

20600

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM ANDERSON COUNTY
Court of Common Pleas

Ellis B. Drew, Jr. Master-in-Equity

Case No. 2012-CP-04-1819

First Federal Bank fka First
Federal Savings & Loan
Association of Charleston,

Respondent,

, v.

George A. Shira, III and
Betsey R. Shira,

Appellants.

RECORD ON APPEAL

RECEIVED
SEP 06 2013
SC COURT OF APPEALS

Daniel L. Draisen
Timothy A. Nowacki
KRAUSE, MOORHEAD & DRAISEN, P.A.
207 East Calhoun Street
Anderson, South Carolina 29621
(864) 225-4000

Attorneys for Appellants

HAYNSWORTH SINKLER BOYD, P.A.

Sarah P. Spruill
ONE North Main Street, 2nd Floor
Greenville, South Carolina 29601
(864) 240-3220

Louise M. Johnson
1201 Main Street, 22nd Floor (29201)
Post Office Box 11889
Columbia, South Carolina 29211-1889
(803) 540-7863

Attorneys for Respondent

INDEX

Order Establishing Mortgaged Property Is Not Principal Residence of Mortgagors dated March 14, 2013	1
Order and Judgment of Foreclosure and Sale dated March 15, 2013	6
Supreme Court Administrative Order 2011-05-02-01	14
Complaint.....	18
Answer	55
Transcript of Proceedings date October 8, 2012 (with Exhibits A-C).....	63
Susan S. Hyde	
Direct.....	69
Cross	76
George A. Shira, III	
Direct.....	81
Cross	82
Redirect	85
Plaintiff's Exhibits	
A.....	97
B.....	102
C.....	125
Certificate of Appellant.....	126



STATE OF SOUTH CAROLINA
COUNTY OF ANDERSON

IN THE COURT OF COMMON PLEAS

Case No.: 2012-CP-04-1819

First Federal Bank fka First Federal Savings &
Loan Association of Charleston,

Plaintiff,

v.

George A. Shira, III and Betsey R. Shira,

Defendants.

**ORDER ESTABLISHING MORTGAGED
PROPERTY IS NOT PRINCIPAL
RESIDENCE OF MORTGAGORS**

FILED-CLERK'S OFFICE
ANDERSON SC
2013 MAR 18 P 2:42
COMMON PLEAS AND
GENERAL SESSIONS

This matter comes before the Court pursuant to the foreclosure hearing held before me on October 8, 2012 ("Hearing"). At the conclusion of the Hearing, the Court requested that counsel for First Federal Bank fka First Federal Savings & Loan Association of Charleston ("Plaintiff") and George A. Shira, III and Betsey R. Shira (collectively "Defendants") submit post-Hearing briefs on the issue of whether the mortgaged property ("Property") is the principal residence of the Defendants, and, thus, subject to the South Carolina Supreme Court's Administrative Order 2011-05-02-01 ("Foreclosure Intervention Order").

After reviewing the file, the evidence presented at the Hearing, Plaintiff's Post Hearing Brief on Residency Issue, and Defendants' Memorandum in Support of Declaring Residence an Owner-Occupied Dwelling,

I HEREBY FIND AND CONCLUDE as follows:

This is an action to foreclose a mortgage given as security for a 2008 loan made by Plaintiff to Defendants. In its Complaint and at the foreclosure hearing, Plaintiff asserted that

this action is not subject to the Foreclosure Intervention Order because the subject Property is not an Owner-Occupied dwelling as defined in the Foreclosure Intervention Order.

Based upon the testimony presented and the loan documents executed and delivered by Defendants to Plaintiff which were admitted into evidence at the Hearing, I hereby find that the subject Property is the 'second home' of the Defendants and is not the Defendants' principal residence.

The Foreclosure Intervention Order provides that its terms and conditions "apply to all mortgage foreclosure proceedings concerning Owner-Occupied dwellings in this State." The Foreclosure Intervention Order defines the term "Owner-Occupied dwelling" as "mortgaged real property that is the principal residence of the mortgagor." The term "principal residence," however, is not defined by the Foreclosure Intervention Order, and there is no case law addressing what constitutes "principal residence" with respect to the Foreclosure Intervention Order.

South Carolina courts have, however, construed the word "reside" and "residence" in various instances. In *Estate of Nicholson v. S.C. HHS*, 377 S.C. 590, 596 (S.C. Ct. App. 2008), the South Carolina Court of Appeals discussed the various definitions as follows:

"Reside" has been defined as (1) to dwell permanently or continuously; (2) to have a settled abode for a time; or (3) to have one's residence or domicile. Webster's Third New International Dictionary 1931 (1986). However, in the legal field, the term "reside" has been defined as to "[l]ive, dwell, abide, sojourn, stay, remain, [or] lodge." BLACK'S LAW DICTIONARY 1176 (5th ed. 1979). Additionally, the term "residence" has been defined as "[t]he place where one actually lives, as distinguished from a domicile" BLACK'S LAW DICTIONARY 1050 (7th ed. 2000). "Domicile" has been defined as "[t]he place at which a person is physically present and that the person regards as home; a person's true, fixed, principal, and permanent home, to which that person intends to return and remain even though currently residing elsewhere." *Id.* at 396.

In light of these definitions, "residence" is a somewhat general and fluid term. When read alone, the word "residence" is susceptible to varying

interpretations. *Phillips v. S.C. Tax Comm'n*, 195 S.C. 472, 476, 12 S.E.2d 13, 15 (1940). It may have a restricted or enlarged meaning, and therefore, the precise meaning of the term is dependent upon the explanatory context. *Id.* at 476-77, 12 S.E.2d at 15-16.

The following outlines how the South Carolina courts have addressed the issue of what constitutes a person's residence in various contexts:

1. Homestead Exemption:

Under S.C. Code Ann § 15-41-30(1), a debtor is entitled to exempt certain equity in real property from collection by creditors if the debtor uses that real property "as a residence." In determining whether a debtor is entitled to this exemption for real property as a debtors "residence", the South Carolina Bankruptcy Court defined a residence as a "[p]lace where one actually lives or has his home; a person's dwelling place or place of habitation; an abode; house where one's home is; a dwelling house." *In re Jones*, 397 B.R. 765, 771 (Bankr. D.S.C. Nov. 26, 2008) (quoting Black's Law Dictionary 1309 (7th ed. 1999)). In *Jones*, the Bankruptcy Court found that the testimony of the debtors established that they have made the house at issue their "home" prior to filing bankruptcy and pictures introduced into evidence showed that the house was maintained and contained "all the appointments necessary for comfortable living." *Id.* at 771. The Bankruptcy Court also noted that the Debtors used the house at issue as their home for a number of years previously. *Id.*

2. Under the Recording Statute:

In *G.A.C. Finance Corp. v. Citizens & Southern Nat'l Bank*, 234 S.C. 205, 107 S.E.2d 315 (1959), the court defined the term residence in connection with the recording statutes at that time to mean "something more than a mere physical presence in a place, and something less than a domicile. The term clearly imports a fixed abode for the time being." In *G.A.C.*, the Court heard testimony on declarations and statements made by the mortgagor as to his place of



residence, however, the Court found that his declarations were "not conclusive," and submitted the issue of residency to the jury. *Id.*

3. Under the Venue Statute:

In *Miller v. Miller*, 248 S.C. 125, 129, 149 S.E.2d 336 (1966), the Court determined residency under the venue statutes enacted at the time the case was decided. The Court stated that the question of a person's place of residence is largely one of intent to be determined under the facts and circumstances of each case. In deciding the defendant was a non-resident for venue purposes, the court noted that "the act and intent as to domicile and not the duration of residence, [were] the determining factors" in making its decision.

This Court holds that while "residence" is a "somewhat general and fluid term, ... [i]t may have a restricted or enlarged meaning, and therefore, the precise meaning of the term is dependent upon the explanatory context." *Estate of Nicholson v. S.C. HHS*, 377 S.C. 590, 596 (S.C. Ct. App. 2008). The context in which "principal residence" is used in the Foreclosure Intervention Order indicates the phrase has a restricted meaning of physical presence at the property which is being foreclosed, rather than a broader meaning of domicile. The requirement that a mortgagor must actually be living in the property for the Foreclosure Intervention Order is in line with the policy for which the Foreclosure Intervention Order was entered, namely, to "insure that eligible homeowners and lender-servicers have been afforded the benefits of loan modification or other loss mitigation where possible." See Foreclosure Intervention Order. This restricted meaning of physical presence is bolstered by the emphasis added by the adverb "principal."

In this case, the Defendants are not actually living in the subject Property. Furthermore, it is clear from the evidence presented at the Hearing that the Defendants represented to Plaintiff at the time of applying for and entering into the subject loan that they intended for the mortgaged

Property to be for their 'second home.' See Second Home Rider to Mortgage attached as Exhibit C to Plaintiff's Complaint. The evidence further establishes that the Defendants are not, and have not been, actually living in the subject Property as their principal residence. Accordingly, the Property is not the principal residence of the Debtors as required by the Foreclosure Intervention Order. Therefore, the Foreclosure Intervention Order does not apply to the subject Property.

Based upon the foregoing, it is hereby ORDERED, ADJUDGED, and DECREED as follows:

1. The South Carolina Supreme Court's Administrative Order 2011-05-02-01 defines "Owner-Occupied dwelling" as being the principal residence of the mortgagor;
2. The mortgagors in this action are the Defendants.
3. The Property owned by the Defendants which is the subject of this foreclosure action is not the principal residence of the Defendants;
- 3 The South Carolina Supreme Court's Administrative Order 2011-05-02-01 does not apply to the Property which is the subject of this foreclosure action; therefore, Plaintiff has fully complied with the requirements of the South Carolina Supreme Court's Administrative Order 2011-05-02-01;
4. Plaintiff's foreclosure action may proceed without further hearing, the foreclosure hearing already having been held and all issues, other than the one addressed by this Order, having been previously decided by the Court; and

IT IS SO ORDERED.

3-14-, 2013


Ellis B. Drew, Jr.
Anderson County Master-in-Equity

FILED-CLERK'S OFFICE
ANDERSON SC
2013 MAR 18 P 2:42
COMMON PLEAS AND
GENERAL SESSIONS

STATE OF SOUTH CAROLINA

FILED-CLERK'S OFFICE
IN THE COURT OF COMMON PLEAS
ANDERSON, SC

COUNTY OF ANDERSON

2013 MAR 18 P 2:43 Case No.: 2012-CP-04-1819

First Federal Bank fka First Federal Savings & Loan Association of Charleston,
GENERAL PLEAS AND
GENERAL SESSIONS

Plaintiff,

v.

George A. Shira, III and Betsey R. Shira,

Defendants.

**MASTER IN EQUITY'S ORDER AND
JUDGMENT OF FORECLOSURE AND
SALE**

I, the undersigned, Master-in-Equity for Anderson County, hereby find that pursuant to the Order of Reference granted in the above entitled case, a hearing was held on October 8, 2012, attended by Ashley V. Myers of Haynsworth Sinkler Boyd, P.A., attorneys for First Federal Bank fka First Federal Savings & Loan Association of Charleston ("Plaintiff") and Daniel L. Draisen, attorney for George A. Shira, III and Betsey R. Shira (collectively, "Defendants Shira"). Susan Hyde testified on behalf of the Plaintiff. Defendant George A. Shira testified on behalf of the Defendants Shira. Based upon a review of the file and from the testimony and evidence presented and introduced into the record at the hearing, I find and conclude as follows:

FINDINGS OF FACT

1. The Lis Pendens was filed on March 23, 2012, the Second Lis Pendens was filed on April 10, 2012, the Third Lis Pendens was filed on April 26, 2012, and the Fourth Lis Pendens was filed on May 2, 2012.
2. The Civil Action Coversheet, Certificate of Exemption from ADR, Certificate of Exemption from Administrative Order 2011-05-02-01, Summons and Complaint with Exhibits (collectively, "Pleadings") were filed on May 2, 2012.



3. As evidenced by the Affidavit of Service items on file with the Court, said Pleadings were served upon Defendants Shira on May 17, 2012.

4. Defendants Shira, by and through their counsel, Daniel L. Draisen, Esq., filed an Answer on or about June 8, 2012.

5. On July 16, 2012, the Mandatory Order of Reference was signed and entered by the Court, wherein the above-entitled case was referred to the Honorable Ellis B. Drew, Jr., Master-in-Equity for Anderson County, for the purpose of taking testimony and making findings of fact and conclusions of law, and to enter a final decree of foreclosure and sale.

6. Upon information and belief, Defendants Shira are not individuals entitled to protection under the Servicemembers Civil Relief Act, 50 U.S.C.S. Appx. §§ 501 *et seq.* (2004).

7. Defendants Shira were served with the Amended Notice of Hearing as evidenced by the Certificate of Service item that is of record herein.

8. For value received, on or about April 22, 2008, Defendants Shira made, executed, and delivered unto Plaintiff an Interest-Only Period Adjustable Rate Note in the original principal amount of Three Hundred Thirty Thousand and 00/100 (\$330,000.00) Dollars ("Note").

9. To secure the repayment of the Note, and the debt evidenced thereby, Defendants Shira made, executed, and delivered unto Plaintiff a certain Mortgage dated April 22, 2008 ("Mortgage"), whereby Defendants Shira mortgaged to Plaintiff the real property described in the Mortgage. The Mortgage was recorded on May 1, 2008, in the Anderson County Register of Deeds Office in Book 8641, at Page 1.

10. The Mortgage constitutes a first priority mortgage lien on the subject property.

11. Plaintiff is the current holder of the Note and the Mortgage.

12. Defendants Shira are the current legal owners of the property secured by the Mortgage.

13. Payments due on the Note and the Mortgage have not been made as provided for therein, and the Plaintiff, as the holder thereof, has elected to require immediate payment of the entire amounts due thereon and has placed the Note and the Mortgage in the hands of the attorney herein for collection.

14. On or about October 3, 2011, Defendants Shira were sent a Consumer Right to Cure Letter by Plaintiff.

15. The amount due and owing on the Note and Mortgage, with interest at the rate provided in the Note, and other costs and expenses of collection, including attorneys' fees, secured by the Note and Mortgage, as of October 8, 2012, are as follows:

Original principal	\$330,000.00
(a) Principal Balance	\$ 329,980.00
(b) Accrued Interest Due	\$ 20,548.12
(c) Late Fees	\$ 938.34
(d) Mortgage Processing	\$ 25.00
(e) Appraisal Fees	\$ <u>500.00</u>
Total amount due on Note and Mortgage	\$ 351,991.46
(f) Filing, service, motion, and other fees	\$ 723.16
(g) Referral Fee	\$ <u>125.00</u>
Total Balance on Note and Mortgage	\$ 352,839.62
(i) Attorneys' Fees	\$ <u>5,192.50</u>
Total debt secured by the Note and Mortgage, including interest to date shown	\$ 358,032.12

Interest continues to accrue on the Note at the rate of 5.25% *per annum* (which is currently \$48.12 *per diem*) from October 8, 2012, until judgment and at the Note rate thereafter until paid.

16. Plaintiff is seeking foreclosure of the Mortgage and the right to a personal or deficiency judgment against Defendants George A. Shira, III and Betsey R. Shira, with a credit against the judgment to be given for the net proceeds received by Plaintiff for the sale. However, Plaintiff reserves the right to waive deficiency prior to the sale.

17. The subject mortgage is not a mortgage owned or guaranteed by the Federal National Mortgage Association ("Fannie Mae") or the Federal Home Loan Mortgage Corporation ("Freddie Mac"), and although Plaintiff has agreed to participate in the Home Affordable Modification Program ("HAMP"), this mortgage is not subject to modification.

18. The Mortgage is not subject to the Supreme Court of South Carolina's May 2, 2011, Administrative Order No. 2011-05-02-01 ("Administrative Order") because the real property subject to this matter is not an owner occupied dwelling.

19. The Certificate of Exemption from Administrative Order 2011-05-02-01 was filed on May 2, 2012.

CONCLUSIONS OF LAW

I, therefore, conclude that the Mortgage is not subject to modification under the Home Affordable Modification Program, that the foreclosure is not subject to the Administrative Order, that the Plaintiff should have judgment of foreclosure of the Mortgage and the property subject to this foreclosure action should be ordered sold at public auction after due advertisement, and a personal or deficiency judgment against Defendants George A. Shira, III and Betsey R. Shira, with a credit against the judgment to be given for the net proceeds received by the Plaintiff for the sale, shall be entered upon the judgment rolls for Anderson County. The property subject to



this foreclosure action shall be sold at the foreclosure sale conducted by the Master-in-Equity for Anderson County at the next available sales date.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

1. The subject mortgage is not a mortgage owned or guaranteed by the Federal National Mortgage Association ("Fannie Mae") or the Federal Home Loan Mortgage Corporation ("Freddie Mac"), and although Plaintiff has agreed to participate in the Home Affordable Modification Program ("HAMP"), this mortgage is not subject to modification.
2. The Mortgage is not subject to the Supreme Court of South Carolina's May 2, 2011, Administrative Order No. 2011-05-02-01 ("Administrative Order") because the real property subject to this action is not an owner occupied dwelling.
3. The Certificate of Exemption from Administrative Order 2011-05-02-01 was filed on May 2, 2012.
4. That there is due to the Plaintiff on the Note and the Mortgage set forth in the Complaint the sum \$358,032.12 as of October 8, 2012, and Plaintiff is entitled to judgment for said amount.
5. The amount due in the proceeding paragraph shall constitute the total judgment debt due to the Plaintiff and shall bear interest hereafter until paid on the Note at the rate of 5.25% per annum (which is currently \$48.12 *per diem*) from October 8, 2012, until the entry of judgment and at the Note rate thereafter. Further, to the extent Plaintiff advances money for insurance or other expenses to preserve the property after October 8, 2012, such advances may be added to the total judgment debt.
6. That Defendants George A. Shira, III and Betsey R. Shira are liable for the aforesaid debt, shall on or before the date of sale of the property hereinafter described, may pay to the



Plaintiff's attorneys, the amount of Plaintiff's debt as aforesaid, together with the costs and disbursements of this action.

7. That on default of payment at or before the time herein indicated, the mortgaged premises described in the Complaint and hereafter set forth, be sold by the Anderson Master-in-Equity or his agent, at public auction, at the Anderson County Courthouse, Anderson, South Carolina, County and State aforesaid, on some convenient sales day hereafter (and should the regular day of judicial sales fall on a legal holiday, then and in such event, the sales day shall be on the day designated by the selling officer succeeding such holiday), on the following terms, that is to say:

The sale shall be for cash, and the highest bidder shall be required to make a cash deposit of five (5%) percent on the bid as earnest money and as evidence of good faith. If the Plaintiff is the successful bidder at the sale, the Plaintiff may, after paying the costs of the sale, apply the debt due upon its Mortgage against its bid in lieu of cash. Should the person making the highest bid at the sale fail to comply with the terms of his bid by depositing the said five (5%) percent in cash, then the property shall be sold at the risk of such bidder on the same sales date or some subsequent date as the selling officer may find convenient and advantageous. Should the last and highest bidder fail to comply with the terms of his bid within thirty (30) days of the final acceptance of his bid, then the selling officer shall re-advertise and resell the property on the same terms on a subsequent date at the risk of such bidder. Persons submitting additional bids after the initial sale shall deposit five (5%) percent of their bids in cash as prescribed above. The Anderson Master-in-Equity or his designated representative, shall promptly return all deposits except the deposit securing the highest bid. The sale shall be subject to taxes, to existing easements and restrictions, and to homeowners association assessments accruing subsequent to the date of the deed/title issued to the purchaser. Purchaser shall pay all costs of recording the deed.

8. Plaintiff is seeking foreclosure of the Mortgage and does not waive the right to a personal or deficiency judgment against Defendants George A. Shira, III and Betsey R. Shira. However, Plaintiff reserves the right to waive deficiency prior to the sale.



9. That after advertisement according to law, give notice of the time and place of such sale, and the terms thereof, that the Anderson Master-in-Equity convey to the purchaser, or purchasers, a deed to the premises sold; and that the Plaintiff, or any other party to this action, may become a purchaser at such sale, and that if, upon such sale being made, the purchaser or purchasers should fail to comply with the terms thereof, the Court may advertise the said premises of sale on the next, or some other subsequent Sales Day, at the risk of the former highest bidder, and so from time to time thereafter until a compliance shall be secured. The deed will be taken subject to payment by grantee of any taxes or special assessments constituting a lien against the property sold under this Report and hereinafter more fully described. Pursuant to S.C. Code §12-24-40(13), the successful bidder other than Plaintiff shall pay the cost of deed stamps on said deed.

10. That the proceeds of the sale be applied as follows:

FIRST, to payment of the amount of the costs and expenses of this action, including the Master-in-Equity fee and the costs of advertising the Notice of Sale, and any taxable disbursements by the attorneys in the action;

SECOND, to the payment of the Plaintiff or Plaintiff's attorney, of the amount of Plaintiff's debt and interest, or so much thereof as the purchase money will pay on the same; and

THIRD, any surplus proceeds to be held subject to further order of this Court.

11. That upon the making of the sale of said mortgaged premises, as hereby ordered, and the execution and delivery to the purchaser of a deed to the premises, the said purchaser or purchasers be let into possession of the premises on production of the deed and a writ of assistance; and the Sheriff of Anderson County shall put the holder of the deed into possession of



the premises. All valid tenant rights pursuant to Protecting Tenants at Foreclosure Act of 2009 shall be protected.

12. That each Defendant named herein and all persons whosoever claiming under him, them or it, be forever barred and foreclosed of all right, title and interest and equity of redemption in the said mortgaged premises so sold, or any part thereof.

13. The undersigned Master-in-Equity will retain jurisdiction to do all necessary acts incident to this foreclosure including, but not limited to, the issuance of a Writ of Assistance and disposing of any surplus funds pursuant to Rule 71(c) SCRPC.

14. The following is a description of the premises herein ordered to be sold:

ALL those two (2) certain pieces, parcels or lots of land situate, lying and being in Fork Township, Anderson County, South Carolina, being shown and designated as Lot Number Nineteen (19) and Lot Number Twenty (20) of Horseshoe Bay Subdivision prepared by Solar Land Surveying, said plat dated July 20, 1989, and recorded in the Office of the Register of Deeds for Anderson County, South Carolina in Plat Slide 86, at Page 10. The metes and bounds, courses and distances as upon said plat appear, being incorporated herein by reference thereto and being made a part hereof.

This being the same property conveyed unto the Mortgagor(s) herein by deed of George A. Shira, Jr., said deed dated December 13, 1999, and recorded December 13, 1999, in Deed Book 3590, at Page 264, Records of Anderson County, South Carolina.

Property Address: 112 Horseshoe Drive, Townville, SC 29689 (TMS # 018-10-01-119)

108 Horseshoe Drive, Townville, SC 29689 (TMS # 018-10-01-020).

15. If the Plaintiff or the Plaintiff's representative does not appear at the scheduled sale of the above-referenced property, then the sale of the property will be null, void and of no force and effect. In such event, the sale will be rescheduled for the next available sales date.

3-15- 2013


Ellis B. Drew, Jr.
Anderson County Master-in-Equity

FILED-CLERK'S OFFICE
ANDERSON SC
MAR 18 P 2:43
JUDICIAL SESSIONS AND
GENERAL

2011-05-02-01

The Supreme Court of South Carolina

Re: Mortgage Foreclosure Actions

ADMINISTRATIVE ORDER

On May 22, 2009, I issued an Administrative Order (Order No. 2009-05-22-01) applicable to mortgage foreclosure actions subject to the Home Affordable Modification Program ("HMP") instituted by the United States Treasury Department ("Treasury"). The program applied to residential loans owned, securitized or guaranteed by the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac).

Subsequently, Treasury issued, by directive, additional guidance to servicers for adoption and implementation of the HMP for residential mortgage loans that are not owned, securitized or guaranteed by Fannie Mae or Freddie Mac. However, the HMP is only applicable to such loans if the lender or servicer has agreed to participate in the HMP. Not all lenders or servicers have so agreed.

Since imposition of my prior order, the number of foreclosure actions filed in this State have continued to increase. The trial courts having jurisdiction over such actions have reported to this Court difficulty in making final disposition of these actions as a result of failed or delayed loss mitigation efforts between lender-servicers and mortgagor-debtors. As a result, the number of unresolved foreclosure actions has increased, with a resulting burden on the resources of the Court before which the action is pending.

The courts have reported that these failures are the result of a breakdown of loss mitigation efforts that all parties find to be in their best interests, if possible. The trial courts report that such breakdowns are largely the result of difficulty in communication between lender-servicers and debtors, and the fact that foreclosure actions are proceeding to conclusion without regard to ongoing loss mitigation efforts by the parties.

I further take judicial notice of the actions of courts in other jurisdictions describing a similar breakdown in the efforts of parties to foreclosure actions to reach a resolution of defaults in payment of mortgage loans.

Therefore, based on the foregoing, and in order to insure that eligible homeowners and lender-servicers have been afforded the benefits of loan modification or other loss mitigation where possible, and to insure that the procedures for handling issues relating to such efforts are handled uniformly throughout the State, so that mortgage foreclosure actions are not unnecessarily dismissed, delayed or inappropriately concluded while loan modification or other loss mitigation efforts are being pursued, it is ordered as follows:

A. Definitions:

For the purposes of this administrative order, the following definitions shall apply:

- (1) "Mortgagor" shall include every owner, mortgagor, and debtor under the note and mortgage at issue.
- (2) "Mortgagee" shall include the owner and holder of the note and mortgage, any party acting on behalf of the owner and holder of the note and mortgage for the purpose of receiving payments, dealing with the mortgagor, or administering the loan evidenced by the note and mortgage, and any party seeking foreclosure of the subject mortgage, or otherwise acting as the agent of the owner and holder of the note in connection with the loan or the foreclosure of the note and mortgage, except for the mortgagee's attorney.
- (3) "Owner-Occupied dwelling" is defined as mortgaged real property that is the principal residence of any mortgagor.
- (4) "Court" shall include any judicial officer having jurisdiction over the foreclosure action, including any Circuit Court Judge, Master-In-Equity or Special Referee.
- (5) "Foreclosure intervention" shall include any policy, process or procedure employed by a Mortgagee for the purpose of seeking a resolution of a foreclosure action by loan modification or other means of loss mitigation.

B. Procedure in Foreclosure Actions:

The terms and conditions of this order shall apply to all mortgage foreclosure proceedings concerning Owner-Occupied dwellings in this State.

(1) Actions pending on May 9, 2011.

In all mortgage foreclosure actions pending on May 9, 2011, before any merits hearing in the case, or if an order of foreclosure has been entered, before any foreclosure sale, the Mortgagee shall, through its attorney of record, file with the court and serve upon every Mortgagor a notice of the Mortgagor's right to foreclosure intervention. All proceedings in the foreclosure action shall be stayed until completion of such foreclosure intervention.

No foreclosure hearing or foreclosure sale may be held in the foreclosure action until the Mortgagee's attorney certifies the following:

- (a) that the Mortgagor has been served with a notice of the Mortgagor's right to foreclosure intervention for the purpose of seeking a resolution of the foreclosure action by loan modification or other means of loss mitigation;
- (b) that the Mortgagee, or its designated agent, has received and examined all documents and records required to be submitted by the Mortgagor to evaluate eligibility for foreclosure intervention;
- (c) that the Mortgagor has been afforded a full and fair opportunity to submit any other information or data pertaining to the Mortgagor's loan or personal circumstances for consideration by the Mortgagee;
- (d) that after completion of the foreclosure intervention process, the Mortgagor does not qualify for loan modification or other means of loss mitigation, in accordance with any standards, rules or guidelines applicable to the mortgage loan, and the parties have been unable to reach any

other agreement concerning the foreclosure process; and,

(e) that notice of the denial of loan modification or other means of loss mitigation has been served on the Mortgagor by mailing such notice to all known addresses of the Mortgagor; provided, that such notice shall also state that the Mortgagor has 30 days from the date of mailing of notice of denial of relief to file and serve an answer or other response to the Mortgagee's summons and complaint.

If within thirty days after having been served with notice of the Mortgagor's rights, the Mortgagor has failed, refused, or voluntarily elected not to participate in any foreclosure intervention process, the Mortgagee, through its attorney, shall certify that fact to the Court, and the foreclosure action may proceed.

(2) Actions filed after May 9, 2011.

In all mortgage foreclosure actions filed after May 9, 2011, the Mortgagee's attorney shall serve on the Mortgagor, along with the summons and complaint, a notice of the Mortgagor's right to foreclosure intervention.

No foreclosure hearing may be held in the foreclosure action until the Mortgagee's attorney certifies that the Mortgagee has complied with the requirements of paragraphs B (1) (a) through (e) above.

If within thirty days after having been served with notice of the Mortgagor's rights, the Mortgagor has failed, refused, or voluntarily elected not to participate in any foreclosure intervention process, the Mortgagee, through its attorney, shall certify that fact to the Court, and the foreclosure action may proceed.

C. General Conditions.

Throughout the foreclosure intervention process and the foreclosure action, the Mortgagee shall communicate with and otherwise deal with the Mortgagor through the Mortgagee's attorney, and the Mortgagor shall have the right to deal with the Mortgagee through the Mortgagee's attorney. This includes, without limitation, submission of all required information, negotiations, and consummation of any loan modification or other loss mitigation agreement. If the Mortgagor is represented by an attorney, then the Mortgagee shall communicate with and otherwise deal with the Mortgagor through the Mortgagor's attorney.

No document, statement or evidence of any kind shared, released or exchanged exclusively for purposes of foreclosure intervention pursuant to this order shall be admissible as evidence in any subsequent proceeding. The provisions of Rule 8 of the Court Annexed Alternative Dispute Resolution Rules ("ADR Rules") shall apply to all such documents, statements or evidence, as well as to all discussions, disclosures and negotiations occurring in any foreclosure intervention process.

A Mortgagee's attorney, by proceeding with a foreclosure, represents to the Court that the Mortgagee has fully complied with all provisions of this Order.

In the event that the Mortgagor and Mortgagee agree on any loan modification or other loss mitigation plan ("Agreement"), such Agreement shall be reduced to writing, executed by the Mortgagor and Mortgagee, and served on all parties in the case. Any pending case shall be stayed, and no hearing or foreclosure sale held for 90 days following the entry of any Agreement, unless the Mortgagor shall not comply with the terms of the Agreement.

Upon any failure by Mortgagor to comply with the terms of the Agreement before the expiration of 90 days from the date of the Agreement, the Mortgagee, through its attorney, shall file and serve on all parties a "Notice of Breach of Agreement". Upon filing and service of such notice, the foreclosure action may proceed in the ordinary course.

If the Mortgagor shall be in compliance with the terms of the Agreement after 90 days, the Mortgagee's attorney shall promptly file a notice of dismissal of the action without prejudice, and the case will be dismissed. Such notice of dismissal shall be served on all parties to the action.

The Court having jurisdiction over the foreclosure action shall hear and determine any dispute concerning any party's compliance with this order, including without limitation, the failure of any party to act in good faith in complying with the terms of this order. In the event the Court determines that any party to the foreclosure action, or their acting agent, has failed to comply with the terms of this order, or has not attempted to reach an agreement for foreclosure intervention in good faith, the Court may, in its discretion, impose such sanctions as it determines to be reasonable and just under the circumstances, including without limitation, the assessment of reasonable attorneys' fees and costs against the culpable party.

The Court having jurisdiction over the action shall have the authority, and may in its discretion, order the parties to submit to mediation. In such event, the mediation shall proceed in accordance with the ADR Rules.

This order remains in effect unless amended or rescinded by the Chief Justice.

IT IS SO ORDERED.

s/Jean H. Toal

Jean H. Toal

Chief Justice of South Carolina

Columbia, South Carolina
May 2, 2011

STATE OF SOUTH CAROLINA

IN THE COURT OF COMMON PLEAS

COUNTY OF ANDERSON

Case No.: 2012-CP- 04-01819

First Federal Bank fka First Federal Savings &
Loan Association of Charleston,

Plaintiff,

COMPLAINT

(Mortgage Foreclosure; Deficiency Demanded)
(Non-Jury)

v.

George A. Shira, III and Betsey R. Shira,

Defendants.

Plaintiff, First Federal Bank fka First Federal Savings & Loan Association of Charleston

("Plaintiff"), complaining of the above-captioned defendants, alleges as follows:

1. THIS IS AN ACTION BY A DEBT COLLECTOR TO COLLECT A CONSUMER DEBT OWED BY DEFENDANTS, GEORGE A. SHIRA, III AND BETSEY A. SHIRA, TO PLAINTIFF, FIRST FEDERAL BANK FKA FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHARLESTON, AND ANY INFORMATION OBTAINED MAY BE USED FOR THAT PURPOSE. THE NOTICE REQUIRED BY THE FAIR DEBT COLLECTION PRACTICES ACT IS ATTACHED HERETO AS EXHIBIT A.

2. Plaintiff is a state banking association organized and existing under the laws of the State of South Carolina.

3. On information and belief, George A. Shira, III ("Mr. Shira") is a citizen and resident of Anderson County, South Carolina.

4. On information and belief, Betsey R. Shira ("Ms. Shira") is a citizen and resident of Anderson County, South Carolina.

5. The real property hereinafter described, that is the subject of this foreclosure action, is situated and located in Anderson County, South Carolina; therefore, this Court has proper jurisdiction over the subject matter of and the parties to this action.

A TRUE COPY

MAY - 2 2012

Patricia M. Kelly
CLERK OF COURT

6. The subject mortgage is not a mortgage owned or guaranteed by the Federal National Mortgage Association ("Fannie Mae") or the Federal Home Loan Mortgage Corporation ("Freddie Mac"), and although Plaintiff has agreed to participate in the Home Affordable Modification Program ("HMP"), this mortgage is not subject to modification.

7. As evidenced by the Certificate of Exemption from the South Carolina Supreme Court's Administrative Order 2011-05-02-01 ("Administrative Order") filed herewith, this foreclosure action is exempt from the Administrative Order because this action involves the foreclosure of property that is not an Owner-Occupied Dwelling as defined in the Administrative Order.

**FOR A FIRST CAUSE OF ACTION
(Foreclosure)**

8. Plaintiff reincorporates and realleges each of the foregoing allegations as fully as if repeated herein verbatim.

9. For valuable consideration given on April 22, 2008, Mr. and Ms. Shira (collectively, "Defendants") made, executed, and delivered unto Plaintiff that certain Interest-Only Period Adjustable Rate Note in the original principal amount of Three Hundred Thirty Thousand and 00/100 (\$330,000.00) Dollars ("Note"). A true and accurate copy of the Note is attached hereto as Exhibit B, and its terms are incorporated herein by reference.

10. To secure the repayment of the Note and the debt evidenced thereby, on April 22, 2008, Defendants made, executed, and delivered unto Plaintiff that certain Mortgage ("Mortgage") whereby Defendants mortgaged to Plaintiff the property described therein. The Mortgage was recorded on May 1, 2008, in the Anderson County Register of Deeds Office in Book 8641, at Page 1. A true and accurate copy of the Mortgage is attached hereto as Exhibit C, and its terms are incorporated herein by reference.

11. The Note and the Mortgage will be referred to collectively herein as the "Loan Documents."

12. The real property ("Mortgaged Property") that is subject to the lien of the Mortgage is more fully described as follows:

ALL those two (2) certain pieces, parcels or lots of land situate, lying and being in Fork Township, Anderson County, South Carolina, being shown and designated as Lot Number Nineteen (19) and Lot Number Twenty (20) of Horseshoe Bay Subdivision prepared by Solar Land Surveying, said plat dated July 20, 1989, and recorded in the Office of the Register of Deeds for Anderson County, South Carolina in Plat Slide 86, at Page 10. The metes and bounds, courses and distances as upon said plat appear, being incorporated herein by reference thereto and being made a part hereof.

This being the same property conveyed unto the Mortgagor(s) herein by deed of George A. Shira, Jr., said deed dated December 13, 1999, and recorded December 13, 1999, in Deed Book 3590, at Page 264, Records of Anderson County, South Carolina.

Property Address: 112 Horseshoe Drive, Townville, SC 29689 (TMS # 018-10-01-119)

108 Horseshoe Drive, Townville, SC 29689 (TMS # 018-10-01-020)

13. Defendants are the legal owners of the Mortgaged Property.
14. The Mortgage constitutes a first priority mortgage lien on the Mortgaged Property.
15. The Loan Documents provide that upon the Defendants' failure to make payments thereunder when due, the entire outstanding balance under the Loan Documents shall, at the option of Plaintiff, become immediately due and payable, and Plaintiff may foreclose the Mortgage.
16. The Defendants are in default under the terms of the Loan Documents by reason of their failure to make payments thereunder when due.
17. Plaintiff has and does hereby elect to declare the total unpaid balance of principal and interest under the Loan Documents due and payable, and does hereby elect to foreclose its

Mortgage on the Mortgaged Property reserving, however, any and all other rights and remedies Plaintiff may have under the Loan Documents, including the right to a deficiency judgment and the right to judgment against any other person or entity liable for the debt.

18. There is due and owing on the Loan Documents, as of November 21, 2011, the total sum of Three Hundred Thirty Five Thousand Five Hundred Fourteen and 97/100 (\$335,514.97) Dollars consisting of:

Principal Balance	\$329,980.00
Accrued but unpaid interest	\$5,293.43
Late Fees and Other Charges	<u>\$241.54</u>
Balances on the Note	\$335,514.97

Interest continues to accrue on the debt due under the Loan Documents after November 21, 2011, at the rate of 5.25% *per annum* (\$48.12208 *per diem*). In addition to these amounts due as of November 21, 2011, other charges and fees may be due and owing.

19. On or about October 3, 2011, Plaintiff sent the Defendants a Consumer Right to Cure Letter ("Right to Cure Letter") in connection with Loan Documents. A true and accurate copy of the Right to Cure Letter is attached hereto collectively as Exhibit D, and its terms are incorporated herein by reference.

20. Despite demand, the Defendants have refused to pay the aforesaid amounts due under the Loan Documents.

21. The Note provides that:

If the Note Holder has required me to pay immediately in full . . . , 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.

22. Plaintiff has placed this matter with the undersigned attorneys for collection.

23. Upon information and belief, certain costs for inspecting and securing the Mortgaged Property have been incurred by the Plaintiff as a result of this delinquency, and Plaintiff is informed and believes it is entitled to reimbursement for such charges, if any.

24. Plaintiff does not waive, but specifically demands personal judgment against George A. Shira, III and Betsey R. Shira for the full amount found to be due under the Loan Documents held by Plaintiff, with the right to enter a deficiency judgment against George A. Shira, III and Betsey R. Shira for any deficiency in this action remaining after the sale of the Mortgaged Property.

25. Plaintiff does not waive, but specifically reserves any and all additional rights it may have under the terms of the Loan Documents.

WHEREFORE, Plaintiff prays:

1. That the indebtedness due on the Loan Documents be computed, ascertained and established by this Court, together with all accrued interest, all costs of this action and other costs of collection incurred by Plaintiff, and reasonable attorneys' fees, and that Plaintiff be granted judgment of foreclosure against George A. Shira, III and Betsey R. Shira in that amount;

2. This Court issue its order:

a. Declaring the Mortgage to be a valid first lien upon the Mortgaged Property;

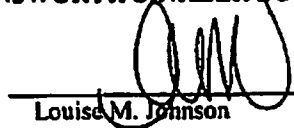
b. Directing that Plaintiff's Mortgage described herein be foreclosed and the Mortgaged Property hereinabove described be sold in accordance with the law and practices of this Court, and that George A. Shira, III and Betsey R. Shira, and all other persons claiming by, through or under them, be barred and forever foreclosed of all right, title, interest and equity of redemption in and to the said Mortgaged Property or any part thereof;

c. Directing that out of the proceeds of the sale of the Mortgaged Property, after the costs of this action and of such sale have been deducted, Plaintiff be paid in full the amount due on the Loan Documents with the interest thereon and attorneys' fees as set out above, and all amounts that it may hereafter and prior to such sale have to pay pursuant to the provisions of its Mortgage with the surplus, if any, to be distributed according to law;

d. That if the proceeds of the public sale be insufficient to fully satisfy the indebtedness owed pursuant to the Loan Documents, plus expenses, costs, and attorneys' fees, that Plaintiff have judgment for the deficiency against George A. Shira, III and Betsey R. Shira; and

e. Granting Plaintiff such other and further relief as this Court may deem just and proper.

HAYNSWORTH SINKLER BOYD, P.A.

By: 

Louise M. Johnson
Ashley V. Myers

Post Office Drawer 11889
Columbia, South Carolina 29211
(803) 779.3080 Telephone
(803) 765.1243 Facsimile
Attorneys for First Federal Bank aka First
Federal Savings & Loan Association of
Charleston

May 1, 2012

EXHIBITS

Exhibit A	Notice Required by the Fair Debt Collection Practices Act.
Exhibit B	Promissory Note
Exhibit C	Mortgage
Exhibit D	Consumer Right to Cure Letters

**NOTICE TO CONSUMERS REQUIRED BY THE
FAIR DEBT COLLECTION PRACTICES ACT
15 U.S.C. § 1692, as amended**

1. The amount of the debt is as follows: a principal balance of \$329,980.00, plus interest as of November 21, 2011, in the amount of \$5,293.43, plus escrow charges in the amount of \$0.00, plus late fees in the amount of \$216.54, and other charges in the amount of \$25.00 for a total debt as of November 21, 2011, of \$335,514.97 together with interest at the rate of 5.25% *per annum*.
2. First Federal Bank fka First Federal Savings & Loan Association of Charleston is the current creditor ("Creditor") to whom the debt is owed.
3. Unless you, within thirty (30) days after receipt of this notice ("Thirty-Day Period"), dispute the validity the debt, or any portion thereof, the debt will be assumed to be valid by the attorneys for the Creditor.
4. If you notify the attorneys for the Creditor in writing within the Thirty-Day Period that the debt, or any portion thereof, is disputed, the attorneys for the Creditor will obtain verification of the debt, and a copy of such verification will be mailed to you by the attorneys for the Creditor.
5. Upon your written request within the Thirty-Day Period, the attorneys for the Creditor will provide you with the name and address of the original creditor, if different from the current Creditor.
6. Written requests should be addressed to the attorneys for the Creditor as follows:

Ashley V. Myers
Haynsworth Sinkler Boyd, P.A.
Post Office Box 11889
Columbia, SC 29211-1889

**This is an attempt to collect a debt and any information obtained will
be used for that purpose.**

EXHIBIT A

5233

INTEREST-ONLY PERIOD ADJUSTABLE RATE NOTE

(One-Year LIBOR Index (As Published in The Wall Street Journal)-Rate Caps)

THIS NOTE CONTAINS PROVISIONS ALLOWING FOR A CHANGE IN MY FIXED INTEREST RATE TO AN ADJUSTABLE INTEREST RATE AND FOR CHANGES IN MY MONTHLY PAYMENT. THIS NOTE LIMITS THE AMOUNT MY ADJUSTABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE I MUST PAY.

Loan #: 08TH014

April 22nd, 2008
(Date)

TOMSVILLE
(City)

SOUTH CAROLINA
(State)

112 HORSESHOE CR, TOMSVILLE, SC 29689
(Property Address)

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$ 330,000.00 (this amount is called "Principal"), plus interest, to the order of Lender. Lender is FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHARLESTON

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

I understand that Lender may transfer this Note. 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 5.250 %. The interest rate I will pay may change in accordance with Section 4 of this Note.

The interest rate required by this Section 2 and Section 4 of this Note is the rate I will pay both before and after any default described in Section 7(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will make a payment on the first day of every month, beginning on June 1st, 2008. Before the First Principal and Interest Payment Due Date as described in Section 4 of this Note, my payment will consist only of the interest due on the unpaid principal balance of this Note. Thereafter, I will pay principal and interest by making a payment every month as provided below.

I will make monthly payments of principal and interest beginning on the First Principal and Interest Payment Due Date as described in Section 4 of this Note. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date, and if the payment includes both principal and interest, it will be applied to interest before Principal. If, on May 1st, 2038, 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 monthly payments at 2440 HALL DRIVE, NORTH CHARLESTON, SC 29406

or at a different place if required by the Note Holder.

(B) Amount of My Initial Monthly Payments

My monthly payment will be in the amount of U.S. \$ 1,443.75 before the First Principal and Interest Payment Due Date, and thereafter will be in an amount sufficient to repay the principal and interest at the rate determined as described in Section 4 of this Note in substantially equal installments by the Maturity Date. The Note Holder will notify me prior to the date of change in monthly payment.

(C) Monthly Payment Changes

Changes in my monthly payment will reflect changes in the unpaid principal of my loan and in the interest rate that I must pay. The Note Holder will determine my new interest rate and the changed amount of my monthly payment in accordance with Section 4 of this Note.

MULTISTATE INTEREST-ONLY PERIOD ADJUSTABLE RATE NOTE - ONE-YEAR LIBOR INDEX - Single Family - Partial Non-Uniform
Form 2008 11/ 01 (rev. 8/06)
Waters Home Financial Services
WLP 8-1120H (11/07)
Page 1 of 4

GAK BC

EXHIBIT B

4. ADJUSTABLE INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The initial fixed interest rate I will pay will change to an adjustable interest rate on the first day of May 2013, and the adjustable interest rate I will pay may change on that day every 12th month thereafter. The date on which my initial fixed interest rate changes to an adjustable interest rate, and each date on which my adjustable interest rate could change, is called a "Change Date."

(B) The Index

Beginning with the first Change Date, my adjustable interest rate will be based on an index. The "Index" is the average of interbank offered rates for one-year U.S. dollar-denominated deposits in the London market ("LIBOR"), as published in *The Wall Street Journal*. The most recent index figure available as of the date 45 days before each Change Date is called the "Current Index."

If the index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding Two and one quarter percentage points (2.250 %) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than 10.250 % or less than 2.250 %. Thereafter, my adjustable interest rate will never be increased or decreased on any single Change Date by more than two percentage points from the rate of interest I have been paying for the preceding 12 months. My interest rate will never be greater than 10.250 %.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

Before the effective date of any change in my interest rate and/or monthly payment, the Note Holder will deliver or mail to me a notice of such change. The notice will include information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

(G) Date of First Principal and Interest Payment

The date of my first payment consisting of both principal and interest on this Note (the "First Principal and Interest Payment Due Date") shall be the first monthly payment date after the first Change Date.

5. 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 monthly 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 to the due date of my monthly payment unless the Note Holder agrees in writing to those changes. If the partial Prepayment is made during the period when my monthly payments consist only of interest, the amount of the monthly payment will decrease for the remainder of the term when my payments consist only of interest. If the partial Prepayment is made during the period when my payments consist of principal and interest, my partial Prepayment may reduce the amount of my monthly payments after the first Change Date following my partial Prepayment. However, any reduction due to my partial Prepayment may be offset by an interest rate increase.

6. 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 charges shall be reduced by the amount necessary to reduce the charge to the permitted limits; and (b) any sums already collected from me that 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.

7. 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 monthly payment by the end of fifteen 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 interest, during the period when my payment is interest only, and of principal and interest thereafter. 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 monthly 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 that 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.

(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. These expenses include, for example, reasonable attorneys' fees.

8. 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.

Unless the Note Holder requires a different method, 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(A) above or at a different address if I am given a notice of that different address.

9. 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.

10. 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.

11. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. 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 the same date as this Note, protects the Note Holder from possible losses that might result if I do not keep the promises that 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 read as follows:

(A) Until my initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section 4 above, Uniform Covenant 18 of the Security Instrument shall read as follows:

Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 12, "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.

(B) When any initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section 4 above, Uniform Covenant 18 of the Security Instrument described in Section 11(A) above shall then cease to be in effect, and Uniform Covenant 18 of the Security Instrument shall instead read as follows:

Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 12, "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. Lender also shall not exercise this option if: (a) Borrower agrees to be subordinated to Lender information required by Lender to evaluate the intended transfer as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender also may require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, 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.

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

George A. Shira III (Seal)
GEORGE A SHIRA III -Borrower

Betsy R. Shira (Seal)
BETSEY R SHIRA -Borrower

By
George A. Shira III HON ATTORNEY
IN FACT

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

(Sign Original Only)

Return To:

**FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHARLESTON
2440 MALL DRIVE
NORTH CHARLESTON, SC 29406
843-529-5800**

**Prepared By:
MELISSA BARNHILL
FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHARLESTON
2440 MALL DRIVE
NORTH CHARLESTON, SC 29406**

[Space Above This Line For Recording Data]

MORTGAGE

**08TH1014
6233**

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 April 22nd, 2008 together with all Riders to this document.
(B) "Borrower" is **GEORGE A SHIRA III
DEBBY R SHIRA**

Borrower is the mortgagor under this Security Instrument.

- (C) "Lender" is **FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHARLESTON**

Lender is a federally-chartered thrift company organized and existing under the laws of **THE UNITED STATES OF AMERICA**

SOUTH CAROLINA - Single Family - Female Miso/Fred/Is Miso UNIFORM INSTRUMENT

Form 3849 1/01

4(8C) 080501

Page 1 of 18

Initials

**GAS
BS**

VLS Mortgage Solutions, Inc.

EXHIBIT C

Lender's address is 2440 WALL DRIVE, NORTH CHARLESTON, SC 29406

Lender is the mortgagee under this Security Instrument.

(D) "Note" means the promissory note signed by Borrower and dated April 22nd, 2008

The Note states that Borrower owes Lender Three Hundred Thirty Thousand and no/100.

Dollars

(U.S. \$ 330,000.00) plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than May 1st, 2039

(E) "Property" means the property that is described below under the heading "Transfer of Rights to 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	☐ 1-4 Family Rider
☐ VA Rider	☐ Blended Payment Rider	☐ Other(s) (specify)
		Construction Loan 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-appealable 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 transfer, and automated clearinghouse transfers.

(K) "Zerow 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) any amounts under Section 3 of this Security Instrument.

(O) "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. Section 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 to 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 COUNTY of ANDERSON:

(Type of Recording Jurisdiction) (Place of Recording Jurisdiction)

SEE ATTACHED LEGAL DESCRIPTION

Parcel ID Number: 018100119 & 0181001020 which currently has the address of
112 HORSESHOE DR (Street)
TOWNVILLE (City), South Carolina 29689 (Zip Code)

("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 erected on the property, and all easements, appurtenances, and fixtures 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 in, 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 attach priority over this Security Instrument as a lien or encumbrance on the Property; (b) household 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, manually 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; Lien. Borrower shall pay all taxes, assessments, charges, fees, and impositions attributable to the Property which can obtain priority over this Security Instrument, including 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) cures 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 obtain 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. When 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 impaired. 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 repair 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 impaired, 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 to 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 person or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, 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 arise 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 those 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 (to 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 the 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 effect 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 assessed 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 impaired. 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 repair and restoration to 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 impaired, 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.

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 Successor 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 Successor 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, forbear 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 charges to the permitted limit; and (b) 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. **Notice.** 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 to 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 Reinstatement 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, instrumentally 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

registers 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 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 noncompliance 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 Substances 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.

GRS
BS

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 this evidence, all of which shall be additional sums secured by this Security Instrument.

23. Reinstatement. 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 Section 12-37-250 of the South Carolina Code of Laws.

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 B. Buech

George A. Shira III (Seal)
-Borrower

Debbie R. Shira

Betsy R. Shira (Seal)
BETSEY R. SHIRA -Borrower

Is George A. Shira III
Her Attorney in fact

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

STATE OF SOUTH CAROLINA, ANDERSON

County in

I, ~~THE UNDERSIGNED~~ do hereby certify that
GEORGE A SHIRA III
BETSEY R SHIRA

personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 22nd day of April 2008

Michael B. Burrell
Notary Public for South Carolina

My Commission Expires: 10.22-11

EXHIBIT "A"

ALL those two (2) certain pieces, parcels or lots of land situate, lying and being in Fork Township, Anderson County, South Carolina, being shown and designated as Lot Number Nineteen (19) and Lot Number Twenty (20) of Horseshoe Bay Subdivision prepared by Solar Land Surveying, said plat dated July 20, 1989, and recorded in the Office of the Register of Deeds for Anderson County, South Carolina in Plat Slide 86, at Page 10. The metes and bounds, courses and distances as upon said plat appear, being incorporated herein by reference thereto and being made a part hereof.

This being the same property conveyed unto the Mortgagor(s) herein by deed of George A. Shira, Jr., said deed dated December 13, 1999, and recorded December 13, 1999 in Deed Book 3590, at Page 264, Records of Anderson County, South Carolina.

6233

FIXED/ADJUSTABLE RATE RIDER 08TH1014
(LIBOR One-Year Index (As Published in The Wall Street Journal)- Rate Caps)

THIS FIXED/ADJUSTABLE RATE RIDER is made this 22nd day of April 2008, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date given by the undersigned ("Borrower") to secure Borrower's Fixed/Adjustable Rate Note (the "Note") to FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHARLESTON

("Lender") of the same date and covering the property described in the Security Instrument and located at: 112 HORSESHOE DR, TOWNVILLE, SC 29689

(Property Address)

THE NOTE PROVIDES FOR A CHANGE IN BORROWER'S FIXED INTEREST RATE TO AN ADJUSTABLE INTEREST RATE. THE NOTE LIMITS THE AMOUNT BORROWER'S ADJUSTABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE BORROWER MUST PAY.

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. ADJUSTABLE RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial fixed interest rate of 5.250 %. The Note also provides for a change in the initial fixed rate to an adjustable interest rate, as follows:

4. ADJUSTABLE INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The initial fixed interest rate I will pay will change to an adjustable interest rate on the first day of May 2013, and the adjustable interest rate I will pay may change on that day every 12th month thereafter. The date on which my initial fixed interest rate changes to an adjustable interest rate, and each date on which my adjustable interest rate could change, is called a "Change Date."

MULTISTATE FIXED/ADJUSTABLE RATE RIDER - WSJ One-Year LIBOR - Single Family -
Fannie Mae Uniform Instrument

Form 3187 6/01
Waters Kluwer Financial Services
VMP®-188R (04/01) 02
Page 1 of 4 Initials: *CEH*
BS

08781014

(B) The Index

Beginning with the first Change Date, my adjustable interest rate will be based on an index. The "index" is the average of interbank offered rates for one-year U.S. dollar-denominated deposits in the London market ("LIBOR"), as published in The Wall Street Journal. The most recent index figure available as of the date 45 days before each Change Date is called the "Current Index."

If the index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding two and one quarter percentage points (2.250 %) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than 10.250 % or less than 2.250 %. Thereafter, my adjustable interest rate will never be increased or decreased on any single Change Date by more than two percentage points from the rate of interest I have been paying for the preceding 12 months. My interest rate will never be greater than 10.250 %.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my initial fixed interest rate to an adjustable interest rate and of any changes in my adjustable interest rate before the effective date of any changes. The notice will include the amount of my monthly payment, any information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

B. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

1. Until Borrower's initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section A above, Uniform Covenant 18 of the Security Instrument shall read as follows:

6233
08111014

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 those 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.

2. When Borrower's initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section A above, Uniform Covenant 18 of the Security Instrument described in Section B1 above shall then cease to be in effect, and the provisions of Uniform Covenant 18 of the Security Instrument shall be amended to read as follows:

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. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender also may require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, 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

08TH1014

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 those 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.

2. When Borrower's initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section A above, Uniform Covenant 18 of the Security Instrument described in Section B1 above shall then cease to be in effect, and the provisions of Uniform Covenant 18 of the Security Instrument shall be amended to read as follows:

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. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender also may require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, 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

6233
08TH1014

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.
BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Fixed/Adjustable Rate Rider.

George A. Shira III (Seal)
Borrower
GEORGE A SHIRA III
1'

Betty R. Shira (Seal)
Borrower
by Betty R. Shira
Her Attorney in fact

____ (Seal)
Borrower

____ (Seal)
Borrower

____ (Seal)
Borrower

____ (Seal)
Borrower

____ (Seal)
Borrower

____ (Seal)
Borrower

08TH1014
0233

SECOND HOME RIDER

THIS SECOND HOME RIDER is made this 22nd day of April 2008 and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower" whether there are one or more persons undersigned) to secure Borrower's Note to FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHARLESTON

(the "Lender") of the same date and covering the Property described in the Security Instrument (the "Property"), which is located at:
112 HORSESHOE CR, TOWNVILLE, SC 29689

(Property Address)

In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree that Sections 6 and 8 of the Security Instrument are deleted and are replaced by the following:

6. Occupancy. Borrower shall occupy, and shall only use, the Property as Borrower's second home. Borrower shall keep the Property available for Borrower's exclusive use and enjoyment at all times, and shall not subject the Property to any timesharing or other shared ownership arrangement or to any rental pool or agreement that requires Borrower either to rent the Property or give a management firm or any other person any control over the occupancy or use of the Property.

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, 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 second home.

MULTISTATE SECOND HOME RIDER - Single Family - Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

Form 3899 1/01
3899R (0411)

Page 1 of 2

VMP Mortgage Solutions, Inc. (800) 521-72 01

Initials: *Liles*
BS

020012379 5/01/2008 6k: 08611 Ps: 00022

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Second Home Rider.

George A Shira III (Seal)
-Borrower
GEORGE A SHIRA III

SETSEY R SHIRA (Seal)
-Borrower
SETSEY R SHIRA

____ (Seal)
-Borrower

By George A Shira III (Seal)
-Borrower
Her Attorney in fact

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

020012379 (0411)

Page 2 of 2

Form 3590 1/01

020012379 5/01/2008 11:28:13 AM
FILED, RECORDED, INDEXED
6k: 08611 Ps: 0001 Pages: 022
Esc Fee: 28.00 St Fee:
Co Fee:
REGISTER OF DEEDS, ANDERSON CO, SC
Shirley McElhannon

-LX2270P

October 3, 2011



91 7199 9991 7030 5436 5797

GEORGE A SHIRA III
BETSEY R SHIRA
1401 LEEWARD RD
ANDERSON SC 29625-5927

Loan No. [REDACTED] 5233

Amount due as of Nov. 1, 2011
will be \$ 4403.16
late chrgs \$ 72.18

The purpose of this letter is to notify you, in accordance with the terms of your note and mortgage/deed of trust that the above referenced mortgage loan with us is now due for a total of \$2457.50. This most serious state of delinquency constitutes a breach under the terms of your mortgage/deed of trust.

Please be advised hereby, that you leave us no other alternative than to demand that the total amount due \$2457.50 plus any other payments that may accrue, including late charges, be delivered to us in collected funds (e.g., cashier's check, cash or money order, etc.) prior to the close of business Nov. 2, 2011. If we are not in receipt of the required amount by that date, at our option, we may accelerate your loan, declare all sums secured by the mortgage/deed of trust to be immediately due and payable without further demand, foreclose the mortgage/deed of trust by judicial proceedings, and sell the property by public auction. We shall be entitled to collect in such proceedings all expenses of foreclosure, including, but not limited to, reasonable attorney's fees and costs of documentary evidence, abstracts and title reports, all of which shall be additional sums secured by the mortgage/deed of trust.

Under the terms of your mortgage/deed of trust you have the right to reinstate your account following acceleration of the amount due. You have the right to assert in any foreclosure proceeding the nonexistence of a default or any other defense, which you may claim to have, to acceleration or foreclosure. You should review the terms of your note and mortgage/deed of trust for any additional details for these and other rights there under.

Please be aware that we report/have reported information about your account to the three major credit bureaus. Late payments, missed payments or other defaults on your account may be reflected in your credit report.

Sincerely,

Dea Coker
DEA COKER

LOAN SERVICE ASST I
(843) 529-5881 or 1-800-768-3248

*The Department of Housing and Urban Development offers counseling for homeowners whose mortgage loans have been delinquent. This counseling could help you avoid foreclosure, and you are urged to seek it. To find a homeownership counseling agency near you, please call 1-800-569-4287.

*We would like to see you. One of our Loan Officers will contact you in person. Please call the above referenced number and an appointment will be scheduled.

EXHIBIT D

STATE OF SOUTH CAROLINA
COUNTY OF ANDERSON

IN THE COURT OF COMMON PLEAS

**FIRST FEDERAL BANK fka FIRST
FEDERAL SAVINGS & LOAN
ASSOCIATION OF CHARLESTON,**

Plaintiff,

-vs-

**GEORGE A. SHIRA, III and BETSEY
R. SHIRA,**

Defendants.

C/A No. 2012-CP-04-1819

ANSWER

The Defendants, George A. Shira, III and Betsey R. Shira, answering the Complaint of the Plaintiff, would respectfully show unto the Court and allege:

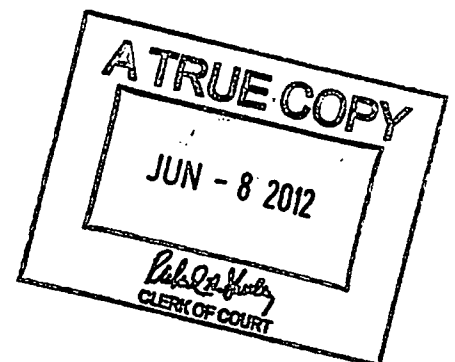
FOR A FIRST DEFENSE

1.

The Defendants generally deny each and every allegation of the Plaintiff's Complaint not hereinafter admitted, modified or explained.

2.

Paragraph 1 of Plaintiff's Complaint states a legal conclusion to which no response is required by Defendants. To the extent a response is deemed necessary, the Defendants reiterate and restate their responses herein below as if fully stated herein.



3.

The Defendants admit the allegations of Paragraphs 2, 3, 4 and 5 of the Plaintiff's Complaint.

4.

The Defendants are without information sufficient to admit or deny the allegations of Paragraph 6 of the Plaintiff's Complaint and therefore must deny same and demand strict proof thereof.

5.

The Defendants DENY the allegations of Paragraph 7 of the Plaintiff's Complaint and demand strict proof thereof. Defendants affirmatively assert that the property at issue in this matter is, in fact, an owner-occupied dwelling as defined by the Administrative Order. Due to the current real estate market Defendants been unable to sell the property and have been forced to move back into the home. Defendants, during the summer months, spend a majority of time at their lake condominium but are still owner-occupiers of the subject property.

6.

The Defendants admit so much of Paragraph 9 as alleges that there was a Note executed and delivered by the Defendants to the Plaintiff. The Defendants crave the particular language of the Note referenced in Paragraph 9 with respect to the remaining allegations of the Paragraph, admit so much of the allegations as are consistent with the Note, and deny any allegations inconsistent with the written terms and conditions of the Note and demand strict proof thereof.

7.

The Defendants admit as alleged in Paragraph 10 that they executed and delivered to the Plaintiff a Mortgage. The Defendants crave the particular language of the Mortgage referenced in Paragraph 10 with respect to the remaining allegations of the Paragraph, admit so much of the allegations as are consistent with the Mortgage, and deny any allegations inconsistent with the written terms and conditions of the Mortgage and demand strict proof thereof.

8.

Paragraph 11 of Plaintiff's Complaint requires no response from the Defendants. To the extent a response is deemed necessary, the Defendants reiterate and restate their responses above as if fully restated herein.

9.

The Defendants admit, upon information and belief, the allegations of Paragraphs 12, 13, and 14 of the Plaintiff's Complaint.

10.

With regard to Paragraph 15, the Defendants crave the particular language of the "Loan Documents" referenced in Paragraph 15, admit so much of the allegations as are consistent with the Loan Documents, and deny any allegations inconsistent with the written terms and conditions of the Loan Documents and demand strict proof thereof.

11.

The Defendants DENY the allegations of Paragraph 16 of the Plaintiff's Complaint, assert the defenses contained herein below as affirmative and other defenses to payment, and demand strict proof thereof.

12.

With regard to Paragraph 17, same is a statement of the position of the Plaintiff. The Defendants are without information sufficient to admit or deny the allegations of Paragraph 17 of the Plaintiff's Complaint and therefore must deny same and demand strict proof thereof.

13.

With respect to the allegations of Paragraph 18, the Defendants are without information sufficient to admit or deny the allegations of Paragraph 18 of the Plaintiff's Complaint as they do not presently know what the correct amount is due and owing on the Loan Documents, and therefore they must deny same and demand strict proof thereof.

14.

With regard to Paragraph 19, Defendants do not recall receiving the referenced "Right to Cure Letter" and therefore must deny same and demand strict proof thereof.

15.

The Defendants DENY the allegations of Paragraphs 20, crave the particular language of the Note with regard to Paragraph 21, are without sufficient information to admit or deny the allegations of Paragraphs 22 and 23 of the Plaintiff's Complaint, assert the defenses contained herein below as affirmative and other defenses to payment, and demand strict proof thereof.

16.

With regard to Paragraphs 24 and 25, same are statements of the position of the Plaintiff and require no response from the Defendants. To the extent a response is deemed necessary, the Defendants reiterate and restate their responses above as if fully restated herein.

FOR A SECOND DEFENSE

17.

The Defendants reiterate the allegations contained in their previous Defense as if fully restated herein.

18.

Pursuant to Rule 12(b)(6), South Carolina Rules of Civil Procedure, Plaintiff has failed to state facts sufficient to constitute a cause of action against the Defendants.

FOR A THIRD DEFENSE

19.

The Defendants reiterate the allegations contained in their previous Defenses as if fully restated herein.

20.

The Plaintiff, by engaging in oppressive, arbitrary, capricious, and unfair treatment of the Defendants through the acts or omissions of its agents and/or employees, has unclean hands as it relates to the lending of money and enforcement of the Note, and Plaintiff is therefore barred from any claim to relief thereunder.

FOR A FOURTH DEFENSE

21.

The Defendants reiterate the allegations contained in their previous Defenses as if fully restated herein.

22.

The Plaintiff's claims are barred by the Doctrine of Waiver.

FOR A FIFTH DEFENSE

23.

The Defendants reiterate the allegations contained in their previous Defenses as if fully restated herein.

24.

Plaintiffs' claims are barred by the Doctrine of Consent.

FOR A SIXTH DEFENSE

25.

The Defendants reiterate the allegations contained in their previous Defenses as if fully restated herein.

26.

The Plaintiff is equitably estopped from recovery in this matter.

FOR A SEVENTH DEFENSE

27.

The Defendants reiterate the allegations contained in their previous Defenses as if fully restated herein.

28.

The Plaintiff failed to comply with the Federal Truth in Lending requirements pursuant to Regulation Z, failed to comply with the attorney preference requirements required by the SC Code of Laws, and has otherwise dealt unfairly with the Defendants and as such Plaintiff should be barred from recovery in this matter.

FOR AN EIGHTH DEFENSE

29.

The Defendants reiterate the allegations contained in their previous Defenses as if fully restated herein.

30.

The Defendants are entitled to the protections afforded them pursuant to Administrative Order 2011-05-02-01 as this action involved the foreclosure of a loan that is secured by a lien on real estate that is an owner-occupied dwelling.

FOR A NINTH DEFENSE

31.

The Defendants reiterate the allegations contained in their previous Defenses as if fully restated herein.

32.

The Defendants did not willfully and knowingly waive their statutory appraisal rights, such provisions, if any, were included in the language of a lengthy mortgage document, were not specifically explained to the Defendants, the Plaintiff paid no specific consideration for this waiver of rights, and the Plaintiff's Mortgage is a contract of adhesion in which the Defendants had no opportunity to make any changes to the language included therein. As such, Defendants should be entitled to exercise their statutory appraisal rights.

WHEREFORE, the Defendants, having fully answered, pray that this Court grant the following relief:

1. That the Plaintiff's Complaint be dismissed with prejudice;

2. That the Court afford the Defendants the protections afforded them pursuant to Administrative Order 2011-05-02-01 as this action involved the foreclosure of a loan that is secured by a lien on real estate that is an owner-occupied dwelling;

3. That the Court either direct that the loan be marked satisfied, or require the Plaintiff to renew the loan under terms that are equitable and just to the parties; and

4. For such other and further relief as this Court may deem just and proper.

Respectfully submitted,

KRAUSE, MOORHEAD AND DRAISEN, P.A.


DANIEL L. DRAISEN (SC Bar # 13536)
207 E. Calhoun Street
Anderson, South Carolina 29621
(864) 225-4000
(864) 964-0788 facsimile
ddraisen@kmdlawyers.com
ATTORNEY FOR THE DEFENDANTS

June 8, 2012
Anderson, South Carolina

STATE OF SOUTH CAROLINA)
) IN THE COURT OF COMMON PLEAS
COUNTY OF ANDERSON)

FIRST FEDERAL BANK, FKA FIRST)
FEDERAL SAVINGS & LOAN ASSOCIATION)
OF CHARLESTON,)

PLAINTIFF,)

VS)

GEORGE A. SHIRA, III AND BETSEY R.)
SHIRA,)

DEFENDANTS.)

ORIGINAL

2012-CP-04-1819

ANDERSON, SC
OCTOBER 8, 2012

TRANSCRIPT OF TESTIMONY

BEFORE THE HONORABLE ELLIS B. DREW, JR.
MASTER IN EQUITY FOR THE TENTH JUDICIAL CIRCUIT

APPEARANCES

FOR PLAINTIFF:

ASHLEY V. MYERS, ESQ.
HAYNSWORTH SINKLER BOYD, PA
PO BOX 11889
COLUMBIA, SC 29211-1889
803.779.3080 (T)
803.765.1243 (FAX)

FOR DEFENDANTS:

DANIEL L. DRAISEN, ESQ.
KRAUSE MOORHEAD AND DRAISEN, PA
207 EAST CALHOUN STREET
ANDERSON, SC 29621
864.225.4000 (T)
864.964.0788 (FAX)

COURT REPORTER:

KAREN T. SENN
CIRCUIT COURT REPORTER
406 DOVE TREE LANE
ANDERSON, SC 29621
864.226.8170 (H)
864.260.4052 (O)

I N D E X

WITNESSES:

	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
SUSAN S. HYDE				
MS. MYERS	7			
MR. DRAISEN		14		
GEORGE A. SHIRA, III				
MS. MYERS	19		23	
MR. DRAISEN		20		

EXHIBITSFOR PLAINTIFF:IN EVD.

A. NOTE	8
B. MORTGAGE	10
C. RIGHT TO CURE	11

FOR DEFENDANTS:

NONE

1 THE COURT: THIS IS DOCKET NUMBER 2012-CP-
2 04-1819, FIRST FEDERAL BANK, FORMERLY KNOWN AS FIRST
3 FEDERAL SAVINGS & LOAN ASSOCIATION OF CHARLESTON VERSUS
4 GEORGE A. SHIRA, III AND BETSEY R. SHIRA.

5 THE MATTER WAS REFERRED ON JULY 16, 2012. A
6 HEARING IS BEING HELD OCTOBER 8, 2012, ATTENDED BY
7 ATTORNEY ASHLEY MYERS ON BEHALF OF THE PLAINTIFF AND
8 ATTORNEY DANIEL DRAISEN APPEARING ON BEHALF OF THE
9 DEFENDANTS.

10 ACCORDING TO A CERTIFICATION OF EXEMPTION FROM
11 THE ADMINISTRATIVE ORDER THE PLAINTIFF'S ATTORNEYS STATE
12 THAT THE ADMINISTRATIVE ORDER DOES NOT APPLY BECAUSE THIS
13 IS NOT AN OWNER-OCCUPIED DWELLING. IS THAT CORRECT?

14 MR. DRAISEN: NO.

15 MS. MYERS: YOUR HONOR, AS OF FRIDAY THIS IS
16 NOT AN OWNER-OCCUPIED DWELLING.

17 MR. DRAISEN: THAT'S NOT TRUE.

18 THE COURT: WHO'S LIVING THERE?

19 MR. DRAISEN; MR. SHIRA LIVES THERE. THEY
20 HAVE TWO PROPERTIES. THEY HAVE A CONDO THAT THEY BOUGHT
21 AS THEIR SUMMER PLACE AND THEY HAVE THIS LAKE PROPERTY
22 WHICH IS THEIR OTHER RESIDENCE THEY HAVE BEEN TRYING TO
23 SELL AND THEY HAVE BEEN IN OCCUPANCY OF THEIR SUMMER
24 PLACE BECAUSE NOW THAT THE SEASON IS OVER IT WOULD BE
25 TIME FOR THEM TO BE MOVING BACK TO THE HOUSE BUT AS OF

1 RIGHT NOW ---

2 THE COURT: HOW LONG HAS THIS PROPERTY BEEN
3 VACANT?

4 MR. DRAISEN: IT HASN'T BEEN VACANT BUT FOR
5 THE SUMMER. THEY MOVED OUT IN THE SPRING INTO THEIR
6 CONDO, EARLY SPRING, AND THEY'VE BEEN OUT AT THE CONDO
7 DURING THE SUMMER.

8 THE COURT: THE PLAINTIFF'S ATTORNEY STATED
9 THAT AS OF YESTERDAY THIS PROPERTY WASN'T OCCUPIED.

10 MR. DRAISEN: IT'S STILL GOT POWER AND LIGHTS.
11 THEY CUT THE GRASS. STILL GOT POWER AND LIGHTS. STILL
12 GOT FURNITURE IN THE PLACE AND A CAR IN THE GARAGE. SO,
13 YOUR HONOR, WE'RE GOING TO CONTEND THAT WE ARE ENTITLED
14 TO ALLEGE THAT WE'RE ENTITLED TO THOSE RIGHTS AS A
15 RESIDENT.

16 MS. MYERS: YOUR HONOR, I DON'T KNOW IF THIS
17 GOES ON THE RECORD OR NOT BUT I SPOKE TO MR. DRAISEN LAST
18 WEEK AND WE DISCUSSED THAT THE PROPERTY WAS NOT OWNER-
19 OCCUPIED AND HE INFORMED ME THAT HE WOULD INSTRUCT HIS
20 CLIENTS TO MOVE BACK INTO THE PROPERTY SO THAT IT WAS AN
21 OWNER-OCCUPIED. AS OF FRIDAY, THAT ---

22 THE COURT: DID YOU SAY THAT, MR. DRAISEN?

23 MR. DRAISEN: WHAT I SAID, YOUR HONOR, WAS
24 THAT WE HAD A DISCUSSION ABOUT SETTLEMENT AND I SAID THAT
25 IF WE COULDN'T WORK SOMETHING OUT I WOULD INSTRUCT THEM

1 TO GO AHEAD AND MOVE BACK TO THE RESIDENCE AS HE HAD
2 PLANNED ORIGINALLY.

3 THE COURT: IT SOUNDS LIKE -- WELL, I DON'T
4 KNOW WHETHER HE'S GAMING THE SYSTEM OR NOT ---

5 MR. DRAISEN: WELL, IF YOU WANT HIS TESTIMONY
6 UNDER OATH I CAN PUT HIM UP AND HE CAN TESTIFY UNDER OATH
7 THAT IT'S HIS RESIDENCE.

8 THE COURT: WELL, WE'RE TALKING ABOUT
9 WHETHER IT WAS VACANT OR NOT.

10 MS. MYERS: AS WELL, YOUR HONOR, THIS
11 PROPERTY IS LISTED FOR SALE AND WE DO HAVE ---

12 THE COURT: ALL RIGHT, WHAT'S THE PROBLEM
13 WITH THE CASE OTHER THAN THAT?

14 MS. MYERS: YOUR HONOR, WE HAVE A WITNESS
15 HERE TODAY TO GET A FORECLOSURE ORDER ENTERED. THEY
16 RESPONDED WHEN WE SET THE HEARING. OTHERWISE, I DON'T
17 KNOW OF ANY OTHER ISSUES. THEY ADMITTED TO SIGNING THE
18 NOTE AND MORTGAGE AND WE DO HAVE HERE WITH US TODAY THE
19 ANSWERS TO OUR REQUEST TO ADMIT THAT THE NOTE AND
20 MORTGAGE WERE SIGNED AND ALSO THAT THEY HAVE NOT MADE
21 PAYMENTS. SO, YOU KNOW, FROM OUR PROSPECTIVE THERE IS NO
22 REAL DISPUTE. NOW MR. DRAISEN MAY DISAGREE WITH THAT.

23 THE COURT: ALL RIGHT. YOU HAVE A WITNESS
24 FROM FIRST FEDERAL BANK?

25 MS. MYERS: YES, YOUR HONOR, WE DO.

1 THE COURT: ALL RIGHT. I'M GOING TO PROCEED
2 WITH THE HEARING. WE'LL GET BACK TO THE QUESTION OF
3 WHETHER IT'S OWNER-OCCUPIED OR NOT. WE'VE GOT THE
4 PLAINTIFF'S AFFIDAVIT AND I DON'T HAVE ANY OPPOSING
5 AFFIDAVIT OR WHAT NOT IN THE FILE. MR. DRAISEN DID FILE
6 AN ANSWER IN THE CASE. WE'LL SEE HOW IT SOUNDS. ALL
7 RIGHT, MS. MYERS.

8 MS. MYERS: YOUR HONOR, ASHLEY MYERS AGAIN.
9 I WOULD LIKE TO CALL MY FIRST WITNESS, MS. SUSAN HYDE.

10 THE COURT: ALL RIGHT.

11 MR. DRAISEN: YOUR HONOR, WE'D JUST POINT OUT
12 REAL QUICK THAT IN PARAGRAPH FIVE OF OUR ANSWER WE DID
13 DENY THAT IT WAS NOT OWNER-OCCUPIED IN OUR ANSWER, JUST
14 SO YOU ARE AWARE OF THAT. THIS WAS FILED BACK IN ---

15 THE COURT: ALL RIGHT.

16 MR. DRAISEN: --- JUNE.

17 THE COURT: COME AROUND, MA'AM. GOOD
18 MORNING. IF YOU'LL RAISE YOUR RIGHT HAND, PLEASE.

19 SUSAN S. HYDE, PLAINTIFF'S WITNESS, SWORN:

20 MS. MYERS: YOUR HONOR, BEFORE I QUESTION
21 THE WITNESS, I DO HAVE A PROPOSED RECORD AND ORDER, AS
22 WELL AS A NOTICE OF SALE.

23 THE COURT: LET ME HEAR FROM YOUR WITNESS
24 FIRST.

25 MS. MYERS: YES, SIR.

DIRECT EXAMINATION

BY MS. MYERS:

Q. MS. HYDE, PLEASE STATE YOUR FULL NAME FOR THE
RECORD.

A. SUSAN S. HYDE.

Q. AND MS. HYDE, WHERE ARE YOU EMPLOYED?

A. AT FIRST FEDERAL BANK IN CHARLESTON, SOUTH CAROLINA.

Q. HOW LONG HAVE YOU BEEN EMPLOYED THERE?

A. A LITTLE OVER THREE YEARS.

Q. AND WHAT POSITION DO YOU HOLD AT FIRST FEDERAL?

A. I'M THE LOAN LITIGATION MANAGER.

Q. OKAY. AND HOW LONG HAVE YOU HELD THAT POSITION?

A. FOR THE FULL THREE YEARS.

Q. MS. HYDE, DO YOU HAVE PERSONAL KNOWLEDGE ABOUT THE
SHIRA'S LOAN FILE?

A. YES.

Q. I HAVE WHAT HAS BEEN PREMARKED AS EXHIBIT A FOR THE
RECORD HERE.

MS. MYERS: PLEASE LET THE RECORD REFLECT
THAT I HAVE PROVIDED OPPOSING COUNSEL WITH THE RECORD, AS
WELL AS THE EXHIBITS SO THIS EXHIBIT A HAS BEEN PROVIDED
TO OPPOSING COUNSEL. YOUR HONOR, MAY I APPROACH THE
WITNESS?

THE COURT: YES, MA'AM.

Q. MS. HYDE, I'M SHOWING YOU WHAT'S BEEN PREMARKED AS

1 EXHIBIT A. DO YOU RECOGNIZE THIS DOCUMENT?

2 A. OH, YES.

3 Q. AND CAN YOU TELL US WHAT THAT DOCUMENT IS?

4 A. IT IS THE INTEREST ONLY ADJUSTABLE RATE NOTE THAT
5 WAS EXECUTED BY THE SHIRAS AT THE CLOSING.

6 Q. AND WAS THE NOTE ---

7 MR. DRAISEN: YOUR HONOR, I'M GOING TO MOVE TO
8 STRIKE THAT STATEMENT UNLESS SHE WAS A WITNESS.

9 THE COURT: OVERRULED.

10 Q. WAS THE NOTE GENERATED BY FIRST FEDERAL?

11 A. YES.

12 Q. OKAY. AND FIRST FEDERAL IS THE OWNER AND HOLDER OF
13 THAT NOTE?

14 A. YES, WE ARE.

15 MS. MYERS: YOUR HONOR, I OFFER EXHIBIT A
16 INTO EVIDENCE.

17 THE COURT: ALL RIGHT. SUBJECT TO THE
18 OBJECTION, I'LL ADMIT IT.

19 (PLAINTIFF'S EXHIBIT A IN EVIDENCE.)

20 Q. MS. HYDE, ACCORDING TO THE NOTE, WHICH YOU HAVE A
21 COPY OF, WHO WERE THE BORROWERS?

22 A. THE BORROWERS ARE GEORGE A. SHIRA, III AND BETSEY R.
23 SHIRA.

24 Q. OKAY. AND WHO IS THE LENDER?

25 A. THE LENDER IS -- AT THE TIME IT WAS FIRST FEDERAL

1 SAVINGS & LOAN ASSOCIATION OF CHARLESTON. WE ARE NOW
2 KNOWN AS FIRST FEDERAL BANK.

3 Q. OKAY. AND WHAT'S THE PRINCIPAL AMOUNT OF THE NOTE?

4 A. THE ORIGINAL PRINCIPAL AMOUNT IS \$330,000.00.

5 Q. AND HAS FIRST FEDERAL RECEIVED THE FULL AMOUNT OWED
6 ON THE NOTE?

7 A. NO.

8 Q. DO YOU KNOW WHEN THE LAST PAYMENT WAS RECEIVED ON
9 THIS NOTE?

10 A. THE LAST PAYMENT WAS FOR AUGUST THE 1ST OF 2011 AND
11 WAS RECEIVED ACTUALLY AUGUST THE 3RD OF 2011.

12 Q. OKAY. AND WHAT IS THE CURRENT STATUS OF THIS LOAN?

13 A. IT'S IN DEFAULT FOR NONPAYMENT.

14 Q. I HAVE WHAT HAS BEEN PREMARKED AS EXHIBIT B FOR THE
15 RECORD.

16 MS. MYERS: PLEASE LET THE RECORD REFLECT
17 THAT MR. DRAISEN HAS A COPY OF THIS EXHIBIT B.

18 Q. MS. HYDE, I'M SHOWING YOU WHAT HAS BEEN PREMARKED AS
19 EXHIBIT B. DO YOU RECOGNIZE THIS DOCUMENT?

20 A. YES.

21 Q. AND WHAT IS IT?

22 A. IT IS THE MORTGAGE THAT CREATED THE LOAN AGAINST THE
23 SECURED PROPERTY, AS SECURITY FOR THE NOTE.

24 Q. AND WAS THE MORTGAGE GENERATED BY FIRST FEDERAL?

25 A. YES.

1 Q. AND IS FIRST FEDERAL THE OWNER AND HOLDER OF THIS
2 MORTGAGE?

3 A. YES, WE ARE.

4 MS. MYERS: YOUR HONOR, I'D OFFER EXHIBIT B
5 INTO EVIDENCE.

6 THE COURT: ALL RIGHT.

7 (PLAINTIFF'S EXHIBIT B IN EVIDENCE.)

8 Q. MS. HYDE, ACCORDING TO THE MORTGAGE, WHO ARE THE
9 MORTGAGORS?

10 A. THE MORTGAGORS ARE GEORGE A. SHIRA, III AND BETSEY
11 R. SHIRA.

12 Q. AND WHO IS THE MORTGAGEE?

13 A. THE MORTGAGEE IS FIRST FEDERAL SAVINGS & LOAN
14 ASSOCIATION OF CHARLESTON, NOW KNOWN AS FIRST FEDERAL
15 BANK.

16 Q. AND YOU MENTIONED EARLIER THAT THIS MORTGAGE WAS
17 GIVEN AS SECURITY FOR THE NOTE, IS THAT CORRECT?

18 A. YES.

19 Q. I HAVE WHAT HAS BEEN PREMARKED AS EXHIBIT C OF THE
20 RECORD. OPPOSING COUNSEL ALREADY HAS A COPY. MS. HYDE,
21 I SHOW YOU EXHIBIT C. DO YOU RECOGNIZE THAT DOCUMENT?

22 A. YES, I DO.

23 Q. AND WHAT IS THIS DOCUMENT?

24 A. IT IS REFERRED TO AS THE DEMAND LETTER OR THE CURE
25 LETTER, RIGHT TO CURE LETTER.

1 Q. OKAY. AND WAS THIS LETTER GENERATED BY FIRST
2 FEDERAL?

3 A. YES, IT WAS.

4 MS. MYERS: YOUR HONOR, I'D OFFER EXHIBIT C
5 INTO EVIDENCE.

6 THE COURT: ALL RIGHT.

7 (PLAINTIFF'S EXHIBIT C IN EVIDENCE.)

8 Q. DO YOU HAVE A COPY OF THAT WITH YOU?

9 A. YES.

10 Q. WHAT'S THE DATE ON THE LETTER, MS. HYDE?

11 A. THE LETTER WAS DATED OCTOBER THE 3RD, 2011.

12 Q. AND TO WHOM WAS THIS LETTER SENT?

13 A. TO GEORGE A. SHIRA, III AND BETSEY R. SHIRA.

14 Q. DOES THIS LETTER INFORM THE SHIRAS THAT THE LOAN IS
15 IN DEFAULT?

16 A. YES, IT DOES.

17 Q. DOES IT INFORM THE SHIRAS OF WHAT IS NECESSARY TO
18 CURE THE DEFAULT?

19 A. YES, IT DOES.

20 Q. DOES IT PROVIDE THE SHIRAS WITH A TIME FRAME IN
21 WHICH TO CURE THE DEFAULT?

22 A. YES, IT DOES.

23 Q. DOES IT PROVIDE THE SHIRAS WITH INSTRUCTIONS ON HOW
24 TO CURE THE DEFAULT?

25 A. YES.

1 Q. DOES THE LETTER ADVISE THE SHIRAS THAT WHAT ACTION
2 WILL BE TAKEN IF THEY FAIL TO CURE THE DEFAULT?

3 A. YES.

4 Q. HAS THE DEFAULT BEEN CURED, MS. HYDE?

5 A. NO, IT HAS NOT.

6 Q. MS. HYDE, YOU SAID YOU HAD PERSONAL KNOWLEDGE OF
7 THIS FILE. CAN YOU INFORM ME OF WHAT THE PRINCIPAL
8 BALANCE ON THIS ACCOUNT IS?

9 A. THE PRINCIPAL BALANCE TODAY IS \$329,980.00.

10 Q. AND AS OF TODAY WHAT IS THE ACCRUED INTEREST ON THIS
11 ACCOUNT?

12 A. THE ACCRUED INTEREST IS \$20,403.76. MY NUMBER IS
13 ACTUALLY AS OF FRIDAY AND IT'S -- \$20,548.12 IS THE
14 AMOUNT LISTED IN THE AFFIDAVIT OF DEBT.

15 Q. OKAY. AND THE LATE CHARGES ON THIS ACCOUNT?

16 A. LATE CHARGES ARE \$938.34.

17 Q. AND THERE IS A MORTGAGE PROCESSING FEE IN THE AMOUNT
18 OF?

19 A. \$25.00.

20 Q. AND YOU ALSO HAVE APPRAISAL FEES?

21 A. YES.

22 Q. AND WHAT IS THAT AMOUNT?

23 A. \$500.00.

24 Q. OKAY. MS. HYDE, CAN YOU TELL ME THE TOTAL AMOUNT
25 OWED ON THIS NOTE AS OF TODAY, WHICH IS OCTOBER THE 8TH,

1 2012?

2 A. \$351,991.46.

3 Q. MS. HYDE, DID FIRST FEDERAL HIRE MY FIRM, HAYNSWORTH
4 SINKLER BOYD, TO REPRESENT IT IN THIS FORECLOSURE ACTION?

5 A. YES, WE DID.

6 Q. AND DID FIRST FEDERAL AGREE TO PAY HAYNSWORTH
7 SINKLER BOYD ANY REASONABLE ATTORNEY'S FEES INCURRED FOR
8 REPRESENTATION?

9 A. YES, WE DID.

10 Q. DID FIRST FEDERAL AGREE TO REIMBURSE HAYNSWORTH
11 SINKLER BOYD FOR ALL COSTS AND EXPENSES?

12 A. YES.

13 Q. MS. HYDE, DOES THE NOTE PROVIDE FOR THE RECOVERY OF
14 ATTORNEY'S FEES AND COSTS?

15 A. YES, IT DOES.

16 Q. FROM THE SHIRAS?

17 A. YES, IT DOES.

18 MS. MYERS: YOUR HONOR, I'D LIKE TO PUT ON
19 THE RECORD THAT ATTACHED TO THE RECORD OF HEARING AS
20 EXHIBIT D IS AN ATTORNEY'S FEE AND COSTS AFFIDAVIT AND TO
21 DATE THE TOTAL COSTS ASSOCIATED WITH THE COLLECTION OF
22 THIS NOTE IS \$848.16. THE TOTAL AMOUNT INCURRED IN
23 ATTORNEY'S FEES FOR THE NOTE IS \$5,192.50, WHICH TAKES
24 THE TOTAL AMOUNT OWED TO \$358,032.12. I HAVE NO FURTHER
25 QUESTIONS FOR MS. HYDE.

1 THE COURT: ALL RIGHT, MR. DRAISEN?

2 MR. DRAISEN: THANK YOU, YOUR HONOR.

3 ACTUALLY, THE ORIGINAL AFFIDAVIT IS HERE. DO YOU WANT TO
4 FILE THAT?

5 MS. MYERS: I'M SORRY. I MEANT TO GIVE THAT
6 TO THE JUDGE.

7 MR. DRAISEN: I THINK THERE'S TWO SETS HERE,
8 IS THAT RIGHT?

9 MS. MYERS: YES, ONE IS FOR YOU. PLEASE
10 ANSWER ANY QUESTIONS MR. DRAISEN HAS.

11 CROSS EXAMINATION

12 BY MR. DRAISEN:

13 Q. MS. HYDE, DO YOU HAVE A COPY OF THE MORTGAGE?

14 A. YES, I DO.

15 Q. CAN YOU LOOK BACK ON THAT MORTGAGE, PLEASE, AND TELL
16 ME IF ATTACHED TO THE MORTGAGE IS A SECOND HOME RIDER?

17 A. YES, THERE IS.

18 Q. DO YOU KNOW WHAT THE PURPOSE OF A SECOND HOME RIDER
19 IS?

20 A. IT IS GENERALLY USED FOR THE PURCHASE OR IN THIS
21 CASE THE REFINANCE OF A SECOND HOME.

22 Q. AND DO YOU SEE WHERE THERE'S AN OCCUPANCY ON THERE,
23 IT LOOKS LIKE PARAGRAPH SIX?

24 A. YES.

25 Q. CAN YOU READ IT? AT LEAST THE FIRST SENTENCE.

1 A. "IT SAYS BORROWER SHALL OCCUPY AND SHALL ONLY USE
2 THE PROPERTY AS BORROWER'S SECOND HOME."

3 Q. OKAY. SO IF MR. SHIRA TESTIFIED THAT HE WAS USING
4 IT AS A SECOND HOME AND USED IT WHEN IT'S NOT SUMMER,
5 THAT WOULD BE CONSISTENT WITH WHAT THE BANK KNEW AT THE
6 TIME THAT IT MADE THIS LOAN, IS THAT RIGHT?

7 A. POSSIBLY, YES.

8 Q. WELL, THE BANK REQUIRED THE SECOND HOME RIDER, DID
9 IT NOT? MR. SHIRA DIDN'T OFFER THE SECOND HOME RIDER, DO
10 YOU AGREE?

11 THE COURT: YOU'VE GOT A SECOND HOME RIDER,
12 APPARENTLY.

13 MR. DRAISEN: YES, SIR.

14 THE COURT: GO AHEAD.

15 Q. LET ME ASK YOU, MS. HYDE, THE CAPTION OF THE CASE IS
16 FIRST FEDERAL BANK, FORMERLY KNOWN AS FIRST FEDERAL
17 SAVINGS & LOAN ASSOCIATION OF CHARLESTON. DO YOU KNOW IF
18 THE NOTE AND MORTGAGE WAS EVER ASSIGNED FROM FIRST
19 FEDERAL SAVINGS & LOAN ASSOCIATION OF CHARLESTON TO FIRST
20 FEDERAL BANK?

21 A. THE ENTITY IS BASICALLY THE SAME. IT HAD TO DO WITH
22 THE CHARTER TRANSFER. I DID NOT BRING COPIES OF THOSE
23 DOCUMENTS HERE BUT YES, ANY REQUIRED ASSIGNMENTS OR
24 ANYTHING I'M CERTAIN HAVE BEEN TAKEN CARE OF BY OUR
25 CORPORATE COUNSEL.

1 Q. IN THE RECORD THAT I'VE SEEN -- DO YOU HAVE A COPY
2 OF ANY ASSIGNMENT WHERE THE NOTE AND MORTGAGE HELD BY
3 FIRST FEDERAL SAVINGS & LOAN ASSOCIATION OF CHARLESTON
4 WAS TRANSFERRED TO FIRST FEDERAL BANK?

5 A. I DO NOT HAVE A COPY OF THAT.

6 Q. AND WHILE THE CHARTER WAS CHANGED, I UNDERSTAND THAT
7 FIRST FEDERAL ACTUALLY WENT BY THE NAME OF FIRST FEDERAL
8 OF CHARLESTON FOR A LONG TIME AND IT ACQUIRED A LOT OF
9 OTHER BANKS AND ASSETS IN THE LAST SEVERAL YEARS, IS THAT
10 RIGHT?

11 A. YES.

12 Q. AND THAT'S WHEN IT STARTED USING THE NAME MOST
13 RECENTLY FIRST FEDERAL BANK, MAYBE IN THE LAST YEAR OR
14 SO?

15 A. THE TRANSITION FROM FIRST FEDERAL SAVINGS & LOAN
16 ASSOCIATION OF CHARLESTON TO FIRST FEDERAL BANK REALLY
17 DID NOT HAVE ANYTHING TO DO WITH THE ACQUISITION OF OTHER
18 INSTITUTIONS. FIRST FEDERAL SAVINGS & LOAN ASSOCIATION
19 OF CHARLESTON IS NOW KNOWN AS FIRST FEDERAL BANK. IT WAS
20 NOT -- THIS LOAN WAS NOT ACQUIRED THROUGH A PURCHASE OF
21 ANOTHER INSTITUTION.

22 Q. OKAY. BUT THERE WAS ONCE A SAVINGS AND LOAN. IS
23 THAT DIFFERENT THAN A BANK?

24 A. THERE IS A DIFFERENCE STRUCTURALLY BUT IT'S THE SAME
25 INSTITUTION.

1 Q. OKAY. BUT YOU'RE NOT AWARE OR YOU DIDN'T BRING WITH
2 YOU TODAY OR YOU HAVEN'T BEEN PRODUCED A COPY OF AN
3 ACTUAL ASSIGNMENT CHANGING THE NAME ---

4 THE COURT: ALL RIGHT. SHE'S ANSWERED YOUR
5 QUESTION, MR. DRAISEN.

6 MR. DRAISEN: YES, SIR.

7 THE COURT: YOU JUST KEEP REPEATING IT.
8 IT'S JUST A CHANGE OF NAME. THEY ACQUIRED THE ASSETS AND
9 WHAT NOT, BUT ---

10 MR. DRAISEN: THAT'S WHAT I'M TRYING TO GET
11 AT, JUDGE, IS WHETHER THEY ACTUALLY ---

12 THE COURT: BUT THERE'S NO ASSIGNMENT OR AT
13 LEAST SHE DOESN'T KNOW OF ONE, IS THAT CORRECT?

14 THE WITNESS: I DO NOT HAVE A COPY OF IT BUT
15 CORPORATE COUNSEL AND THE EXECUTIVE OFFICERS OF THE BANK
16 HAVE TAKEN CARE OF ANY REQUIRED DOCUMENTS THAT WOULD HAVE
17 HAD TO HAVE BEEN EXECUTED OR FILED.

18 THE COURT: ALL RIGHT, NEXT QUESTION.

19 Q. ARE YOU AWARE OF THE RECORDING STATUTE IN SOUTH
20 CAROLINA?

21 A. YES.

22 Q. SO SHOULD ANY ASSIGNMENT THEN BE RECORDED IN THE
23 REGISTER OF DEEDS OFFICE FOR ANDERSON COUNTY?

24 A. I CAN'T ANSWER THAT. I WILL HAVE TO DEFER THAT TO
25 OUR EXECUTIVE OFFICERS AND CORPORATE COUNSEL.

1 MR. DRAISEN: THAT'S ALL THE QUESTIONS I HAVE,
2 YOUR HONOR.

3 THE COURT: THANK YOU. ANY REDIRECT?

4 MS. MYERS: NO, YOUR HONOR.

5 THE COURT: THIS LOAN WAS MADE SOMETIME ON
6 OR ABOUT APRIL 22ND OF 2008?

7 MS. MYERS: YES.

8 THE COURT: AND I BELIEVE YOU EARLIER SAID
9 THE LAST PAYMENT WAS SOMETIME IN AUGUST, 2011, ACCORDING
10 TO YOUR RECORDS?

11 THE WITNESS: WE RECEIVED THE AUGUST THE 1ST,
12 2011 PAYMENT ON AUGUST THE 3RD, 2011.

13 THE COURT: SO ACCORDING TO YOUR RECORDS
14 HAVE ANY PAYMENTS BEEN MADE SINCE THEN?

15 THE WITNESS: NO, SIR.

16 THE COURT: AND AGAIN, ACCORDING TO YOUR
17 RECORDS, WERE THE PAYMENTS PRETTY PROMPTLY MADE BETWEEN
18 2008 WHEN IT WAS TAKEN OUT AND THE LAST PAYMENT SOMETIME
19 IN 2011?

20 THE WITNESS: YES. YES, THEY APPEAR TO BE
21 RATHER PROMPTLY MADE.

22 THE COURT: PARDON?

23 THE WITNESS: YES, THEY APPEAR TO BE RATHER
24 PROMPTLY MADE UP UNTIL THE TIME OF AUGUST, 2011.

25 THE COURT: ALL RIGHT, THANK YOU, MA'AM.

1 YOU CAN STEP DOWN. ANY FURTHER WITNESSES, MS. MYERS?

2 MS. MYERS: YOUR HONOR, IF I MAY, I WOULD
3 LIKE TO CALL MR. SHIRA TO THE STAND.

4 THE COURT: ALL RIGHT.

5 GEORGE A. SHIRA, III, PLAINTIFF'S WITNESS,
6 SWORN:

7 DIRECT EXAMINATION

8 BY MS. MYERS:

9 Q. MR. SHIRA, PLEASE STATE YOUR FULL NAME FOR THE
10 RECORD.

11 A. GEORGE ALVIN SHIRA, III.

12 Q. MR. SHIRA, I'M GOING TO SHOW YOU WHAT HAS ALREADY
13 BEEN ADMITTED AS EXHIBIT A. DO YOU RECOGNIZE THAT
14 DOCUMENT, MR. SHIRA?

15 A. IT LOOKS LIKE MY INITIALS.

16 Q. CAN YOU TURN TO THE VERY LAST PAGE OF EXHIBIT A
17 WHICH HAS ALREADY BEEN IDENTIFIED BY MS. HYDE AS THE
18 NOTE?

19 A. YES, THAT LOOKS LIKE MY ---

20 Q. THAT'S YOUR SIGNATURE ON THE NOTE?

21 A. YES.

22 Q. THANK YOU, MR. SHIRA. AND THIS IS EXHIBIT B. DO
23 YOU RECOGNIZE THAT DOCUMENT?

24 A. DO YOU WANT ME TO LOOK AT ALL OF THEM?

25 Q. IF YOU'D LIKE TO OR YOU CAN TURN TO THE VERY LAST

1 PAGE OF EXHIBIT B WHICH HAS ALREADY BEEN IDENTIFIED AS
2 THE MORTGAGE. IS THAT YOUR SIGNATURE ON THE LAST PAGE?

3 A. YES, I BELIEVE IT IS.

4 Q. SO MR. SHIRA, DO YOU AGREE THAT YOU SIGNED BOTH THE
5 NOTE AND THE MORTGAGE IN THIS CASE?

6 A. WHATEVER THOSE PAPERS ARE IT LOOKS LIKE I SIGNED
7 THEM, YES.

8 Q. YES, SIR. AND HAVE YOU MADE PAYMENTS ON THE NOTE
9 AND MORTGAGE?

10 A. YES.

11 Q. AND WHEN WAS YOUR LAST PAYMENT?

12 A. I DON'T KNOW. SOME TIME AGO.

13 Q. SOME TIME AGO. I HAVE NO FURTHER QUESTIONS FOR YOU,
14 MR. SHIRA.

15 THE COURT: ALL RIGHT, MR. DRAISEN?

16 CROSS EXAMINATION

17 BY MR. DRAISEN:

18 Q. MR. SHIRA, YOU HAVE MORE THAN ONE PROPERTY IN
19 ANDERSON?

20 A. YES, SIR.

21 Q. YOU HAVE TWO?

22 A. YES, SIR.

23 Q. AND TELL ME WHAT'S THE SECOND PROPERTY YOU HAVE
24 OTHER THAN THE ONE THAT'S AT ISSUE HERE?

25 A. ONE IS A CONDOMINIUM IN TOWN AND THE OTHER ONE IS

- 1 THIS HOUSE HERE WE'RE TALKING ABOUT.
- 2 Q. WHERE IS THE CONDOMINIUM?
- 3 A. ON LEEWARD ROAD.
- 4 Q. LEEWARD LANDING.
- 5 A. YES. LEEWARD LANDING.
- 6 Q. HAVE YOU GOT AMENITIES LIKE ---
- 7 A. YEAH, SWIMMING POOL, WEIGHT ROOMS, YOU KNOW.
- 8 EVERYTHING. BOAT DOCK.
- 9 Q. WHEN YOU TOOK THE LOAN OUT WITH FIRST FEDERAL
- 10 SAVINGS & LOAN OF CHARLESTON DID YOU TELL THEM THAT YOU
- 11 HAD ANOTHER HOME?
- 12 A. I DON'T KNOW. I DON'T REMEMBER.
- 13 Q. IF THERE'S A PIECE OF PAPER IN THERE THAT YOU SIGNED
- 14 THAT SAYS THERE WAS ANOTHER HOME WOULD THAT HAVE BEEN
- 15 ACCURATE AT THE TIME?
- 16 A. AS FAR AS I KNOW, I GUESS SO.
- 17 Q. ALL RIGHT. SINCE -- DO YOU KNOW ABOUT WHEN YOU
- 18 STARTED STAYING REGULARLY AT THAT CONDO THIS YEAR?
- 19 A. WHEN?
- 20 Q. THIS YEAR.
- 21 A. IN THE SPRING.
- 22 Q. OKAY. AND DURING THE TIME THAT YOU'VE BEEN STAYING
- 23 AT THE CONDO HAVE YOU CUT THE GRASS AT THE HOUSE IN
- 24 TOWNVILLE?
- 25 A. OH, YES, YES.

1 Q. IS THE POWER ---

2 A. PROBABLY NOT AS REGULAR AS IF I HAD BEEN THERE ALL
3 THE TIME BUT, YOU KNOW, EVER SO OFTEN.

4 Q. IS THE POWER STILL ON THERE?

5 A. YES, SIR.

6 Q. IS THE WATER STILL ON THERE?

7 A. YES, SIR.

8 Q. HAVE YOU GOT ANY FURNITURE THERE AT ALL?

9 A. YES, SIR.

10 Q. HAVE YOU GOT APPLIANCES THERE?

11 A. YES, SIR.

12 Q. DO YOU KEEP A CAR IN THE GARAGE?

13 A. YES, SIR.

14 Q. IF THIS FORECLOSURE MATTER WEREN'T ON YOU WOULD YOU
15 BE MOVING BACK TO THE PLACE IN TOWNVILLE TO STAY THE
16 WINTER?

17 A. PROBABLY SO, YES, SIR.

18 Q. WAS THAT WHAT YOUR INTENTION WAS?

19 A. UH-HUH (AFFIRMATIVE).

20 Q. ALL RIGHT.

21 MR. DRAISEN: YOUR HONOR, THAT'S ALL THE
22 QUESTIONS I HAVE.

23 THE COURT: MR. SHIRA, ACCORDING TO THE
24 BANK'S WITNESS, YOU TOOK THIS LOAN OUT SOMETIME IN 2008.
25 THAT'S WHEN YOU GAVE THE MORTGAGE ON THIS PROPERTY.

1 THE WITNESS: YES, SIR, THAT'S PROBABLY
2 CORRECT.

3 THE COURT: AND APPARENTLY YOU MADE PAYMENTS
4 PRETTY REGULARLY UP UNTIL SOMETIME IN AUGUST, 2011.

5 THE WITNESS: YES, SIR.

6 THE COURT: BUT YOU HAVEN'T, AGAIN ACCORDING
7 TO THE BANK'S WITNESS, YOU HAVEN'T MADE A PAYMENT IN
8 ABOUT A YEAR?

9 THE WITNESS: THAT'S TRUE.

10 THE COURT: AND WHY IS THAT?

11 THE WITNESS: IT JUST COST ME TOO MUCH MONEY,
12 YOUR HONOR, TRYING TO MAINTAIN IT. YOU KNOW, WITH THE
13 ECONOMY THE WAY IT IS -- I'M DISABLED, I'M ON A FIXED
14 INCOME.

15 THE COURT: ALL RIGHT. YES, SIR. ANYTHING
16 ELSE OF THIS WITNESS, MS. MYERS?

17 MS. MYERS: YES, YOUR HONOR.

18 REDIRECT EXAMINATION

19 BY MS. MYERS:

20 Q. MR. SHIRA, WHAT'S YOUR MAILING ADDRESS?

21 A. RIGHT NOW 1401 LEEWARD ROAD ---

22 Q. AND WHEN YOU --

23 A. --- OR 112 HORSESHOE DRIVE.

24 Q. YES, SIR. AND WHEN YOU REFINANCED YOU SAID YOUR
25 MAILING ADDRESS WAS 112 HORSESHOE DRIVE?

1 A. YES, MA'AM. THAT'S THE ADDRESS OF THE HOUSE WE'RE
2 TALKING ABOUT.

3 Q. WHAT'S YOUR PRESENT ADDRESS?

4 A. 1401 LEEWARD ROAD.

5 Q. RIGHT. ARE YOU STAYING THERE NOW?

6 A. I SLEPT THERE LAST NIGHT.

7 Q. AND HOW MANY NIGHTS IN A ROW HAVE YOU SLEPT THERE IN
8 THE PAST MONTH?

9 A. I DON'T KNOW. I DON'T REALLY KEEP UP WITH IT. I
10 KNOW I WAS THERE ALL WEEKEND BECAUSE I HAD GUESTS THIS
11 WEEKEND.

12 MS. MYERS: NO FURTHER QUESTIONS.

13 THE COURT: WELL, MR. SHIRA, AGAIN, YOU
14 UNDERSTAND THE PROBLEM HERE. YOU DON'T INTEND TO LIVE
15 THERE FREE AND FORGET THIS MORTGAGE, I'M SURE. YOU SEEM
16 LIKE A NICE MAN.

17 THE WITNESS: OH, NO.

18 THE COURT: THAT'S ONE OF THE PROBLEMS. ALL
19 RIGHT, ANYTHING FURTHER, MR. DRAISEN?

20 MR. DRAISEN: NOT OF THE WITNESS, YOUR HONOR.
21 JUST SOME BRIEF REMARKS IF I MAY.

22 THE COURT: ALL RIGHT. THANK YOU, MR.
23 SHIRA. I APPRECIATE YOUR COMING. ALL RIGHT, MS. MYERS,
24 ANYTHING FURTHER ON BEHALF OF THE PLAINTIFF.

25 MS. MYERS: NO, SIR, YOUR HONOR. WE'D JUST

1 REQUEST THAT BASED ON THE PLEADINGS FILED IN THIS MATTER
2 AND ON THE TESTIMONY TAKEN TODAY, WE REQUEST THAT THE
3 PROPERTY BE SOLD IN ACCORDANCE WITH SOUTH CAROLINA LAW AT
4 THE NOVEMBER SALE. WE ARE ALSO SEEKING A DEFICIENCY
5 JUDGMENT AGAINST MR. SHIRA AND MRS. BETSEY SHIRA AND FOR
6 ANY OTHER RELIEF THAT THIS COURT DEEMS JUST AND PROPER.

7 THE COURT: ALL RIGHT. MR. DRAISEN?

8 MR. DRAISEN: THANK YOU, YOUR HONOR, JUST
9 BRIEFLY. I THINK THAT WHAT HAPPENED HERE WAS -- AND I
10 THINK THAT YOU ASKED MR. SHIRA THE QUESTION -- HE BECAME
11 DISABLED AND GOT ON A FIXED INCOME AND THE BANK JUST
12 TIGHTENED UP ON THEM. THEIR ORIGINAL INTENTION WAS THAT
13 THEY WOULD HAVE THIS RETIREMENT SITUATION SITUATED UNTIL
14 HIS WIFE RETIRED FROM CLEMSON WHERE SHE WORKS.

15 THE COURT: ALL RIGHT.

16 MR. DRAISEN: UNFORTUNATELY, THOSE PLANS DON'T
17 ALWAYS GO AS THEY EXPECT, BUT IN ANY EVENT, YOUR HONOR,
18 WE BELIEVE THAT FIRST FEDERAL SAVINGS & LOAN OF
19 CHARLESTON WAS AWARE THAT THERE WAS A SECOND HOME ISSUE
20 HERE AND THAT HE WOULD BE OCCUPYING THESE AT VARIOUS
21 TIMES AND QUITE FRANKLY, YOUR HONOR, ALL WE ARE REALLY
22 LOOKING FOR IS AN OPPORTUNITY TO HAVE SOME OTHER OPTIONS
23 TO WORK OUT ANY OTHER DIFFERENT PAYMENT ARRANGEMENTS WITH
24 THEM. HE HAS THE ABILITY TO MAKE PAYMENTS OF SOME KIND,
25 HE JUST CAN'T PAY THE AMOUNT THAT THEY'VE BEEN ASKING HIM

1 TO PAY AND WE'D LIKE THE OPPORTUNITY TO KNOW WHAT
2 AVAILABILITY HE HAS UNDER ANY WORKOUTS IN TERMS OF WHAT
3 HE'S ALLOWED AS A HOMEOWNER THERE. WE HAVEN'T BEEN
4 PROVIDED WITH ANY OF THAT INFORMATION OR OPPORTUNITY. WE
5 PLED IT IN OUR ANSWER THAT IT WAS HIS HOME. THEY
6 CONTINUED TO TAKE THE POSITION THAT IT'S NOT HIS HOME AND
7 HAVEN'T PROVIDED ANY INFORMATION PURSUANT TO THE
8 ADMINISTRATIVE ORDERS.

9 SECONDLY, YOUR HONOR, I DO HAVE A BIT OF AN
10 ISSUE WITH THEIR BEING NO PROOF PRESENTED TO THE COURT
11 ABOUT THE RELATIONSHIP BETWEEN FIRST FEDERAL BANK AND
12 FIRST FEDERAL SAVINGS & LOAN OF CHARLESTON. I DON'T KNOW
13 WHETHER AN ASSIGNMENT, AN OFFICIAL ASSIGNMENT IS
14 REQUIRED, BUT I CAN'T TELL YOU, JUDGE, BASED ON THE
15 TESTIMONY THAT WE HEARD TODAY THAT THERE'S ACTUALLY THE
16 PROPER PLAINTIFF THAT'S BEFORE THE COURT. OBVIOUSLY, I
17 HAVE SOME CONCERN ABOUT JUDGMENT BEING ENTERED ON BEHALF
18 OF A PERSON OR AN ENTITY THAT WE DID NOT ENTER INTO AN
19 AGREEMENT WITH WHICH WAS FIRST FEDERAL SAVINGS & LOAN OF
20 CHARLESTON. AND SO I WOULD HAVE SOME CONCERN ABOUT A
21 JUDGMENT OF ANY KIND BEING ENTERED WITH A PARTY WHERE
22 THERE'S NOT BEEN ANY DOCUMENTATION. EVEN IF THEY HAD
23 PRODUCED SOME KIND OF CORPORATE DOCUMENTATION SHOWING
24 THAT THERE WAS SIMPLY A CHANGE OF CHARTER OR SOMETHING
25 LIKE THAT, BUT I DON'T HAVE ANY EVIDENCE THAT'S BEEN

1 PRESENTED TO THE COURT TO SHOW US THAT PUTTING A JUDGMENT
2 IN THE NAME OF FIRST FEDERAL BANK WOULD BE APPROPRIATE
3 BASED ON THE FACT THAT THE NOTE AND MORTGAGE ARE BOTH
4 BEING HELD BY FIRST FEDERAL SAVINGS & LOAN OF CHARLESTON.

5 THAT'S JUST THE TWO COMMENTS I'D MAKE, YOUR
6 HONOR. THANK YOU.

7 THE COURT: ALL RIGHT.

8 MS. MYERS: YOUR HONOR, MAY I RESPOND?

9 THE COURT: YES, MA'AM.

10 MS. MYERS: TO ADDRESS THE ISSUE OF THE
11 JUDGMENT AND THE NAME OF THE JUDGMENT, WE HAVE IT LISTED
12 AS FIRST FEDERAL BANK, FORMERLY KNOWN AS FIRST FEDERAL
13 SAVINGS & LOAN SO I DON'T THINK THAT THAT'S AN ISSUE OR A
14 PROBLEM.

15 WITH RESPECT TO GIVING MR. SHIRA TIME TO FIGURE
16 OUT A WORKOUT, THIS IS NOT A PRIMARY RESIDENCE AND, YOU
17 KNOW, WE TAKE THE POSITION THAT WE'RE ENTITLED TO A
18 JUDGMENT. WE DO NOT HAVE TO PROVIDE HIM WITH ANY WORKOUT
19 OPTIONS, HOWEVER, WE HAVE DONE A DEED IN LIEU OF REVIEW
20 WHICH WAS DENIED. SO MR. SHIRA APPLIED FOR A DEED IN
21 LIEU AND HE INDICATED EVEN IN THOSE DOCUMENTS THAT THIS
22 IS NOT HIS PRIMARY RESIDENCE. WE DID THAT AS A COURTESY
23 TO HIM. SO WE TAKE THE POSITION TODAY THAT WE DON'T HAVE
24 TO GIVE THEM ANY OPPORTUNITY TO WORK OUT ANYTHING AND
25 WE'VE ALREADY TRIED THAT SO NOW WE WOULD REQUEST THAT

1 YOUR HONOR GRANT US OUR ORDER OF FORECLOSURE.

2 THE COURT: ALL RIGHT. NOW YOU'VE GOT SOME
3 DOCUMENTS ABOUT AN APPLICATION FOR A LOAN REVIEW OR -- IS
4 THAT WHAT YOU WERE TELLING ME?

5 MS. MYERS: MR. SHIRA REQUESTED A DEED IN
6 LIEU BACK IN SEPTEMBER. WE REVIEWED THAT AND IT WAS
7 DENIED.

8 THE COURT: ALL RIGHT.

9 MR. DRAISEN: YOUR HONOR, ACTUALLY, TO MAKE
10 THE RECORD CORRECT ABOUT THAT, THAT'S A
11 MISCHARACTERIZATION. I ASKED BACK AT THAT TIME WHAT
12 OPTIONS WERE AVAILABLE TO MR. SHIRA AND WE WERE GIVEN THE
13 OPPORTUNITY, WHEN CEASIE JOHNSON WAS HANDLING IT AND WHO
14 I FIRST SPOKE WITH AT THE HAYNSWORTH FIRM, ABOUT -- SHE
15 THOUGHT THAT MAY BE SOMETHING THAT THEY COULD CONSIDER
16 WOULD BE APPROPRIATE SO WE SUBMITTED THE PAPERWORK FROM
17 MY DISCUSSION WITH CEASIE JOHNSON FOR A DEED IN LIEU
18 REVIEW, WHICH IS WHETHER OR NOT THEY WOULD ACCEPT TITLE
19 TO THE PROPERTY. YOU KNOW ABOUT THAT, JUDGE, I DON'T
20 HAVE TO EXPLAIN IT TO YOU.

21 THE COURT: ALL RIGHT.

22 MR. DRAISEN: IN ANY EVENT, WE SUBMITTED THAT
23 BECAUSE OF MY DISCUSSION WITH COUNSEL. WE'VE BEEN
24 OFFERED NO OTHER WORKOUTS THAT ARE BEYOND WHETHER OR NOT
25 FIRST FEDERAL WOULD CONSIDER ACCEPTING A DEED.

1 THE COURT: ALL RIGHT. NOW THERE'S NO
2 QUESTION ABOUT THIS BEING A SECOND HOME. NOW AS I
3 UNDERSTAND IT, A PERSON CAN HAVE ONLY ONE LEGAL
4 RESIDENCE. HE MIGHT OWN FOUR OR FIVE HOUSES. YOU CAN'T
5 CALL THEM ALL OWNER-OCCUPIED BECAUSE HE MIGHT LIVE IN ONE
6 FOR TWO MONTHS AND A SECOND AND A THIRD AND SO FORTH.

7 NOW WHETHER OR NOT THIS COULD BE CONSIDERED A
8 LEGAL RESIDENCE AS OPPOSED TO JUST A SECOND HOME WHERE HE
9 SOMETIMES RESIDES, THAT'S REALLY, I THINK, A LEGAL
10 QUESTION, MR. DRAISEN, ISN'T IT? NOW IF YOU'D LIKE TO
11 SUBMIT SOME AUTHORITIES TO SHOW ME WHY HE CAN HAVE TWO
12 LEGAL RESIDENCES -- WHETHER OR NOT HE LIVES IN THIS ONE
13 PART TIME OR NOT. NOW I UNDERSTAND THAT HE'S TESTIFIED
14 TO THAT. HE'S GOT HIS FURNITURE THERE AND HE CUTS THE
15 GRASS ON OCCASION AND HE LIVES THERE ON OCCASION BUT EVEN
16 ON THE INSURANCE, EXCUSE ME, THE LOAN APPLICATION, AS YOU
17 POINTED OUT, THERE'S A SECOND HOME RIDER. I'M NOT SURE
18 HOW MANY CERTIFICATES OF NONOWNER-OCCUPIED OR OWNER-
19 OCCUPIED HE'S ENTITLED TO.

20 APPARENTLY THERE'S NO QUESTION THE LOAN IS
21 APPROXIMATELY A YEAR DELINQUENT. APPARENTLY THERE WAS
22 SOME POSSIBLE RELIEF ABOUT SOME QUESTION OF A DEED IN
23 LIEU OF FORECLOSURE.

24 IF I DETERMINE THAT THIS IS NOT HIS LEGAL
25 RESIDENCE -- AND I'M GOING TO GIVE YOU A CHANCE TO GIVE

1 ME SOME AUTHORITIES ON THAT MR. DRAISEN AND MS. MYERS --
2 THEN WE DON'T GET TO THE QUESTION OF WHETHER OR NOT HE'S
3 ENTITLED TO A NOTICE OF LOAN MODIFICATION OR INTERVENTION
4 OR SUCH AS THAT. THOSE MATTERS APPLY ONLY TO A "OWNER-
5 OCCUPIED" DWELLING AND THERE'S SOME PROBLEM CREATED HERE
6 BECAUSE THERE'S NO QUESTION, EVEN ON THE APPLICATION,
7 THAT THIS WAS TO BE A SECOND HOME. HE CAN'T HAVE TWO
8 PRIMARY LEGAL RESIDENCES, AS I UNDERSTAND IT.

9 I'M GOING TO GIVE YOU 20 DAYS TO SHOW ME WHY
10 THIS COULD POSSIBLY BE CONSIDERED A "OWNER-OCCUPIED"
11 DWELLING. HE IS THE OWNER AND HE DOES OCCUPY IT ON
12 OCCASION, MAYBE THREE OR FOUR MONTHS OUT OF THE YEAR OR
13 WHATEVER, BUT WHETHER OR NOT HE CAN CLAIM THAT HE'S
14 ENTITLED TO FORECLOSURE INTERVENTION OR MODIFICATION,
15 THAT'S -- THE INITIAL ISSUE IS WHETHER OR NOT HE'S
16 ENTITLED TO CONSIDER THIS A PRIMARY OR THE LEGAL
17 RESIDENCE, HIS LEGAL RESIDENCY. I THINK IT'S A QUESTION
18 OF LAW. IN THE QUESTION OF FACTS, YOU FILED AN
19 AFFIDAVIT, I BELIEVE IN MAY, THAT THIS WAS NOT OWNER-
20 OCCUPIED. MR. DRAISEN FILED HIS ANSWER ON -- IT'S DATED
21 JUNE 8, 2012. I ASSUME IT WAS FILED SOMETIME SHORTLY
22 THEREAFTER. SO IT WAS ABOUT A MONTH LATER AFTER YOUR
23 AFFIDAVIT IN MAY. IN HIS ANSWER HE QUESTIONS WHETHER OR
24 NOT OR DENIED THAT IT WAS NOT OWNER-OCCUPIED. I BELIEVE
25 YOU RAISED THAT IN YOUR ANSWER AS YOU POINTED OUT, MR.

1 DRAISEN.

2 ALL RIGHT, NOW I DON'T KNOW WHETHER Y'ALL CAN
3 RESOLVE THE MATTER OR NOT. SOMETIMES IN THESE CASES THE
4 QUESTION OF A DEFICIENCY IS THE PROBLEM. PLAINTIFFS ARE
5 ENTITLED TO A DEFICIENCY JUDGMENT. THERE'S NO QUESTION
6 ABOUT THAT. I DON'T KNOW WHETHER THAT'S THE PRIMARY
7 ISSUE OR NOT. SOMETIMES IT IS AND SOMETIMES IT CAN BE
8 RESOLVED AND SOMETIMES IT CAN'T. THE PLAINTIFF IS
9 CERTAINLY ENTITLED TO REQUEST IT AND PROCEED WITH THE
10 DEFICIENCY. THERE'S NO QUESTION ABOUT THAT. I JUST
11 POINT THAT OUT AS TO WHETHER OR NOT IT COULD BE RESOLVED
12 OTHERWISE, BUT THAT'S NOT UP TO ME.

13 ALL RIGHT, YOU TELL ME WHY IT'S NOT HIS LEGAL
14 RESIDENCE. IT'S A QUESTION OF LAW AND THERE'S A GOOD BIT
15 OF LAW ON THIS. MR. DRAISEN IS GOING TO TELL ME WHY I
16 SHOULD CONSIDER IT A LEGAL RESIDENCE AS OPPOSED TO A
17 DOMICILE.

18 MR. DRAISEN: THANK YOU, YOUR HONOR.

19 THE COURT: ALL RIGHT. NOW AFTER 20 DAYS
20 WHEN I GET YOUR MEMORANDUMS ON THIS QUESTION, I'LL NOTIFY
21 THE ATTORNEYS OF WHAT I DECIDE. AT THAT TIME YOU CAN
22 SEND ME YOUR PROPOSED -- DEPENDING ON HOW I RULE. IF I
23 RULE THAT THIS IS A SECOND HOME AND DOESN'T QUALIFY YOU
24 CAN SEND ME YOUR PROPOSED ORDER AND SUCH AS THAT AND SEND
25 A COPY TO MR. DRAISEN. IF I DECIDE HE'S ENTITLED TO

1 PROTECTION AS OWNER-OCCUPIED, THEN I'LL NOTIFY YOU OF
2 THAT AND YOU MAY HAVE TO TAKE A FEW MORE STEPS TO PROVIDE
3 HIM SOME OTHER POSSIBLE WAYS TO SAVE HIS HOUSE IF
4 POSSIBLE. IT'S GOING TO DEPEND, MR. DRAISEN, I ASSUME ON
5 HIS INCOME, FINANCIAL ABILITY OR WHATEVER. THERE ARE A
6 SERIES OF QUESTIONS, IF IT GETS TO THAT, THAT THEY'LL
7 SEND HIM AND YOU'RE PROBABLY FAMILIAR WITH THAT.

8 MR. DRAISEN: YES, SIR.

9 THE COURT: ALL RIGHT, ANYTHING FURTHER.

10 MS. MYERS: YOUR HONOR, I DON'T HAVE THIS
11 WITH ME, BUT I'D LIKE TO POINT THIS OUT. THE SUPREME
12 COURT ADMINISTRATIVE ORDER SIMPLY REQUIRES THAT WE DO
13 PROVIDE HIM WITH -- IF IT'S HIS PRIMARY RESIDENCE, THAT
14 WE PROVIDE HIM WITH THE OPPORTUNITY TO APPLY FOR
15 FORECLOSURE INTERVENTION.

16 THE COURT: CORRECT.

17 MS. MYERS: IF THAT'S ALREADY BEEN DONE WE
18 DON'T HAVE TO DO THAT A SECOND TIME.

19 THE COURT: I THOUGHT YOU SAID THE ONLY
20 THING HE APPLIED FOR WAS SOMETHING ABOUT A DEED IN LIEU
21 OF FORECLOSURE.

22 MS. MYERS: YES, YOUR HONOR, WHICH IS A FORM
23 OF WORKING THIS OUT.

24 THE COURT: THAT'S NOT THE ONLY THING
25 ENCOMPASSED IN THE SUPREME COURT ORDER. IF HE'S GIVEN A

1 NOTICE OF RIGHT TO FORECLOSURE INTERVENTION, HE HAS AN
2 OPPORTUNITY -- YOU SEND HIM THE PAPERS AND HE HAS AN
3 OPPORTUNITY TO FILL OUT THE PAPERS, WHATEVER Y'ALL ASK
4 FOR, IT'S REVIEWED BY YOUR CLIENT AND IF IT'S TURNED DOWN
5 THAT'S IT. HE'S NOTIFIED THAT, SORRY, HE DOESN'T
6 QUALITY. IF HE DOES QUALIFY, THEN YOU CAN WORK SOMETHING
7 OUT. IT REQUIRES MORE THAN JUST AN OFFER OF A DEED IN
8 LIEU OF FORECLOSURE. FROM WHAT I'VE BEEN TOLD BY A LOT
9 OF LAWYERS, IT'S RARE THAT THEY'LL TAKE A DEED IN LIEU OF
10 FORECLOSURE. I DON'T KNOW WHY. IT WOULD RESOLVE THESE
11 THINGS QUICKER, BUT THAT'S NOT UP TO THE COURT. IT'S UP
12 TO YOUR CLIENT AND THEY DON'T HAVE TO TAKE IT.

13 MS. MYERS: YES, YOUR HONOR.

14 THE COURT: ALL RIGHT. SEND ME A LITTLE LAW
15 ON THIS QUESTION OF HOW MANY LEGAL DOMICILES A MAN CAN
16 HAVE, AS OPPOSED TO A RESIDENCE. THANK YOU.

17 MR. DRAISEN: THANK YOU, YOUR HONOR.

18
19 END OF HEARING.

20
21
22
23
24
25

1 STATE OF SOUTH CAROLINA)

2 COUNTY OF ANDERSON)

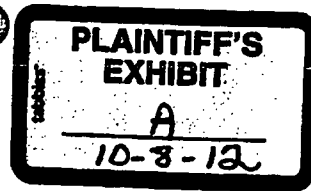
3
4 C E R T I F I C A T E

5 I, KAREN T. SENN, CERTIFIED COURT REPORTER FOR
6 THE STATE OF SOUTH CAROLINA, DO HEREBY CERTIFY THAT THE
7 FOREGOING PAGES CONSTITUTE A TRUE, ACCURATE AND COMPLETE
8 TRANSCRIPT OF THE HEARING HELD BEFORE THE HONORABLE ELLIS
9 B. DREW, JR., MASTER IN EQUITY FOR THE TENTH JUDICIAL
10 CIRCUIT, ON OCTOBER 8, 2012, IN DOCKET 2012-CP-04-01819
11 ENTITLED FIRST FEDERAL BANK, FKA FIRST FEDERAL SAVINGS &
12 LOAN ASSOCIATION OF CHARLESTON VERSUS GEORGE A. SHIRA,
13 III AND BETSEY R. SHIRA.

14
15 
16
17

18 ANDERSON, SOUTH CAROLINA

19 MAY 31, 2013
20
21
22
23
24
25



6233

INTEREST-ONLY PERIOD ADJUSTABLE RATE NOTE

(One-Year LIBOR Index (As Published In The Wall Street Journal)-Rate Caps)

THIS NOTE CONTAINS PROVISIONS ALLOWING FOR A CHANGE IN MY FIXED INTEREST RATE TO AN ADJUSTABLE INTEREST RATE AND FOR CHANGES IN MY MONTHLY PAYMENT. THIS NOTE LIMITS THE AMOUNT MY ADJUSTABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE I MUST PAY.

April 22nd, 2008
(Date)

TOWNVILLE
(City)

Loan #: 08TH1014
SOUTH CAROLINA
(State)

112 HORSESHOE DR, TOWNVILLE, SC 29689
(Property Address)

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$ 330,000.00 (this amount is called "Principal"), plus interest, to the order of Lender. Lender is FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHARLESTON

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

I understand that Lender may transfer this Note. 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 5.250 %. The interest rate I will pay may change in accordance with Section 4 of this Note.

The interest rate required by this Section 2 and Section 4 of this Note is the rate I will pay both before and after any default described in Section 7(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will make a payment on the first day of every month, beginning on June 1st, 2008 . Before the First Principal and Interest Payment Due Date as described in Section 4 of this Note, my payment will consist only of the interest due on the unpaid principal balance of this Note. Thereafter, I will pay principal and interest by making a payment every month as provided below.

I will make monthly payments of principal and interest beginning on the First Principal and Interest Payment Due Date as described in Section 4 of this Note. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date, and if the payment includes both principal and interest, it will be applied to interest before Principal. If, on May 1st, 2038 , 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 monthly payments at 2440 MALL DRIVE, NORTH CHARLESTON, SC 29406

or at a different place if required by the Note Holder.

(B) Amount of My Initial Monthly Payments

My monthly payment will be in the amount of U.S. \$ 1,443.75 before the First Principal and Interest Payment Due Date, and thereafter will be in an amount sufficient to repay the principal and interest at the rate determined as described in Section 4 of this Note in substantially equal installments by the Maturity Date. The Note Holder will notify me prior to the date of change in monthly payment.

(C) Monthly Payment Changes

Changes in my monthly payment will reflect changes in the unpaid principal of my loan and in the interest rate that I must pay. The Note Holder will determine my new interest rate and the changed amount of my monthly payment in accordance with Section 4 or 5 of this Note.

MULTISTATE INTEREST-ONLY PERIOD ADJUSTABLE RATE NOTE - ONE-YEAR LIBOR INDEX - Single Family - Fannie Mae Uniform Instrument
Form 3530 11/ 01 (rev. 9/08)
Wolters Kluwer Financial Services
VMP 0-170N (0509)
Page 1 of 8

Initials: GAE BC

Exhibit A

4. ADJUSTABLE INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The initial fixed interest rate I will pay will change to an adjustable interest rate on the first day of May 2013, and the adjustable interest rate I will pay may change on that day every 12th month thereafter. The date on which my initial fixed interest rate changes to an adjustable interest rate, and each date on which my adjustable interest rate could change, is called a "Change Date."

(B) The Index

Beginning with the first Change Date, my adjustable interest rate will be based on an Index. The "Index" is the average of interbank offered rates for one-year U.S. dollar-denominated deposits in the London market ("LIBOR"), as published in *The Wall Street Journal*. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding Two and one quarter percentage points (2.250 %) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than 10.250 % or less than 2.250 %. Thereafter, my adjustable interest rate will never be increased or decreased on any single Change Date by more than two percentage points from the rate of interest I have been paying for the preceding 12 months. My interest rate will never be greater than 10.250 %.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

Before the effective date of any change in my interest rate and/or monthly payment, the Note Holder will deliver or mail to me a notice of such change. The notice will include information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

(G) Date of First Principal and Interest Payment

The date of my first payment consisting of both principal and interest on this Note (the "First Principal and Interest Payment Due Date") shall be the first monthly payment date after the first Change Date.

5. 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 monthly 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 of my monthly payment unless the Note Holder agrees in writing to those changes. If the partial Prepayment is made during the period when my monthly payments consist only of interest, the amount of the monthly payment will decrease for the remainder of the term when my payments consist only of interest. If the partial Prepayment is made during the period when my payments consist of principal and interest, my partial Prepayment may reduce the amount of my monthly payments after the first Change Date following my partial Prepayment. However, any reduction due to my partial Prepayment may be offset by an interest rate increase.

6. 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 that 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.

7. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charges for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of Fifteen 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 interest, during the period when my payment is interest only, and of principal and interest thereafter. 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 monthly 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 that 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.

(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.

8. 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.

Unless the Note Holder requires a different method, 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(A) above or at a different address if I am given a notice of that different address.

9. 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.

10. 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.

11. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. 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 the same date as this Note, protects the Note Holder from possible losses that might result if I do not keep the promises that 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 read as follows:

(A) Until my initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section 4 above, Uniform Covenant 18 of the Security Instrument shall read as follows:

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.

(B) When my initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section 4 above, Uniform Covenant 18 of the Security Instrument described in Section 11(A) above shall then cease to be in effect, and Uniform Covenant 18 of the Security Instrument shall instead read as follows:

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. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender also may require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, 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.

GLS
BS

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

George A. Shira III (Seal)
GEORGE A SHIRA III -Borrower

Betsy R. Shira (Seal)
BETSEY R SHIRA -Borrower

By
George A. Shira III HON ATTORNEY
IN FACT

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

[Sign Original Only]



Return To:

FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHARLESTON
2440 MALL DRIVE
NORTH CHARLESTON, SC 29406
843-529-5800



Prepared By:

MELISSA BARNHILL
FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHARLESTON
2440 MALL DRIVE
NORTH CHARLESTON, SC 29406

(Space Above This Line For Recording Data)

MORTGAGE

6233

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 April 22nd, 2008 together with all Riders to this document.

(B) "Borrower" is GEORGE A SHIRA III
BETSEY R SHIRA

Borrower is the mortgagor under this Security Instrument.

(C) "Lender" is FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHARLESTON

Lender is a federally-chartered thrift company organized and existing under the laws of THE UNITED STATES OF AMERICA

FILED-CLERK'S OFFICE
GENERAL SESSIONS
JUN 10 2 43

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

Form 3041 1/01

VMP 4(5C) 0409101

Page 1 of 16

Printed by:

VMP Mortgage Solutions, Inc.

Gas
BS

Exhibit B

Lender's address is 2440 MALL DRIVE, NORTH CHARLESTON, SC 29406

Lender is the mortgagee under this Security Instrument.

(D) "Note" means the promissory note signed by Borrower and dated April 22nd, 2008

The Note states that Borrower owes Lender Three Hundred Thirty Thousand and no/100.
Dollars

(U.S. \$ 330,000.00) plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than May 1st, 2038

(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 | ☐ 1-4 Family Rider |
| ☐ VA Rider | ☐ Biweekly Payment Rider | ☐ Other(s) [specify]
Construction Loan 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-appealable 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) any amounts under Section 3 of this Security Instrument.

(O) "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. Section 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 COUNTY of ANDERSON :

[Type of Recording Jurisdiction]

[Name of Recording Jurisdiction]

SEE ATTACHED LEGAL DESCRIPTION

Parcel ID Number: 018100119 & 0181001020 which currently has the address of
112 HORSESHOE DR (Street)
TOWNVILLE (City), South Carolina 29689 (Zip Code)

("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 erected on the property, and all easements, appurtenances, and fixtures 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 operates 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, 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 the 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.

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, forbear 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 (b) 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.

ALS
BS

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 Section 12-37-250 of the South Carolina Code of Laws.

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 B. Burell

George A. Shira III (Seal)
GEORGE A SHIRA III -Borrower

Denise R. Shira

Betsey R. Shira (Seal)
BETSEY R SHIRA -Borrower

Be George A. Shira III
HIS ATTORNEY IN FACT

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

STATE OF SOUTH CAROLINA, ANDERSON

County is:

I, THE UNDERSIGNED do hereby certify that
GEORGE A SHIRA III
BETSEY R SHIRA

personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 22nd day of April 2008

Michael B. Burrell
Notary Public for South Carolina

My Commission Expires: 10-22-11

EXHIBIT "A"

ALL those two (2) certain pieces, parcels or lots of land situate, lying and being in Fork Township, Anderson County, South Carolina, being shown and designated as Lot Number Nineteen (19) and Lot Number Twenty (20) of Horseshoe Bay Subdivision prepared by Solar Land Surveying, said plat dated July 20, 1989, and recorded in the Office of the Register of Deeds for Anderson County, South Carolina in Plat Slide 86, at Page 10. The metes and bounds, courses and distances as upon said plat appear, being incorporated herein by reference thereto and being made a part hereof.

This being the same property conveyed unto the Mortgagor(s) herein by deed of George A. Shira, Jr., said deed dated December 13, 1999, and recorded December 13, 1999 in Deed Book 3590, at Page 264, Records of Anderson County, South Carolina.

6233

FIXED/ADJUSTABLE RATE RIDER
(LIBOR One-Year Index (As Published In *The Wall Street Journal*)- Rate Caps)

THIS FIXED/ADJUSTABLE RATE RIDER is made this 22nd day of April 2008, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date given by the undersigned ("Borrower") to secure Borrower's Fixed/Adjustable Rate Note (the "Note") to FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHARLESTON

("Lender") of the same date and covering the property described in the Security Instrument and located at: 112 HORSESHOE DR, TOWNVILLE, SC 29689

[Property Address]

THE NOTE PROVIDES FOR A CHANGE IN BORROWER'S FIXED INTEREST RATE TO AN ADJUSTABLE INTEREST RATE. THE NOTE LIMITS THE AMOUNT BORROWER'S ADJUSTABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE BORROWER MUST PAY.

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. ADJUSTABLE RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial fixed interest rate of 5.250 %. The Note also provides for a change in the initial fixed rate to an adjustable interest rate, as follows:

4. ADJUSTABLE INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The initial fixed interest rate I will pay will change to an adjustable interest rate on the first day of May 2013, and the adjustable interest rate I will pay may change on that day every 12th month thereafter. The date on which my initial fixed interest rate changes to an adjustable interest rate, and each date on which my adjustable interest rate could change, is called a "Change Date."

MULTISTATE FIXED/ADJUSTABLE RATE RIDER - WSJ One-Year LIBOR - Single Family - Fannie Mae Uniform Instrument

Form 3187 6/01
Wolters Kluwer Financial Services
VMP®-168R (0401).02
Page 1 of 4

Initials:

CEG
BS

5233

(B) The Index

Beginning with the first Change Date, my adjustable interest rate will be based on an Index. The "Index" is the average of interbank offered rates for one-year U.S. dollar-denominated deposits in the London market ("LIBOR"), as published in The Wall Street Journal. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new Index that is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding Two and one quarter percentage points (2.250 %) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than 10.250 % or less than 2.250 %. Thereafter, my adjustable interest rate will never be increased or decreased on any single Change Date by more than two percentage points from the rate of interest I have been paying for the preceding 12 months. My interest rate will never be greater than 10.250 %.

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my initial fixed interest rate to an adjustable interest rate and of any changes in my adjustable interest rate before the effective date of any change. The notice will include the amount of my monthly payment, any information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

B. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

1. Until Borrower's initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section A above, Uniform Covenant 18 of the Security Instrument shall read as follows:

6233

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.

2. When Borrower's initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section A above, Uniform Covenant 18 of the Security Instrument described in Section B1 above shall then cease to be in effect, and the provisions of Uniform Covenant 18 of the Security Instrument shall be amended to read as follows:

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. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender also may require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, 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

6233

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.

2. When Borrower's initial fixed interest rate changes to an adjustable interest rate under the terms stated in Section A above, Uniform Covenant 18 of the Security Instrument described in Section B1 above shall then cease to be in effect, and the provisions of Uniform Covenant 18 of the Security Instrument shall be amended to read as follows:

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. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender also may require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, 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

6233

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.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Fixed/Adjustable Rate Rider.

George A. Shira III (Seal)
-Borrower

GEORGE A SHIRA III

Betsy R. Shira (Seal)
-Borrower

BETSEY R SHIRA

Her ATTORNEY IN FACT

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

6233

SECOND HOME RIDER

THIS SECOND HOME RIDER is made this 22nd day of April 2008 and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower" whether there are one or more persons undersigned) to secure Borrower's Note to FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHARLESTON

(the "Lender") of the same date and covering the Property described in the Security Instrument (the "Property"), which is located at:

112 HORSESHOE DR, TOWNVILLE, SC 29689

[Property Address]

In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree that Sections 6 and 8 of the Security Instrument are deleted and are replaced by the following:

8. **Occupancy.** Borrower shall occupy, and shall only use, the Property as Borrower's second home. Borrower shall keep the Property available for Borrower's exclusive use and enjoyment at all times, and shall not subject the Property to any timesharing or other shared ownership arrangement or to any rental pool or agreement that requires Borrower either to rent the Property or give a management firm or any other person any control over the occupancy or use of the Property.

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, 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 second home.

MULTISTATE SECOND HOME RIDER - Single Family - Fannie Mae/Freddie Mac UNIFORM INSTRUMENT

Form 3890 1/01
365R (0411)

Page 1 of 2
VMP Mortgage Solutions, Inc. (800)5 21-72 91

Initials: *CES*
BS

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Second Home Rider.

George A Shira III (Seal)
-Borrower
GEORGE A SHIRA III

Betsey R Shira (Seal)
-Borrower
BETSEY R SHIRA

By George A Shira III
Her Attorney in fact (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

____ (Seal)
-Borrower

VMP-365R (0411)

Page 2 of 2

Form 3890 1/01

080012379 5/01/2008 11:28:13 AM
FILED, RECORDED, INDEXED
Bk: 08641 Pg: 00001 Pages: 022
Rec Fee: 28.00 St Fee:
Co Fee:
REGISTER OF DEEDS, ANDERSON CO, SC
Shirley McElhannon

October 3, 2011



91 7199 9991 7030 5436 5797



GEORGE A SHIRA III
BETSEY R SHIRA
1401 LEEWARD RD
ANDERSON SC 29625-5927

Loan No. 6233

Amount due as of Nov 1, 2011
will be \$ 4403.16
late chrgs \$ 72.18

The purpose of this letter is to notify you, in accordance with the terms of your note and mortgage/deed of trust that the above referenced mortgage loan with us is now due for a total of \$2959.50. This most serious state of delinquency constitutes a breach under the terms of your mortgage/deed of trust.

Please be advised hereby, that you leave us no other alternative than to demand that the total amount due \$2959.50 plus any other payments that may accrue, including late charges, be delivered to us in collected funds (e.g., cashier's check, cash or money order, etc.) prior to the close of business Nov 2, 2011. If we are not in receipt of the required amount by that date, at our option, we may accelerate your loan,

declare all sums secured by the mortgage/deed of trust to be immediately due and payable without further demand, foreclose the mortgage/deed of trust by judicial proceedings, and sell the property by public auction. We shall be entitled to collect in such proceedings all expenses of foreclosure, including, but not limited to, reasonable attorney's fees and costs of documentary evidence, abstracts and title reports, all of which shall be additional sums secured by the mortgage/deed of trust.

Under the terms of your mortgage/deed of trust you have the right to reinstate your account following acceleration of the amount due. You have the right to assert in any foreclosure proceeding the nonexistence of a default or any other defense, which you may claim to have, to acceleration an foreclosure. You should review the terms of your note and mortgage/deed of trust for any additional details for these and other rights there under.

Please be aware that we report/have reported information about your account to the three major credit bureaus. Late payments, missed payments or other defaults on your account may be reflected in your credit report.

Sincerely,

Bea Coker
BEA COKER
LOAN SERVICE ASST I
(843) 529-5881 or 1-800-768-3248

*The Department of Housing and Urban Development offers counseling for homeowners whose mortgage loans have been delinquent. This counseling could help you avoid foreclosure and you are urged to seek it. To find a homeownership counseling agency near you, please call 1-800-569-4287.

*We would like to see you. Please call the above referenced number and an appointment will be scheduled.

GENERAL SESSIONS AND
COURT REPORTS

MAR 18 P 2:43

FILED-CLERK'S OFFICE
ANDERSON SC

Exhibit C

Certificate of Counsel

The undersigned hereby certifies that the Record on Appeal contains all material proposed to be included by any of the parties and not any other material.

August 15, 2013

A handwritten signature in black ink, appearing to read 'Timothy A. Nowacki', written over a horizontal line.

Timothy A. Nowacki
KRAUSE, MOORHEAD AND DRAISEN, P.A.
207 East Calhoun Street
Anderson, South Carolina 29621
(864) 225-4000
Attorneys for Appellant

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM ANDERSON COUNTY
Court of Common Pleas

Ellis B. Drew, Jr. Master-in-Equity

Case No. 2013-CP-04-1819

First Federal Bank fka First Federal Savings
& Loan Association of Charleston.....Respondents,

vs.

George A. Shira III and Betsy R. Shira.....Appellants.

PROOF OF SERVICE

I hereby certify that I have served a copy of the record on appeal on Louise M. Johnson, Esq. and Sarah P. Spruill, Esq., attorneys for Respondent First Federal Bank, by depositing a copy of same in the United States Mail, postage prepaid, on August 22, 2013 addressed to Louise M. Johnson, Esq, Haynsworth Sinkler Boyd, P.A., P.O. Box 11889, Columbia South Carolina 29211-1889 and Sarah P. Spruill, Esq., Haynsworth Sinkler Boyd, P.A., One North Main Street, 2nd Floor, Greenville, South Carolina 29601.

Dated: August 22, 2013


Timothy A. Nowacki (SC Bar #100967)
Krause, Moorhead and Draisen, P.A.
207 E. Calhoun Street
Anderson, South Carolina 29621
(864) 225-4000
(864) 964-0788 facsimile
tnowacki@kmdlawyers.com
Attorneys for Appellants

RECEIVED

AUG 26 2013

SC Court of Appeals