, South Carolina 29578
843 449 1500

Attorneys for Appellants

Columbia, South Carolina
July 25, 2011

HE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM HORRY COUNTY
Master-in-Equity

Cynthia Graham Howe, Master-in-Equity

Case No 09-CP-26-3470

Robert W Oskin, Glenn Small,
and Freddie Kanos,

Appellants,

v

Stephen Mark Johnson, Michael Brown,
Joan Conner Brown, and J Conner LLC

Respondents

PROOF OF SERVICE

I, the undersigned Administrative Assistant of the law offices of Nelson Mullins Riley & Scarborough LLP, attorneys for Appellants, do hereby certify that I have served all counsel/parties in this action with a copy of the pleading(s) hereinbelow specified by mailing a copy of the same by United States Mail, postage prepaid, to the following address(es)

Pleadings

RECORD ON APPEAL

Counsel Served

Henrietta Golding
Dan V Butler
McNair Law Firm
2411 Oak Street
Myrtle Beach, SC 29577

RECEIVED

JUN 20 2011
1

SC Court of Appeals

C Scott Masel
Newby, Sartip, et al
P O Box 808
Myrtle Beach, SC 29578

A handwritten signature in black ink, appearing to read 'J Lee', written over a horizontal line.

Jennifer Lee
Administrative Assistant

June 17, 2011