

THE STATE OF SOUTH CAROLINA
In the Court of Appeals
APPEAL FROM CHARLESTON COUNTY
Court of Common Pleas

Mikell R. Scarborough, Master-in-Equity

RECEIVED

JAN 26 2015

SC Court of Appeals

Appellate Case No. 2014-001733

Tidelands Bank,

Respondent,

v.

J.R. Gregory Ventures, LLC, Marilyn T.
Schmitt and the Meridian Owners
Association, Inc., Defendants,

Of whom J.R. Gregory Ventures, LLC
and Marilyn T. Schmitt are the

Appellants.

RECORD ON APPEAL

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Attorneys for Respondent

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STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

TIDELANDS BANK,

Plaintiff,

vs.

J. R. GREGORY VENTURES, LLC,
MARILYN T. SCHMITT AND THE
MERIDIAN OWNERS
ASSOCIATION, INC.,

Defendants.

) IN THE COURT OF COMMON PLEAS

) COURT FILE NO. 13-CP-10-5324

)
) **ORDER CONFIRMING DEFICIENCY**
) **JUDGMENT AGAINST DEFENDANTS,**
) **J. R. GREGORY VENTURES, LLC AND**
) **MARILYN T. SCHMITT**
)

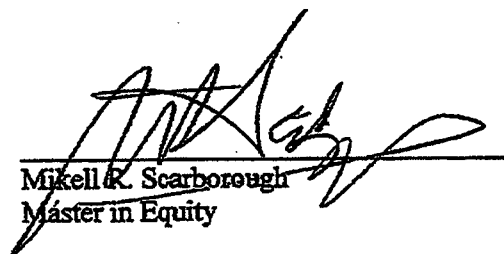
FILED
2014 SEP 10
JULIE J. ARMSTRONG
CLERK OF COURT
BY

WHEREAS, Plaintiff, Tidelands Bank, was awarded in the instant action a judgment of foreclosure and its mortgage debt was established and confirmed in the principal sum of One Hundred Ninety-One Thousand Four Hundred Ninety-Four and 82/100 (\$191,494.82) Dollars, with interest thereon at the rate provided in the Note from March 2, 2013, until paid, plus any advances with interest, and attorneys' fees and costs in the amount of \$6,451.05, pursuant to the Order of Judgment entered on June 9, 2014, as reflected by Judgment Roll #13-CP-10-5324, in the Office of the Clerk of Court for Charleston County; and

WHEREAS, thereafter, to wit, following a Master's Sale on Tuesday, July 15, 2014, and reopening of bids on August 14, 2014, Plaintiff, by W. Gregory Pearce, its Attorney aforesaid, acknowledges to have received through the Master's Sale title to Property subject to this action in exchange for its bid of \$145,000.00, leaving a balance due and owing by Defendants, J.R. Gregory Ventures, LLC and Marilyn T. Schmitt, in the amount of \$75,054.61, as set forth on the attached calculation of deficiency judgment amount.

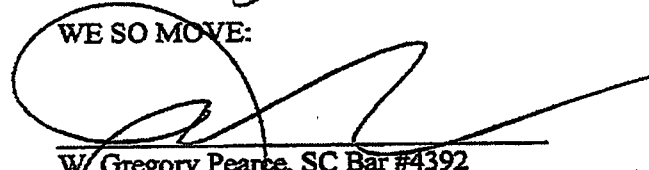
NOW, THEREFORE, the Clerk of Court shall immediately enter upon the indices for judgments, a money judgment in favor of Tidelands Bank, against the said Defendants, J.R. Gregory Ventures, LLC and Marilyn T. Schmitt, in the amount of \$75,054.61, plus interest upon the judgment amount accruing at the legal rate from August 22, 2014, until paid, plus any further costs herein; and

AND IT IS SO ORDERED.


Mikell R. Scarborough
Master in Equity

Charleston, SC
September 3, 2014

WE SO MOVE:


W/ Gregory Pearce, SC Bar #4392
Joseph T Belton, SC Bar #71993
Moore & Van Allen PLLC
78 Westworth Street
Post Office Box 22828
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T (843)579-7000
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Email: gregpearce@mvalaw.com
josephbelton@mvalaw.com
ATTORNEYS FOR PLAINTIFF

Judgment Amount

\$ 213,990.55

Interest on Total from

4/28/14

to

\$ 3,708.19

8/22/14

(Compliance Date)

A. Master's Commission

\$ 1,450.00

B. Advertisements

\$ 905.87

C. Auctioneer

D. Court Reporter

TOTAL

\$ 220,054.61

Less Bid @ Foreclosure Sale

\$ 145,000.00

DEFICIENCY JUDGEMENT AMOUNT

\$ 75,054.61

Judgment Amount

\$ 213,990.55

Interest Rate

5.50%

\$ 11,769.48

Divided by

365

\$ 32.24

DAYS

115

TOTAL INTEREST

\$ 3,708.19

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

FORM 4

JUDGMENT IN A CIVIL CASE

CASE NO. 2013CP-10-S324

Tidelands Bank

J.R. Gregory Ventures, LLC,

Marilyn Schmitt, et al.

PLAINTIFF(S)

DEFENDANT(S)

Submitted by:

Attorney for : ☐ Plaintiff ☐ Defendant
or
☐ Self-Represented Litigant

DISPOSITION TYPE (CHECK ONE)

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

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

IT IS ORDERED AND ADJUDGED: ☐ See attached order (formal order to follow) ☐ Statement of Judgment by the Court:

ORDER INFORMATION

This order ☐ ends ☐ does not end the case.

Additional Information for the Clerk :

The Court upon careful consideration of Defendants' Motion to Reconsider dated Jan 17, 2014 hereby respectfully denies the same.

INFORMATION FOR THE PUBLIC INDEX

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

Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled (List amount(s) below)
		\$
		\$
		\$

If applicable, describe the property, including tax map information and address, referenced in the order:

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

Circuit Court Judge

Judge Code

Date

3062

7/8/14

FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF CHARLESTON
IN THE COURT OF COMMON PLEAS

Tidelands Bank

JUDGMENT IN A CIVIL CASE

CASE NO. 2013-CP-10-5324

J. R. GREGORY VENTURES, LLC,
MARILYN T. SCHMITT AND THE
MERIDIAN OWNERS ASSOCIATION,
INC.,

PLAINTIFF(S)

DEFENDANT(S)

Submitted by: W. Gregory Pearce
Joseph T. Belton

Attorney for : ☒ Plaintiff ☐ Defendant
or
☐ Self-Represented Litigant

DISPOSITION TYPE (CHECK ONE)

- ☐ **JURY VERDICT.** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- ☒ **DECISION BY THE COURT.** This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered. ☐ See Page 2 for additional information
- ☐ **ACTION DISMISSED (CHECK REASON):** ☐ Rule 12(b), SCRPC; ☐ Rule 41(a), SCRPC (Vol. Nonsuit); ☐ Rule 43(k), SCRPC (Settled); ☐ Other _____
- ☐ **ACTION STRICKEN (CHECK REASON):** ☐ Rule 40(j), SCRPC; ☐ Bankruptcy; ☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other _____

- ☐ **DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):**
☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other _____

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

IT IS ORDERED AND ADJUDGED: ☒ See attached order (formal order to follow) ☐ Statement of Judgment by the Court: _____

ORDER INFORMATION

This order ☐ ends ☒ does not end the case.

Additional Information for the Clerk : Foreclosure Sale to be Scheduled

INFORMATION FOR THE JUDGMENT INDEX

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

Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled (List amount(s) below)
		\$

If applicable, describe the property, including tax map information and address, referenced in the order:		

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

Master in Equity

Judge Code

Date

For Clerk of Court Office Use Only

This judgment was entered on the _____ day of _____, 20____, and a copy mailed first class or placed in the appropriate attorney's box on this _____ day of _____, 20____, to attorneys of record or to parties (when appearing pro se) as follows:

W. Gregory Pearce
Joseph T. Belton
Moore & Van Allen PLLC
PO Box 22828
Charleston, SC 29413-2828

Peter G. McGrath, Esquire
McGrath Law Firm, PA
802 Johnnie Dodds Blvd.
Mt. Pleasant, SC 29464
Attorney for Defendants J.R. Gregory Ventures,
LLC and Defendant Marilyn T. Schmitt

John Joseph Dodds, III, Esquire
The Law Firm of Cisa & Dodds, LLP
858 Lowcountry Blvd., Suite 101
Mt. Pleasant, SC 29464
Attorneys for Defendant, The Meridian Owners
Association, Inc.

ATTORNEY(S) FOR THE PLAINTIFF(S)

ATTORNEY(S) FOR THE DEFENDANT(S)

CLERK OF COURT

Court Reporter: _____

ADDITIONAL INFORMATION REGARDING DECISION BY THE COURT AS REFERENCED ON PAGE 1.

This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.

CHARLESTON\570813v1

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF CHARLESTON	)	COURT FILE NO. 2013-CP-10-5324
	)	
TIDELANDS BANK, - - -	)	
	)	
Plaintiff,	)	
	)	
vs.	)	
	)	
J. R. GREGORY VENTURES, LLC,	)	
MARILYN T. SCHMITT AND THE	)	
MERIDIAN OWNERS ASSOCIATION,	)	
INC.,	)	
	)	
Defendants.	)	
	)	
	)	

ORDER OF JUDGMENT
(Deficiency Demanded)

FILED
2014 JUN -9 AM 9:49
JULIE ARMSTRONG
CLERK OF COURT

The above-referenced matter came before the Honorable Mikell R. Scarborough, as Master in Equity, on Monday, April 28, 2014 for hearing on motion of the Plaintiff, Tidelands Bank, for summary judgment pursuant to Rule 56 of the South Carolina Rules of Civil Procedure. Having considered the pleadings and evidence presented, and the arguments of counsel, this Court now makes the following Findings of Fact and Conclusions of Law in accordance with S.C.R.Civ.P.52(a).

I. FINDINGS OF FACT

1. The Plaintiff, Tidelands Bank ("Plaintiff" and/or "Lender" and/or "Bank") is now and was at the times hereinafter mentioned a corporation organized and existing under the laws of the State of South Carolina, with its principal place of business at Mt. Pleasant, and doing business in Charleston County, South Carolina, and this Court has jurisdiction of the property, the parties and the subject matter of this action.

2. That on or about March 22, 2006, Marilyn T. Schmitt on behalf of J.R. Gregory Ventures, LLC (the "Borrower" and/or "Obligor" and/or "Company") executed and delivered to Plaintiff a negotiable Note in the original principal amount of Two Hundred One Thousand Fifty and 00/100 (\$201,050.00) Dollars, with interest thereon as set forth therein (the "Original Note").

3. That on July 10, 2007, Obligor executed and delivered to Plaintiff its renewal note in the original amount of \$201,050.00 ("Renewal Note #1").

4. That on August 1, 2008, Obligor executed and delivered to Plaintiff its renewal note in the amount of \$200,900.00 ("Renewal Note #2").



5. That on September 24, 2012, Obligor executed and delivered to Plaintiff its renewal note in the amount of \$200,880.69 ("Renewal Note #3") (The Original Note, the Renewal Note #1, the Renewal Note #2 and the Renewal Note #3 are hereinafter collectively referred to as the "Note").

6. That on March 22, 2006, to secure payment of the Note, Obligor executed and delivered to Plaintiff a mortgage (the "Mortgage"), which Mortgage was recorded on April 4, 2006, in the Office of the RMC for Charleston County, South Carolina, in Book S578, Page 435, and covers the following described real property (the "Property"):

ALL that certain Unit, situate, lying and being in Charleston County, State of South Carolina, known and designated as Unit Number 1700-A and Garage Unit Number 309 in THE MERIDIAN Horizontal Property Regime as shown on the plans and specifications attached to The Master Deed Establishing THE MERIDIAN Horizontal Property Regime, dated November 10, 2005, and recorded in the RMC Office for Charleston County in Book J563 at Page 344 and as amended in the First Amendment to Master Deed in Book J565 at Page 507, and any amendments thereto; together with the undivided percentage interest in the General Common Elements of the property described in said Master Deed appurtenant thereto.

BEING the same property conveyed to J. R. Gregory Ventures, LLC by Deed of Montecito Palmetto Plantation, LLC, said Deed being dated March 22, 2006 and recorded April 4, 2006 in the RMC Office for Charleston County in Book R578 at Page 265.

TMS # 558-00-00-685 (Unit 1700A)

TMS #558-00-00-843 (Garage Unit 309)

7. That in order to further secure payment of the Note and as additional consideration and an inducement to the Bank making the commercial loan to J.R. Gregory Ventures, LLC, Defendant, Marilyn T. Schmitt (the "Guarantor"), individually executed and delivered to Plaintiff her personal guaranty of payment of the amount due under the Note (The Note, Mortgage, and Guaranty are sometimes referred to herein collectively as the "Commercial Loan").

8. That the terms and conditions of the Guaranty clearly state as follows:

For good and valuable consideration . . . and to induce Tidelands Bank ("Lender") . . . to make loans . . . to or for the account of J.R. Gregory Ventures, LLC ("Borrower") . . . the Undersigned [Marilyn T. Schmitt] hereby absolutely and unconditionally guarantees to Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise of the debts, liabilities, and obligations described as follows: . . . the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the Loan [the Loan is identified as the Note] and any extensions, renewals or replacements.

9. That the Guarantor signed the Guaranty.



10. That the Guarantor admits to having failed to read all the terms and conditions of the Guaranty.

11. That the Guarantor is experienced in business and she handles the affairs of her multiple businesses and was of sound mind at the time of entering into the Commercial Loan transaction with the Bank.

12. That the Obligor and Guarantor each accepted the terms and conditions of the Commercial Loan and thereafter received, accepted, and used the proceeds of the Commercial Loan for their own benefit.

13. That the conditions of the Commercial Loan have been broken in that Obligor and Guarantor have failed to make the required payments since on or about March 5, 2013, and Plaintiff, as holder of the Note and the Mortgage, has elected to declare a default, to accelerate the terms of the Note, and to declare the entire amount payable according to the terms of the Note, Mortgage, and the Guaranty now due and owing.

14. That Plaintiff has made due demand upon Obligor and Guarantor for such entire amount, which demand has been refused, and there is now due on the Note, Mortgage, and Guaranty the principal sum of One Hundred Ninety-One Thousand Four Hundred Ninety-Four and 82/100 (\$191,494.82) Dollars, with interest thereon at the rate provided in the Note from March 2, 2013, until paid, plus any advances with interest, and attorneys' fees and costs in the amount of \$6,451.05.

II. CONCLUSIONS OF LAW

15. Summary judgment is appropriate when the pleadings, depositions and discovery on file show there is no genuine issue of material fact such that the moving party must prevail as a matter of law. *Turner v. Milliman*, 392 S.C. 116, 122 (2011). See also Rule 56(c), S.C. Rules Civ. Pro.

16. To determine whether any triable issues of fact exist, the reviewing court must consider the evidence and all reasonable inferences in the light most favorable to the non-moving party. *McLaughlin v. Williams*, 379 S.C. 451, 455-56, 665 S.E.2d 667, 670 (Ct. App. 2008).

17. The party seeking summary judgment has the burden of clearly establishing the absence of a genuine issue of material fact. *Miller v. Blumenthal Mills, Inc.*, 365 S.C. 204, 220, 616 S.E.2d 722, 730 (Ct. App. 2005).

18. Once the party moving for summary judgment meets the initial burden of showing an absence of evidentiary support for the opponent's case . . . the nonmoving party must come forward with specific facts showing there is a genuine issue for trial. *Id.*



19. Summary judgment should be granted when it is clear that further inquiry into the facts is not desirable to clarify application of the law. *Cullum Mech. Constr. Co. v. South Carolina Baptist Hosp.*, 336 S.C. 423, 520 S.E.2d 809 (Ct. App. 1999).

20. A guaranty of payment is an absolute or unconditional promise to pay a particular debt if it is not paid by the debtor at maturity. *Citizens & S. Nat'l Bank of S.C. v. Lanford*, 313 S.C. 540, 543, 443 S.E.2d 549, 550 (1994).

21. Under an absolute guaranty of payment, the creditor may maintain an action against the guarantor immediately upon default of the debtor. *Id.*

22. As early as 1924 courts have recognized that every contracting party owes a duty to the other party to the contract and to the public to learn the contents of a document before he signs it. *Burwell v. South Carolina Nat'l Bank*, 288 S.C. 34, 39, 340 S.E.2d 786 (1986) (citing *J.B. Colt Co. v. Britt*, 129 S.C. 226, 123 S.E. 845 (1924)).

23. A person who signs a contract or other written document cannot avoid the effect of the document by claiming that he did not read it. *Wachovia Bank, N.A. v. Blackburn*, 755 S.E.2d 437, 2014 S.C. Lexis 54 (2014); see also *Regions Bank v. Schmauch*, 354 S.C. 648, 663, 582 S.E.2d 432, 440 (Ct. App. 2003).

24. When a person signs a document, he is responsible for exercising reasonable care to protect himself by reading the document and making sure of its contents. *Id.*; see also *Regions Bank* at 663-64, 582 S.E.2d at 440.

25. This rule is subject to the exception that if the party is ignorant and unwary, his failure to read the document may be excused. *Regions Bank* at 664, 582 S.E.2d at 440; see also *Burwell*, 288 S.C. at 40, 340 S.E.2d at 789. However, our court very strictly construes this exception. *Id.*; see also *Burwell*, 288 S.C. at 40, 340 S.E.2d at 789.

26. The law does not impose a duty on the bank to explain to an individual what he could learn from simply reading the document. *Id.*; see also *Regions Bank* at 664, 582 S.E.2d at 440; *Citizens* 313 S.C. at 545, 443 S.E.2d at 551.

27. That the evidence presented establishes that the loan that is subject to Plaintiff's above-referenced foreclosure action is a commercial loan.

28. That the evidence presented establishes that the Company has breached the terms and conditions of the Note and Mortgage.

29. That the evidence presented establishes that the Plaintiff has the right to foreclose on the subject Property.

30. That the evidence presented establishes that the Mortgage constitutes a valid first priority purchase money mortgage lien upon the Property.

31. That the evidence presented establishes that the terms, conditions and the language of the Guaranty unambiguously provide that Marilyn T. Schmitt was to be personally obligated to the Bank under the Guaranty in consideration for the Commercial Loan.

32. That the evidence presented establishes that the Guarantor signed the Guaranty.

33. That the Guarantor had a duty to read the terms and conditions of the Guaranty before signing the document. That by signing the Guaranty, the Guarantor is charged with having read its contents.

34. That the Guarantor cannot avoid personal liability under the Guaranty by claiming that she signed the Guaranty as a representative of the Company when the clear terms, conditions and signature caption of the Guaranty expressly provide that Guarantor was entering into the Guaranty in her individual capacity and not as representative of the Company. The Guarantor simply failed to read the Guaranty and cannot avoid the effect of the Guaranty by her own unilateral mistake. There is no evidence in the record which demonstrates that the Bank intended or expected that the Guarantor would be signing the Guaranty as a representative of the Company.

35. That the evidence presented establishes that the Guarantor is sophisticated in business affairs and does not fall into the narrow exception of being ignorant or unwary.

36. That the evidence presented establishes that the Guarantor has breached the terms and conditions of the Guaranty.

III. CONCLUSION

It is therefore,

ORDERED, ADJUDGED AND DECREED that this Court GRANTS Judgment in favor of the Plaintiff, Tideland Bank, against Defendant-Obligor, J. R. Gregory Ventures, LLC, and that the Clerk of Court shall immediately enter upon the indices for judgments, a money judgment in favor of Plaintiff against Defendant, J.R. GREGORY VENTURES, LLC, in the principal sum of One Hundred Ninety-One Thousand Four Hundred Ninety-Four and 82/100 (\$191,494.82) Dollars, with interest thereon at the rate provided in the Note from March 2, 2013, until paid, plus any advances with interest, and attorneys' fees and costs in the amount of \$6,451.05;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the lien of Plaintiff's Mortgage be declared to be a first priority purchase money mortgage lien upon the Property;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Plaintiff be awarded judgment of foreclosure and its Mortgage debt be established and confirmed in the principal sum of One Hundred Ninety-One Thousand Four Hundred Ninety-Four and 82/100 (\$191,494.82) Dollars, with interest thereon at the rate provided in the Note from March 2, 2013, until paid, plus any advances with interest, and attorneys' fees and costs in the amount of \$6,451.05;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court GRANTS Judgment in favor of the Plaintiff, Tidelands Bank, against Defendant-Guarantor, Marilyn T. Schmitt, and that the Clerk of Court shall immediately enter upon the indices for judgments, a money judgment in favor of Plaintiff against Defendant, MARILYN T. SCHMITT, pursuant to her Guaranty Agreement, in the principal sum of One Hundred Ninety-One Thousand Four Hundred Ninety-Four and 82/100 (\$191,494.82) Dollars, with interest thereon at the rate provided in the Note from March 2, 2013, until paid, plus any advances with interest, and attorneys' fees and costs in the amount of \$6,451.05;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Property described immediately below:

ALL that certain Unit, situate, lying and being in Charleston County, State of South Carolina, known and designated as Unit Number 1700-A and Garage Unit Number 309 in THE MERIDIAN Horizontal Property Regime as shown on the plans and specifications attached to The Master Deed Establishing THE MERIDIAN Horizontal Property Regime, dated November 10, 2005, and recorded in the RMC Office for Charleston County in Book J563 at Page 344 and as amended in the First Amendment to Master Deed in Book J565 at Page 507, and any amendments thereto; together with the undivided percentage interest in the General Common Elements of the property described in said Master Deed appurtenant thereto.

BEING the same property conveyed to J. R. Gregory Ventures, LLC by Deed of Montecito Palmetto Plantation, LLC, said Deed being dated March 22, 2006 and recorded April 4, 2006 in the RMC Office for Charleston County in Book R578 at Page 265.

TMS # 558-00-00-685 (Unit 1700A)

TMS #558-00-00-843 (Garage Unit 309)

As to Unit 1700A only: BEING a portion of the property conveyed to The Meridian Owners Association, Inc. by Deed of J. Al Cannon, Jr., Sheriff of Charleston County, said Deed being dated December 3, 2012 and recorded in the aforesaid office on December 14, 2012, in Book O297 at Page 748.

be sold at 11:00 a.m. on the next convenient sale date, and should the regular day of judicial sales fall on a legal holiday, then in such event, the sales day shall be on the next business day succeeding such holiday,

at public auction at the Charleston County Judicial Center, subject to Plaintiff's reservation of the right to waive deficiency, and subject to real property taxes, if applicable, which are a lien on the Property, but not yet due and payable as of the date of the sale, by the Master according to the statutes governing such sales, and the proceeds of the sale, after paying the costs and expenses of this action, and of said sale, be paid first to Plaintiff, to the extent of the amount due to Plaintiff, as determined as aforesaid, and the balance, if any, be held subject to the further Order of this Court.

Should surplus funds result, they will be handled in accordance with Rule 71(c) of The South Carolina Rules of Civil Procedure.

In the event the successful bidder shall be other than Plaintiff, Plaintiff shall be entitled to interest on the bid from date of sale to date of compliance at the rate of 7.00% per centum per annum, and the advertisement for such sale shall include notice of this requirement.

The Master in Equity will require a deposit of 5% on the amount of the bid (in cash or equivalent) by no later than 4:00 p.m. on the day of the sale to be applied to purchase price if compliance is made, but in the event compliance is not made, the deposit may be forfeited without further hearing and applied first to costs of the action and then to Plaintiff's debt. Should the successful bidder at the regularly conducted sale fail or refuse either to make the required deposit at the time of bid or to comply with the other terms of the bid within 30 days, then the property may be re-sold on the same terms and conditions on the same or some subsequent Sales Day, but at the risk of the defaulting bidder(s).

The Defendants and all persons claiming any interest in the Property by, through or under the Defendants, since the filing of the Lis Pendens in this action, be forever foreclosed and barred of any equity of redemption in and to the Property.

Pursuant to South Carolina Code Ann. Section 30-9-31, the deed of conveyance made pursuant to this sale shall be indexed in the Direct Conveyance or Grantor Index by the Office of the RMC in the name of the owner of record of the subject property immediately prior to execution of the deed, as well as in the name of the undersigned Master, who executes such deed as Grantor.

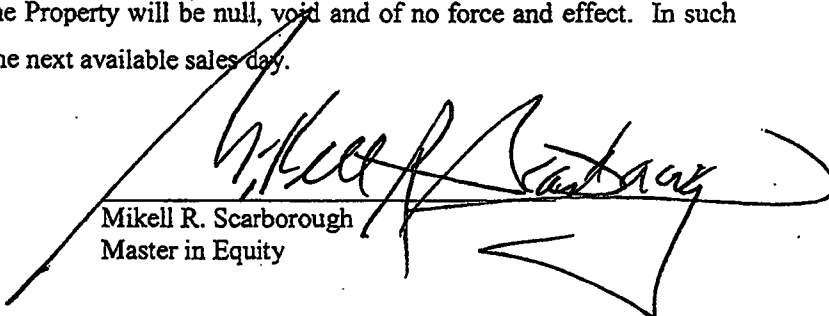
In the event the successful bidder is other than the Defendant in possession herein, the Sheriff of Charleston County is ordered and directed immediately and without delay, as the Plaintiff may request, and without the necessity of any further documentation, to eject and remove from the premises the occupant or occupants of the Property sold, together with all personal property located thereon, and to put the successful bidder or his assigns in full, quiet and peaceable possession of the Property without delay, and to keep the successful bidder or his assigns in such possession.

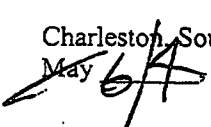
A handwritten signature in black ink, appearing to be 'JMS', enclosed within a large, loopy, handwritten 'S' or 'C' shape.

The Master in Equity shall retain jurisdiction to do all necessary acts incident to this foreclosure including, but not limited to, the issuance of a Writ of Assistance and hearing any issues involving appraisal proceedings under Section 29-3-680, et seq., South Carolina Code of Laws (1976), as amended.

In the event Plaintiff or Plaintiff's representative does not for any reason appear at the scheduled sale of the 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 day.

AND IT IS SO ORDERED.


Mikell R. Scarborough
Master in Equity

 Charleston, South Carolina
May 6th 2014

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

Tidelands Bank,

Plaintiff(s),

-vs-

J. R. Gregory Ventures, LLC,
Marilyn T. Schmitt, et al.

Defendant(s),

IN THE COURT OF COMMON PLEAS

CASE NO: 2013-CP-10-5324

SCHEDULING ORDER

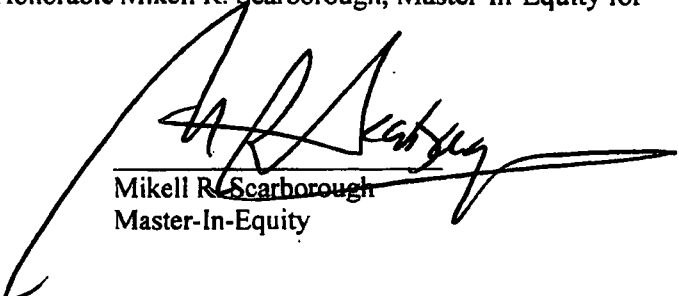
FILED
2014 FEB 14 PM 4:52
JULIE J. ARMSTRONG
CLERK OF COURT
BY

Pursuant to Rule 16 of the South Carolina Rules of Civil Procedure, the following schedule is established in this case based upon an in court and/or telephone conference.

1. All motions to amend the pleadings and to join additional parties shall be filed on or before March 1, 2014.
2. The plaintiff(s) must identify any experts on or before March 1, 2014.
3. The defendant(s) must identify any experts on or before March 1, 2014.
4. Discovery shall be completed on or before April 8, 2014.
All discovery requests must be served in time for the response thereto to be served within this deadline.
5. All dispositive motions shall be filed on or before April 11, 2014.
a. otherwise the parties agree any untimely motions shall be waived.
6. The parties shall mediate this case with N/A on or before _____.
The mediator shall submit his written report to the court within 10 days of mediation.
7. This case is set for pre-trial hearing on April 18, 2014 at 10 AM.
8. The party shall come to the pre-trial hearing with a pre-trial brief to be exchanged, a list of witnesses and a good faith estimate of time for trial.
9. Upon completion of all steps noted above, the matter shall be set for a day certain trial. (usually 30-60 days)
10. This order may not be amended except by order of the Honorable Mikell R. Scarborough, Master-In-Equity for Charleston County.

IT IS SO ORDERED.

2/10 2014
Charleston, SC


Mikell R. Scarborough
Master-In-Equity

CHARLESTON\561304v1

) IN THE COURT OF COMMON PLEAS

) COURT FILE NO. 13-CP-10-5324

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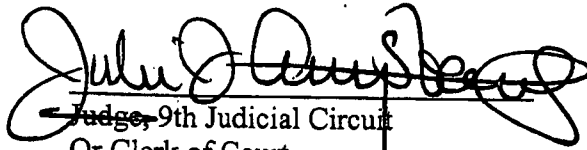
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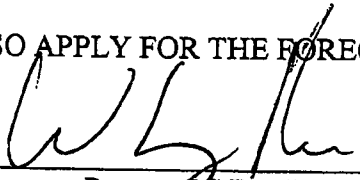
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Judge, 9th Judicial Circuit
Or Clerk of Court

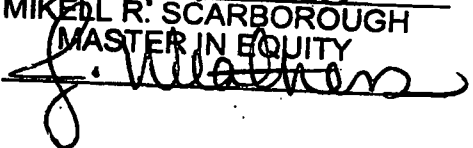
CHARLESTON, SC
November 26, 2013

WE SO APPLY FOR THE FOREGOING ORDER:


W. Gregory Pearce, SC Bar #4392
Moore & Van Allen PLLC
78 Wentworth Street
Post Office Box 22828
Charleston, SC 29413-2828
T (843)579-7000
F (843)579-8726
Email: gregpearce@mvalaw.com
ATTORNEYS FOR PLAINTIFF

CHARLESTON554826v1

2

Date 11-27-2013 PAID
Amount \$ 125.00
MIKEL R. SCARBOROUGH
MASTER IN EQUITY
By: 

STATE OF SOUTH CAROLINA
COUNTY OF CHARLESTON

TIDELANDS BANK,

Plaintiff,

v.

J.R. GREGORY VENTURES, LLC,
MARILYN T. SCHMITT AND THE
MERIDIAN OWNERS
ASSOCIATION, INC.

Defendants.

IN THE COURT OF COMMON PLEAS
FOR THE NINTH JUDICIAL CIRCUIT
CASE NO.: 2013-CP-10-5324

DEFENDANTS J.R. GREGORY
VENTURES, LLC AND MARILYN
T. SCHMITT'S NOTICE OF MOTION
AND MOTION TO RECONSIDER AND
ALTER AND AMEND THE
JUDGMENT

2014 JUN 17 PM 1:58
CLERK OF COURT

FILED

NOW COME Defendants J.R. Gregory Ventures, LLC and Marilyn T. Schmitt

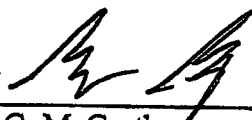
("Defendants"), by and through their undersigned counsel and pursuant to South Carolina Rules of Civil Procedure 52, 59, and all other applicable Rules, who will move before the Honorable Mikell R. Scarborough, as Master in Equity for Charleston County, within ten (10) days from the filing of this Motion or as soon thereafter as counsel may be heard for an order reconsidering, altering, and amending the Order of Judgment entered on June 9, 2014. The grounds for this motion are that a genuine issue of material fact existed warranting a denial of Plaintiff's motion for summary judgment, among other grounds further described in supporting memorandum to be filed.

(Motion continues on the following page / Signature block)

This motion will be supported by the pleadings and exhibits attached thereto, the applicable laws, statutes, and rules, any affidavit or memorandum that may be filed, as well as any additional supporting materials.

PLEASE BE PRESENT IF SO MINDED.

MCGRATH LAW FIRM, PA



Peter G. McGrath
Matthew Pecoy
McGrath Law Firm, PA
802 Johnnie Dodds Boulevard
Mount Pleasant, SC 29466
Phone: (843) 606-2755
Fax: (843) 388-7263

Mount Pleasant, SC 29464

June 17, 2014

STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS
COUNTY OF CHARLESTON) COURT FILE NO. 2013-CP-10-5324

TIDELANDS BANK,
Plaintiff,

vs.

J. R. GREGORY VENTURES, LLC,
MARILYN T. SCHMITT AND THE
MERIDIAN OWNERS
ASSOCIATION, INC.,

Defendants.

**NOTICE OF MOTION AND MOTION
FOR SUMMARY JUDGMENT**

FILED
2014 APR 17 PM 4:28
JULIE J. ARMSTRONG
CLERK OF COURT
BY

TO: WILLIAM B. JUNG, ESQUIRE, PETER G. McGRATH, ESQUIRE, ATTORNEYS
FOR DEFENDANTS J. R. GREGORY VENTURES, LLC, AND MARILYN T.
SCHMITT.

PLEASE TAKE NOTICE that the Plaintiff, Tidelands Bank, by and through its undersigned attorneys and pursuant to South Carolina Rule of Civil Procedure 56, will move before the Honorable Mikell R. Scarborough, as Master in Equity, Charleston County Courthouse, Charleston County, South Carolina, at the Pre-Trial Hearing scheduled for April 28, 2014 at 10:00 AM for an Order granting summary judgment in favor of the Plaintiff that (1) the Defendant, J.R. Gregory Ventures, LLC, has breached the terms of the subject Note and Mortgage and is now obligated to pay the Plaintiff the debt alleged in the Complaint and (2) the Defendant, Marilyn T. Schmitt, has breached the terms of her personal Guaranty and is now obligated to pay Plaintiff the debt alleged in the Complaint.

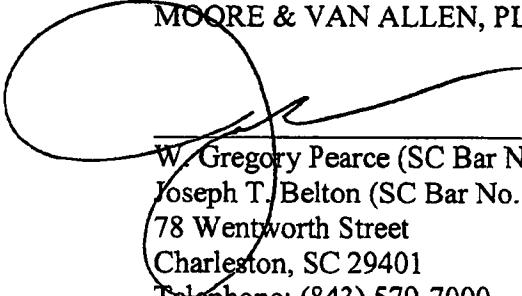
The grounds for this motion are that there is no genuine dispute of material fact and Plaintiff is entitled to judgment against both Defendants as a matter of law. This motion will be supported by the pleadings and exhibits attached thereto, the applicable laws, statutes and rules of civil procedure, any affidavit and/or memorandums that may be filed, as well as any

CHARLESTON\568202v1

additional supporting materials as Plaintiff may be permitted to submit in accordance with the Rules of Civil Procedure.

PLEASE BE PRESENT TO DEFEND IF SO MINDED.

MOORE & VAN ALLEN, PLLC



W. Gregory Pearce (SC Bar No. 4392)
Joseph T. Belton (SC Bar No. 71993)
78 Wentworth Street
Charleston, SC 29401
Telephone: (843) 579-7000
Facsimile: (843) 579-7099
gregpearce@mvalaw.com
josephbelton@mvalaw.com

ATTORNEYS FOR TIDELANDS BANK

CHARLESTON, SC
April 17, 2014

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

In the Court of Common Pleas
Ninth Judicial Circuit
Case No.: 13-CP-10-5324

TIDELANDS BANK,)
)
Plaintiff,)
vs.)
)
J.R. GREGORY VENTURES, LLC,)
et al.,)
)
Defendants.)

ANSWER OF DEFENDANTS
J.R. GREGORY VENTURES, LLC
AND MARILYN T. SCHMITT

2013 NOV 15 AM 11:40
CLERK OF COURT
JULIA K. BROWN
JULIA K. BROWN

Defendants, J.R. Gregory Ventures, LLC and Marilyn Schmitt, by their undersigned counsel, as and for their Answer to the Complaint, allege the following:

1. Defendants admit the allegations in paragraph 1 of the Complaint.
2. Defendants admit the allegations in paragraph 2 of the Complaint.
3. Defendants deny the allegations in paragraph 3 of the Complaint.
4. Defendants admit the allegations in paragraph 4 of the Complaint.
5. Defendants admit the allegations in paragraph 5 of the Complaint.
6. Defendants admit the allegations in paragraph 6 of the Complaint.
7. Defendants admit the allegations in paragraph 7 of the Complaint.
8. Defendants admit the allegations in paragraph 8 of the Complaint.
9. Defendants admit the allegations in paragraph 9 of the Complaint.
10. Defendants deny the allegations in paragraph 10 of the Complaint and demand strict proof thereof.

11. Defendants deny knowledge and information sufficient to form a belief as to the truth of the allegations in paragraph 11 of the Complaint.

12. Defendants deny knowledge and information sufficient to form a belief as to the truth of the allegations in paragraph 12 of the Complaint.

13. Defendants deny knowledge and information sufficient to form a belief as to the truth of the allegations in paragraph 13 of the Complaint.

14. Defendants deny knowledge and information sufficient to form a belief as to the truth of the allegations in paragraph 14 of the Complaint.

15. Defendants maintain that no response is required to allegations in paragraph 15 of the Complaint; however, if a response is required, defendants deny said allegations.

AFFIRMATIVE DEFENSES

16. Plaintiff has failed to state any claims upon which relief can be granted.

17. Plaintiff failed to conform its prior foreclosure proceeding in accordance with applicable South Carolina law and should be barred from obtaining further relief against the defendants.

18. The Complaint and relief sought are barred by the plaintiff's failure to mitigate damages, if any.

19. The plaintiff's Complaint is barred by a failure and/or want of consideration or otherwise is unenforceable, unconscionable or invalid pursuant to applicable law.

20. Defendant Marilyn Schmitt did not execute or agree to execute any guaranty of the obligations of co-defendant J.R. Gregory Ventures, LLC in her individual capacity. Defendant Schmitt and has no personal liability for the obligations of co-defendant J.R. Gregory Ventures, LLC and should be dismissed from this action.

21. The amount of plaintiff's monetary demand is incorrect and defendants demand an accounting.

22. The doctrines of waiver and estoppel bar the plaintiff's claims.

23. Plaintiff's claims should be dismissed for insufficiency of service of process.

24. Plaintiff's claims should be dismissed for lack of personal jurisdiction of this Court over the defendants.

25. Plaintiff's claims should be dismissed for insufficiency of process.

26. Defendants reserve the right to add such further defenses as the facts learned through discovery may warrant.

WHEREFORE, having answered plaintiff's Complaint, defendants requests that the Court dismiss the Complaint and award defendants their costs, disbursements, a reasonable attorney's fee and such other and further relief as is just and proper.

Dated: November 15, 2013

WILLIAM B. JUNG, ESQ.


William B. Jung, Esq.
1156 Bowman Road, Ste. 200
Mount Pleasant, S.C. 29464
(843) 416-1104

9/11/13
12:39 pm

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

TIDELANDS BANK,

Plaintiff,

vs.

J. R. GREGORY VENTURES, LLC,
MARILYN T. SCHMITT AND THE
MERIDIAN OWNERS ASSOCIATION,
INC.,

Defendants.

IN THE COURT OF COMMON PLEAS

COURT FILE NO. 13-CP-10-5324

LIS PENDENS
(FORECLOSURE/NON-JURY)

FILED
2013 SEP 11 PM 12:13
JULIE J. ARMSTRONG
CLERK OF COURT
BY _____

NOTICE IS HEREBY GIVEN THAT an action has been initiated and is pending in the Court of Common Pleas for the County and State aforesaid, by the above-named Plaintiff, against the Defendants above named, and that the object of such action is the foreclosure of that certain Mortgage to the Plaintiff, described as follows (the "Mortgage"):

By: J. R. GREGORY VENTURES, LLC
Dated: March 22, 2006
Recorded On: April 4, 2006 at 04:10:23 p.m.
Recorded In: Book S578, Page 435
Office of: RMC for Charleston County, SC

and to sell the property described below for the purpose of paying the lien thereon.

That the real estate affected by such action is now and was at the time of commencement of such action situate in the County and State aforesaid, and the following is a description thereof, as contained in the above-referenced Mortgage:

ALL that certain Unit, situate, lying and being in Charleston County, State of South Carolina, known and designated as Unit Number 1700-A and Garage Unit Number 309 in THE MERIDIAN Horizontal Property Regime as shown on the plans and specifications attached to The Master Deed Establishing THE MERIDIAN Horizontal Property Regime, dated November 10, 2005, and recorded in the RMC Office for Charleston County in Book J563 at Page 344 and as amended in the First Amendment to Master Deed in Book J565 at Page 507, and any amendments thereto; together with the undivided percentage interest in the General Common Elements of the property described in said Master Deed appurtenant thereto.

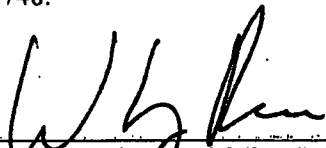
CHARLESTON\546401v1

BEING the same property conveyed to J. R. Gregory Ventures, LLC by Deed of Montecito Palmetto Plantation, LLC, said Deed being dated March 22, 2006 and recorded April 4, 2006 in the RMC Office for Charleston County in Book R578 at Page 265.

TMS # 558-00-00-685 (Unit 1700A)

TMS #558-00-00-843 (Garage Unit 309)

As to Unit 1700A only: BEING a portion of the property conveyed to The Meridian Owners Association, Inc. by Deed of J. Al Cannon, Jr., Sheriff of Charleston County, said Deed being dated December 3, 2012 and recorded in the aforesaid office on December 14, 2012, in Book O297 at Page 748.



W. Gregory Pearce, SC Bar #4392
Moore & Van Allen PLLC
78 Wentworth Street
Post Office Box 22828
Charleston, SC 29413-2828
T (843)579-7000
F (843)579-8731
Email: gregpearce@mvalaw.com
ATTORNEYS FOR PLAINTIFF

CHARLESTON, SC
September 9, 2013

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

TIDELANDS BANK,

Plaintiff,

vs.

J. R. GREGORY VENTURES, LLC,
MARILYN T. SCHMITT AND THE
MERIDIAN OWNERS
ASSOCIATION, INC.,

Defendants.

) IN THE COURT OF COMMON PLEAS

) COURT FILE NO. 13-CP-10-

) **SUMMONS**
) **(FORECLOSURE/NON-JURY)**

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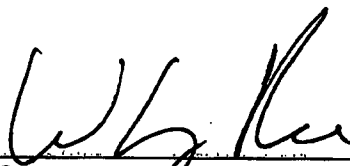
2013 SEP 11 PM 12:14
JULIE J. ARMSTRONG
CLERK OF COURT

FILED

**TO THE DEFENDANTS: J. R. GREGORY VENTURES, LLC, MARILYN T. SCHMITT
AND THE MERIDIAN OWNERS ASSOCIATION, INC.:**

YOU ARE HEREBY SUMMONED and required to answer the Complaint in this action, a copy of which is herewith served upon you and to serve a copy of your Answer to said Complaint on the subscribers at their offices, Moore & Van Allen PLLC, 78 Wentworth Street, Post Office Box 22828, Charleston, SC 29413-2828, or to otherwise appear and defend, within thirty (30) days after the service hereof, exclusive of the day of such service, and if you fail to answer the Complaint, or otherwise to appear and defend, within the time aforesaid, the Plaintiff in this action will obtain a judgment by default against you for the relief demanded in the Complaint.

YOU WILL ALSO TAKE NOTICE that pursuant to Rule 53(b) of the South Carolina Rules of Civil Procedure, as amended, the Plaintiff will move for a general Order of Reference to the Master in Equity for Charleston County, which Order shall, pursuant to Rule 53(b) of the South Carolina Rules of Civil Procedure, specifically provide that said Master in Equity is authorized and empowered to enter final judgment in this action.



W. Gregory Pearce, SC Bar #4392
Moore & Van Allen PLLC
78 Wentworth Street
Post Office Box 22828
Charleston, SC 29413-2828
T (843)579-7000
F (843)579-8731
Email: gregpearce@mvalaw.com
ATTORNEYS FOR PLAINTIFF

CHARLESTON, SC
September 9, 2013

STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS
COUNTY OF CHARLESTON) COURT FILE NO. 13-CP-10- 5324

TIDELANDS BANK,
Plaintiff,

vs.

J. R. GREGORY VENTURES, LLC,
MARILYN T. SCHMITT AND THE
MERIDIAN OWNERS
ASSOCIATION, INC.,

Defendants.

COMPLAINT
(FORECLOSURE/NONJURY)
(Deficiency Demanded)

FILED
2013 SEP 11 PM 12:15
J. L. STRONG
CLERK OF COURT

The Plaintiff above named, complaining of the Defendants herein, alleges and says that:

1. The Plaintiff, Tidelands Bank ("Plaintiff" or "TIDELANDS"), is now and was at the times hereinafter mentioned a corporation organized and existing under the laws of the State of South Carolina with its principal place of business at Mt. Pleasant, South Carolina, and doing business in Charleston County, South Carolina, and this Court has jurisdiction of the parties and the subject matter of this action.

2. Upon information and belief, the Defendant, J. R. Gregory Ventures, LLC (sometimes hereinafter referred to as the "Obligor" and/or the "Mortgagor"), is a limited liability company organized and existing under the laws of the State of South Carolina, and is the owner of the a portion of the property subject to this action, and the real property which is the subject of this action is located in Charleston County, South Carolina.

3. Upon information and belief, the Defendant, The Meridian Owners Association, Inc. is the current owner of record of the a portion of the property subject to this action.

4. Upon information and belief, the Defendant, Marilyn T. Schmitt, is a resident of the Town of Mount Pleasant, County of Charleston, State of South Carolina, is neither a minor, an incompetent, nor a member of the military services on active duty.

5. The loan that is subject to Plaintiff's above-referenced action is a commercial loan, involving commercial real property collateral, and is, therefore, NOT ELIGIBLE for modification pursuant to the terms of the Home Affordable Modification Program ("HMP") and that HMP is, therefore, inapplicable. The Plaintiff is informed and believes that the Property is non-owner occupied property.

6. On or about March 22, 2006, Obligor, by Marilyn T. Schmitt, its Member, executed and delivered to Plaintiff a negotiable Note in the original principal amount of Two Hundred One Thousand Fifty and 00/100 (\$201,050.00) Dollars, with interest thereon as set forth therein (the "Original Note"). Thereafter, on July 10, 2007, Obligor executed and delivered to Plaintiff its renewal note in the original amount of \$201,050.00 (the Renewal Note #1). Thereafter on August 1, 2008, Obligor executed and delivered to Plaintiff its renewal note in the amount of \$200,900.00 ("Renewal Note #2"). Thereafter on September 24, 2012, Obligor executed and delivered to Plaintiff its renewal note in the amount of \$200,880.69 ("Renewal Note #3"), all as more fully shown in the original documents, copies of which are attached hereto as Plaintiff's Exhibit "A" and incorporated herein by reference. (The Original Note, the Renewal Note #1, the Renewal Note #2 and the Renewal Note #3 are hereinafter collectively referred to as the "Note").

7. On the same date, to secure payment of the Note, and all renewals, extensions, or modifications thereof and/or future advances thereunder, Mortgagor executed and delivered to Plaintiff a Mortgage, a copy of which Mortgage is attached hereto as Plaintiff's Exhibit "B" and incorporated herein by reference (the "Mortgage"), which Mortgage was recorded on April 4, 2006, in the Office of the RMC for Charleston County, South Carolina, in Book S578, Page 435, and covers the following described real property (the "Property"), to wit:

ALL that certain Unit, situate, lying and being in Charleston County, State of South Carolina, known and designated as Unit Number 1700-A and Garage Unit Number 309 in THE MERIDIAN Horizontal Property Regime as shown on the plans and specifications attached to The Master Deed Establishing THE MERIDIAN Horizontal Property Regime, dated November 10, 2005, and recorded in the RMC Office for Charleston County in Book J563 at Page 344 and as amended in the First Amendment to Master Deed in Book J565 at Page 507, and any amendments thereto; together with the undivided percentage interest in the General Common Elements of the property described in said Master Deed appurtenant thereto.

BEING the same property conveyed to J. R. Gregory Ventures, LLC by Deed of Montecito Palmetto Plantation, LLC, said Deed being dated March 22, 2006 and recorded April 4, 2006 in the RMC Office for Charleston County in Book R578 at Page 265.

TMS # 558-00-00-685 (Unit 1700A)

TMS #558-00-00-843 (Garage Unit 309)

8. In the Note it was agreed by and between the parties that in the event of foreclosure of the Mortgage a reasonable attorneys' fee, which is also secured by the Mortgage, would be included in the judgment of foreclosure. It was further agreed by and between the parties that the Mortgagor, its successors or administrators, would insure the house and buildings on, and constituting a part of, the Property, and keep the same insured from loss or damage by fire or other casualties, and such insurance policy would contain a loss payable clause to the

Mortgagee, its successors and assigns. It was further agreed by and between the parties that the Mortgagor, its successors and administrators would pay promptly all insurance premiums, due and owing on the Property, and in default thereof, that the holder of the Mortgage would be entitled to pay the same and add such amount to principal. It was further agreed by and between the parties that in case of default in any of the provisions of the Note or the Mortgage, all sums then owing would become immediately due and payable at the option of the Mortgagee. It was further agreed by and between the parties that the Mortgagor, its successors and administrators would pay promptly all taxes, assessed and chargeable against the Property and in default thereof, that the holder of the Mortgage would be entitled to pay the same and add such amount to principal.

9. Pursuant to the Mortgage, the Mortgagor assigned all the rents, issues and profits of the Property from and after any default thereunder, and it was agreed by and between the parties that should legal proceedings be instituted pursuant to the Mortgage, then the Mortgagee would have the right to have appointed a receiver of the rents, issues and profits, who, after deducting all charges and expenses attending such proceedings, and the execution of his trust as receiver, would apply the residue of rents, issues and profits toward the payment of the debts secured by the Mortgage.

10. In order to further secure payment of the Note and as additional consideration for the loan, Defendant, Marilyn T. Schmitt, executed and delivered to Plaintiff her guaranty of payment of the amount due under said Note, as may be more fully seen by reference to the Guaranty attached hereto as Plaintiff's Exhibit "C" and incorporated herein by reference (the "Guaranty").

11. The Mortgage constitutes a first priority purchase money mortgage lien on the subject Property.

12. The conditions of the Note and the Mortgage have been broken in that Obligor has failed to make the required payments since on or about March 5, 2013, and Plaintiff, as holder of the Note and the Mortgage, has elected to declare a default, to accelerate the terms of the Note, and to declare the entire amount payable according to the terms of the Note and the Mortgage now due and owing, and has made due demand upon Obligor for such entire amount, which demand has been refused, and there is now due on the Note and the Mortgage the principal sum of One Hundred Ninety-One Thousand Four Hundred Ninety-Four and 82/100 (\$191,494.82) Dollars, with interest thereon at the rate provided in the Note from March 2, 2013, until paid, plus any advances with interest, attorneys' fees and costs.

13. The Note and Mortgage provide for recovery by Plaintiff of a reasonable sum as attorneys' fees from Obligor and the Note and Mortgage have been placed in the hands of Moore & Van Allen PLLC, Attorneys for Plaintiff, for collection and/or foreclosure.

14. The Meridian Owners Association, Inc., which Plaintiff is informed and believes is a South Carolina Horizontal Property Regime established by Master Deed dated November 10, 2005, and recorded in Deed Book J563, Page 507, and as thereafter amended, in the Office of the RMC for Charleston County, South Carolina, and is organized and existing under the laws of the State of South Carolina, is made a party hereto because it has, or may claim to have, a lien interest in the Property which is the subject of this action by reason of unpaid regime fees, property owner association fees, assessments and the like, and by reason of its ownership interest of Unit 1700A only which was accomplished through its Execution of Judgment obtained in its

favor against J. R. Gregory Ventures, LLC in Court File No. 2008-CP-10-5519; said Sheriff's Deed from J. Al Cannon, Jr., Sheriff of Charleston County dated December 3, 2012 and recorded on December 14, 2012 in Book O297 at Page 748, and which conveyance is subject to Plaintiff's first priority purchase money mortgage lien, and by reason of any judgment balance due and owing on its judgment, but which interests, if any, are junior and subordinate to the rights of Plaintiff herein.

15. Plaintiff demands an immediate personal judgment against the parties indicated herein, with said judgment to be subject to credit in an amount equal to the proceeds from the sale of the Property pursuant to this foreclosure action. The Plaintiff reserves its right to withdraw its demand for deficiency judgment at any time prior to the foreclosure sale herein.

WHEREFORE, Plaintiff prays that:

(a) The lien of its Mortgage be declared to be a first priority purchase money mortgage lien upon the Property.

(b) It have immediate judgment of foreclosure against the Defendant-Obligor, J. R. Gregory Ventures, LLC, and any and all other parties who may have or claim to have an interest in the Property, in the sum of One Hundred Ninety-One Thousand Four Hundred Ninety-Four and 82/100 (\$191,494.82) Dollars, together with interest thereon at the contract rate from March 2, 2013, until paid, plus late charges, any advances with interest, attorneys' fees and costs.

(c) The Property described in the Mortgage, the description appearing hereinabove, as well as any other property, real or personal, in which Plaintiff retains a security interest, be sold at public auction by the Master according to the statutes governing such sale, and the proceeds of sale, after paying the costs and expenses of this suit, and of sale, be applied to the

payment of Plaintiff's mortgage debt, costs and attorneys' fees, and the balance, if any, be held subject to the further Order of this Court.

(d) That the Defendants and all persons claiming any interest in the Property described in the Mortgage, through or under the Defendants since the filing of the Lis Pendens in this action, be forever foreclosed and barred of any equity of redemption in and to the real estate.

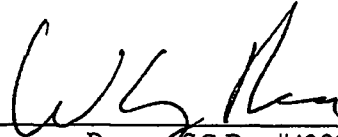
(e) It be granted an immediate money judgment against Defendant-Obligor, J. R. Gregory Ventures, LLC, for the amount due under the Note, with such amount to be subject to credit after application of the proceeds from any sale of the Property provided for hereunder.

(f) In the event the successful bidder shall be other than the Defendants, J. R. Gregory Ventures, LLC, and/or The Meridian Owners Association, Inc., the Sheriff be ordered and directed to eject and remove from the premises the occupant or occupants of the Property sold, together with all personal property located thereon, and to put the successful bidder or his assigns in the full, quiet and peaceable possession of the premises without delay, and to keep the successful bidder or his assigns, in such possession.

(g) It be granted an immediate money judgment against Defendant, Marilyn T. Schmitt, pursuant to her Guaranty of payment, together with interest at the contract rate from March 2, 2013, until paid, plus costs and reasonable attorneys' fees.

(h) A receiver be appointed for the Property.

- (i) For such other and further relief as may seem just and proper to the Court.



W. Gregory Pearce, SC Bar #4392
Moore & Van Allen PLLC
78 Wentworth Street
Post Office Box 22828
Charleston, SC 29413-2828
T (843)579-7000
F (843)579-8731
Email: gregpearce@mvalaw.com
ATTORNEYS FOR PLAINTIFF

CHARLESTON, SC
September 9, 2013

J.R. Gregory Ventures, LLC
4206 Colonel Vanderhorst Circle
Mt. Pleasant, SC 29466

Tidelands Bank
875 Lowcountry Blvd
Mt. Pleasant, SC 29464

Loan Number
Date 03/22/2006
Maturity Date 06/22/2007
Loan Amount \$ 201,050.00
Renewal Of

BORROWER'S NAME AND ADDRESS
"I" includes each borrower above, jointly and severally.

LENDER'S NAME AND ADDRESS
"You" means the lender, its successors and assigns.

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of Two Hundred One Thousand Fifty Dollars \$ 201,050.00

- ☐ Single Advance: I will receive all of this principal sum on . No additional advances are contemplated under this note.
- ☒ Multiple Advances: The principal sum shown above is the maximum amount of principal I can borrow under this note. On 03/22/2006 I will receive the amount of \$ 218,945.00 and future principal advances are contemplated.

Conditions: The conditions for future advances are Per loan officer approval based on inspections and/or invoices.

☐ Open End Credit: You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on .

☒ Closed End Credit: You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from 03/22/2006 at the rate of 7.750 % per year until 03/23/2006

☒ Variable Rate: This rate may then change as stated below.

☒ Index Rate: The future rate will be .250% above the following index rate: Prime Rate

☐ No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.

☒ Frequency and Timing: The rate on this note may change as often as every day beginning 03/23/2006

A change in the interest rate will take effect on the same day

☐ Limitations: During the term of this loan, the applicable annual interest rate will not be more than % or less than %. The rate may not change more than % each

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

☒ The amount of each scheduled payment will change. ☒ The amount of the final payment will change.

ACCRUAL METHOD: Interest will be calculated on a Actual/365 basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

☒ on the same fixed or variable rate basis in effect before maturity (as indicated above).

☐ at a rate equal to

☒ LATE CHARGE: If a payment is not made within 10 days after it is due, I agree to pay a late charge of 5.000% of the late amount with a minimum of \$10.00 and a maximum of \$500.00

☒ ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which ☐ are ☒ are not included in the principal amount above: \$500.00 origination fee, \$300.00 appraisal fee, \$14.00 flood determination fee

PAYMENTS: I agree to pay this note as follows:

☒ Interest: I agree to pay accrued interest in 14 Monthly interest payments beginning 04/22/2006 and with the principal.

☒ Principal: I agree to pay the principal in one final payment of principal and interest in the amount of \$202,391.72 due on 06/22/2007.

☐ Installments: I agree to pay this note in payments. The first payment will be in the amount of \$ and will be due . A payment of \$ will be due thereafter. The final payment of the entire unpaid balance of principal and interest will be due

ADDITIONAL TERMS: First title insured real estate mortgage on property and improvements located at the Meridian, Unit 1700-A, unit 309, Mt. Pleasant SC 29464 (in the Meridian more particularly described in said mortgage of even date, loan amount of \$201,050.00 and mortgage amount of \$251,312.50 which represents 125% of the loan value in the name of J.R. Gregory Ventures, LLC.

☐ SECURITY: This note is separately secured by (describe separate document by type and date):

(This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)

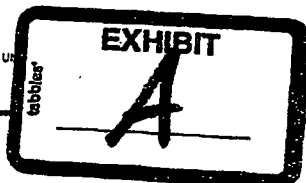
PURPOSE: The purpose of this loan is Business: Purchase
funding for rental condominium

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date.
J.R. Gregory Ventures, LLC

Marilyn T. Schmitt, Member
Marilyn T. Schmitt Member

Signature for Lender

Ron Pickens
Vice President



WAIVER OF HEARING PRIOR TO IMMEDIATE POSSESSION: If this loan is for a business purpose I agree to waive the right to five days' notice and a preseizure hearing prior to seizure of any personal property which may secure this loan.

J.R. Gregory Ventures, LLC 4206 Colonel Vanderhorst Circle Mt. Pleasant, SC 29466	Tidelands Bank 875 Lowcountry Blvd Mt. Pleasant, SC 29464	Loan Number _____ Date <u>07/10/2007</u> Maturity Date <u>07/22/2008</u> Loan Amount \$ <u>201,050.00</u> Renewal Of _____
BORROWER'S NAME AND ADDRESS "I" includes each borrower above, jointly and severally.	LENDER'S NAME AND ADDRESS "You" means the lender, its successors and assigns.	

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of Two Hundred One Thousand Fifty Dollars Dollars \$ 201,050.00

☒ Single Advance: I will receive all of this principal sum on 07/10/2007. No additional advances are contemplated under this note.
☐ Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this note. On _____ I will receive the amount of \$ _____ and future principal advances are contemplated.
 Conditions: The conditions for future advances are _____

☐ Open End Credit: You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on _____
☐ Closed End Credit: You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from 07/10/2007 at the rate of 8.500 % per year until 07/11/2007

☒ Variable Rate: This rate may then change as stated below.
☒ Index Rate: The future rate will be .25% above the following index rate: Wall Street Journal Prime Rate

☐ No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.
☒ Frequency and Timing: The rate on this note may change as often as every Day beginning 07/11/2007
 A change in the interest rate will take effect on the same day

☐ Limitations: During the term of this loan, the applicable annual interest rate will not be more than _____ % or less than _____ %
 Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

☒ The amount of each scheduled payment will change. ☒ The amount of the final payment will change.

ACCRUAL METHOD: Interest will be calculated on a Actual/365 basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:
☒ on the same fixed or variable rate basis in effect before maturity (as indicated above).
☐ at a rate equal to _____

☒ LATE CHARGE: If a payment is not made within 10 days after it is due, I agree to pay a late charge of 5.000% of the late amount with a minimum of \$10.00 and a maximum of \$500.00

☐ ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which ☐ are ☐ are not included in the principal amount above: _____

PAYMENTS: I agree to pay this note as follows:
☒ Interest: I agree to pay accrued interest in 11 Monthly interest payments beginning 08/22/2007 and with the principal.

☒ Principal: I agree to pay the principal in one final payment of principal and interest in the amount of \$202,474.10 due on 07/22/2008.

☐ Installments: I agree to pay this note in _____ payments. The first payment will be in the amount of \$ _____ and will be due _____ A payment of \$ _____ will be due _____ thereafter. The final payment of the entire unpaid balance of principal and interest will be due _____

ADDITIONAL TERMS: First title insured real estate mortgage on property and improvements located at the Meridian, Unit 1700-A, unit 309, Mt. Pleasant SC 29464 (in the Meridian) more particularly described in said mortgage dated 03/22/2006, recorded on 04/04/2006 in Charleston County Official Records Book S 578, Page 435 loan amount of \$201,050.00 and mortgage amount of \$251,312.50 which represents 125% of the loan value in the name of J.R. Gregory Ventures, LLC. Renewal of Promissory Note dated 03/22/2006.

☒ SECURITY: This note is separately secured by (describe separate document by type and date):
 FIRM on Meridian, Unit 1700-A, unit 309, Mt. Pleasant SC 29464 (in the Meridian).
 (This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)

PURPOSE: The purpose of this loan is Business: Purchase funding for rental condominium

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date.
 J.R. Gregory Ventures, LLC

Marilyn T. Schmitt
 Marilyn T. Schmitt Member

Signature for Lender
Kenneth M Pickens
 Kenneth M Pickens
 Vice President



Loan Number _____
 Date 08/01/2000
 Maturity Date 08/02/2001
 Loan Amount \$ 200,000.00
 Renewal Of _____

LENDER'S NAME AND ADDRESS
 "You" means the lender, its successors and assigns.

I, or value received, I promise to pay to you, or your order, at your address listed above the **PRINCIPAL** sum of **two hundred thousand nine hundred dollars**

Dollars \$ 200 200 .00

[X] Single Advance: I will receive all of this principal sum on: 08/01/2008 No additional advances are contemplated under this note.

Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this note. On _____, I will receive the amount of \$ _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are

1) **Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and restrictions.

☐ Closed End Credit: You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from 80/01/2008 at the rate of 5.250 % per year until paid in full.

:X| Variable Rate: This rate may then change as stated below.

[N] Index Rate: The future rate will be .25% above the following index rate: Wall Street Journal Prime Rate

No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.

(x) **Frequency and Timing:** The rate on this note may change as often as every day beginning 8/02/2008.

A change in the interest rate will take effect on the same day

1. Limitations: During the term of this loan, the applicable annual interest rate will not be more than _____ % or less than _____ %.

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

☒ The amount of each scheduled payment will change. ☒ The amount of the final payment will change.

ACCRUAL METHOD: Interest will be calculated on a Actual/365 basis

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

on the same fixed or variable rate basis in effect before maturity (as indicated above)

☒ At a rate equal to WSJ prime rate plus 5% (five percent) upon written default notice

[X] LATE FEE CHARGE: If a payment is not made within 30 days after it is due, I agree to pay a late charge of \$5.00 or 5% of the late amount, whichever is minimum of \$10.00 and a maximum of \$500.00.

ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which ☐ are ☒ are not included in the principal amount:

PAYMENTS: I agree to pay this note as follows:

(X) Interest: I agree to pay accrued interest in 23 monthly interest payments beginning 02/02/2008 and with the principal.

[X] Principal: I agree to pay the principal in one final payment of principal and interest in the amount of \$201,795.79 due on 08/02/2010.

Installments: I agree to pay this note in _____ payments. The first payment will be in the amount of \$ _____.

and will be due A payment of \$ will be due thereafter. The final payment of the entire

ADDITIONAL TERMS: This is a variable rate loan and the payment amounts may change.

Since it is a variable rate loan and the payment amounts may change.
First title insured real estate mortgage on property and improvements located at The Meridian, Unit 1700-A, Unit 309, Mt. Pleasant SC 29405 (in the Meridian) more particularly described in said mortgage dated 03/22/2006, recorded on 04/06/2006 in Charleston County Official Records Book S 578, page 435 loan amount of \$201,050.00 and mortgage amount of \$251,312.50 which represents 125% of the loan value in the name of J.R. Gregory Venkous, LLC. Renewal of Promissory Note dated 03/22/2006. This Note renews but does not satisfy Promissory Note dated 05/26/2007 for loan &

[X] SECURITY: This note is separately secured by (describe separate document by type and date):
 MMM in Meridian, Unit 1700-A, Unit 309, Mc. Pleasant SC 29664 (in the Meridian).

1. The purpose of the report is to provide information on the results of the study and to discuss the implications of the findings.

PURPOSE: The purpose of this loan is Business: Renew loan that was to purchase rental condo.

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date.
J.K. Gregory Ventures, LLC

Signature for tender

Kenneth R. Richer

Kenrick M. Vickrey
Vice President

Marilyn T. Schmitt Member
Marilyn T. Schmitt Member

SOUTH CAROLINA UNIVERSAL NOTE

© 1984, 1991 Hushpuppy Systems, Inc., St. Cloud, MN Phone: (507) 325-1100



משה ואלה שמעו

42

J.R. Gregory Ventures, LLC
4206 Colonel Vanderhorst Circle
Mt. Pleasant, SC 29466

Tidelands Bank
875 Lowcountry Blvd
Mt. Pleasant, SC 29464

Loan Number _____
Date 09/24/2010
Maturity Date 10/02/2013
Loan Amount \$ 200,880.59
Renewal Of _____

BORROWER'S NAME AND ADDRESS
"I" includes each borrower above, jointly and severally.

LENDER'S NAME AND ADDRESS
"You" means the lender, its successors and assigns.

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of Two Hundred Thousand Eight Hundred Eighty Dollars and Sixty-Nine Cents Dollars \$ 200,880.59

☒ Single Advance: I will receive all of this principal sum on 09/24/2010. No additional advances are contemplated under this note.
☐ Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this note. On _____ I will receive the amount of \$ _____ and future principal advances are contemplated.
Conditions: The conditions for future advances are _____

☐ Open End Credit: You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on _____

☐ Closed End Credit: You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from 09/24/2010 at the rate of 5.50000 % per year until Paid in Full

☒ Variable Rate: This rate may then change as stated below.

☒ Index Rate: The future rate will be 1.00% above the following index rate: Wall Street Journal Prime Rate

☐ No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.

☒ Frequency and Timing: The rate on this note may change as often as every day beginning 9/25/2010
A change in the interest rate will take effect on the same day

☒ Limitations: During the term of this loan, the applicable annual interest rate will not be more than 5.500 % or less than 5.500 %. The rate may not change more than _____ % each _____

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

☐ The amount of each scheduled payment will change. ☒ The amount of the final payment will change.

ACCRUAL METHOD: Interest will be calculated on a Actual/365 basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:
on the same fixed or variable rate basis in effect before maturity (as indicated above).

☐ at a rate equal to _____

☒ LATE CHARGE: If a payment is not made within 10 days after it is due, I agree to pay a late charge of 5.000% of the late amount with a minimum of \$10.00 and a maximum of \$500.00

☐ ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which ☐ are ☐ are not included in the principal amount above: _____

PAYMENTS: I agree to pay this note as follows:

☐ Interest: I agree to pay accrued interest _____

☐ Principal: I agree to pay the principal _____

☒ Installments: I agree to pay this note in 36 payments. The first payment will be in the amount of \$ 1,235.00 and will be due 11/02/2010. A payment of \$ 1,235.00 will be due on the same day of each month thereafter. The final payment of the entire unpaid balance of principal and interest will be due October 02, 2013

ADDITIONAL TERMS: This is a variable rate loan and the payment amounts may change.
Mortgage in the amount of \$251,312.50 (125% of loan amount) dated 03/22/2006, recorded 04/04/2006 in Charleston County Official Records Bk 5578, Pg 435. This note renews but does not satisfy Promissory Note dated 03/22/2006, 06/29/2007 & 08/01/2008 for loan 200,880.59 **POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full at a rate equal to Wall Street Journal Prime Rate plus 5% (five percent) upon written default notice.

☒ SECURITY: This note is separately secured by (describe separate document by type and date):
FRM on Meridian, Unit 1700-A, unit 309, Mt. Pleasant SC 29464 (in the Meridian).

(This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)

PURPOSE: The purpose of this loan is Business: Renew loan that was to purchase rental condo.

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date.
J.R. Gregory Ventures, LLC

Maribyn T. Schmitt
Maribyn T. Schmitt Member

Signature for Lender

FOR KEN PICKENS
Kenneth M. Pickens
Vice President

SOUTH CAROLINA - UNIVERSAL NOTE

Exhibit © 1984, 1991 Bankers Systems, Inc., St. Cloud, MN Form UN-SC 3/7/2002

EXHIBIT

tabbles

A

(page 1 of 2)

APPLICABLE LAW: The law of the state of South Carolina shall govern this note. Any term of this note which is contrary to applicable law will not be effective, unless the law permits you and me to agree to such a variation. If any provision of this agreement cannot be enforced according to its terms, this fact will not affect the enforceability of the remainder of this agreement. No modification of this agreement may be made without your express written consent. Time is of the essence in this agreement.

COOPERATION: I understand and agree that I shall pay no insurance premiums paid to insurance companies, and I shall not involve money retained by you or paid back to you as commissions or other remuneration.

PAYMENTS: Each payment I make on this note will first reduce the amount I owe you for charges which are neither interest nor principal. The remainder of each payment will then reduce accrued unpaid interest. If I make a payment which I agree to at a different application of payments, we will describe our agreement to the application of that part of, or the entire balance of this loan without penalty, unless we specify to the contrary on this note. Any partial prepayment will not excuse or reduce any later scheduled payment until this note is paid in full. When I make the prepayment, you and I agree in writing to the contrary.

INDEX RATE: The index will serve only as a device for setting the rate on this note. You do not guarantee by selecting this index, or the margin, that the rate on this note will be the same rate you charge on any other loans or class of loans to me or other borrowers.

POST MATURITY RATE: For purposes of deciding when the "Post Maturity Rate" (shown on page 1) applies, the term "maturity" means the date of the last scheduled payment indicated on page 1 of this note or the date you accelerate payment on the note, whichever is earlier.

MULTIPLE ADVANCE LOANS: If this is a multiple advance loan, you and I expect that you will make more than one advance of principal. If this is closed end credit, repaying a part of the principal will not annule me to additional credit.

SET-OFF: I agree that you may set off any amount due and payable under this note against any right I have to receive money from you.

"Any amount due and payable under this note" means the total amount of which you are entitled to demand payment under the terms of this note at the time you set off. This total includes any balance the due date for which you properly accelerate under this note.

You will not be liable for the dishonor of any check when the dishonor occurs because you set off this debt against any of my accounts. I agree to hold you harmless from any such claims arising as a result of your exercise of your right of set-off.

DEBTOR: I will be in default if any one or more of the following occur:
(1) I fail to make a payment on time or in the amount due; (2) I fail to keep the property insured, if required; (3) I fail to pay, or keep any promise, on any debt or agreement I have with you; (4) any other creditor or creditor's attorney to collect my debt I owe him through court proceedings; (5) I die, am declared incompetent, make an assignment for the benefit of creditors, or become insolvent (either because my liabilities exceed my assets or I am unable to pay my debts as they become due); (6) I make any written statement or provide any financial information that is untrue or inaccurate at the time it was provided; (7) I do or fail to do something which causes you to believe that you will have difficulty collecting the amount I owe you; (8) any collateral securing this note is used in a manner or for a purpose which threatens confiscation by a legal authority; (9) I change my name or assume an additional name without first notifying you before making such a change; (10) I fail to plant, cultivate and harvest crops in due season if I am a producer of crops; (11) any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 C.F.R. Part 1940, Subpart G, Exhibit M.

COLLECTION COSTS AND ATTORNEY'S FEES: I agree to pay all costs of collection, replevin or any other or similar type of cost if I am in default.

OBLIGATIONS INDEPENDENT: I understand that I must pay this note even if someone else has also agreed to pay it (by, for example, signing this form or a separate guarantee or endorsement). You may sue me

all or less than all of us will not release me from my duty to pay it. Otherwise, you are entitled to only one payment in full. I agree that you may, at your option extend this note or the debt represented by this note, or

FINANCIAL INFORMATION: I agree to provide you, upon request, any financial statement or information you may deem necessary. I warrant that the financial statements and information I provide to you are or will be true and correct.

WAIVER OF HEARING PRIOR TO IMMEDIATE POSSESSION: If this loan is for a business purpose, I agree to waive the right to five days' notice and a court hearing prior to seizure of my personal property, vehicle

[illegible]

DK S578PG435

This document was prepared by (name, address, phone):

Tidelands Bank
875 Lowcountry Blvd
Mt. Pleasant, SC 29464

State of South Carolina

Space Above This Line For Recording Data

REAL ESTATE MORTGAGE (With Future Advance Clause)

1. **DATE AND PARTIES.** The date of this Mortgage is 03/22/2006 and the parties and their addresses are as follows:

MORTGAGOR: J.R. Gregory Ventures, LLC
4206 Colonel Vanderhorst Circle
Mt. Pleasant, SC 29466

☐ Refer to the Addendum which is attached and incorporated herein for additional Mortgagors.

LENDER: Tidelands Bank
875 Lowcountry Blvd
Mt. Pleasant, SC 29464

2. **MORTGAGE.** For good and valuable consideration, the receipt and sufficiency of which is acknowledged, and to secure the Secured Debt (hereafter defined), Mortgagor grants, bargains, conveys and mortgages to Lender the following described property:

See attached exhibit "A"

The property is located in Charleston at 2011 N. US
(County)

Highway 17, Unit A BLDG, Mt. Pleasant, South Carolina 29464
(Address) (City) (Zip Code)

Together with all rights, easements, appurtenances, royalties, mineral rights, oil and gas rights, crops, timber, all diversion payments or third party payments made to crop producers, and all existing and future improvements, structures, fixtures, and replacements that may now, or at any time in the future, be part of the real estate described above (all referred to as "Property"). The term Property also includes, but is not limited to, any and all water wells, water, ditches, reservoirs, reservoir sites and dams located on the real estate and all riparian and water rights associated with the Property, however established.

SOUTH CAROLINA - AGRICULTURAL/COMMERCIAL REAL ESTATE SECURITY INSTRUMENT (NOT FOR FRMA, FHLBC, FHA OR VA USE, AND NOT FOR CONSUMER PURPOSES)

(page 1 of 8)

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3. **MAXIMUM OBLIGATION LIMIT.** The total principal amount of the Secured Debt (hereafter defined) secured by this Mortgage at any one time shall not exceed \$ 251,312.50. This limitation of amount does not include interest, loan charges, commitment fees, brokerage commissions, attorneys' fees and other charges validly made pursuant to this Mortgage and does not apply to advances (or interest accrued on such advances) made under the terms of this Mortgage to protect Lender's security and to perform any of the covenants contained in this Mortgage. Interest under the Note will be deferred, accrued or capitalized; however, Mortgagee shall not be required to defer, accrue or capitalize any interest except as provided in the Note. Future advances are contemplated and, along with other future obligations, are secured by this Mortgage even though all or part may not yet be advanced. Nothing in this Mortgage, however, shall constitute a commitment to make additional or future loans or advances in any amount. Any such commitment would need to be agreed to in a separate writing.
4. **SECURED DEBT DEFINED.** The term "Secured Debt" includes, but is not limited to, the following:
- A. The promissory note(s), contract(s), guaranty(ies) or other evidence of debt described below and all extensions, renewals, modifications or substitutions (Evidence of Debt) (e.g., *borrower's name, note amount, interest rate, maturity date*):
Promissory note of even date and amount.
 - B. All future advances from Lender to Mortgagor or other future obligations of Mortgagor to Lender under any promissory note, contract, guaranty, or other evidence of debt existing now or executed after this Mortgage whether or not this Mortgage is specifically referred to in the evidence of debt.
 - C. All obligations Mortgagor owes to Lender, which now exist or may later arise, to the extent not prohibited by law, including, but not limited to, liabilities for overdrafts relating to any deposit account agreement between Mortgagor and Lender.
 - D. All additional sums advanced and expenses incurred by Lender for insuring, preserving or otherwise protecting the Property and its value and any other sums advanced and expenses incurred by Lender under the terms of this Mortgage, plus interest at the highest rate in effect, from time to time, as provided in the Evidence of Debt.
 - E. Mortgagor's performance under the terms of any instrument evidencing a debt by Mortgagor to Lender and any Mortgage securing, guarantying, or otherwise relating to the debt.

If more than one person signs this Mortgage as Mortgagor, each Mortgagor agrees that this Mortgage will secure all future advances and future obligations described above that are given to or incurred by any one or more Mortgagor, or any one or more Mortgagor and others. This Mortgage will not secure any other debt if Lender fails, with respect to such other debt, to make any required disclosure about this Mortgage or if Lender fails to give any required notice of the right of rescission.

5. **PAYMENTS.** Mortgagor agrees to make all payments on the Secured Debt when due and in accordance with the terms of the Evidence of Debt or this Mortgage.
6. **WARRANTY OF TITLE.** Mortgagor covenants that Mortgagor is lawfully seized of the estate conveyed by this Mortgage and has the right to grant, bargain, convey, sell, and mortgage the Property and warrants that the Property is unencumbered, except for encumbrances of record.
7. **CLAIMS AGAINST TITLE.** Mortgagor will pay all taxes, assessments, liens, encumbrances, lease payments, ground rents, utilities, and other charges relating to the Property when due. Lender may require Mortgagor to provide to Lender copies of all notices that such amounts are due and the receipts evidencing Mortgagor's payment. Mortgagor will defend title to the Property against any claims that would impair the lien of this Mortgage. Mortgagor agrees to assign to Lender, as requested by Lender, any rights, claims or defenses which Mortgagor may have against parties who supply labor or materials to improve or maintain the Property.
8. **PRIOR SECURITY INTERESTS.** With regard to any other mortgage, deed of trust, security agreement or other lien document that created a prior security interest or encumbrance on the Property and that may have priority over this Mortgage, Mortgagor agrees:
- A. To make all payments when due and to perform or comply with all covenants.
 - B. To promptly deliver to Lender any notices that Mortgagor receives from the holder.
 - C. Not to make or permit any modification or extension of, and not to request or accept any future advances under any note or agreement secured by, the other mortgage, deed of trust or security agreement unless Lender consents in writing.
9. **DUE ON SALE OR ENCUMBRANCE.** Lender may, at its option, declare the entire balance of the Secured Debt to be immediately due and payable upon the creation of any lien, encumbrance, transfer, or sale, or contract for any of these on the Property. However, if the Property includes Mortgagor's residence, this section shall be subject to the restrictions imposed by federal law (12 C.F.R. 591), as applicable. For the purposes of this section, the term "Property" also includes any interest to all or any part of the Property. This covenant shall run with the Property and shall remain in effect until the Secured Debt is paid in full and this Mortgage is released.

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- 10. TRANSFER OF AN INTEREST IN THE MORTGAGOR.** If Mortgagor is an entity other than a natural person (such as a corporation or other organization), Lender may demand immediate payment if (1) a beneficial interest in Mortgagor is sold or transferred; (2) there is a change in either the identity or number of members of a partnership or similar entity; or (3) there is a change in ownership of more than 25 percent of the voting stock of a corporation or similar entity. However, Lender may not demand payment in the above situations if it is prohibited by law as of the date of this Mortgage.
- 11. ENTITY WARRANTIES AND REPRESENTATIONS.** If Mortgagor is an entity other than a natural person (such as a corporation or other organization), Mortgagor makes to Lender the following warranties and representations which shall be continuing as long as the Secured Debt remains outstanding:
- A. Mortgagor is an entity which is duly organized and validly existing in the Mortgagor's state of incorporation (or organization). Mortgagor is in good standing in all states in which Mortgagor transacts business. Mortgagor has the power and authority to own the Property and to carry on its business as now being conducted and, as applicable, is qualified to do so in each state in which Mortgagor operates.
 - B. The execution, delivery and performance of this Mortgage by Mortgagor and the obligation evidenced by the Evidence of Debt are within the power of Mortgagor, have been duly authorized, have received all necessary governmental approval, and will not violate any provision of law, or order of court or governmental agency.
 - C. Other than disclosed in writing Mortgagor has not changed its name within the last ten years and has not used any other trade or fictitious name. Without Lender's prior written consent, Mortgagor does not and will not use any other name and will preserve its existing name, trade names and franchises until the Secured Debt is satisfied.
- 12. PROPERTY CONDITION, ALTERATIONS AND INSPECTION.** Mortgagor will keep the Property in good condition and make all repairs that are reasonably necessary. Mortgagor will give Lender prompt notice of any loss or damage to the Property. Mortgagor will keep the Property free of noxious weeds and grasses. Mortgagor will not initiate, join in or consent to any change in any private restrictive covenant, zoning ordinance or other public or private restriction limiting or defining the uses which may be made of the Property or any part of the Property, without Lender's prior written consent. Mortgagor will notify Lender of all demands, proceedings, claims, and actions against Mortgagor or any other owner made under law or regulation regarding use, ownership and occupancy of the Property. Mortgagor will comply with all legal requirements and restrictions, whether public or private, with respect to the use of the Property. Mortgagor also agrees that the nature of the occupancy and use will not change without Lender's prior written consent.
- No portion of the Property will be removed, demolished or materially altered without Lender's prior written consent except that Mortgagor has the right to remove items of personal property comprising a part of the Property that become worn or obsolete, provided that such personal property is replaced with other personal property at least equal in value to the replaced personal property, free from any title retention device, security agreement or other encumbrance. Such replacement of personal property will be deemed subject to the security interest created by this Mortgage. Mortgagor shall not partition or subdivide the Property without Lender's prior written consent. Lender or Lender's agents may, at Lender's option, enter the Property at any reasonable time for the purpose of inspecting the Property. Any inspection of the Property shall be entirely for Lender's benefit and Mortgagor will in no way rely on Lender's inspection.
- 13. AUTHORITY TO PERFORM.** If Mortgagor fails to perform any of Mortgagor's duties under this Mortgage, or any other mortgage, deed of trust, security agreement or other lien document that has priority over this Mortgage, Lender may, without notice, perform the duties or cause them to be performed. Mortgagor appoints Lender as attorney in fact to sign Mortgagor's name or pay any amount necessary for performance. If any construction on the Property is discontinued or not carried on in a reasonable manner, Lender may do whatever is necessary to protect Lender's security interest in the Property. This may include completing the construction.
- Lender's right to perform for Mortgagor shall not create an obligation to perform, and Lender's failure to perform will not preclude Lender from exercising any of Lender's other rights under the law or this Mortgage. Any amounts paid by Lender for insuring, preserving or otherwise protecting the Property and Lender's security interest will be due on demand and will bear interest from the date of the payment until paid in full at the interest rate in effect from time to time according to the terms of the Evidence of Debt.
- 14. ASSIGNMENT OF LEASES AND RENTS.** Mortgagor assigns, grants, bargains, conveys and mortgages to Lender as additional security all the right, title and interest in the following (Property):
- A. Existing or future leases, subleases, licenses, guaranties and any other written or verbal agreements for the use and occupancy of the Property, including but not limited to, any extensions, renewals, modifications or replacements (Leases).
 - B. Rents, issues and profits, including but not limited to, security deposits, minimum rents, percentage rents, additional rents, common area maintenance charges, parking charges, real estate taxes, other applicable taxes, insurance premium contributions, liquidated damages following default, cancellation premiums, "loss of rents" insurance, guest receipts, revenues, royalties, proceeds, bonuses, accounts, contract rights, general intangibles, and all rights and claims which Mortgagor may have that in any way pertain to or are on account of the use or occupancy of the whole or any part of the Property (Rents).
- In the event any item listed as Leases or Rents is determined to be personal property, this Assignment will also be regarded as a security agreement.

Mortgagor will promptly provide Lender with copies of the Leases and will certify these Leases are true and correct copies. The existing Leases will be provided on execution of the Assignment, and all future Leases and any other information with respect to these Leases will be provided immediately after they are executed. Mortgagor may collect, receive, enjoy and use the Rents so long as Mortgagor is not in default. Mortgagor will not collect in advance any Rents due in future lease periods, unless Mortgagor first obtains Lender's written consent. Upon default, Mortgagor will receive

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any Rents in trust for Lender and Mortgagor will not commingle the Rents with any other funds. When Lender so directs, Mortgagor will endorse and deliver any payments of Rents from the Property to Lender. Amounts collected will be applied at Lender's discretion to the Secured Debts, the costs of managing, protecting and preserving the Property, and other necessary expenses. Mortgagor agrees that this Security Instrument is immediately effective between Mortgagor and Lender and effective as to third parties on the recording of this Assignment.

As long as this Assignment is in effect, Mortgagor warrants and represents that no default exists under the Leases, and the parties subject to the Leases have not violated any applicable law on leases, licenses and landlords and tenants. Mortgagor, at its sole cost and expense, will keep, observe and perform, and require all other parties to the Leases to comply with the Leases and any applicable law. If Mortgagor or any party to the Lease defaults or fails to observe any applicable law, Mortgagor will promptly notify Lender. If Mortgagor neglects or refuses to enforce compliance with the terms of the Leases, then Lender may, at Lender's option, enforce compliance.

Mortgagor will not sublet, modify, extend, cancel, or otherwise alter the Leases, or accept the surrender of the Property covered by the Leases (unless the Leases so require) without Lender's consent. Mortgagor will not assign, compromise, subordinate or encumber the Leases and Rents without Lender's prior written consent. Lender does not assume or become liable for the Property's maintenance, depreciation, or other losses or damages when Lender acts to manage, protect or preserve the Property, except for losses and damages due to Lender's gross negligence or intentional torts. Otherwise, Mortgagor will indemnify Lender and hold Lender harmless for all liability, loss or damage that Lender may incur when Lender opts to exercise any of its remedies against any party obligated under the Leases.

15. CONDOMINIUMS; PLANNED UNIT DEVELOPMENTS. If the Property includes a unit in a condominium or a planned unit development, Mortgagor will perform all of Mortgagor's duties under the covenants, by-laws, or regulations of the condominium or planned unit development.

16. DEFAULT. Mortgagor will be in default if any of the following occur:

- A. Any party obligated on the Secured Debt fails to make payment when due;
- B. A breach of any term or covenant in this Mortgage, any prior mortgage or any construction loan agreement, security agreement or any other document evidencing, guarantying, securing or otherwise relating to the Secured Debt;
- C. The making or furnishing of any verbal or written representation, statement or warranty to Lender that is false or incorrect in any material respect by Mortgagor or any person or entity obligated on the Secured Debt;
- D. The death, dissolution, or insolvency of, appointment of a receiver for, or application of any debtor relief law to, Mortgagor or any person or entity obligated on the Secured Debt;
- E. A good faith belief by Lender at any time that Lender is insecure with respect to any person or entity obligated on the Secured Debt or that the prospect of any payment is impaired or the value of the Property is impaired;
- F. A material adverse change in Mortgagor's business including ownership, management, and financial conditions, which Lender in its opinion believes impairs the value of the Property or repayment of the Secured Debt; or
- G. Any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 C.F.R. Part 1940, Subpart G, Exhibit M.

17. REMEDIES ON DEFAULT. In some instances, federal and state law will require Lender to provide Mortgagor with notice of the right to cure, mediation notices or other notices and may establish time schedules for foreclosure actions. Subject to these limitations, if any, Lender may accelerate the Secured Debt and foreclose this Mortgage in a manner provided by law if this Mortgagor is in default.

At the option of Lender, all or any part of the agreed fees and charges, accrued interest and principal shall become immediately due and payable, after giving notice if required by law, upon the occurrence of a default or anytime thereafter. In addition, Lender shall be entitled to all the remedies provided by law, the Evidence of Debt, other evidences of debt, this Mortgage and any related documents. All remedies are distinct, cumulative and not exclusive, and the Lender is entitled to all remedies provided at law or equity, whether expressly set forth or not. The acceptance by Lender of any sum in payment or partial payment on the Secured Debt after the balance is due or is accelerated or after foreclosure proceedings are filed shall not constitute a waiver of Lender's right to require full and complete cure of any existing default. By not exercising any remedy on Mortgagor's default, Lender does not waive Lender's right to later consider the event a default if it continues or happens again.

18. EXPENSES; ADVANCES ON COVENANTS; ATTORNEYS' FEES; COLLECTION COSTS. Except when prohibited by law, Mortgagor agrees to pay all of Lender's expenses if Mortgagor breaches any covenant in this Mortgage. Mortgagor will also pay on demand all of Lender's expenses incurred in collecting, insuring, preserving or protecting the Property or in any inventories, audits, inspections or other examination by Lender in respect to the Property. Mortgagor agrees to pay all costs and expenses incurred by Lender in enforcing or protecting Lender's rights and remedies under this Mortgage, including, but not limited to, attorneys' fees, court costs, and other legal expenses. Once the Secured Debt is fully and finally paid, Lender agrees to release this Mortgage and Mortgagor agrees to pay for any recordation costs. All such amounts are due on demand and will bear interest from the time of the advance at the highest rate in effect, from time to time, as provided in the Evidence of Debt and as permitted by law.

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

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characteristics which render the substance dangerous or potentially dangerous to the public health, safety, welfare or environment. The term includes, without limitation, any substances defined as "hazardous material," "toxic substances," "hazardous waste" or "hazardous substance" under any Environmental Law. Mortgagor represents, warrants and agrees that, except as previously disclosed and acknowledged in writing:

- A. No Hazardous Substance has been, is, or will be located, transported, manufactured, treated, refined, or handled by any person on, under or about the Property, except in the ordinary course of business and in strict compliance with all applicable Environmental Law.
- B. Mortgagor has not and will not cause, contribute to, or permit the release of any Hazardous Substance on the Property.
- C. Mortgagor will immediately notify Lender if (1) a release or threatened release of Hazardous Substance occurs on, under or about the Property or migrates or threatens to migrate from nearby property; or (2) there is a violation of any Environmental Law concerning the Property. In such an event, Mortgagor will take all necessary remedial action in accordance with Environmental Law.
- D. Mortgagor has no knowledge of or reason to believe there is any pending or threatened investigation, claim, or proceeding of any kind relating to (1) any Hazardous Substance located on, under or about the Property; or (2) any violation by Mortgagor or any tenant of any Environmental Law. Mortgagor will immediately notify Lender in writing as soon as Mortgagor has reason to believe there is any such pending or threatened investigation, claim, or proceeding. In such an event, Lender has the right, but not the obligation, to participate in any such proceeding including the right to receive copies of any documents relating to such proceedings.
- E. Mortgagor and every tenant have been, are and shall remain in full compliance with any applicable Environmental Law.
- F. There are no underground storage tanks, private dumps or open wells located on or under the Property and no such tank, dump or well will be added unless Lender first consents in writing.
- G. Mortgagor will regularly inspect the Property, monitor the activities and operations on the Property, and confirm that all permits, licenses or approvals required by any applicable Environmental Law are obtained and complied with.
- H. Mortgagor will permit, or cause any tenant to permit, Lender or Lender's agent to enter and inspect the Property and review all records at any reasonable time to determine (1) the existence, location and nature of any Hazardous Substance on, under or about the Property; (2) the existence, location, nature, and magnitude of any Hazardous Substance that has been released on, under or about the Property; or (3) whether or not Mortgagor and any tenant are in compliance with applicable Environmental Law.
- I. Upon Lender's request and at any time, Mortgagor agrees, at Mortgagor's expense, to engage a qualified environmental engineer to prepare an environmental audit of the Property and to submit the results of such audit to Lender. The choice of the environmental engineer who will perform such audit is subject to Lender's approval.
- J. Lender has the right, but not the obligation, to perform any of Mortgagor's obligations under this section at Mortgagor's expense.
- K. As a consequence of any breach of any representation, warranty or promise made in this section, (1) Mortgagor will indemnify and hold Lender and Lender's successors or assigns harmless from and against all losses, claims, demands, liabilities, damages, cleanup, response and remediation costs, penalties and expenses, including without limitation all costs of litigation and attorneys' fees, which Lender and Lender's successors or assigns may sustain; and (2) at Lender's discretion, Lender may release this Mortgage and in return Mortgagor will provide Lender with collateral of at least equal value to the Property secured by this Mortgage without prejudice to any of Lender's rights under this Mortgage.
- L. Notwithstanding any of the language contained in this Mortgage to the contrary, the terms of this section shall survive any foreclosure or satisfaction of this Mortgage regardless of any passage of title to Lender or any disposition by Lender of any or all of the Property. Any claims and defenses to the contrary are hereby waived.

20. CONDEMNATION. Mortgagor will give Lender prompt notice of any action, real or threatened, by private or public entities to purchase or take any or all of the Property, including any easements, through condemnation, eminent domain, or any other means. Mortgagor further agrees to notify Lender of any proceedings instituted for the establishment of any sewer, water, conservation, ditch, drainage, or other district relating to or binding upon the Property or any part of it. Mortgagor authorizes Lender to intervene in Mortgagor's name in any of the above described actions or claims and to collect and receive all sums resulting from the action or claim. Mortgagor assigns to Lender the proceeds of any award or claim for damages connected with a condemnation or other taking of all or any part of the Property. Such proceeds shall be considered payments and will be applied as provided in this Mortgage. This assignment of proceeds is subject to the terms of any prior mortgage, deed of trust, security agreement or other lien document.

21. INSURANCE. Mortgagor agrees to maintain insurance as follows:

- A. Mortgagor shall keep the Property insured against loss by fire, theft and other hazards and risks reasonably associated with the Property due to its type and location. Other hazards and risks may include, for example, coverage against loss due to floods or flooding. This insurance shall be maintained in the amounts and for the periods that Lender requires. What Lender requires pursuant to the preceding three sentences can change during the term of the Secured Debt. The insurance carrier providing the insurance shall be chosen by Mortgagor subject to Lender's approval, which shall not be unreasonably withheld. If Mortgagor fails to maintain the coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property according to the terms of this Mortgage.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard "mortgage clause" and, where applicable, "lender loss payee clause." Mortgagor shall immediately notify Lender of cancellation or termination of the insurance. Lender shall have the right to hold the policies and renewals. If Lender requires, Mortgagor shall immediately give to Lender all receipts of paid premiums and renewal notices. Upon loss, Mortgagor shall give immediate notice to the insurance carrier and Lender. Lender may make proof of loss if not made immediately by Mortgagor.

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Unless Lender and Mortgagor otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the Secured Debt, whether or not then due, with any excess paid to Mortgagor. If Mortgagor abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay the Secured Debt whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Mortgagor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of scheduled payments or change the amount of the payments. If the Property is acquired by Lender, Mortgagor's right to any insurance policies and proceeds resulting from damage to the Property before the acquisition shall pass to Lender to the extent of the Secured Debt immediately before the acquisition.

- B. Mortgagor agrees to maintain comprehensive general liability insurance naming Lender as an additional insured in an amount acceptable to Lender, insuring against claims arising from any accident or occurrence in or on the Property.
- C. Mortgagor agrees to maintain rental loss or business interruption insurance, as required by Lender, in an amount equal to at least coverage of one year's debt service, and required escrow account deposits (if agreed to separately in writing), under a form of policy acceptable to Lender.

22. NO ESCROW FOR TAXES AND INSURANCE. Unless otherwise provided in a separate agreement, Mortgagor will not be required to pay to Lender funds for taxes and insurance in escrow.

23. FINANCIAL REPORTS AND ADDITIONAL DOCUMENTS. Mortgagor will provide to Lender upon request, any financial statement or information Lender may deem necessary. Mortgagor warrants that all financial statements and information Mortgagor provides to Lender are, or will be, accurate, correct, and complete. Mortgagor agrees to sign, deliver, and file as Lender may reasonably request any additional documents or certifications that Lender may consider necessary to perfect, continue, and preserve Mortgagor's obligations under this Mortgage and Lender's lien status on the Property. If Mortgagor fails to do so, Lender may sign, deliver, and file such documents or certificates in Mortgagor's name and Mortgagor hereby irrevocably appoints Lender or Lender's agent as attorney in fact to do the things necessary to comply with this section.

24. JOINT AND INDIVIDUAL LIABILITY; CO-SIGNERS; SUCCESSORS AND ASSIGNS BOUND. All duties under this Mortgage are joint and individual. If Mortgagor signs this Mortgage but does not sign the Evidence of Debt, Mortgagor does so only to mortgage Mortgagor's interest in the Property to secure payment of the Secured Debt and Mortgagor does not agree to be personally liable on the Secured Debt. Mortgagor agrees that Lender and any party to this Mortgage may extend, modify or make any change in the terms of this Mortgage or the Evidence of Debt without Mortgagor's consent. Such a change will not release Mortgagor from the terms of this Mortgage. The duties and benefits of this Mortgage shall bind and benefit the successors and assigns of Mortgagor and Lender.

If this Mortgage secures a guaranty between Lender and Mortgagor and does not directly secure the obligation which is guaranteed, Mortgagor agrees to waive any rights that may prevent Lender from bringing any action or claim against Mortgagor or any party indebted under the obligation including, but not limited to, anti-deficiency or one-action laws.

25. APPLICABLE LAW; SEVERABILITY; INTERPRETATION. This Mortgage is governed by the laws of the jurisdiction in which Lender is located, except to the extent otherwise required by the laws of the jurisdiction where the Property is located. This Mortgage is complete and fully integrated. This Mortgage may not be amended or modified by oral agreement. Any section or clause in this Mortgage, attachments, or any agreement related to the Secured Debt that conflicts with applicable law will not be effective, unless that law expressly or impliedly permits the variations by written agreement. If any section or clause of this Mortgage cannot be enforced according to its terms, that section or clause will be severed and will not affect the enforceability of the remainder of this Mortgage. Whenever used, the singular shall include the plural and the plural the singular. The captions and headings of the sections of this Mortgage are for convenience only and are not to be used to interpret or define the terms of this Mortgage. Time is of the essence in this Mortgage.

26. NOTICE. Unless otherwise required by law, any notice shall be given by delivering it or by mailing it by first class mail to the appropriate party's address on page 1 of this Mortgage, or to any other address designated in writing. Notice to one mortgagor will be deemed to be notice to all mortgagors.

27. WAIVER OF HOMESTEAD. Except to the extent prohibited by law, Mortgagor waives all homestead exemption rights relating to the Property.

28. U.C.C. PROVISIONS. If checked, the following are applicable to, but do not limit, this Mortgage:

- ☐ **Construction Loan.** This Mortgage secures an obligation incurred for the construction of an improvement on the Property.
- ☐ **Fixture Filing.** Mortgagor grants to Lender a security interest in all goods that Mortgagor owns now or in the future and that are or will become fixtures related to the Property.
- ☐ **Crops; Timber; Minerals; Rents, Issues and Profits.** Mortgagor grants to Lender a security interest in all crops, timber, and minerals located on the Property as well as all rents, issues, and profits of them including, but not limited to, all Conservation Reserve Program (CRP) and Payment in Kind (PIK) payments and similar governmental programs (all of which shall also be included in the term "Property").

- ☐ **Personal Property.** Mortgagor grants to Lender a security interest in all personal property located on or connected with the Property. This security interest includes all farm products, inventory, equipment, accounts, documents, instruments, chattel paper, general intangibles, and all other items of personal property Mortgagor owns now or in the future and that are used or useful in the construction, ownership, operation, management, or maintenance of the Property. The term "personal property" specifically excludes that property described as "household goods" secured in connection with a "consumer" loan as those terms are defined in applicable federal regulations governing unfair and deceptive credit practices.
- ☐ **Filing As Financing Statement.** Mortgagor agrees and acknowledges that this Mortgage also suffices as a financing statement and as such, may be filed of record as a financing statement for purposes of Article 9 of the Uniform Commercial Code. A carbon, photographic, image or other reproduction of this Mortgage is sufficient as a financing statement.

29. OTHER TERMS. If checked, the following are applicable to this Mortgage:

- ☒ **Line of Credit.** The Secured Debt includes a revolving line of credit provision. Although the Secured Debt may be reduced to a zero balance, this Mortgage will remain in effect until released.
- ☒ **Waiver of Appraisal Rights.** The laws of South Carolina provide that in any real estate foreclosure proceeding a defendant against whom a personal judgment is taken or asked may, within thirty days after the sale of the mortgaged property, apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. **THE UNDERSIGNED HEREBY WAIVES AND RELINQUISHES THE STATUTORY APPRAISAL RIGHTS WHICH MEANS THE HIGH BID AT THE JUDICIAL FORECLOSURE SALE WILL BE APPLIED TO THE DEBT REGARDLESS OF ANY APPRAISED VALUE OF THE MORTGAGED PROPERTY.**
- ☐ **Separate Assignment.** The Mortgagor has executed or will execute a separate assignment of leases and rents. If the separate assignment of leases and rents is properly executed and recorded, then the separate assignment will supersede this Security Instrument's "Assignment of Leases and Rents" section.
- ☐ **Additional Terms.**

SIGNATURES: By signing below, Mortgagor agrees to the terms and covenants contained in this Mortgage and in any attachments. Mortgagor also acknowledges receipt of a copy of this Mortgage on the date stated above on Page 1.

☐ Actual authority was granted to the parties signing below by resolution signed and dated _____.

Entity Name: J.R. Gregory Ventures, LLC

Entity Name: _____

Marilyn T. Schmitt 03/22/2006 (Seal)
(Signature) Marilyn T. Schmitt (Date)
Member

(Signature) (Date)

Signed, Sealed and delivered in the presence of:

(Witness)

(Witness)

☐ Refer to the Addendum which is attached and incorporated herein for additional Mortgagors, signatures and acknowledgments.

X ALL that certain Unit, situate, lying and being in Charleston County, State of South Carolina, known and designated as Unit Number 1700-A and Garage Unit Number 309 in THE MERIDIAN Horizontal Property Regime as shown on the plans and specifications attached to The Master Deed Establishing THE MERIDIAN Horizontal Property Regime, dated November 10, 2005, and recorded in the RMC Office for Charleston County in Book J563 at Page 344 and as amended in the First Amendment to Master Deed in Book J565 at Page 507, and any amendments thereto; together with the undivided percentage interest in the General Common Elements of the property described in said Master Deed appurtenant thereto.

BEING the same property conveyed to JR Gregory Ventures, LLC by Deed of Montecito Palmetto Plantation, LLC, said Deed being dated March 22, 2006 and recorded simultaneously herewith in the RMC Office for Charleston County.

TMS#: 558-00-00-685 (Unit 1700-A)

TMS#: 558-00-00-843 (Garage Unit 309)

MS

BK S578PG444

RECORDER'S PAGE

NOTE: This page **MUST** remain
with the original document



Filed By:

J. Lynn McCants
782 Johnnie Dodds Blvd.
P.O. Box 2025
Mt. Pleasant SC 29465

FILED

April 4, 2006

4:10:23 PM

BK S578PG435

Charlie Lybrand, Register
Charleston County, SC

DESCRIPTION	AMOUNT
	\$ 15.00
Postage	
TOTAL	\$ 15.00

DRAWER:

A - bmm

DO NOT STAMP BELOW THIS LINE

GUARANTY

Mt. Pleasant
(City)

South Carolina
(State)

03/22/2006

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Tidelands Bank

(herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of _____

J.R. Gregory Ventures, LLC

(herein called "Borrower") or to engage in any other transactions with Borrower, the Undersigned hereby absolutely and unconditionally guarantees to Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A. If this ☒ is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: _____

Promissory note of even date and amount, loan# _____ and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

B. If this ☐ is checked, the Undersigned guarantees to Lender the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Lender (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several, or joint and several; all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness"). Without limitation, this guaranty includes the following described debt(s): _____

The Undersigned further acknowledges and agrees with Lender that:

1. No act or thing need occur to establish the liability of the Undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the Undersigned or modify, reduce, limit or release the liability of the Undersigned hereunder.

2. This is an absolute, unconditional and continuing guaranty of payment of the Indebtedness and shall continue to be in force and be binding upon the Undersigned, whether or not all Indebtedness is paid in full, until this guaranty is revoked by written notice actually received by the Lender, and such revocation shall not be effective as to Indebtedness existing or committed for at the time of actual receipt of such notice by the Lender, or as to any renewals, extensions and refinancings thereof. If there be more than one Undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the Undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by Lender and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the Undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) or revoke this guaranty, then the Lender shall have the right to declare immediately due and payable, and the Undersigned will forthwith pay to the Lender, the full amount of all Indebtedness, whether due and payable or unmatured. If the Undersigned voluntarily commences or there is commenced involuntarily against the Undersigned a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. The liability of the Undersigned hereunder shall be limited to a principal amount of \$ 201,050.00

(If unlimited or if no amount is stated, the Undersigned shall be liable for all Indebtedness, without any limitation as to amount), plus accrued interest thereon and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the Undersigned hereunder. The Lender may apply any sums received by or available to Lender on account of the Indebtedness from Borrower or any other person (except the Undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the Undersigned hereunder. If the liability of the Undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the Undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Lender, advising the Lender that such payment is made under this guaranty for such purpose.

5. The Undersigned will pay or reimburse Lender for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Lender in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

This guaranty includes the additional provisions on page 2, all of which are made a part hereof.

This guaranty is ☒ unsecured; ☐ secured by a mortgage or security agreement dated _____;
☐ secured by _____

IN WITNESS WHEREOF, this guaranty has been duly executed by the Undersigned the day and year first above written.

Marlene T. Schmidt
Marlene T. Schmidt, Member

"Undersigned" shall refer to all persons who sign this guaranty, severally and jointly.



ADDITIONAL PROVISIONS

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Indebtedness; (ii) any one or more extensions or renewals of Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of Indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any Indebtedness; (v) any discharge of any evidence of Indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon Indebtedness; (x) any election by the Lender under §1111(b)(2) of the United States Bankruptcy Code.

7. The Undersigned waives any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to Indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Undersigned will not assert, plead or enforce against Lender any defense of waiver, release, statute of limitations, res judicata, statute of frauds, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any Indebtedness, or any setoff available against Lender to Borrower or any such other person, whether or not on account of a related transaction. The Undersigned expressly agrees that the Undersigned shall be and remain liable, to the fullest extent permitted by applicable law, for any deficiency remaining after foreclosure of any mortgage or security interest securing Indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The Undersigned shall remain obligated, to the fullest extent permitted by law, to pay such amounts as though the Borrower's obligations had not been discharged.

8. The Undersigned further agrees that the Undersigned shall be and remain obligated to pay Indebtedness even though any other person obligated to pay Indebtedness, including Borrower, has such obligation discharged in bankruptcy or otherwise discharged by law. "Indebtedness" shall include post-bankruptcy petition interest and attorneys' fees and any other amounts which Borrower is discharged from paying or which do not otherwise accrue to Indebtedness due to Borrower's discharge, and the Undersigned shall remain obligated to pay such amounts as though Borrower's obligations had not been discharged.

9. If any payment applied by Lender to Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the Indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

10. The Undersigned waives any claim, remedy or other right which the Undersigned may now have or hereafter acquire against Borrower or any other person obligated to pay Indebtedness arising out of the creation or performance of the Undersigned's obligation under this guaranty, including, without limitation, any right of subrogation, contribution, reimbursement, indemnification, exoneration, and any right to participate in any claim or remedy the Undersigned may have against the Borrower, collateral, or other party obligated for Borrower's debts, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.

11. The Undersigned waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing Indebtedness. Lender shall not be required first to resort for payment of the Indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Indebtedness, before enforcing this guaranty.

12. The liability of the Undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the Undersigned to Lender as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

13. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the Undersigned. This guaranty shall be effective upon delivery to Lender, without further act, condition or acceptance by Lender, shall be binding upon the Undersigned and the heirs, representatives, successors and assigns of the Undersigned and shall inure to the benefit of Lender and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. Except as authorized by the terms herein, this guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Undersigned and Lender. This guaranty shall be governed by the laws of the State in which it is executed. The Undersigned waives notice of Lender's acceptance hereof.

1 STATE OF SOUTH CAROLINA)
 2 COUNTY OF CHARLESTON) : IN THE COURT OF COMMON PLEAS
 3 TIDELANDS BANK,) CASE NO. 2013-CP-10-5324/5325
 4 Plaintiff(s),)
 5 -vs) HEARING
 6 J.R. GREGORY VENTURES,)
 7 LLC, et al,)
 8 Defendant(s),)
 9 -----)

10

11 Given before The Honorable Mikell Scarborough in the
 12 Charleston County Courthouse, 100 Broad Street, Suite 266,
 13 Charleston, South Carolina on Monday, April the 28, 2014,
 14 commencing at 3:15 o'clock p.m.

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1 A-P-P-E-A-R-A-N-C-E-S

2 For the Plaintiff : Moore & Van Allen
3 By: Joseph Belton, Esq.,
4 78 Wentworth Street
Charleston, SC 29401

5 For the Defendant : McGrath Law Firm
6 By: Peter McGrath, Esq.,
7 By: Matthew Pecoy, Esq.,
8 802 Johnnie Dodds Blvd.
9 Mt. Pleasant, SC 29464

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17 INDEX TO EXHIBITS

18 (None were marked.)

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1 THE COURT: We've got two cases. They're
2 captioned the same, Tidelands Bank versus J.R. Gregory
3 Ventures, LLC and Marilyn T. Schmidt, who is y'all's client.
4 Y'all are representing both the entity and Ms. Schmidt?

5 MR. McGRATH: Yes, sir.

6 THE COURT: And that's in case number
7 2013-CP-10-5324 and 5325. And I have received motions for
8 summary judgment from the plaintiff on both with supporting
9 memoranda that was filed, at least I've got this filed
10 Friday. And then I've received y'all's responsive memoranda
11 including I saw an affidavit of Ms. Schmidt.

12 MR. McGRATH: Yes, sir.

13 THE COURT: And I think somebody else.

14 MR. McGRATH: Yes. And also a motion to allow --
15 we just came on board late, so we wanted to be allowed to do
16 some discovery.

17 THE COURT: Let's start there. Let's talk about
18 that. I issued a scheduling order back in February. And it
19 came essentially in the form of consent. Mr. Jung was
20 representing Mr. Schmidt then. And I changed the dates
21 because I need to give them a little bit of extra time. So
22 I pushed it out to experts by the 10th of March, discovery
23 by the 18th of March, dispositive motions by the 21st of
24 April, and then set it up today for pre-trial. So when did
25 y'all get involved?

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1 MR. McGRATH: Thank you, Your Honor. Around the
2 April 18th or so, around that week or so. I guess we talked
3 to Joe, and then we cooperatively did a deposition I believe
4 right after the deadline or right around the deadline,
5 because Joe was cooperative in rescheduling the depo to
6 allow us to do that. So we deposed Ms. Schmidt --

7 MR. PECOY: To speak precisely, Your Honor, we
8 were retained in mid March.

9 THE COURT: And that's of record, is it not?
10 You've got a substitution of counsel?

11 MR. PECOY: And I believe another issue before the
12 Court, it was submitted last week. We do not have a signed
13 executed order authorizing our substitution. We obtained
14 signatures from prior counsel, submitted that with
15 ourselves. We haven't gotten a signed order back, Your
16 Honor.

17 THE COURT: When did y'all send that?

18 MR. PECOY: Your Honor, give me one moment and I
19 can answer that more precisely. I believe it was mailed out
20 last week.

21 MR. McGRATH: I'm sorry, Your Honor. We did the
22 depo March 20th.

23 MR. PECOY: Actually it got continued twice. And
24 when you jumped in we ended up doing it the 2nd of April.

25 MR. McGRATH: 2nd of April. I'm sorry. I'm a

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1 month off with my dates. I'm sorry. So but we did that
2 cooperatively as soon as we got aboard.

3 MR. PECOY: Your Honor, to speak precisely we
4 mailed the Order for Substitution in on the 18th of April.
5 And if I may, I think I do have at least the timeline here,
6 Your Honor. And y'all can jump in if you like.

7 THE COURT: I've got a Notice of Appearance
8 April 17th, same date the summary judgment was entered. Go
9 ahead, Mr. Belton.

10 MR. BELTON: Yes, Your Honor. On March 19th or
11 18th, I believe was the day before we had the first
12 deposition scheduled, Ms. Schmidt individually and the
13 30(b)6 deposition of the obligor in this case, J.R. Gregory,
14 so that date was set. That night, the day before the
15 deposition I received a text message from Mr. McGrath here.
16 We exchanged a couple e-mails. It was the first time I've
17 ever heard of him before. And he's like I'm jumping in, you
18 know. We're pushing the deposition back for tomorrow. I'm
19 like I haven't heard anything from Attorney Jung. We're
20 under a scheduling order, you know. Let's figure this out.
21 So what ended up happening was we did get confirmation
22 from Attorney Jung that he was asked to be substituted for
23 Peter McGrath. A couple e-mails went back and forth, one on
24 the 19th from me to both Brad Jung. And I've got all this
25 right here if you'd like to take a look at it, as well as

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1 Counsel McGrath. I said, listen, we'll again push back this
2 deposition for the third time. We'll reschedule it. We're
3 under a scheduling order, just want to let y'all know that,
4 you know. I'll consent to have substitution substituting
5 you in. This all happened on the 19th. But hey, by the way
6 guys, you know, the train's moving here essentially.

7 So they confirmed. And Mr. McGrath did attend the
8 deposition on the 2nd. It was reconfirmed by Ms. Schmidt
9 that Mr. McGrath was going to be representing him and for
10 the company individually. We have continued to send
11 correspondence and all notices to both Brad Jung as well as
12 Peter McGrath. So far so good, guys?

13 MR. McGRATH: Yeah, yeah.

14 MR. BELTON: And I did send, not only also
15 mentioning it to Mr. McGrath as far as the scheduling
16 orders, I did provide him copies of each back at the very
17 beginning of April. As far as the recent filings they sent
18 us requests for production and 33 interrogatories dated
19 April 18, and I received it on the 22nd, so after the
20 scheduling order deadline. Prior to that I didn't receive
21 any requests or anything whatsoever whether from Mr. Jung or
22 Mr. McGrath to take a deposition, to send discovery,
23 anything of that nature. And then like Mr. Pecoy indicated
24 we just received and they just filed their motion to
25 substitute and amend. Again, nothing was done prior to

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1 that.

2 I just would note on the discovery -- I know you
3 haven't heard any of the issues about the case. But it kind
4 of caught me as a surprise is that the request to the extent
5 you would ever consider allowing it to be pushed back, which
6 we don't consent to, the discovery, extensive discovery has
7 really nothing to do with the issue at issue that we're
8 dealing with today, which is the personal guarantee of this
9 lady.

10 They sent 33 interrogatories dealing with loan
11 servicing, assignment of notes, consumer protection issues,
12 which none of this is relevant to this case. It does
13 doesn't deal with any of it. So they've asked for extensive
14 discovery on stuff that's completely irrelevant. And their
15 main argument is we need time to kind of conduct this stuff,
16 which isn't going to help them in their case at all.

17 So again, they're asking us to have this punted down
18 the road to spend more time to answer this stuff that is
19 pretty much fruitless. So I'd just like to kind of note
20 that for the Court.

21 THE COURT: All right. What I have found in the
22 record is a notice of appearance by, I can't tell if Mr.
23 Pecoy signed it or Mr. McGrath signed it, but it was filed
24 on the 17th of April. And so counsel of record as of today
25 remains Mr. Jung. I need a substitution of counsel or order

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1 to resign, which I am glad to sign if y'all are
2 Ms. Schmidt's counsel of record. I'm happy to do that, but
3 unless Mr. Jung is excused, which I don't know has been
4 done, at least not by the Court. I'm happy to have y'all in
5 here today and do that.

6 MR. McGRATH: I believe we filed one last week
7 with the Court.

8 MR. PECOY: Yes, Your Honor. It was mailed for
9 filing, the notice of appearance --

10 THE COURT: It's not yet of record. What I do
11 have of record is dated the 17th of April. So it takes
12 about a week to get that stuff through. Do y'all have a
13 copy of what you'll have submitted? That I'll be happy to
14 take a look at. We've got to clear that up. And that makes
15 a big difference in case y'all wish to appeal, because you
16 won't get any notices.

17 MR. PECOY: Your Honor, if I may, I don't believe
18 my paralegal's had the filing made into a physical yet. May
19 she e-mail it to your clerk while we're hearing this matter?
20 I don't have a physical copy in our file.

21 MR. McGRATH: Here's one copied by Bill Jung but
22 it's not the one -- here's a copied letter from Joe I guess
23 agreeing to --

24 THE COURT: That's the substitution of counsel?

25 MR. McGRATH: Yeah. But we could send you the

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1 entirely correctly signed one if you'd like.

2 THE COURT: I'm just telling you what problems
3 this causes if we don't clear this up now.

4 MR. McGRATH: I understand. We agree entirely. I
5 was a law clerk. I was a federal prosecutor before I was a
6 law clerk. And the judge used to say to me, Son, procedure,
7 procedure, procedure.

8 THE COURT: He's right about that.

9 MR. McGRATH: And if I may, the only other thing
10 I'll say is Joe's been very cooperative. And we haven't
11 been pushy. We've been very -- we asked to be cooperative.
12 We came in late. He agreed to move the date. I appreciate
13 that. I'll speak to discovery issues separately.

14 THE COURT: So let's move forward then with that.
15 So I'm going to allow him to argue his motion. And then
16 Mr. McGrath if you would like to respond, and I know one of
17 your responses, I've already seen it, is that y'all need
18 addition time for discovery. But let's pursue that. And
19 I'm going to, unless there's some need to argue separately,
20 just in looking over the documents they look to be about the
21 same in each case. But if there's a nuance to it let me
22 know what that is.

23 MR. BELTON: I think the only difference between
24 the first loan and the second loan transaction is the one
25 guarantee on case 5324. Ms. Schmidt wrote member next to

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1 her name on the guarantee. Second loan transaction she
2 didn't. Other than that, obviously as far as the details of
3 the case and things like that, the issues are exactly the
4 same.

5 MR. McGRATH: I kindly agree on the net result,
6 but not at all the way it was created. The documents were
7 created by the bank. The documents, 98 percent of them
8 were --

9 THE COURT: Let's me stop you there. And I'm
10 going to let him argue his motion. Mr. Belton, go ahead.

11 MR. BELTON: Yes, Your Honor. We're here today on
12 a pre-trial conference, but also the bank, Tidelands Bank
13 has filed a Motion for Summary Judgment as to the note and
14 mortgage against J.R. Gregory Ventures, LLC, which is the
15 debtor, the obligor on the case ending in 5324 to not only
16 proceed to judgment of foreclosure on the note and mortgage
17 and also to receive an immediate money judgment against the
18 debtor as well. In addition on that same case we have also
19 moved for summary judgment against the guarantor,
20 Ms. Marilyn T. Schmidt individually.

21 And the second case, which is ending in 5325 Tidelands
22 Bank, again as the debtor, the obligor has moved for summary
23 judgment against J.R. Gregory Ventures, LLC based on a
24 default and failure to pay on the note to pursue judgment of
25 foreclosure on the property as well as pursue an immediate

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1 money judgment against that entity. And then also on a
2 separate personal guarantee of Ms. Schmidt to enforce that
3 guarantee.

4 So with both matters, Your Honor, we are dealing with a
5 straight forward note, mortgage, and guarantee. The note in
6 the case involving 5324 had been renewed three times. So
7 when I say the word note in that particular case I'm
8 including all three renewals. The other matter just
9 involves one single note. These were commercial loans. In
10 the testimony provided, and I did attach a number of pages
11 from the deposition testimony of Ms. Schmidt. These were
12 commercial loans. They were to buy and sell properties. I
13 don't think there's any doubt about that.

14 .It's also clear that Ms. Schmidt through these entities
15 and other entities has done this before. We submitted
16 through the affidavit of Tony Young at least ten other
17 guarantees were done on this, at least ten other
18 transactions where she's done this sort of thing with this
19 same bank. And so this wasn't her first time around and
20 first transaction.

21 Today I think we break it up in pieces to hopefully
22 narrow the issues down a little bit for you. I think the
23 first thing I'd like to do in case 5324 is just to point out
24 that we believe summary judgment against J.R. Gregory
25 Ventures, LLC is proper. It was admitted in the deposition

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1 testimony as well as the request to admit, specifically in
2 the deposition testimony that, you know, Ms. Schmidt was the
3 only member of that LLC. She was the owner of the entity.
4 She was of sound mind. And she knew what she was doing when
5 she entered into that transaction.

6 She admits in her deposition testimony that not only
7 did the J.R. Gregory Ventures enter into the loan with the
8 bank, they received the proceeds of that loan. It failed to
9 pay, defaulted on both the note and the mortgage. And it
10 owes the exact amount, I asked her this question directly in
11 her testimony that she responded affirmatively that she
12 testified that the amount in the complaint reflecting the
13 amount due under that note was correct. And she did not
14 dispute that.

15 So we believe at least with respect to J.R. Gregory
16 that we've proven our case. There's not an issue of
17 material fact with respect to the obligation of that entity,
18 but the debt is due. It's owing. We have a right to
19 foreclose on the mortgage. Again, Ms. Schmidt indicated
20 that foreclosure on the mortgage was proper. No defenses,
21 the bank didn't do anything wrong, it's okay to move
22 forward. So we would ask for summary judgment with respect
23 to that.

24 THE COURT: As to the corporate defendant, right?

25 MR. BELTON: As to the corporate defendant to kind

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1 of get that piece out of it.

2 THE COURT: You want to go forward?

3 MR. BELTON: Sure. With respect to the corporate
4 defendant in case 5325 I'll reiterate all those same
5 arguments. I went through, again that loan in detail with
6 Ms. Schmidt. Again, this was with J.R. Gregory Ventures,
7 LLC. She was the single member, only member of the company.
8 She was the only one that entered into the transaction. She
9 did everything herself. And when I say herself when she was
10 engaging there was no other members of the company that she
11 needed to receive authorization for. At the time that she
12 entered into the transaction she said she didn't have a
13 lawyer. And she didn't have help from anybody. She did
14 this all on her own.

15 THE COURT: She was a single member entity LLC; is
16 it not?

17 MR. BELTON: Correct.

18 THE COURT: And she's the sole member?

19 MR. BELTON: She's the sole member. So again, in
20 her deposition she admitted again that the bank --
21 excuse me -- that J.R. Gregory Ventures entered into the
22 loan, received the proceeds from that loan, failed to pay,
23 and owed the money due as indicated in the complaint. She
24 also, again indicated that she was in agreement that the
25 amount identified in the complaint was the exact money that

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1 was owed, and she didn't dispute that. Again, this is laid
2 out through her testimony. So again, we believe in that
3 particular matter ending in 5325 that the bank should
4 receive summary judgment against the entity J.R. Gregory
5 Ventures, LLC. And we have the right to move forward and
6 receive judgment of foreclosure as well.

7 THE COURT: Anything further then?

8 MR. BELTON: With respect to those two entities,
9 no, Your Honor. If I can come back to that again and go
10 forward with 5324 and just kind of focus on summary judgment
11 on the guarantee. I cited a number of cases that are right
12 on point with the exact facts that we have in this
13 particular case. In each of those instances the Court has
14 upheld summary judgment on the very situation we have here,
15 where an individual just flat out did not read the loan
16 document and signed it. The Court held that they were
17 charged with reading the document. The bank did not have an
18 obligation to help them in any way explain the document.

19 In this particular case as the testimony for both loans
20 they were slightly different but essentially the same is
21 that she scanned the document, which was very, very long.
22 She typically does not read them at all. I think she was a
23 little bit careless. And she said she assumed in one
24 instance. In the other instance she basically made the
25 assumption or she wasn't paying attention that she would be

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1 on the hook for that loan under the guarantee.

2 So again, she had the opportunity to read it and she
3 didn't. The actual loan itself, the terms of the guarantee
4 are clear. It indicates that Ms. Schmidt would be obligated
5 for the full amount of the debt. It references the loan
6 that was the Tidelands loan that was a condition or an
7 inducement for her, for the entity to receive the proceeds.
8 At the very bottom of the guarantee it had her name
9 specifically there. It did not have the entity's name at
10 all, it was just hers. In the opposition memo the
11 defendants reference the fact that the guarantee didn't have
12 her name referenced in the guarantee. And that's obviously
13 not consistent with the document. So again, the terms of
14 the guarantee were clear.

15 Again, if you just kind of think about it practically
16 it makes absolutely no sense for an entity to sign a
17 guarantee on the same note that is entering into. They
18 already have the note. Why would they ever need to sign a
19 guarantee? That doesn't make any sense. In addition, we
20 submitted an affidavit of Tony Young which supplied evidence
21 of a commitment letter which was provided to Ms. Schmidt,
22 which she signed.

23 THE COURT: Which exhibit number is that, do you
24 know?

25 MR. BELTON: I believe it's Exhibit Four.

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1 THE COURT: The commitment letter looks like it's
2 number four.

3 MR. BELTON: I believe it's Exhibit Four to the
4 affidavit of Tony Young. And again, that just shows the
5 Courts --

6 MR. McGRATH: I guess, Your Honor, procedurally we
7 move to strike on the commitment letter. We didn't get that
8 ahead of time with the affidavit. We also don't have
9 discovery, but that's a separate issue. But in terms of
10 being allowed to use the commitment letter now we'll object
11 to it relevance, merits, and authenticity, but certainly we
12 didn't get it with the affidavit. So procedurally it should
13 not be in front of the Court today.

14 THE COURT: So noted. Commitment letter reads
15 March 20th, 2006 borrow is J.R. Gregory Ventures, LLC,
16 guarantor Marilyn Schmidt, right? That's what I'm looking
17 at.

18 MR. BELTON: Yes, Your Honor.

19 THE COURT: Okay. When she signed the guarantee
20 she signed her name and then she put comma member on there.

21 MR. BELTON: And I think at best, Your Honor, that
22 demonstrates the fact that she did not read the instrument.
23 And she kind of robo signed it. And that's, again if you
24 look at the case law, the unilateral mistake is not the
25 fault of the bank. She was careless. I think the case law

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1 demonstrates that if you don't read the document and you
2 sign it you're going to be subject to it's terms. With
3 respect to the capacity, again it may be brought up in the
4 argument of counsel, she was representing or claiming to be
5 some sort of agent of the company. That was clear that was
6 not clear in her signature. It doesn't say anything about
7 on behalf of the entity or anything like that whatsoever.

8 She may have a claim against the entity for entering
9 into this, but as far as the bank was concerned there is no
10 evidence in the record that I see that the bank had the
11 understanding that she was going to be signing in a
12 representative capacity. The one guarantee in fact doesn't
13 have member at all. So we would ask that all these
14 arguments dealing with respect to that I think we should
15 have summary judgment, 'because there is no member next to
16 it.

17 To the extent that they'd like to leverage the fact
18 that they wrote member, again member for what. It doesn't
19 say anything about the company. There is no information, no
20 evidence provided to the bank saying, hey, I'm going to be a
21 representative here signing on behalf of the company. It is
22 the clear intention of the document that this was going to
23 be a personal guarantee. And it was the inducement and a
24 condition of the bank providing J.R. Gregory the funds,
25 which not only did J.R. Gregory, but she individually got

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1 the benefit.

2 Again, this is more probably a weight issue, but as far
3 as the affidavit from Gregory Schmidt I'd just like to note
4 that he's not a member of the company, not a lawyer for
5 Ms. Schmidt. As far as I understand from the testimony she
6 didn't receive any help in this loan transaction. So again,
7 I don't know what significance, if any his affidavit helps.

8 They did make an argument in there as far as the
9 guarantee being unconscionable and she was shocked to learn
10 the contents. Well, she didn't read the guarantee at the
11 time. And to the extent the Court considers all the other
12 guarantees that she had entered into that we supplied to
13 this Court in the affidavit of Tony Young, they're the same
14 thing. She's seen these documents many, many times. She's
15 entered into these transactions many times. In her
16 testimony this wasn't the first business transaction she's
17 entered into on behalf of J.R. Gregory. She's done it
18 before. She's formed other companies and entered into those
19 transactions. She is a sophisticated business woman. Just
20 when it comes to entering into, to actually signing these
21 transactions she self admittedly is careless. She just
22 doesn't read the documents, because they're too long.

23 And I'd just also like to point out that there are no
24 counter claims from any of the defendants in this particular
25 case. I did ask to the extent as far as the affirmative

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1 defenses provided to Ms. Schmidt in her deposition. As far
2 as she was concerned the bank was proper with respect to the
3 foreclosure action the proceedings. They didn't have any
4 defenses to mitigate. And at this point in time there's no
5 evidence whatsoever of misrepresentation or fraud. It's
6 basically her coming, you know, making the claim that she
7 assumed that the entity would be liable and not her. I will
8 sit down right now. Thank you, Your Honor.

9 THE COURT: You have your affidavit as to the
10 debt? Has that been submitted as well?

11 MR. BELTON: The affidavit of the debt I think
12 would be covered by the fact that there is testimony in the
13 record from Ms. Schmidt saying that she agreed that that was
14 the amount of the money owed by the entity as a result of
15 the default. And she did not dispute it. And we reference
16 the same deposition in the complaint.

17 THE COURT: All right. Mr. McGrath?

18 MR. McGRATH: Thank you, Your Honor. On the
19 substance of the case, Your Honor, it's a creative argument
20 on their part, but it's entirely upside down. It's entirely
21 upside down. I represent a ton of creditors and people
22 trying to collect debts. If the document says member it
23 indicates it's for the LLC, the plain language of the
24 document is limited to the member. The situation were
25 reversed there would be no claim. For them to suggest that

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1 she added the word member, 99 percent of the documents, even
2 two of the notes on the Kiawah loan, which is 5325 say
3 member. So if it comes to a plain language argument here
4 what we have to look at is what was the bank doing. What
5 were their closing people doing? They were doing an entity
6 only loan. They're the ones that are supposed to be looking
7 at the documents. And if the word says member -- I mean,
8 kindly I just took your bar exam. I met the Court at the
9 trainings session there, but I wasn't born last night. But
10 if the document says on it member it speaks to everybody in
11 the room, and certainly under South Carolina law that it's
12 on behalf of the entity.

13 Now, counsel admirably spins that to try to say because
14 she's stated out of context in her deposition, I didn't read
15 all of the documents, he uses all the I didn't read the
16 documents case law. He suggests it applies perfectly. It
17 doesn't apply at all. It doesn't apply at all, because the
18 plain language says member. The language says member.

19 THE COURT: Actually the document I'm looking at,
20 which appears to be Exhibit Three to the memorandum --

21 MR. McGRATH: On Kiawah?

22 THE COURT: This is the '06 loan, the larger of
23 the two loans. The bank's document says Marilyn T. Schmidt.
24 And then she signed she signed it Marilyn T. Schmidt comma
25 member.

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1 MR. McGRATH: Member. She was indicating to the
2 reader as a matter of plain language she's acting only on
3 behalf of the entity.

4 THE COURT: That's not how the loan was presented
5 to her though, was it?

6 MR. McGRATH: It is. And I didn't see the
7 commitment letter until today. So what I said to be candid,
8 what I said to my client is I haven't seen all the
9 discovery. And the reason why the discovery is relevant
10 that my counsel asked for is if you looked at the entirety
11 of the package if they wanted to represent that it was --
12 let me put it this way. If I were them I would come to the
13 Court and say, oops, it does say member. We all admit it.
14 That indicates she was acting on behalf of the entity. The
15 plain language would tend to say only the entities
16 responsible, but we have five other documents which indicate
17 that commutatively it was intended to be personally
18 guaranteed, so one of which would be a commitment letter.

19 But I don't think you can come into the Court and say
20 this case law is exactly on point. Those cases aren't
21 talking about when they're signed as member and when the
22 lending institution acts on behalf of the member. Now,
23 prior to me reading the commitment letter I said to my
24 client it looks like it was an entity only loan and around
25 that time lenders were doing entity only loans for real

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1 estate. But I would even say the commitment really doesn't
2 overcome the contract. The contract is the guarantee. It's
3 very brief, and she acted on behalf of member.

4 Now, why would she act on behalf of member, because
5 that entity, as counsel pointed out, did other deals. So it
6 might have something else to guarantee the deal with. And
7 kindly the deposition doesn't at all read the way counsel
8 has spun it. If the Court wants to read it it's very short.
9 What she says in there is, I was only acting basically as an
10 agent. We do a number of deals. I never intended to be
11 personally liable. I'm not personally liable on these other
12 deals. So that's the way it goes. The I didn't read it
13 case law is not at all what this case is about. It clearly
14 stated member.

15 Now, I will say in good faith two things counsel have
16 asked me I would have admitted. One is, there is a
17 guarantee on Kiawah that doesn't say member. I'm stuck with
18 that. She's stuck with that one. And I would probably
19 stipulate, although I don't technically have authority to
20 the entity liability. But what I'm here about is a personal
21 guarantee for her as the member cannot be ignored or
22 overcome. A more attentive closing lawyer or paralegal
23 should have said, oops, you're not acting as a member for
24 the entity of this guarantee. If you are we're going to
25 have to create a new one.

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1 That's the summary of my position, Your Honor, unless
2 you want to hear more about it. I think it's pretty clear.
3 I think we do need the discovery if the Court was inclined,
4 because I'd like to see the universe of all the documents.
5 I suspect this is not attached here today, and there's not
6 much more that trumps anything in front of us. Certainly I
7 would suggest kindly that it looks like summary judgment
8 against the entities may be appropriate, but not against the
9 individual on the guarantees that are clearly signed as a
10 member.

11 And one other thing, very important, Your Honor, If I
12 may. She didn't testify that she owned a hundred percent of
13 the entities. She testified she owned like 99 percent and
14 her kids own a percentage, which does become an important
15 issue both for a number of reasons. And that's on page 29
16 of her deposition. Thank you.

17 MR. BELTON: Just a couple of rounded points.
18 Just like to bring your attention to Statute 36-3-402, which
19 is a signature by representative statute in the commercial
20 code. Basically this particular statute -- and it's changed
21 over the years since the mid 2000's, but essentially where
22 it's sits right now is if you're signing in a representative
23 capacity you have to unambiguously demonstrate to the other
24 party that you're doing so. And they kind of have, there's
25 examples at least in the comments where it says, you know,

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1 John Doe by himself, John Doe member, or at least John Doe
2 for X, John Doe comma agent. And that's kind of right on
3 point with what we have here where at best Marilyn Schmidt
4 comma member, and even if it was her intention to be doing
5 so I think that the law says the other contracting party
6 needs to know that. It needs to be unambiguously clear. So
7 it wouldn't need to say on behalf of J.R. Gregory Ventures,
8 LLC, which the caption below that doesn't have the entity
9 name on there.

10 The burden at best would switch back to them. There's
11 no evidence in the record to suggest that the bank knew or
12 intended that Ms. Schmidt would be signing under
13 representative capacity. In fact, it's just the opposite.
14 That's what we have is a guarantee that demonstrates clearly
15 that they expected her to individually sign and be
16 personally obligated on the debt. And the fact, you know,
17 the reason for that is that was the inducement at the very
18 beginning for the loan.

19 MR. McGRATH: If you want me to, Your Honor,
20 otherwise I will not.

21 MR. BELTON: And I just would like to add too,
22 since I mentioned it --

23 MR. McGRATH: Those are way beyond summary
24 judgment issues, a bunch of suppositions. In the closing
25 documents there would have been additional documents, which

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1 when I owned a closing company I would require the closing
2 people to have a document which was their resolution of the
3 entity authorizing her to sign. And what the closing people
4 should have done is when they came back to their desk and
5 they saw that it said member, they should have followed up
6 and clarified it and fixed it.

7 THE COURT: Let me say this on the issue of
8 liability. I saw where y'all were challenging the amount of
9 the debt. Are you still challenging the debt?

10 MR. McGRATH: Not as to the entities, sir, no.
11 And kindly, even if the Court were going to enforce the one
12 guarantee that does not mention the word member I think that
13 it is what it is.

14 THE COURT: Mr. McGrath, unfortunately I'm going
15 to find it as to both. I'm going to find that they're
16 clearly as to case 13-5325, which is the \$77,000 note I
17 believe that's on the Kiawah property.

18 MR. McGRATH: Yes, Your Honor.

19 THE COURT: Clearly she signed that guarantee
20 individually. And she's acknowledged that she's not paid
21 and it's not been current. As to the other property, the
22 \$200,000 note, the debt claim is less than 200 if I
23 remember.

24 MR. BELTON: It is. The principal I believe is
25 like 191. Again, it's reflected in the complaint.

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1 THE COURT: All right. On both of these clearly
2 as to the entities liable I'm going to find based upon
3 review presented to the Court today that despite the fact
4 that Ms. Schmidt signed and comma member she was not signing
5 on behalf of the entity at that time, but instead by the
6 express language of the guarantee she was signing
7 individually. That is the unconditional guarantee of the
8 undersigned of the undersigned of the undersigned. The
9 document was prepared for Marilyn T. Schmidt. I find that
10 she cannot unilaterally alter that contractual obligation.
11 So that was the understanding based on the commitment letter
12 and based upon the reading of the document. So I do find
13 that she is personally liable.

14 Now, with that the reason I asked about the amount of
15 the debt has to do with whether or not they've adequately
16 proven the damages. And you're saying that the amount in
17 the complaint is the same as the amount that you seek today;
18 is that correct?

19 MR. BELTON: Yes.

20 MR. McGRATH: Again, I don't think we really
21 dispute the numbers, the issues the Court has seen.

22 THE COURT: All right. I'll grant summary
23 judgment. And I'll determine that liability to be that
24 figure that they've established. And then you've got an
25 affidavit of attorney's fees in the record?

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1 MR. BELTON: We did submit it on Friday. Again,
2 that's your discretion, Your Honor.. We did provide it. And
3 that is supported with the loan documents.

4 THE COURT: Yeah. I saw a little under \$6,500
5 figure. You want that split between the two, or is that
6 per? I didn't go any further than that.

7 MR. BELTON: I'd have to look, Your Honor. I
8 don't know. I suspect it's probably, considering we've had
9 the deposition it's probably -- I don't know. I can't speak
10 without looking.

11 THE COURT: I'll let y'all work that through. I'm
12 going to do a form order today. I'm going to grant summary
13 judgment as to liability and damages as to the individual
14 and as to the entities. I'm going to request a form order
15 to follow. I'm going to have Mr. Belton provide you with a
16 copy of that. Y'all see if y'all can't come to terms on
17 what that is. I'm not going to set the date. You're still
18 looking for a foreclosure, right?

19 MR. BELTON: Right.

20 THE COURT: I won't set the date of sale today. I
21 will tell you that I typically sell 60 days out. So if
22 y'all come to some agreement or some understanding as to
23 when that could be that would be fine too.

24 MR. McGRATH: If I may, kindly Your Honor, I think
25 she has issues of fact regarding that one guarantee. Can I

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1 get the Court to consider just on that one to reconsider --

2 THE COURT: You can file any post ruling motion
3 you want to file, Mr. McGrath. I understand.

4 (Hearing concluded at 3:45 o'clock p.m.)
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\$200,880.69 on September 24, 2012. *Compare* Ex. A, with Ex. B. Defendant J.R. Gregory Ventures, LLC made payments on the Note until March 15, 2013. *Compare* Ex. A, with Ex. B.

II. SUMMARY JUDGEMENT STANDARD

A motion for summary judgment shall be granted "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Rule 56(c), SCRPC. In determining whether any triable issues of fact exist, the court must view the evidence and all reasonable inferences that may be drawn from the evidence in the light most favorable to the non-moving party. *Fleming v. Rose*, 350 S.C. 488, 493-494, 567 S.E.2d 857 (2002). The party seeking summary judgment has the initial burden of demonstrating the absence of a genuine issue of material fact. *Koester v. Carolina Rental Ctr., Inc.*, 313 S.C. 490, 493, 443 S.E.2d 392 (1994). However, once the moving party meets the initial burden of showing an absence of evidentiary support for the opponent's case, the non-moving party must come forward with specific facts showing there is a genuine issue for trial. *SSI Med. Servs., Inc. v. Cox*, 301 S.C. 493, 392 S.E.2d 789 (1990). The non-moving party cannot rest on the mere allegations in the pleadings. Rule 56(e), SCRPC.

Yet, "the non-moving party is only required to submit a mere scintilla of evidence to withstand a motion for summary judgment." *Hancock v. Mid-South Mgmt. Co.*, 381 S.C. 326, 330, 673 S.E.2d 801 (2009). Summary judgment is not appropriate where further inquiry into the facts of the case is desirable to clarify the application of the law. *Hawkins v. City of Greenville*, 358 S.C. 280, 594 S.E.2d 557 (Ct. App. 2004). Summary judgment should not be granted even when there is no dispute as to evidentiary facts if there is disagreement concerning the conclusion to be drawn

from those facts. *Moriarty v. Garden Sanctuary Church of God*, 341 S.C. 320, 534 S.E.2d 672 (2000).

Furthermore, summary judgment is a drastic remedy and must not be granted until the opposing party has had a full and fair opportunity to complete discovery. *Baughman v. American Tel. and Tel. Co.*, 306 S.C. 101, 112, 410 S.E.2d 537, 543 (1991). Nonetheless, the nonmoving party must demonstrate the likelihood that further discovery will uncover additional relevant evidence and that the party is "not merely engaged in a 'fishing expedition.'" *Id.* at 112, 410 S.E.2d at 544.

III. ARGUMENTS

A) **Summary judgment should be denied because the Defendants have not had a full and fair opportunity to complete discovery.**

Plaintiff's summary judgment motion should be denied because the Defendants have unanswered discovery requests to the Plaintiff. The undersigned were retained as counsel in this matter in mid-March of 2014 and have just come up to speed with the status of this case. The undersigned submitted a Consent Order Substituting Counsel to the Court for filing on April 18, 2014 and have yet to receive the executed Consent Order authorizing their substitution.

Furthermore, the Defendants served the Plaintiff with their First Set of Interrogatories and First Requests for Production on April 18, 2014. Ex. D, Defendants' First Set of Request for Production of Documents and First Set of Interrogatories to the Plaintiff. The Defendants have yet to receive a response to these discovery requests.

In addition, because the Defendants have recently retained new counsel and have yet to complete their own discovery, the undersigned filed a Motion to Amend Scheduling Order on April 18, 2014 in order to extend the Court's deadline for completion of the same. The Court has yet to rule on this Motion. Accordingly, as summary judgment is a drastic remedy and must not be

granted until the opposing party has had a full and fair opportunity to complete discovery, Plaintiff's Motion for Summary Judgment should be denied. *See Baughman*, 306 S.C. at 112, 410 S.E.2d at 543.

B) The only proper Defendant is the LLC, and the individual should not be included.

According to the limited documents provided so far (discovery has not been conducted), the only proper party is the LLC defendant. The individual, Marilyn T. Schmitt, should not be a party at all. The contracts list only the LLC as the party, and the Guaranty lists only the LLC as the party. Defendant Schmitt appears to only have signed as the authorized signature for the LLC, but not as an individual. Accordingly, Defendant Schmitt will individually file a separate motion to dismiss.

C) Summary judgment should be denied because a genuine issue of material fact exists.

The record before the Court undoubtedly demonstrates genuine issues of material fact that warrant the denial of Plaintiff's Motion at this time. A genuine issue of material fact exists as to Plaintiff's cause of action on a guaranty against Defendant Marilyn Schmitt. Defendant Schmitt's Affidavit, in addition to Gregory Smith's Affidavit, indicates that she signed the March 22, 2006 Guaranty only in her capacity as an authorized member of Defendant Gregory Ventures, LLC and not individually when signed the guaranty as "Member." Ex. C, at 1; *see also* Ex. A, and Ex. E. Thus, Defendant Gregory Ventures, LLC is the only party to the guaranty, not Defendant Schmitt individually, as she bound the LLC only through her signing of the guaranty as authorized member. A party cannot be bound to a contract of which it is not a party. *Joyner v. Greenville Hotel Associates Ltd. Partnership*, 612 S.E.2d 727, 364 S.C. 237 (S.C.App. 2005).

A genuine issue of material fact exists as to the amount the Plaintiff is attempting to recover against both Defendants. Defendant Schmitt's Affidavit indicates that the Plaintiff improperly accounted for payments, fees, and charges, and the Defendants have yet to receive an

itemization of the account to specifically identify these miscalculations due to the outstanding discovery. *Id.*, at 1, 2. An action for an accounting sounds in equity. *Historic Charleston Holdings, LLC v. Mallon*, 381 S.C. 417, 673 S.E.2d 448 (2009).

A genuine issue of material fact exists as to the unconscionability of the Guaranty. Defendant Schmitt's Affidavit indicates that the terms of the Guaranty were unclear and the waivers buried in the contract are not easily discernable. Ex. C, at 2. Unconscionability is defined as "the absence of meaningful choice on the part of one party due to one-sided contract provisions, together with terms that are so oppressive that no reasonable person would make them and no fair and honest person would accept them." *Simpson v. MSA of Myrtle Beach, Inc.*, 373 S.C. 14, 24-25, 644 S.E.2d at 668. In determining whether a contract was tainted by an absence of meaningful choice, courts should take into account the nature of the injuries suffered by the plaintiff; whether the plaintiff is a substantial business concern; the relative disparity in the parties' bargaining power; the parties' relative sophistication; whether there is an element of surprise in the inclusion of the challenged clause; and the conspicuousness of the clause. *Simpson*, 373 S.C. at 24-25, 644 S.E.2d at 669. Foregoing statutorily provided remedies are relevant to this determination. *Id.* at 27, 644 S.E.2d at 670. Defendant Schmitt was shocked to discover that the terms of the Guaranty do not allow any defenses to the contract. *Id.*, at 2. Defendant Schmitt clearly would not have accepted these waiver of defense terms had she understood their one-sided ramifications.

Accordingly, as these Defendants have demonstrated over and above a mere scintilla of evidence, Plaintiff's Motion for Summary Judgment must be denied. *See Hancock*, 381 S.C. at 330.

Therefore, for all of the foregoing reasons, Plaintiff's Motion for Summary Judgment should be denied, and an order should be issued that the LLC is the only liable party and the individual Marilyn T. Schmitt is not liable.

Respectfully submitted,



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April 25, 2014

Mount Pleasant, South Carolina

IN THE COURT OF COMMON PLEAS

COURT FILE NO. 13-CP-10-5324

Plaintiff,

VS.

**J. R. GREGORY VENTURES, LLC,
MARILYN T. SCHMITT AND THE
MERIDIAN OWNERS
ASSOCIATION, INC.,**

Defendants.

**PLAINTIFF'S FIRST REQUESTS FOR
ADMISSION TO DEFENDANTS, J. R.
GREGORY VENTURES, LLC AND
MARILYN T. SCHMITT**

TO: WILLIAM B. JUNG, ESQUIRE, ATTORNEY FOR DEFENDANTS, J. R. GREGORY VENTURES, LLC AND MARILYN T. SCHMITT:

The Plaintiff, Tidelands Bank, hereby requires the Defendants, J. R. Gregory Investments, LLC and Marilyn T. Schmitt ("Defendants"), to answer the Requests for Admission hereinafter set forth within thirty (30) days after the service hereof, in accordance with Rule 36 of the South Carolina Rules of Civil Procedure.

GENERAL INSTRUCTIONS

(A) If any Request for Admission cannot be responded to in full, please answer to the extent possible, including the reasons why it cannot be completely responded to and providing whatever information is available concerning the unanswered portion. If information concerning any Request for Admission will become available in the future, please state when such information will be available.

(B) If any Request for Admission calls for any information not in your possession or subject to your control, or ascertainable by you upon reasonable inquiry, then, when known, identify the custodian or possessor of such information or document.

(C) The terms "you" or "your" contained in each Request for Admission refer to the Defendants, individually and collectively.

(D) If you refuse to answer any Request for Admission in whole or in part, describe the factual or legal basis for your refusal to answer, including any claim or privilege, in sufficient detail to permit the Court to adjudicate the validity of your refusal to answer.

REQUESTS FOR ADMISSION

1. ADMIT that on or about March 22, 2006, Defendant J.R. Gregory Ventures, LLC, by and through Defendant Marilyn T. Schmitt, executed and delivered to Plaintiff a Note in the original principal amount of \$201,050.00. ("Original Note") A

2. ADMIT that on or about July 10, 2007, Defendant J.R. Gregory Ventures, LLC, by and through Defendant Marilyn T. Schmitt, executed and delivered to Plaintiff it's renewal note in the original principal amount of \$201,050.00 ("Renewal Note #1"). A

3. ADMIT that on or about August 1, 2008, Defendant J.R. Gregory Ventures, LLC, by and through Defendant Marilyn T. Schmitt, executed and delivered to Plaintiff it's renewal note in the original principal amount of \$200,900.00 ("Renewal Note #2"). A

4. ADMIT that on or about September 24, 2012, Defendant J.R. Gregory Ventures, LLC, by and through Defendant Marilyn T. Schmitt, executed and delivered to Plaintiff it's renewal note in the original principal amount of \$200,880.69 ("Renewal Note #3"). A

5. ADMIT that you accepted the loan proceeds from the Notes referenced in Request No. 1-4 above for your use or benefit. A J.R. Gregory

6. ADMIT that on or about March 22, 2006 you executed and delivered to Plaintiff a Real Estate Mortgage, which was recorded on April 4, 2006 in the Office of the RMC for Charleston County, South Carolina, in Book S578, Page 435. 11

7. ADMIT that on or about March 22, 2006 Defendant, Marilyn T. Schmitt executed and delivered to Plaintiff a Guaranty, guaranteeing to Plaintiff the payment and performance of the \$201,050.00 Note referenced in Request No. 1. D

8. ADMIT that under the terms of paragraph 7 of the Guaranty referenced in Request No. 7 above, Defendant, Marilyn T. Schmitt agreed to waive "any and all defenses, P

claims and discharges of Borrower, or any other obligor, pertaining to Indebtedness, except the defense of discharge by payment in full."

9. ADMIT that you made payments on the loans referenced in Request Nos. 1-4, and 7 above. *A JH.*

10. ADMIT that you have not made any payments on the loans referenced in Request Nos. 1-4, and 7 above since on or about March 15, 2013. *A JH.*

11. ADMIT that the Notes attached to the Complaint in this action as Exhibit A are true and accurate copies of the Notes that are the subject of this litigation. *A*

12. ADMIT that the Notes attached to the Complaint in this action as Exhibit A are valid and enforceable. *A*

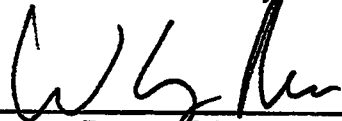
13. ADMIT that the Mortgage attached to the Complaint in this action as Exhibit B is a true and accurate copy of the Mortgage that is the subject of this litigation. *A*

14. ADMIT that the Mortgage attached to the Complaint in this action as Exhibit B is valid and enforceable. *A*

15. ADMIT that the Guaranty attached to the Complaint in this action as Exhibit C is a true and accurate copy of the Guaranty that is the subject of this litigation. *A*

16. ADMIT that the Guaranty attached to the Complaint in this action as Exhibit C is valid and enforceable. *D*

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ATTORNEYS FOR TIDELANDS BANK

CHARLESTON, SC
December 30, 2013

) IN THE COURT OF COMMON PLEAS
)

COURT FILE NO. 13-CP-10-5324

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EX. B

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

TIDELANDS BANK,)
Plaintiff,)

vs.)

J.R. GREGORY VENTURES, LLC,)
MARILYN T. SCHMITT and THE)
MERIDIAN OWNERS ASSOCIATION,)

Defendants.)

IN THE COURT OF COMMON PLEAS
NINTH JUDICIAL CIRCUIT
CASE NO.: 2013-CP-08-5324

**DEFENDANTS J.R. GREGORY VENTURES, LLC AND MARILYN T. SCHMITT'S
REPONSES TO REQUESTS FOR ADMISSIONS**

TO: W. GREGORY PEARCE, ESQ., ATTORNEY FOR THE PLAINTIFF:

PLEASE TAKE NOTICE that, pursuant to S.C.R.Civ.P. Rule 36, defendants J.R. Gregory Ventures, LLC and Marilyn T. Schmitt ("defendants") hereby respond to the first requests for admissions from plaintiff Tideland's Bank ("plaintiff"):

- 1. Admit.
- 2. Admit.
- 3. Admit.
- 4. Admit.

5. Admit by defendant J.R. Gregory Ventures, LLC and denied by defendant Marilyn T. Schmitt.

6. Admit by defendant J.R. Gregory Ventures, LLC and denied by defendant Marilyn T. Schmitt.

- 7. Denied.

8. Denied.

9. Admit by defendant J.R. Gregory Ventures, LLC and denied by defendant Marilyn T. Schmitt.

10. Admit by defendant J.R. Gregory Ventures, LLC and denied by defendant Marilyn T. Schmitt.

11. Admit.

12. Admit by defendant J.R. Gregory Ventures, LLC and denied by defendant Marilyn T. Schmitt.

13. Admit.

14. Admit by defendant J.R. Gregory Ventures, LLC and denied by defendant Marilyn T. Schmitt.

15. Admit.

16. Denied.

Dated: Mt. Pleasant, S.C.
January 27, 2014

WILLIAM B. JUNG, ESQ.
Attorney for the Defendants



William B. Jung, Esq.
1156 Bowman Road, Ste. 200
Mt. Pleasant, S.C. 29464
(843) 416-1104

Proof of Service

I, William B. Jung, Esq., certify under penalty of perjury that I served a copy of the defendants' responses to plaintiff's first request for admissions on January 27, 2014 by mailing the original thereof in an envelope addressed to:

W. Gregory Pearce, Esq.
Moore & Van Allen, PLLC
78 Wentworth Street
Charleston, S.C. 29401

Attorney for the Plaintiff

Dated: January 27, 2014


William B. Jung, Esq.

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

TIDELANDS BANK,

Plaintiff,

v.

J.R. GREGORY VENTURES, LLC,
MARILYN T. SCHMITT AND THE
MERIDIAN OWNERS
ASSOCIATION, INC.

Defendants.

IN THE COURT OF COMMON PLEAS
FOR THE NINTH JUDICIAL CIRCUIT
CASE NO.: 2013-CP-10-5324

**AFFIDAVIT OF MARILYN T.
SCHMITT**

PERSONALLY APPEARED BEFORE ME, the undersigned Defendant, who first being duly sworn, deposes and states as follows:

- 1) My name is Marilyn T. Schmitt, and I am the Defendant in the above-referenced action. I am over the age of eighteen (18), and I am competent and capable to make the statements contained herein.
- 2) The loan from the Plaintiff was an entity-only loan the J.R. Gregory Ventures, LLC. I signed the Mortgage as member of the LLC only, the Note as a member of the LLC only, and the Guaranty as a member of the LLC only. I never signed anything personally, and I was always acting solely as a member of the LLC.
- 3) Further, there were multiple renewal notes issued after I signed the 2006 Guaranty on which I should not be held individually liable.
- 4) I would not have signed the Guaranty had I known that the Plaintiff would hold me individually liable for the obligation. Furthermore, I was never informed of their intention to hold me personally liable. As a result, I believe that the Plaintiff has misled me, misrepresented material terms, and acted in bad faith, among other things.

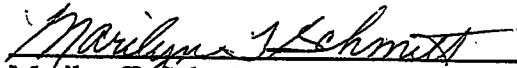
5) I do not believe that the Plaintiff has given proper credit for payments. Further, the Plaintiff has assessed improper interest rates, late charges, and fees in calculating the debt it seeks to collect from me. As a result, I do not believe that the Plaintiff's monetary demand is correct, and I believe that an accounting is necessary. I have requested an itemization of the LLC's account from the Plaintiff of all my payments along with a breakdown of all fees, charges, and interest assessed in my discovery requests issued on April 18, 2014. I have yet to receive a response to these requests.

6) Also, the terms of the Guaranty were unclear and the waivers buried in the contract are not easily discernable. Also, I was shocked to discover that the terms of the Guaranty do not allow any defenses to the contract. The LLC and I have valid defenses and I cannot comprehend being barred from raising them.

7) Finally, discovery has yet to be completed and has sent to the Plaintiff.

8) For the foregoing reasons, I would ask this Court to deny summary judgment.

FURTHER THE AFFIANT SAYETH NOT!!!


Marilyn T. Schmitt

SWORN TO BEFORE ME THIS
25 DAY OF April, 2014


NOTARY PUBLIC FOR SOUTH CAROLINA
My Commission Expires: 3/4/24

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

TIDELANDS BANK,

Plaintiff,

v.

J.R. GREGORY VENTURES, LLC,
MARILYN T. SCHMITT AND THE
MERIDIAN OWNERS
ASSOCIATION, INC.

Defendants.

IN THE COURT OF COMMON PLEAS
FOR THE NINTH JUDICIAL CIRCUIT
CASE NO.: 2013-CP-10-5324

DEFENDANTS' FIRST SET OF
INTERROGATORIES
TO PLAINTIFF

TO: THE PLAINTIFF, CARE OF ITS ATTORNEY, GREGORY PIERCE

Defendants J.R. Gregory Ventures, LLC, and Marilyn T. Schmitt hereby request, pursuant to Rules 26 and 33 of the South Carolina Rules of Civil Procedure, that Plaintiff Tidelands Bank answers the interrogatories herein and produces its answers to the offices of Defendants' counsel at 802 Johnnie Dodds Boulevard, Mount Pleasant, SC 29464 within thirty (30) days after service of this request.

INSTRUCTIONS FOR INTERROGATORIES

Defendants hereby require the Plaintiff, within thirty (30) days after service hereof, to answer the interrogatories hereinafter set forth. These interrogatories shall be deemed to continue until the time of the trial of the case pursuant to Rule 33(b). These instructions shall apply to all discovery which has been or will be propounded by the Defendants.

- A. Every interrogatory herein shall be deemed a continuing interrogatory, and you are to supplement your answers promptly, if any, when you obtain relevant information in addition to or in any way inconsistent with your initial answer to any such interrogatory, in accordance with Rule 33(b) of the South Carolina Rules of Civil Procedure.
- B. Should privilege be claimed as to any information requested herein, the answer must, in each instance, state specifically the information sought, the privilege claimed, and the ground on which the claim or privilege is based. Should Plaintiff be unable, for reasons other than privilege, to provide the information requested, the answer must, in each instance, indicate specifically the information sought, the reason such information is presently unavailable, and an estimate of the time within which the information will be presented to the undersigned.

- C. If you object to any portion of an interrogatory on the ground it seeks privileged information, identify all persons to whom such information has been disclosed, the nature of the privilege asserted, and the dates of any communications for which privilege is asserted.
- D. If you object to an interrogatory on the ground that it is too broad, provide such information which is concededly relevant and available.
- E. If you object to an interrogatory on the ground that to provide an answer would constitute an undue burden, provide such requested information as can be supplied without undertaking any undue burden. For those portions of any interrogatory to which you object or otherwise decline to answer, state the reasons for such objection, declination, or burden.
- F. When an interrogatory requests the name of natural person, the answer should contain the following:
1. The full name of the person.
 2. The employer and job title of such person at the time of the event, transaction, or occurrence to which the interrogatory relates.
 3. The present employer and job title of the person, if known; and if not known, the answer shall so state and shall state in addition the last known address of such person and the last known date that such person resided at that address.
- G. When the interrogatory asks for a description of a document, the answer should contain the following:
1. The title, heading, or caption of the document.
 2. Identifying numbers, letters, or combination thereof, if any, and an explanation of the significance of such numbers, letters, or any combination thereof.
 3. All dates appearing on the document as dates that such document was dictated, prepared, mailed, received, or any combination thereof; or if no date appears thereon, the answer should so state and should give the exact or proximate date that such document was prepared.
 4. A description of the general nature of the document and the number of pages that it consists.
 5. The name of each person known to have participated in the preparation of the document.

6. The name of the addressee of the document. The names of all persons to whom such document or a copy was sent.

7. The name of the person who has custody of the original document and the name of each person with custody over a copy.

The foregoing information shall be given in sufficient detail to enable a person to whom a subpoena is directed to identify fully the documents to be produced and to enable its party to determine that the document production in response to such a subpoena is in fact the document identified in the answer to the interrogatory. The document itself may be produced as an alternative to providing such description.

H. When the interrogatory asks for any "representations" or "statements", the answer should contain the following: A.) The speaker or originator of the statement or representation; B) The recipient of the statement or representation; C) All documents which evidence the statement or representation; and D) The time, date, and location of the statement or representation.

If the statement or representation was not made to the Defendants, then describe with particularity how the Plaintiff discovered the representation or statement.

DEFINITIONS FOR INTERROGATORIES

- A. As used in its request, the term "document" means any handwritten, typewritten, printed, recorded, or graphic matter, including all copies of the above, however produced or reproduced, in the possession, custody, or control of Plaintiff's counsel and whether or not claimed to be privileged, including, but not limited to, correspondence, reports, meeting minutes, memoranda, notes, schedules, photographs, ledgers, requisitions, journals, books of account, contracts, drawings, blueprints, checks, and diaries.
- B. "Identify" or "identity", when used in reference to a person, means state its full name, its present or last known address, telephone number, and its present or last known position or business affiliation.
- C. "Describe" or "description", if used in reference to a person, means to identify each individual person, and when used in reference to a document, means to state the following as to each document: A) Nature and contents; B) Date; C) Name, present address, and position of the author or signer; D) The name, address, and position of the addressee, if any; E) The present location, name, present address, and position of person or persons having custody.

INTERROGATORIES

- I. Identify the person(s) answering these interrogatories, including the name, telephone address, telephone number, place of employment, job title, and relationship to the Plaintiff.

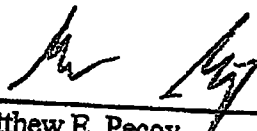
2. Give the names and addresses of persons known to the party or counsel to be witnesses concerning the facts of the case, indicate whether or not written or recorded statements have been taken from the witnesses, and indicate who has possession of such statements.
3. Set forth a list of photographs, plats, sketches, or other prepared documents in possession of the party that relate to the claim or the defense in this case.
4. Set forth the names and addresses of all insurance companies that have liability insurance coverage relating to the claim, and set forth the number or numbers of the policies involved and the amount or amounts of liability coverage provided in each policy.
5. Identify the name, address, and phone number of any expert witness whom the Plaintiff proposes to use as a witness at the trial of the case, and for each expert state in detail:
 - a. The expert's qualifications to testify;
 - b. A description of the subject matter on which each such expert is expected to testify;
 - c. Identification of the documents on which each such expert is expected to rely and testify;
 - d. A detailed summary of the opinions and conclusions of each such expert;
 - e. A summary of the grounds for each such opinion and conclusion; and
 - f. List the caption, jurisdiction, year of filing, and attorneys for Plaintiff(s) and Defendant(s) in any civil action in which the expert has given court or deposition testimony.
6. For each person known to the party or counsel to be a witness concerning the facts of the case, set forth either a summary sufficient to inform the other party of the important facts known to or observed by such witness or provide a copy of any written or recorded statements taken from such witnesses.
7. Please state whether you claim to possess a legal interest, a beneficial interest, or no interest in the Note (Promissory Note), and identify any and all documents and clauses therein which gives you the interest(s) you claim.
8. Please state whether you claim to possess a legal interest, a beneficial interest, or no interest in the Mortgage (Security Instrument), and identify any and all documents and clauses therein which gives you the interest(s) you claim.
9. Please state whether you claim to possess the authority or the power to file and pursue foreclosure of the Note, and identify any and all documents and clauses therein which gives you the authority or power you claim.

10. Please state whether you claim to possess the authority or the power to file and pursue foreclosure of the Mortgage, and identify any and all documents and clauses therein which gives you the authority or power you claim.
11. Please state the name, address, and phone number of the person(s) or entity(ies) ("assignor") from whom you obtained the Note, and identify any and all documents and clauses therein which gave legal effect to the transfer of the Note to you.
12. Please state the name, address, and phone number of the person(s) or entity(ies) ("assignor") from whom you obtained the Mortgage, and identify any and all documents and clauses therein which gave legal effect to the transfer of the Mortgage to you.
13. Please explain and describe the relationships among all parties to the Note and identify any, and all documents and clauses therein which describe the relationships among the parties to the Note. Those parties include, but are not limited to, you, any and all prior owner(s), holder(s) and possessor(s) of the Note, any and all servicers of the Note, any and all custodian(s) of the Note, any and all depository(ies) of the Note, and any and all special purpose vehicle(s) or entity(ies) that held or controlled the Note.
14. Please explain and describe the relationships among all parties to the Mortgage, and identify any and all documents and clauses therein which describe the relationships among the parties to the Mortgage. Those parties include, but are not limited to, you, any and all prior owner(s), holder(s) and possessor(s) of the Mortgage, any and all servicers of the mortgage, any and all custodian(s) of the Mortgage, any and all depository(ies) of the Mortgage, and any and all special purpose vehicle(s) or entity(ies) that held or controlled the Mortgage.
15. Please identify any and all documents which reference a sale of the Note, explain fully the terms, conditions, and costs to be incurred or paid by each party upon sale, and identify any and all documents and clauses therein which describe said sale. "Sale" includes repurchase of the Note.
16. Please identify any and all documents which reference a sale of the Mortgage, explain fully the terms, conditions and costs to be incurred or paid by each party upon sale, and identify any and all documents and clauses therein which describe said sale. "Sale" includes repurchase of the Mortgage.
17. Please state the name, address, and phone number of all parties or entities who have provided servicing of the Note, the dates each began servicing the note, the compensation paid, and the dates paid for such servicing of the Note, and identify any and all documents and clauses therein which describe the servicing of the Note.
18. Please state the name, address, and phone number of all parties or entities who have provided servicing of the Mortgage, the dates each began servicing the Mortgage, the compensation paid, and the dates paid for such servicing of the Mortgage, and identify any and all documents and clauses therein which describe the servicing of the Mortgage.

19. Please state for the history of the Note, the persons or entity who at any time collected Note payments, specifying the sums collected, the applicable dates each person and/or entity(ies) did so collect, and specify the full legal name, address, and phone number of each such person or entity.
20. Please state for the history of the Mortgage, the persons or entity who at any time collected Mortgage payments, specifying the sums collected, the applicable dates each person and/or entity(ies) did so collect, and specify the full legal name, address, and phone number of each such person or entity.
21. Provide the name, address, and telephone number of all individuals associated with the origination of the note and mortgage at issue in the Plaintiffs complaint.
22. Please describe all documentation required to be submitted by the individuals in this origination process.
23. Please provide the name, address, and telephone number of all individuals involved in the underwriting of the subject loan. "Underwriting" refers to any person who made representations, evaluations, or appraisals of the value of the home, value of the security instruments, and ability of the borrower to pay.
24. For Interrogatory 23, provide the name, address, and telephone number of each appraiser who performed an appraisal of the property at issue on behalf of the Plaintiff or those in privity with it, including the originator of the loan. For the aforementioned appraisers, state, for the years 2008-2013, the number of times each appraiser was used by the Plaintiff or originator in processing loans and the gross amount each appraiser was compensated.
25. Please describe any and all written policies and/or procedures referencing the investigation and processing methodology used by the Plaintiff's loan officers in reviewing the mortgage loan applications.
26. Please describe any and all requirements that a mortgage loan application must meet in order for such application to receive approval by Plaintiff's mortgage loan officer.
27. Please describe how the requirements referenced in Interrogatory 26 were applied by the Plaintiff's mortgage loan officer to Defendants' mortgage loan application in approving the same.
28. Please describe how the requirements for the notice of the consumer's right to cure, as contemplated under S.C. Code Sections 37-5-110 and 37-5-11, have been given or is not required, and how all conditions precedent to the acceleration of the debt and foreclosure of the mortgage have been performed or have occurred.
29. Please describe in detail the procedure used to account for all of Defendants' payments, tax payments, fee charges, interest, and other costs related to the mortgage.

30. Please describe any and all written policies and/or procedures referencing notice and disclosure as required in the contract.
31. Please state the number of mortgage loan applications you approved from 2008 through 2013.
32. Of the approved mortgage loan applications from 2008 through 2013 described in your response to interrogatories # 31, please state how many of these loans have been or are currently in foreclosure.
33. Please describe with particularity and in detail how you determined the notice of consumer's right to cure as contemplated under S.C. Code ann. 37-5-110 and 37-5-111 has been given to the Defendants or is not required and how all conditions precedent to the acceleration of the debt and foreclosure of the mortgage have been performed as alleged in your Complaint.

Respectfully submitted,



Matthew E. Pecoy
McGrath Law Firm, P.A.
802 Johnnie Dodds Blvd.
Mt. Pleasant, SC 29464
Phone: (843) 606-2755
Fax: (843) 388-7263
Email: mpecoy@mcgrathlawfirm.com

April 18, 2014
Charleston, South Carolina

STATE OF SOUTH CAROLINA
COUNTY OF CHARLESTON

Tidelands Bank,

Plaintiff,

v.

J. R. Gregory Ventures, LLC, Marilyn
T. Schmitt, and The Meridian Owners
Association, Inc.,

Defendant.

IN THE COURT OF COMMON PLEAS
NINTH JUDICIAL CIRCUIT
CASE NO.: 2013-CP-10-5324

CERTIFICATE OF SERVICE

I certify that a copy of a Defendant's First Set of Requests for Production of Documents to the Plaintiff and Defendant's First Set of Interrogatories to Plaintiff in the above-captioned matter has been served upon W. Gregory Pearce and Joseph T. Belton, as counsel for the Plaintiff, via U.S. Mail addressed to following this 18th day of April, 2014:

U.S. Mail

W. Gregory Pearce, Esquire
Joseph T. Belton, Esquire
Moore & Van Allen, PLLC
78 Wentworth Street
Charleston, SC 29413

MCGRATH LAW FIRM, P.A.

By:

Pamela A. Prince

Paralegal for McGrath Law Firm

Mount Pleasant, South Carolina
April 18, 2014

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

TIDELANDS BANK,

Plaintiff,

v.

J.R. GREGORY VENTURES, LLC,
MARILYN T. SCHMITT AND THE
MERIDIAN OWNERS
ASSOCIATION, INC.

Defendants.

IN THE COURT OF COMMON PLEAS
FOR THE NINTH JUDICIAL CIRCUIT
CASE NO.: 2013-CP-10-5324

**DEFENDANTS' FIRST REQUEST
FOR PRODUCTION OF DOCUMENTS
TO PLAINTIFF**

TO: THE PLAINTIFF, CARE OF ITS ATTORNEY, GREGORY PIERCE :

Defendants J.R. Gregory Ventures, LLC, and Marilyn T. Schmitt hereby request, pursuant to Rules 26 and 34 of the South Carolina Rules of Civil Procedure, that the Plaintiff produces the documents listed below for inspection and copying at the offices of Defendants' counsel at 802 Johnnie Dodds Boulevard, Mount Pleasant, SC 29464 within thirty (30) days after service of these requests.

INSTRUCTIONS FOR REQUEST FOR PRODUCTION

A. Definitions

The term "document" when used herein means all originals of any nature whatsoever, identical copies, and all non-identical copies thereof, in any medium whatsoever, upon which intelligence or information is recorded, which originals and copies are in your possession, custody, or control regardless of where they are located. The term "document" includes, but is not limited to, printout sheets, movie film, slides, phonograph records, photographs, microfilm, notes, letters, memoranda, ledgers, work sheets, books, magazines, notebooks, diaries, calendars, appointment books, registers, charts, tables, papers, agreements, contracts, purchase orders, acknowledgments, invoices, authorizations, budgets, analyses, projections, transcripts, minutes of meetings of any kind, correspondences, telegrams, drafts, data processing discs or tapes or computer-produced interpretations thereof, instructions, announcements, schedules, and price lists. In all cases, where originals and/or non-identical copies are not available, document also means identical copies of original documents and copies of non-identical copies.

B. Privilege

If any document is withheld under claim of privilege, furnish a list identifying each document for which the privilege is claimed, together with the following information: date, sender, recipient, subject matter of the document, the basis on which privilege is claimed, and the paragraph or paragraphs of its request to which the document responds.

C. Documents No Longer in Possession, Custody, or Control

If any document described in its request was, but no longer is, in your possession, or subject to your custody or control, or in existence, state whether: A) It is missing or lost; B) It has been destroyed; C) It has been transferred, voluntarily or involuntarily, to others; or D) It has been disposed of otherwise.

In each instance, explain the circumstances surrounding such disposition, and identify the person(s) directly or authorizing same and the date(s) thereof. Identify each document by listing its author, its address, type (e.g., letter, memorandum, telegram, chart, photograph, etc.), date, subject matter, present location(s), and custodian(s), and state whether the document (or a copy thereof) is still in existence.

REQUESTS FOR PRODUCTION

1. Produce any document which may conceivably support any claim made by the Plaintiff, any claim you have made, and/or any defense you intend to prosecute in this matter.

This request is deemed to include, but is not limited to, the following:

- a. witness statements;
- b. any plats, plans, pictures, videos, and the like of the property;
- c. expert reports and all documentation submitted to an expert;
- d. documents obtained from any subpoena you issue;
- e. documents obtained from any public entity;
- f. personal memoranda, calendar, and/or journal of any agent or employee of the trust or of the trust as a whole detailing any information on the property at issue;
- g. any correspondence sent by you to any individual, save your attorney for this matter, regarding the allegations in your Complaint or the Defendants' Answer;
- h. any documents referenced in your interrogatories or relied on in answering the same;
- i. all documents received from the Defendants;

- j. correspondence sent to any other individual who you claim may have some liability arising from the mortgage note;
 - k. documents which you contend support any damages claims;
 - l. insurance policies applicable to claims made herein; and
 - m. all contract offers or contracts on the property and documents related to the property.
2. All documents related to the origination of the mortgage and note that is the subject of the Plaintiff's Complaint.
 3. All documents related to the underwriting of the mortgage and note that is the subject of the Plaintiff's Complaint.
 4. All policy and procedure manuals, memoranda, directives, standard operating procedures, training manuals, materials, videos, handbooks, presentations, employee manuals, handbooks, brochures, supplements, and/or updates thereto used or prepared by or on behalf of the Plaintiff during the last 5 years relating to the origination, investigation, processing, and approval of the note and mortgage at issue in the Plaintiff's Complaint.
 5. Make available for inspection and review the original mortgage and note at issue in the Plaintiff's Complaint.
 6. All documents evidencing assignment of the mortgage and note at issue in the Plaintiff's Complaint.
 7. Documentation of the amount of all payments on the mortgage and note at issue in the Plaintiff's Complaint that went to each alleged owner, assignee, and/or transferee of the note.
 8. An itemization of such payments referred to in response to Request 7 as to principal, interest, fees, costs and a detail of each and every credit and debit posted relating to this mortgage and note at issue in the Plaintiff's Complaint.

9. A statement as to all charges assessed on the mortgage and note at issue in the Plaintiff's Complaint other than principal, interest, and late fees and the identity of the recipient of such collected fees.
10. Documentation of the recipient of all escrow items charged to this account.
11. A copy of any annual escrow statements and notices of shortage, deficiency, and/or surplus.
12. Documentation of all fees, rebates, refunds, kickbacks, profits, and gains made to any person or entity involved in the mortgage or note that is the subject of the Plaintiff's Complaint.
13. All letters of transmittal through the United States Mail regarding the mortgage and note that is the subject of the Plaintiff's Complaint.
14. All uncertificated security and certificates of asset-backed securities related to the mortgage and note that is the subject of the Plaintiff's Complaint.
15. Documentation showing the names and addresses of all servicers and sub-servicers of the mortgage and note that is the subject of the Plaintiff's Complaint.
16. Documentation showing all payments on the mortgage and note that is the subject of the Plaintiff's Complaint that went to such servicers and sub-servicers.
17. All pool and/or pooling agreements related to the mortgage and/or note that is the subject of the Plaintiff's Complaint.
18. All deposit agreements related to the mortgage and note that is the subject of the Plaintiff's Complaint.
19. All servicing agreements related to the mortgage and note that is the subject of the Plaintiff's Complaint.

20. All custodial agreements related to the mortgage and note that is the subject of the Plaintiff's Complaint.
21. All master purchasing agreements related to the mortgage and note that is the subject of the Plaintiff's Complaint.
22. All issuer agreements related to the mortgage and note that is the subject of the Plaintiff's Complaint.
23. All commitments to guarantee related to the mortgage and note that is the subject of the Plaintiff's Complaint.
24. All release of interest documents related to the mortgage and note that is the subject of the Plaintiff's Complaint.
25. All trust agreements related to the mortgage and note that is the subject of the Plaintiff's Complaint.
26. All descriptions, definitions, legends, and codes used in the above-referenced documents.
27. All escrow analysis conducted in relation to the mortgage and note that is the subject of the Plaintiff's Complaint.
28. All documents related to any appraisal performed on behalf of the Plaintiff or those in privity with it on the property alleged to be encumbered by the mortgage and note that is the subject of the Plaintiff's Complaint.
29. All documents related to the receipt of Troubled Assets Recovery Program ("TARP") funds by the Plaintiff or any entity in privity with it.

31. All correspondence and related documents between Plaintiff and the Defendants concerning any loan modification of the alleged note and mortgage that is the subject of this litigation.

Respectfully submitted,



Matthew E. Pecoy
McGrath Law Firm, P.A.
802 Johnnie Dodds Blvd.
Mt. Pleasant, SC 29464
Phone: (843) 606-2755
Fax: (843) 388-7263
Email: mpecoy@mcgrathlawfirm.com

April 14, 2014
Charleston, South Carolina

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

Tidelands Bank,

Plaintiff,

v.

J. R. Gregory Ventures, LLC, Marilyn
T. Schmitt, and The Meridian Owners
Association, Inc.,

Defendant.

IN THE COURT OF COMMON PLEAS
NINTH JUDICIAL CIRCUIT
CASE NO.: 2013-CP-10-5324

CERTIFICATE OF SERVICE

I certify that a copy of a Defendant's First Set of Requests for Production of Documents to the Plaintiff and Defendant's First Set of Interrogatories to Plaintiff in the above-captioned matter has been served upon W. Gregory Pearce and Joseph T. Belton, as counsel for the Plaintiff, via U.S. Mail addressed to following this 18th day of April, 2014:

U.S. Mail

W. Gregory Pearce, Esquire
Joseph T. Belton, Esquire
Moore & Van Allen, PLLC
78 Wentworth Street
Charleston, SC 29413

MCGRATH LAW FIRM, P.A.

By:

Pamela A. Prince

Paralegal for McGrath Law Firm

Mount Pleasant, South Carolina
April 18, 2014

STATE OF SOUTH CAROLINA)

COUNTY OF CHARLESTON)

TIDELANDS BANK,)

Plaintiff,)

vs.)

J. R. GREGORY VENTURES, LLC,)
MARILYN T. SCHMITT AND THE)
MERIDIAN OWNERS)
ASSOCIATION, INC.,)

Defendants.)

IN THE COURT OF COMMON PLEAS

COURT FILE NO. 2013-CP-10-5324^{BY}

**MEMORANDUM IN SUPPORT OF
MOTION FOR SUMMARY JUDGMENT**

FILED
2014 APR 25 PM 2:38
JULIE J. ARMSTRONG
CLERK OF COURT

TO: WILLIAM B. JUNG, ESQUIRE, PETER G. McGRATH, ESQUIRE, ATTORNEYS
FOR DEFENDANTS J. R. GREGORY VENTURES, LLC, AND MARILYN T.
SCHMITT.

The Plaintiff, Tidelands Banks (the "Plaintiff" or "Bank"), by and through its undersigned attorneys, file this Memorandum in Support of its Motion for Summary Judgment pursuant to Rule 56 of the South Carolina Rules of Civil Procedure.

STATEMENT OF FACTS

On or about March 22, 2006, Marilyn T. Schmitt on behalf of J.R. Gregory Ventures, LLC (the "Borrower" or "Obligor" or "Company") executed and delivered to Plaintiff (also referred to herein as the "Lender") a negotiable Note in the original principal amount of Two Hundred One Thousand Fifty and 00/100 (\$201,050.00) Dollars, with interest thereon as set forth therein (the "Original Note"). Thereafter, on July 10, 2007, Obligor executed and delivered to Plaintiff its renewal note in the original amount of \$201,050.00 (the Renewal Note #1). Thereafter on August 1, 2008, Obligor executed and delivered to Plaintiff its renewal note in the

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amount of \$200,900.00 ("Renewal Note #2"). Thereafter on September 24, 2012, Obligor executed and delivered to Plaintiff its renewal note in the amount of \$200,880.69 ("Renewal Note #3") (The Original Note, the Renewal Note #1, the Renewal Note #2 and the Renewal Note #3 are hereinafter collectively referred to as the "Note"). Copies of the Note are attached hereto as Exhibit "1" and its terms are incorporated by reference herein. These are the same Note obligations attached to the Complaint as Exhibit A and identified in the deposition of Marilyn T. Schmitt as Exhibits F through I.

On March 22, 2006, to secure payment of the Note, Obligor executed and delivered to Plaintiff a Mortgage, a copy of the Mortgage is attached hereto as Exhibit "2" and incorporated herein by reference (the "Mortgage"), which Mortgage was recorded on April 4, 2006, in the Office of the RMC for Charleston County, South Carolina, in Book S578, Page 435, and covers the following described real property (the "Property"): the Property identified as TMS # 558-00-00-685 (Unit 1700A) and TMS #558-00-00-843 (Garage Unit 309). This is the same Mortgage attached to the Complaint as Exhibit B and identified in the deposition of Marilyn T. Schmitt as Exhibit J.

In order to further secure payment of the Note and as additional consideration for the loan, Defendant, Marilyn T. Schmitt (the "Guarantor"), executed and delivered to Plaintiff her personal guaranty of payment of the amount due under the Note, as may be more fully seen by reference to the Guaranty attached hereto as Plaintiff's Exhibit "3" and incorporated herein by reference (the "Guaranty"). This is the same Guaranty attached to the Complaint as Exhibit C and identified in the deposition of Marilyn T. Schmitt as Exhibit M. As a condition and an inducement to the Bank making the commercial loan to J.R. Gregory Ventures, LLC, Marilyn

Schmitt was required to personally guaranty the commercial loan. The Obligor and Guarantor accepted the terms and conditions of the commercial loan and thereafter received, accepted, and used the proceeds of the loan for their own benefit. The terms and conditions of the Guaranty clearly state as follows:

For good and valuable consideration . . . and to induce Tideland Bank ("Lender") . . . to make loans . . . to or for the account of J.R. Gregory Ventures, LLC ("Borrower") . . . the Undersigned [Marilyn T. Schmitt] hereby absolutely and unconditionally guarantees to Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise of the debts, liabilities, and obligations described as follows: . . . the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the Loan [the Loan is identified as the Note] and any extensions, renewals or replacements.

The conditions of the Note, Mortgage, and Guaranty have been broken in that Obligor and Guarantor have failed to make the required payments since on or about March 5, 2013, and Plaintiff, as holder of the Note and the Mortgage, has elected to declare a default, to accelerate the terms of the Note, and to declare the entire amount payable according to the terms of the Note and the Mortgage now due and owing, and has made due demand upon Obligor and Guarantor for such entire amount, which demand has been refused, and there is now due on the Note, Mortgage, and Guaranty the principal sum of One Hundred Ninety-One Thousand Four Hundred Ninety-Four and 82/100 (\$191,494.82) Dollars, with interest thereon at the rate provided in the Note from March 2, 2013, until paid, plus any advances with interest, attorneys' fees and costs.

Marilyn T. Schmitt testified in her April 2, 2014 deposition that she is the owner of J.R. Gregory Ventures, LLC and is its only member. (Schmitt Deposition at page 11, lines 15-17) (The cited pages of the Schmitt Deposition are attached hereto as Exhibit "4"). Mrs. Schmitt

testified that she formed the Company so that she could buy and sell properties- flipping properties. (Schmitt Depo. at page 10, lines 13-17, and page 17, lines 9-12). She further testified that she made all the decisions for the Company and handled all the transactions including reviewing loan documents and preparing and filing the Company taxes- "I am the entity". (Schmitt Depo. at page 14, line 14, page 21, lines 10-14 and page 27, lines 17-21). Additionally, Mrs. Schmitt testified that in addition to this loan, she caused the Company to engage in other business deals and loan transactions. (Schmitt Depo. at page 18, lines 15-19, and page 19, lines 20-23). Moreover, Mrs. Schmitt has formed and operated other companies which evidence her business experience and business acumen (Love Taylor Properties, LLC and Business Team Builders) (Schmitt Depo. at page 23, lines 23-25, and page 25, lines 1-4, and page 29, lines 2-8, and page 34, lines 4-10). Mrs. Schmitt further testified that she was of sound mind and knew what she was doing with respect to this loan transaction with the Bank. (Schmitt Depo. at page 35, lines 23-25, and page 36, lines 1-4)

Mrs. Schmitt testified that the Company failed to pay on the Note as required and is in default under the terms of the Note and Mortgage and owes the Bank money. (Schmitt Depo. at page 52, lines 2-11). Further, Mrs. Schmitt testified that the Bank has the right to foreclose on the Mortgage. (Schmitt Depo. at page 52, lines 12-17). Moreover, Mrs. Schmitt testified that she agrees and does not dispute the amount of the debt owing to the Bank as set forth in the Plaintiff's Complaint. (Schmitt Depo. at page 52, line 25, and page 53, lines 1-10).

With respect to Mrs. Schmitt's personal Guaranty to the Bank, she testified that she signed and initialed the Guaranty. (Schmitt Depo. at page 55, lines 1-6). Also, Mrs. Schmitt agreed that the Guaranty relates to the Note and the loan transaction with the Bank. (Schmitt

Depo. at page 55, lines 7-19). However, Mrs. Schmitt admitted that even though she had a chance to read terms and conditions of the Guaranty, she probably just skimmed it.

Schmitt Deposition Page 56

25 Q Okay. Did you have a chance to read this

Schmitt Deposition Page 57

1 document before you signed it?

2 A Most of these documents are so lengthy
3 that I don't read every word. I'm sorry to say I
4 don't read every word.

5 Q Okay. That's related to the guaranty. So
6 you may have read it. You may not have read all of
7 it. You just -

8 A I probably skimmed it somewhat.

SUMMARY JUDGMENT STANDARD

"Summary judgment is appropriate when the pleadings, depositions, affidavits, and discovery on file show there is no genuine issue of material fact such that the moving party must prevail as a matter of law." *Turner v. Milliman*, 392 S.C. 116, 122 (2011). See also Rule 56(c), S.C. Rules Civ. Pro. "To determine whether any triable issues of fact exist, the reviewing court must consider the evidence and all reasonable inferences in the light most favorable to the non-moving party." *McLaughlin v. Williams*, 379 S.C. 451, 455-56, 665 S.E.2d 667, 670 (Ct. App. 2008). "The party seeking summary judgment has the burden of clearly establishing the absence of a genuine issue of material fact." *Miller v. Blumenthal Mills, Inc.*, 365 S.C. 204, 220, 616 S.E.2d 722, 730 (Ct. App. 2005). "Once the party moving for summary judgment meets the initial burden of showing an absence of evidentiary support for the opponent's case, . . . the nonmoving party must come forward with specific facts showing there is a genuine issue for trial." *Id.* (citation omitted). Accordingly, summary judgment should be granted when it is clear that "further inquiry into the facts is not desirable to clarify application of the law." *Cullum*

Mech. Constr. Co. v. South Carolina Baptist Hosp., 336 S.C. 423, 520 S.E.2d 809 (Ct. App. 1999).

ARGUMENT

- I. Summary Judgment is proper on Plaintiff's claim that the Defendant, J.R. Gregory Ventures, LLC, has breached the terms of the subject Note and Mortgage and is now obligated to pay the Plaintiff the debt alleged in the Complaint and that Plaintiff can foreclose on the Property.

As more fully set forth in the Statement of Facts, the Company has admitted through the testimony of Mrs. Schmitt that the Company failed to pay on the Note as required and is in default under the terms of the Note and Mortgage and owes the Bank money. Further, Mrs. Schmitt testified that the Bank has the right to foreclose on the Mortgage. Moreover, Mrs. Schmitt testified that she agrees and does not dispute the amount of the debt owing to the Bank as set forth in the Plaintiff's Complaint.

The Plaintiff's summary judgment motion should be granted and the court should grant immediate judgment of foreclosure against the Defendant-Obligor, J. R. Gregory Ventures, LLC, and any and all other parties who may have or claim to have an interest in the Property, in the sum of One Hundred Ninety-One Thousand Four Hundred Ninety-Four and 82/100 (\$191,494.82) Dollars, together with interest thereon at the contract rate from March 2, 2013, until paid, plus late charges, any advances with interest, attorneys' fees and costs.

In addition, the court should grant an immediate money judgment against Defendant-Obligor, J. R. Gregory Ventures, LLC, for the amount due under the Note, with such amount to be subject to credit after application of the proceeds from any sale of the Property.

- II. Summary Judgment is proper on Plaintiff's claim that the Defendant, Marilyn T. Schmitt, has breached the terms of the subject personal Guaranty and is now obligated to pay the Plaintiff the debt alleged in the Complaint.

"A guaranty of payment is an absolute or unconditional promise to pay a particular debt if it is not paid by the debtor at maturity." *Citizens & S. Nat'l Bank of S.C. v. Lanford*, 313 S.C. 540, 543, 443 S.E.2d 549, 550 (1994). "Under an absolute guaranty of payment, the creditor may maintain an action against the guarantor immediately upon default of the debtor." *Id.*

"As early as 1924, this Court recognized that every contracting party owes a duty to the other party to the contract and to the public to learn the contents of a document before he signs it." *Burwell v. South Carolina Nat'l Bank*, 288 S.C. 34, 39, 340 S.E.2d 786 (1986) (citing *J.B. Colt Co. v. Britt*, 129 S.C. 226, 123 S.E. 845 (1924)). "A person who signs a contract or other written document cannot avoid the effect of the document by claiming that he did not read it." *Wachovia Bank, N.A. v. Blackburn*, 755 S.E.2d 437, 2014 S.C. Lexis 54 (2014); *see also Regions Bank v. Schmauch*, 354 S.C. 648, 663, 582 S.E.2d 432, 440 (Ct. App. 2003). "Instead, when a person signs a document, he is responsible for exercising reasonable care to protect himself by reading the document and making sure of its contents." *Id.*; *see also Regions Bank* at 663-64, 582 S.E.2d at 440. "The law does not impose a duty on the bank to explain to an individual what he could learn from simply reading the document." *Id.*; *see also Regions Bank* at 664, 582 S.E.2d at 440; *Citizens* 313 S.C. at 545, 443 S.E.2d at 551. As in the *Wachovia Bank* ruling, by signing the Guaranty, Marilyn T. Schmitt is charged with having read its contents.

"This rule is subject to the exception that if the party is ignorant and unwary, his failure to read the document may be excused." *Regions Bank* at 664, 582 S.E.2d at 440; *see also*

Burwell, 288 S.C. at 40, 340 S.E.2d at 789. “However, our court very strictly construes this exception.” *Id.*; see also *Burwell*, 288 S.C. at 40, 340 S.E.2d at 789.

In *Regions*, Regions Bank moved for summary judgment. The court found the loan documents were clear and there was a contract between [guarantor] and Regions Bank for [guarantor] to guarantee the loans. *Regions Bank* at 658, 582 S.E.2d at 437. The court concluded [guarantor] breached the guaranty contract and awarded Regions Bank damages of \$62,924.52 plus interest until the judgment is paid. *Id.* [Guarantor] insisted that while her signature may be on the guaranty agreement, she never intended to enter into an agreement for unlimited liability. *Id.* at 439 (“[Guarantor] was queried: ‘Do you recall being asked to personally guarantee that if they defaulted on one or more of the loans they had that you would pay if they defaulted.’ She answered: ‘No.’” *Id.* at 439-440). The *Regions* court determined that the [guarantor] provided no legal authority for why her lack of understanding would provide a means to rescind an otherwise valid contract. *Id.* at 662. The *Regions* court stated that “even if [the guarantor’s] contention is assumed to be one of unilateral mistake, it is unavailing . . . unilateral mistake is not by itself grounds for rescinding the contract.” *Id.* at 663. **The *Regions* court upheld summary judgment and concluded that the guarantor simply “did not read the documents placed in front of her.” *Id.* (emphasis added)** Moreover, the *Regions* court refuted any attempt to classify the guarantor as ignorant and unwary. The facts revealed that the guarantor co-signed loans and operated a business and the *Regions* court determined that the guarantor did not fall into this narrow exception; and therefore, guarantor cannot avoid the effect of the guaranty agreement by claiming she did not read it. *Id.* at 441.

In *Burwell*, “Mr. Burwell testified that he was physically able to read, but in fact did not read the documents; **he merely looked over them.**” *Burwell* at 38, 340 S.E.2d 788 (emphasis added). The *Burwell* court found that “clearly he had a duty to read the loan guaranty documents before signing them. His failure to do so is inexplicable.” *Id.* at 40, 340 S.E.2d at 791.

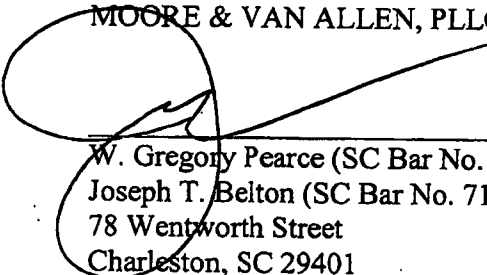
In *Citizens*, the court also upheld the circuit court’s grant of summary judgment to Citizens and Southern National Bank, against appellant William N. Geiger for the full amount of the primary debt, plus interest and attorneys’ fees. *Citizens* at 542, 443 S.E.2d at 550. This case arose from an action to enforce a guaranty obligation under a note and guaranty of payment. Again, the *Citizens* court pointed to the fact that the guaranty contained the undisputed signature of William N. Geiger and the law does not impose a duty on the bank to explain to an individual what he could learn from simply reading the document. *Id.* at 545, 443 S.E.2d at 551.

In this matter, the facts are undisputed that Mrs. Schmitt signed the Guaranty and that the purpose of the personal Guaranty was to induce the Bank into making the loan to Borrower. The facts are clear that Mrs. Schmitt is experienced in business and she handles all the affairs of her multiple businesses and was of sound mind at the time of entering into the loan transaction with the Bank. Even though Mrs. Schmitt claims that she “never intended to be a personal guarantor” (Schmitt Depo. at page 56, lines 23-24), she did not read the Guaranty. In accord with the above cited case law, the court should grant summary judgment in favor of the Bank and an immediate money judgment against Marilyn T. Schmitt for the amount due under the Note based upon her personal Guaranty to the Bank.

CONCLUSION

For the reasons stated herein and those presented at an oral argument, if any, the Plaintiff respectfully requests that this Court grant its motion for summary judgment.

MOORE & VAN ALLEN, PLLC



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ATTORNEYS FOR TIDELANDS BANK

CHARLESTON, SC
April 25, 2014

J.R. Gregory Ventures, LLC
4206 Colonel Vanderhorst Circle
Mt. Pleasant, SC 29466

Tidelands Bank
875 Lowcountry Blvd
Mt. Pleasant, SC 29464

Loan Number

Date 03/22/2006

Maturity Date 06/22/2007

Loan Amount \$ 201,050.00

Renewal Of

BORROWER'S NAME AND ADDRESS
"I" includes each borrower above, jointly and severally.

LENDER'S NAME AND ADDRESS
"You" means the lender, its successors and assigns.

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of Two Hundred One Thousand Fifty Dollars Dollars \$ 201,050.00

☐ Single Advance: I will receive all of this principal sum on . No additional advances are contemplated under this note.

☒ Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this note. On 03/22/2006

I will receive the amount of \$ 200,945.00 and future principal advances are contemplated.

Conditions: The conditions for future advances are Per loan officer approval based on inspections and/or invoices.

☐ Open End Credit: You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on

☒ Closed End Credit: You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from 03/22/2006 at the rate of 7.750 % per year until 03/22/2006

☒ Variable Rate: This rate may then change as stated below.

☒ Index Rate: The future rate will be .250% above the following index rate: Prime Rate

☐ No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.

☒ Frequency and Timing: The rate on this note may change as often as every day beginning 03/22/2006

A change in the interest rate will take effect on the same day

☐ Limitations: During the term of this loan, the applicable annual interest rate will not be more than % or less than %.

The rate may not change more than % each

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

☒ The amount of each scheduled payment will change.

☒ The amount of the final payment will change.

☐

ACCUAL METHOD: Interest will be calculated on a Actual/365 basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

☒ on the same fixed or variable rate basis in effect before maturity (as indicated above).

☐ at a rate equal to

☒ LATE CHARGE: If a payment is not made within 10 days after it is due, I agree to pay a late charge of 3.000% of the late amount with a minimum of \$10.00 and a maximum of \$500.00

☒ ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which ☐ are ☒ are not included in the principal amount above: \$500.00 origination fee, \$300.00 appraisal fee, \$14.00 flood determination fee

PAYMENTS: I agree to pay this note as follows:

☒ Interest: I agree to pay accrued interest in 14 Monthly interest payments beginning 04/22/2006 and with the principal.

☒ Principal: I agree to pay the principal in one final payment of principal and interest in the amount of \$202,321.72 due on 06/22/2007.

☐ Installments: I agree to pay this note in payments. The first payment will be in the amount of \$ and will be due . A payment of \$ will be due

unpaid balance of principal and interest will be due thereafter. The final payment of the entire

ADDITIONAL TERMS: First title insured real estate mortgage on property and improvements located at the Meridian, Unit 1700-A, unit 309, Mt. Pleasant SC 29464 (in the Meridian) more particularly described in said mortgage of even date, loan amount of \$201,050.00 and mortgage amount of \$251,312.50 which represents 125% of the loan value in the name of J.R. Gregory Ventures, LLC.

☐ SECURITY: This note is separately secured by (describe separate document by type and date):

(This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)

Signature for Lender

Ken Pichens
Vice President

PURPOSE: The purpose of this loan is Business Purchase
funding for rental condominium

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date.
J.R. Gregory Ventures, LLC

Marilyn T. Schmitt, Member
Marilyn T. Schmitt Member

SOUTH CAROLINA - UNIVERSAL NOTE

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PLAINTIFF'S
EXHIBIT

(Page 1 of 2)

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J.R. Gregory Ventures, LLC 4206 Colonel Vanderhorst Circle Mt. Pleasant, SC 29466	Tidelands Bank 875 Lowcountry Blvd Mt. Pleasant, SC 29464	Loan Number _____ Date <u>07/10/2007</u> Maturity Date <u>07/22/2008</u> Loan Amount <u>\$ 201,050.00</u> Renewal Of _____
BORROWER'S NAME AND ADDRESS "I" includes each borrower above, jointly and severally.		LENDER'S NAME AND ADDRESS "You" means the lender, its successors and assigns.

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of Two Hundred One Thousand Fifty Dollars Dollars \$ 201,050.00

☒ Single Advance: I will receive all of this principal sum on 07/10/2007. No additional advances are contemplated under this note.

☐ Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this note. On _____ I will receive the amount of \$ _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are _____

☐ Open End Credit: You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on _____

☐ Closed End Credit: You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from 07/10/2007 at the rate of 8.500 % per year until 07/11/2007

☒ Variable Rate: This rate may then change as stated below.

☒ Index Rate: The future rate will be .25% above the following index rate: Wall Street Journal Prime Rate

☐ No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.

☒ Frequency and Timing: The rate on this note may change as often as every day beginning 07/11/2007

A change in the interest rate will take effect on the same day

☐ Limitations: During the term of this loan, the applicable annual interest rate will not be more than _____ % or less than _____ %

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

☒ The amount of each scheduled payment will change.

☒ The amount of the final payment will change.

ACCRUAL METHOD: Interest will be calculated on a Actual/365 basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

☒ on the same fixed or variable rate basis in effect before maturity (as indicated above).

☐ at a rate equal to _____

☒ LATE CHARGE: If a payment is not made within 10 days after it is due, I agree to pay a late charge of 5.000% of the late amount with a minimum of \$10.00 and a maximum of \$500.00

☐ ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which ☐ are ☐ are not included in the principal amount above:

PAYMENTS: I agree to pay this note as follows:

☒ Interest: I agree to pay accrued interest in 11 Monthly interest payments beginning 08/22/2007 and with the principal.

☒ Principal: I agree to pay the principal in one final payment of principal and interest in the amount of \$202,474.10 due on 07/22/2008.

☐ Installments: I agree to pay this note in _____ payments. The first payment will be in the amount of \$ _____ and will be due _____. A payment of \$ _____ will be due _____. Unpaid balance of principal and interest will be due _____ thereafter. The final payment of the entire

ADDITIONAL TERMS: First title insured real estate mortgage on property and improvements located at the Meridian, Unit 1700-A, unit 309, Mt. Pleasant SC 29464 (in the Meridian) more particularly described in said mortgage dated 03/22/2006, recorded on 04/04/2006 in Charleston County Official Records Book 5 578, Page 435 loan amount of \$201,050.00 and mortgage amount of \$251,312.50 which represents 125% of the loan value in the name of J.R. Gregory Ventures, LLC. Renewal of Promissory Note dated 03/22/2006.

☒ SECURITY: This note is separately secured by (describe separate document by type and date):
 PREM on Meridian, Unit 1700-A, unit 309, Mt. Pleasant SC 29464 (in the Meridian).

(This section is for your internal use. Failure to get a separate security document does not mean this agreement will not secure this note.)

Signature for Lender

Kenneth M Pickens
 Vice President

PURPOSE: The purpose of this loan is Business Purchase
funding for rental condominium

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date.
 J.R. Gregory Ventures, LLC

Marilyn T. Schmitt
 Member

Member

**PLAINTIFF'S
 EXHIBIT**

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J.R. Gregory Ventures, LLC
4206 Colonel Vanderhorst Circle
Mt. Pleasant, SC 29466

Tidelands Bank
875 Lowcountry Blvd
Mt. Pleasant, SC 29466

Loan Number [REDACTED]
Date 02/01/2008
Maturity Date 08/02/2010
Loan Amount \$ 299,999.00
Renewal Of [REDACTED]

BORROWER'S NAME AND ADDRESS

"I" includes each borrower jointly and severally.

LENDER'S NAME AND ADDRESS

"You" means the lender, its successors and assigns.

For value received, I promise to pay to you, at your address listed above the **PRINCIPAL** sum of **Two Hundred Thousand Nine Hundred Dollars** \$ 200,900.00

☒ **Single Advance:** I will receive all of this principal sum on 02/01/2008. No additional advances are contemplated under this note.

☐ **Multiple Advances:** The principal sum shown above is the maximum amount of principal I can borrow under this note. On [REDACTED] I will receive the amount of \$ [REDACTED] and future principal advances are contemplated.

Conditions: The conditions for future advances are

☐ **Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on [REDACTED]

☐ **Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from 02/01/2008 at the rate of 5.250 % per year until paid in full.

☒ **Variable Rate:** This rate may then change as stated below.

☒ **Index Rate:** The future rate will be .25% above

the following index rate: Wall Street Journal Prime Rate

☐ **No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your control.

☒ **Frequency and Timing:** The rate on this note may change as often as every day beginning 9/02/2008

A change in the interest rate will take effect on the same day

☐ **Limitations:** During the term of this loan, the applicable annual interest rate will not be more than % or less than %.

The rate may not change more than % each

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

☒ The amount of each scheduled payment will change.

☒ The amount of the final payment will change.

ACCRAUAL METHOD: Interest will be calculated on a Actual/365

basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

☐ On the same fixed or variable rate basis in effect before maturity (as indicated above)

☒ At a rate equal to **WSJ prime rate plus 5% (five percent)** upon written default notice

☒ **LATE CHARGE:** If a payment is not made within 10 days after it is due, I agree to pay a late charge of 5.000% of the late amount with a minimum of \$10.00 and a maximum of \$50.00

☐ **ADDITIONAL CHARGES:** In addition to interest, I agree to pay the following charges which ☐ are ☐ are not included in the principal amount above:

PAYMENTS: I agree to pay this note as follows:

☒ **Interest:** I agree to pay accrued interest in 23 Monthly interest payments beginning 02/02/2008 and with the principal.

☒ **Principal:** I agree to pay the principal in one final payment of principal and interest in the amount of \$201,795.79 due on 08/02/2010.

☐ **Installments:** I agree to pay this note in payments. The first payment will be in the amount of \$ [REDACTED] A payment of \$ [REDACTED] will be due

thereafter. The final payment of the entire

unpaid balance of principal and interest will be due

ADDITIONAL TERMS: This is a variable rate loan and the payment amounts may change.
First title insured real estate mortgage to property and improvements located at the Marillion, Unit 1700-A, Unit 309, Mt. Pleasant SC 29466 (in the Marillion) more particularly described in said mortgage dated 03/22/2006, recorded on 04/04/2006 in Charleston County Official Records Book S 378, page 435 loan amount of \$201,050.00 and mortgage amount of \$261,312.50 which represents 125% of the loan value in the name of J.R. Gregory Ventures, LLC, Renewal of Promissory Note dated 03/22/2006. This Note renews but does not satisfy Promissory Note dated 06/26/2007 for loan # [REDACTED]

☒ **SECURITY:** This note is separately secured by (describe separate document by type and date):
PROM in Marillion, Unit 1700-A, Unit 309, Mt. Pleasant SC 29466 (in the Marillion).

This security is the same property used to secure the mortgage described above and is subject to the terms of said mortgage and this note.

PURPOSE: The purpose of this loan is (purpose) Borrow loan that was to purchase 1995's car.

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy in today's date.
J.R. Gregory Ventures, LLC

Signature for Lender

Kenneth A. Pickens

Kenneth A. Pickens
Vice President

Marilyn J. Schmidt Member
Marilyn J. Schmidt
Member

SOUTH CAROLINA UNIVERSAL NOTE

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J.R. Gregory Ventures, LLC
4206 Colonel Vanderhorst Circle
Mt. Pleasant, SC 29466

Tidelands Bank
875 Lowcountry Blvd
Mt. Pleasant, SC 29464

Loan Number
Date 09/24/2010
Maturity Date 10/02/2013
Loan Amount \$ 200,880.69
Renewal Of

BORROWER'S NAME AND ADDRESS
"I" includes each borrower above, jointly and severally.

LENDER'S NAME AND ADDRESS
"You" means the lender, its successors and assigns.

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of Two Hundred Thousand Eight Hundred Eighty Dollars and Sixty-Nine Cents Dollars \$ 200,880.69

☒ Single Advance: I will receive all of this principal sum on 09/24/2010. No additional advances are contemplated under this note.
☐ Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this note. On I will receive the amount of \$ and future principal advances are contemplated.

Conditions: The conditions for future advances are

☐ Open End Credit: You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on

☐ Closed End Credit: You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from 09/24/2010 at the rate of 5.50000 % per year until Paid in Full

☒ Variable Rate: This rate may then change as stated below.

☒ Index Rate: The future rate will be 1.00% above the following index rate: Wall Street Journal Prime Rate

☐ No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.

☒ Frequency and Timing: The rate on this note may change as often as every day beginning 9/25/2010

A change in the interest rate will take effect on the same day

☒ Limitations: During the term of this loan, the applicable annual interest rate will not be more than 5.500 % or less than % each

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

☐ The amount of each scheduled payment will change.

☒ The amount of the final payment will change.

ACCRAU METHOD: Interest will be calculated on a Actual/365 basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

☐ on the same fixed or variable rate basis in effect before maturity (as indicated above).

☐ at a rate equal to

☒ LATE CHARGE: If a payment is not made within 10 days after it is due, I agree to pay a late charge of 5.000% of the late amount with a minimum of \$10.00 and a maximum of \$500.00

☐ ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which ☐ are ☐ are not included in the principal amount above:

PAYMENTS: I agree to pay this note as follows:

☐ Interest: I agree to pay accrued interest

☐ Principal: I agree to pay the principal

☒ Installments: I agree to pay this note in 36 payments. The first payment will be in the amount of \$1,235.00 and will be due 11/02/2010

on the same day of each month. A payment of \$1,235.00 will be due

unpaid balance of principal and interest will be due October 02, 2013 thereafter. The final payment of the entire

ADDITIONAL TERMS: This is a variable rate loan and the payment amounts may change.
Mortgage in the amount of \$251,312.50 (125% of loan amount) dated 03/22/2006, recorded 04/04/2006 in Charleston County Official Records Sk 3578, Pg 435. This note renews but does not satisfy Promissory Note dated 03/22/2006, 06/29/2007 & 08/01/2008 for loan **POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full at a rate equal to Wall Street Journal Prime Rate plus 5% (five percent) upon written default notice.

☒ SECURITY: This note is separately secured by (describe separate document by type and date):
FREM on Meridian, Unit 1700-A, unit 309, Mt. Pleasant SC 29464 (in the Meridian).

(This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)

PURPOSE: The purpose of this loan is Business: Renew loan that was to purchase rental condo.

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE INCLUDING THOSE ON PAGE 21. I have received a copy on today's date.
J.R. Gregory Ventures, LLC

Signature for Lender

FOR KEN PICKENS
Kenneth M Pickens
Vice President

Marilyn T. Schmitt
Marilyn T. Schmitt
Member

SOUTH CAROLINA - UNIVERSAL NOTE

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PLAINTIFF'S
EXHIBIT

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DK S578PG435

This document was prepared by (name, address, phone):

Tidelands Bank
875 Lowcountry Blvd
Mt. Pleasant, SC 29464

State of South Carolina

Space Above This Line For Recording Data

REAL ESTATE MORTGAGE

(With Future Advance Clause)

1. **DATE AND PARTIES.** The date of this Mortgage is 03/22/2006 and the parties and their addresses are as follows:

MORTGAGOR: J.R. Gregory Ventures, LLC
4206 Colonel Vanderhorst Circle
Mt. Pleasant, SC 29466

☐ Refer to the Addendum which is attached and incorporated herein for additional Mortgagors.

LENDER: Tidelands Bank
875 Lowcountry Blvd
Mt. Pleasant, SC 29464

2. **MORTGAGE.** For good and valuable consideration, the receipt and sufficiency of which is acknowledged, and to secure the Secured Debt (hereafter defined), Mortgagor grants, bargains, conveys and mortgages to Lender the following described property:

See attached exhibit "A"

The property is located in Charleston at 2011 N. US
(County)

Highway 17, Unit A BLDG, Mt. Pleasant, South Carolina 29464
(Address) (City) (Zip Code)

Together with all rights, easements, appurtenances, royalties, mineral rights, oil and gas rights, crops, timber, all diversion payments or third party payments made to crop producers, and all existing and future improvements, structures, fixtures, and replacements that may now, or at any time in the future, be part of the real estate described above (all referred to as "Property"). The term Property also includes, but is not limited to, any and all water wells, water, ditches, reservoirs, reservoir sites and dams located on the real estate and all riparian and water rights associated with the Property, however established.

SOUTH CAROLINA - AGRICULTURAL/COMMERCIAL REAL ESTATE SECURITY INSTRUMENT (NOT FOR FINRA, FILMC, FHA OR VA USE, AND NOT FOR CONSUMER PURPOSES)

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3. **MAXIMUM OBLIGATION LIMIT.** The total principal amount of the Secured Debt (hereafter defined) secured by this Mortgage at any one time shall not exceed \$ 251,312.50. This limitation of amount does not include interest, loan charges, commitment fees, brokerage commissions, attorneys' fees and other charges validly made pursuant to this Mortgage and does not apply to advances (or interest accrued on such advances) made under the terms of this Mortgage to protect Lender's security and to perform any of the covenants contained in this Mortgage. Interest under the Note will be deferred, accrued or capitalized; however, Mortgagee shall not be required to defer, accrue or capitalize any interest except as provided in the Note. Future advances are contemplated and, along with other future obligations, are secured by this Mortgage even though all or part may not yet be advanced. Nothing in this Mortgage, however, shall constitute a commitment to make additional or future loans or advances in any amount. Any such commitment would need to be agreed to in a separate writing.
4. **SECURED DEBT DEFINED.** The term "Secured Debt" includes, but is not limited to, the following:
- A. The promissory note(s), contract(s), guaranty(ies) or other evidence of debt described below and all extensions, renewals, modifications or substitutions (Evidence of Debt) (e.g., *borrower's name, note amount, interest rate, maturity date*):
Promissory note of even date and amount.
 - B. All future advances from Lender to Mortgagor or other future obligations of Mortgagor to Lender under any promissory note, contract, guaranty, or other evidence of debt existing now or executed after this Mortgage whether or not this Mortgage is specifically referred to in the evidence of debt.
 - C. All obligations Mortgagor owes to Lender, which now exist or may later arise, to the extent not prohibited by law, including, but not limited to, liabilities for overdrafts relating to any deposit account agreement between Mortgagor and Lender.
 - D. All additional sums advanced and expenses incurred by Lender for insuring, preserving or otherwise protecting the Property and its value and any other sums advanced and expenses incurred by Lender under the terms of this Mortgage, plus interest at the highest rate in effect, from time to time, as provided in the Evidence of Debt.
 - E. Mortgagor's performance under the terms of any instrument evidencing a debt by Mortgagor to Lender and any Mortgage securing, guarantying, or otherwise relating to the debt.
- If more than one person signs this Mortgage as Mortgagor, each Mortgagor agrees that this Mortgage will secure all future advances and future obligations described above that are given to or incurred by any one or more Mortgagor, or any one or more Mortgagor and others. This Mortgage will not secure any other debt if Lender fails, with respect to such other debt, to make any required disclosure about this Mortgage or if Lender fails to give any required notice of the right of rescission.
5. **PAYMENTS.** Mortgagor agrees to make all payments on the Secured Debt when due and in accordance with the terms of the Evidence of Debt or this Mortgage.
6. **WARRANTY OF TITLE.** Mortgagor covenants that Mortgagor is lawfully seized of the estate conveyed by this Mortgage and has the right to grant, bargain, convey, sell, and mortgage the Property and warrants that the Property is unencumbered, except for encumbrances of record.
7. **CLAIMS AGAINST TITLE.** Mortgagor will pay all taxes, assessments, liens, encumbrances, lease payments, ground rents, utilities, and other charges relating to the Property when due. Lender may require Mortgagor to provide to Lender copies of all notices that such amounts are due and the receipts evidencing Mortgagor's payment. Mortgagor will defend title to the Property against any claims that would impair the lien of this Mortgage. Mortgagor agrees to assign to Lender, as requested by Lender, any rights, claims or defenses which Mortgagor may have against parties who supply labor or materials to improve or maintain the Property.
8. **PRIOR SECURITY INTERESTS.** With regard to any other mortgage, deed of trust, security agreement or other lien document that created a prior security interest or encumbrance on the Property and that may have priority over this Mortgage, Mortgagor agrees:
- A. To make all payments when due and to perform or comply with all covenants.
 - B. To promptly deliver to Lender any notices that Mortgagor receives from the holder.
 - C. Not to make or permit any modification or extension of, and not to request or accept any future advances under any note or agreement secured by, the other mortgage, deed of trust or security agreement unless Lender consents in writing.
9. **DUE ON SALE OR ENCUMBRANCE.** Lender may, at its option, declare the entire balance of the Secured Debt to be immediately due and payable upon the creation of any lien, encumbrance, transfer, or sale, or contract for any of these on the Property. However, if the Property includes Mortgagor's residence, this section shall be subject to the restrictions imposed by federal law (12 C.F.R. 591), as applicable. For the purposes of this section, the term "Property" also includes any interest to all or any part of the Property. This covenant shall run with the Property and shall remain in effect until the Secured Debt is paid in full and this Mortgage is released.

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10. TRANSFER OF AN INTEREST IN THE MORTGAGOR. If Mortgagor is an entity other than a natural person (such as a corporation or other organization), Lender may demand immediate payment if (1) a beneficial interest in Mortgagor is sold or transferred; (2) there is a change in either the identity or number of members of a partnership or similar entity; or (3) there is a change in ownership of more than 25 percent of the voting stock of a corporation or similar entity. However, Lender may not demand payment in the above situations if it is prohibited by law as of the date of this Mortgage.

11. ENTITY WARRANTIES AND REPRESENTATIONS. If Mortgagor is an entity other than a natural person (such as a corporation or other organization), Mortgagor makes to Lender the following warranties and representations which shall be continuing as long as the Secured Debt remains outstanding:

- A. Mortgagor is an entity which is duly organized and validly existing in the Mortgagor's state of incorporation (or organization). Mortgagor is in good standing in all states in which Mortgagor transacts business. Mortgagor has the power and authority to own the Property and to carry on its business as now being conducted and, as applicable, is qualified to do so in each state in which Mortgagor operates.
- B. The execution, delivery and performance of this Mortgage by Mortgagor and the obligation evidenced by the Evidence of Debt are within the power of Mortgagor, have been duly authorized, have received all necessary governmental approval, and will not violate any provision of law, or order of court or governmental agency.
- C. Other than disclosed in writing Mortgagor has not changed its name within the last ten years and has not used any other trade or fictitious name. Without Lender's prior written consent, Mortgagor does not and will not use any other name and will preserve its existing name, trade names and franchises until the Secured Debt is satisfied.

12. PROPERTY CONDITION, ALTERATIONS AND INSPECTION. Mortgagor will keep the Property in good condition and make all repairs that are reasonably necessary. Mortgagor will give Lender prompt notice of any loss or damage to the Property. Mortgagor will keep the Property free of noxious weeds and grasses. Mortgagor will not initiate, join in or consent to any change in any private restrictive covenant, zoning ordinance or other public or private restriction limiting or defining the uses which may be made of the Property or any part of the Property, without Lender's prior written consent. Mortgagor will notify Lender of all demands, proceedings, claims, and actions against Mortgagor or any other owner made under law or regulation regarding use, ownership and occupancy of the Property. Mortgagor will comply with all legal requirements and restrictions, whether public or private, with respect to the use of the Property. Mortgagor also agrees that the nature of the occupancy and use will not change without Lender's prior written consent.

No portion of the Property will be removed, demolished or materially altered without Lender's prior written consent except that Mortgagor has the right to remove items of personal property comprising a part of the Property that become worn or obsolete, provided that such personal property is replaced with other personal property at least equal in value to the replaced personal property, free from any title retention device, security agreement or other encumbrance. Such replacement of personal property will be deemed subject to the security interest created by this Mortgage. Mortgagor shall not partition or subdivide the Property without Lender's prior written consent. Lender or Lender's agents may, at Lender's option, enter the Property at any reasonable time for the purpose of inspecting the Property. Any inspection of the Property shall be entirely for Lender's benefit and Mortgagor will in no way rely on Lender's inspection.

13. AUTHORITY TO PERFORM. If Mortgagor fails to perform any of Mortgagor's duties under this Mortgage, or any other mortgage, deed of trust, security agreement or other lien document that has priority over this Mortgage, Lender may, without notice, perform the duties or cause them to be performed. Mortgagor appoints Lender as attorney in fact to sign Mortgagor's name or pay any amount necessary for performance. If any construction on the Property is discontinued or not carried on in a reasonable manner, Lender may do whatever is necessary to protect Lender's security interest in the Property. This may include completing the construction.

Lender's right to perform for Mortgagor shall not create an obligation to perform, and Lender's failure to perform will not preclude Lender from exercising any of Lender's other rights under the law or this Mortgage. Any amounts paid by Lender for insuring, preserving or otherwise protecting the Property and Lender's security interest will be due on demand and will bear interest from the date of the payment until paid in full at the interest rate in effect from time to time according to the terms of the Evidence of Debt.

14. ASSIGNMENT OF LEASES AND RENTS. Mortgagor assigns, grants, bargains, conveys and mortgages to Lender as additional security all the right, title and interest in the following (Property):

- A. Existing or future leases, subleases, licenses, guaranties and any other written or verbal agreements for the use and occupancy of the Property, including but not limited to, any extensions, renewals, modifications or replacements (Leases).
- B. Rents, issues and profits, including but not limited to, security deposits, minimum rents, percentage rents, additional rents, common area maintenance charges, parking charges, real estate taxes, other applicable taxes, insurance premium contributions, liquidated damages following default, cancellation premiums, "loss of rents" insurance, guest receipts, revenues, royalties, proceeds, bonuses, accounts, contract rights, general intangibles, and all rights and claims which Mortgagor may have that in any way pertain to or are on account of the use or occupancy of the whole or any part of the Property (Rents).

In the event any item listed as Leases or Rents is determined to be personal property, this Assignment will also be regarded as a security agreement.

Mortgagor will promptly provide Lender with copies of the Leases and will certify these Leases are true and correct copies. The existing Leases will be provided on execution of the Assignment, and all future Leases and any other information with respect to these Leases will be provided immediately after they are executed. Mortgagor may collect, receive, enjoy and use the Rents so long as Mortgagor is not in default. Mortgagor will not collect in advance any Rents due in future lease periods, unless Mortgagor first obtains Lender's written consent. Upon default, Mortgagor will receive

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any Rents in trust for Lender and Mortgagor will not commingle the Rents with any other funds. When Lender so directs, Mortgagor will endorse and deliver any payments of Rents from the Property to Lender. Amounts collected will be applied at Lender's discretion to the Secured Debts, the costs of managing, protecting and preserving the Property, and other necessary expenses. Mortgagor agrees that this Security Instrument is immediately effective between Mortgagor and Lender and effective as to third parties on the recording of this Assignment.

As long as this Assignment is in effect, Mortgagor warrants and represents that no default exists under the Leases, and the parties subject to the Leases have not violated any applicable law on leases, licenses and landlords and tenants. Mortgagor, at its sole cost and expense, will keep, observe and perform, and require all other parties to the Leases to comply with the Leases and any applicable law. If Mortgagor or any party to the Lease defaults or fails to observe any applicable law, Mortgagor will promptly notify Lender. If Mortgagor neglects or refuses to enforce compliance with the terms of the Leases, then Lender may, at Lender's option, enforce compliance.

Mortgagor will not sublet, modify, extend, cancel, or otherwise alter the Leases, or accept the surrender of the Property covered by the Leases (unless the Leases so require) without Lender's consent. Mortgagor will not assign, compromise, subordinate or encumber the Leases and Rents without Lender's prior written consent. Lender does not assume or become liable for the Property's maintenance, depreciation, or other losses or damages when Lender acts to manage, protect or preserve the Property, except for losses and damages due to Lender's gross negligence or intentional torts. Otherwise, Mortgagor will indemnify Lender and hold Lender harmless for all liability, loss or damage that Lender may incur when Lender opts to exercise any of its remedies against any party obligated under the Leases.

15. CONDOMINIUMS; PLANNED UNIT DEVELOPMENTS. If the Property includes a unit in a condominium or a planned unit development, Mortgagor will perform all of Mortgagor's duties under the covenants, by-laws, or regulations of the condominium or planned unit development.

16. DEFAULT. Mortgagor will be in default if any of the following occur:

- A. Any party obligated on the Secured Debt fails to make payment when due;
- B. A breach of any term or covenant in this Mortgage, any prior mortgage or any construction loan agreement, security agreement or any other document evidencing, guarantying, securing or otherwise relating to the Secured Debt;
- C. The making or furnishing of any verbal or written representation, statement or warranty to Lender that is false or incorrect in any material respect by Mortgagor or any person or entity obligated on the Secured Debt;
- D. The death, dissolution, or insolvency of, appointment of a receiver for, or application of any debtor relief law to, Mortgagor or any person or entity obligated on the Secured Debt;
- E. A good faith belief by Lender at any time that Lender is insecure with respect to any person or entity obligated on the Secured Debt or that the prospect of any payment is impaired or the value of the Property is impaired;
- F. A material adverse change in Mortgagor's business including ownership, management, and financial conditions, which Lender in its opinion believes impairs the value of the Property or repayment of the Secured Debt; or
- G. Any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 C.F.R. Part 1940, Subpart G, Exhibit M.

17. REMEDIES ON DEFAULT. In some instances, federal and state law will require Lender to provide Mortgagor with notice of the right to cure, mediation notices or other notices and may establish time schedules for foreclosure actions. Subject to these limitations, if any, Lender may accelerate the Secured Debt and foreclose this Mortgage in a manner provided by law if this Mortgagor is in default.

At the option of Lender, all or any part of the agreed fees and charges, accrued interest and principal shall become immediately due and payable, after giving notice if required by law, upon the occurrence of a default or anytime thereafter. In addition, Lender shall be entitled to all the remedies provided by law, the Evidence of Debt, other evidences of debt, this Mortgage and any related documents. All remedies are distinct, cumulative and not exclusive, and the Lender is entitled to all remedies provided at law or equity, whether expressly set forth or not. The acceptance by Lender of any sum in payment or partial payment on the Secured Debt after the balance is due or is accelerated or after foreclosure proceedings are filed shall not constitute a waiver of Lender's right to require full and complete cure of any existing default. By not exercising any remedy on Mortgagor's default, Lender does not waive Lender's right to later consider the event a default if it continues or happens again.

18. EXPENSES; ADVANCES ON COVENANTS; ATTORNEYS' FEES; COLLECTION COSTS. Except when prohibited by law, Mortgagor agrees to pay all of Lender's expenses if Mortgagor breaches any covenant in this Mortgage. Mortgagor will also pay on demand all of Lender's expenses incurred in collecting, insuring, preserving or protecting the Property or in any inventories, audits, inspections or other examination by Lender in respect to the Property. Mortgagor agrees to pay all costs and expenses incurred by Lender in enforcing or protecting Lender's rights and remedies under this Mortgage, including, but not limited to, attorneys' fees, court costs, and other legal expenses. Once the Secured Debt is fully and finally paid, Lender agrees to release this Mortgage and Mortgagor agrees to pay for any recordation costs. All such amounts are due on demand and will bear interest from the time of the advance at the highest rate in effect, from time to time, as provided in the Evidence of Debt and as permitted by law.

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

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[Handwritten signature]

characteristics which render the substance dangerous or potentially dangerous to the public health, safety, welfare or environment. The term includes, without limitation, any substances defined as "hazardous material," "toxic substances," "hazardous waste" or "hazardous substance" under any Environmental Law. Mortgagor represents, warrants and agrees that, except as previously disclosed and acknowledged in writing:

- A. No Hazardous Substance has been, is, or will be located, transported, manufactured, treated, refined, or handled by any person on, under or about the Property, except in the ordinary course of business and in strict compliance with all applicable Environmental Law.
- B. Mortgagor has not and will not cause, contribute to, or permit the release of any Hazardous Substance on the Property.
- C. Mortgagor will immediately notify Lender if (1) a release or threatened release of Hazardous Substance occurs on, under or about the Property or migrates or threatens to migrate from nearby property; or (2) there is a violation of any Environmental Law concerning the Property. In such an event, Mortgagor will take all necessary remedial action in accordance with Environmental Law.
- D. Mortgagor has no knowledge of or reason to believe there is any pending or threatened investigation, claim, or proceeding of any kind relating to (1) any Hazardous Substance located on, under or about the Property; or (2) any violation by Mortgagor or any tenant of any Environmental Law. Mortgagor will immediately notify Lender in writing as soon as Mortgagor has reason to believe there is any such pending or threatened investigation, claim, or proceeding. In such an event, Lender has the right, but not the obligation, to participate in any such proceeding including the right to receive copies of any documents relating to such proceedings.
- E. Mortgagor and every tenant have been, are and shall remain in full compliance with any applicable Environmental Law.
- F. There are no underground storage tanks, private dumps or open wells located on or under the Property and no such tank, dump or well will be added unless Lender first consents in writing.
- G. Mortgagor will regularly inspect the Property, monitor the activities and operations on the Property, and confirm that all permits, licenses or approvals required by any applicable Environmental Law are obtained and complied with.
- H. Mortgagor will permit, or cause any tenant to permit, Lender or Lender's agent to enter and inspect the Property and review all records at any reasonable time to determine (1) the existence, location and nature of any Hazardous Substance on, under or about the Property; (2) the existence, location, nature, and magnitude of any Hazardous Substance that has been released on, under or about the Property; or (3) whether or not Mortgagor and any tenant are in compliance with applicable Environmental Law.
- I. Upon Lender's request and at any time, Mortgagor agrees, at Mortgagor's expense, to engage a qualified environmental engineer to prepare an environmental audit of the Property and to submit the results of such audit to Lender. The choice of the environmental engineer who will perform such audit is subject to Lender's approval.
- J. Lender has the right, but not the obligation, to perform any of Mortgagor's obligations under this section at Mortgagor's expense.
- K. As a consequence of any breach of any representation, warranty or promise made in this section, (1) Mortgagor will indemnify and hold Lender and Lender's successors or assigns harmless from and against all losses, claims, demands, liabilities, damages, cleanup, response and remediation costs, penalties and expenses, including without limitation all costs of litigation and attorneys' fees, which Lender and Lender's successors or assigns may sustain; and (2) at Lender's discretion, Lender may release this Mortgage and in return Mortgagor will provide Lender with collateral of at least equal value to the Property secured by this Mortgage without prejudice to any of Lender's rights under this Mortgage.
- L. Notwithstanding any of the language contained in this Mortgage to the contrary, the terms of this section shall survive any foreclosure or satisfaction of this Mortgage regardless of any passage of title to Lender or any disposition by Lender of any or all of the Property. Any claims and defenses to the contrary are hereby waived.

20. CONDEMNATION. Mortgagor will give Lender prompt notice of any action, real or threatened, by private or public entities to purchase or take any or all of the Property, including any easements, through condemnation, eminent domain, or any other means. Mortgagor further agrees to notify Lender of any proceedings instituted for the establishment of any sewer, water, conservation, ditch, drainage, or other district relating to or binding upon the Property or any part of it. Mortgagor authorizes Lender to intervene in Mortgagor's name in any of the above described actions or claims and to collect and receive all sums resulting from the action or claim. Mortgagor assigns to Lender the proceeds of any award or claim for damages connected with a condemnation or other taking of all or any part of the Property. Such proceeds shall be considered payments and will be applied as provided in this Mortgage. This assignment of proceeds is subject to the terms of any prior mortgage, deed of trust, security agreement or other lien document.

21. INSURANCE. Mortgagor agrees to maintain insurance as follows:

- A. Mortgagor shall keep the Property insured against loss by fire, theft and other hazards and risks reasonably associated with the Property due to its type and location. Other hazards and risks may include, for example, coverage against loss due to floods or flooding. This insurance shall be maintained in the amounts and for the periods that Lender requires. What Lender requires pursuant to the preceding three sentences can change during the term of the Secured Debt. The insurance carrier providing the insurance shall be chosen by Mortgagor subject to Lender's approval, which shall not be unreasonably withheld. If Mortgagor fails to maintain the coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property according to the terms of this Mortgage.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard "mortgage clause" and, where applicable, "lender loss payee clause." Mortgagor shall immediately notify Lender of cancellation or termination of the insurance. Lender shall have the right to hold the policies and renewals. If Lender requires, Mortgagor shall immediately give to Lender all receipts of paid premiums and renewal notices. Upon loss, Mortgagor shall give immediate notice to the insurance carrier and Lender. Lender may make proof of loss if not made immediately by Mortgagor.

[Handwritten signature]

Unless Lender and Mortgagor otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the Secured Debt, whether or not then due, with any excess paid to Mortgagor. If Mortgagor abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay the Secured Debt whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Mortgagor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of scheduled payments or change the amount of the payments. If the Property is acquired by Lender, Mortgagor's right to any insurance policies and proceeds resulting from damage to the Property before the acquisition shall pass to Lender to the extent of the Secured Debt immediately before the acquisition.

- B. Mortgagor agrees to maintain comprehensive general liability insurance naming Lender as an additional insured in an amount acceptable to Lender, insuring against claims arising from any accident or occurrence in or on the Property.
- C. Mortgagor agrees to maintain rental loss or business interruption insurance, as required by Lender, in an amount equal to at least coverage of one year's debt service, and required escrow account deposits (if agreed to separately in writing), under a form of policy acceptable to Lender.

22. NO ESCROW FOR TAXES AND INSURANCE. Unless otherwise provided in a separate agreement, Mortgagor will not be required to pay to Lender funds for taxes and insurance in escrow.

23. FINANCIAL REPORTS AND ADDITIONAL DOCUMENTS. Mortgagor will provide to Lender upon request, any financial statement or information Lender may deem necessary. Mortgagor warrants that all financial statements and information Mortgagor provides to Lender are, or will be, accurate, correct, and complete. Mortgagor agrees to sign, deliver, and file as Lender may reasonably request any additional documents or certifications that Lender may consider necessary to perfect, continue, and preserve Mortgagor's obligations under this Mortgage and Lender's lien status on the Property. If Mortgagor fails to do so, Lender may sign, deliver, and file such documents or certificates in Mortgagor's name and Mortgagor hereby irrevocably appoints Lender or Lender's agent as attorney in fact to do the things necessary to comply with this section.

24. JOINT AND INDIVIDUAL LIABILITY; CO-SIGNERS; SUCCESSORS AND ASSIGNS BOUND. All duties under this Mortgage are joint and individual. If Mortgagor signs this Mortgage but does not sign the Evidence of Debt, Mortgagor does so only to mortgage Mortgagor's interest in the Property to secure payment of the Secured Debt and Mortgagor does not agree to be personally liable on the Secured Debt. Mortgagor agrees that Lender and any party to this Mortgage may extend, modify or make any change in the terms of this Mortgage or the Evidence of Debt without Mortgagor's consent. Such a change will not release Mortgagor from the terms of this Mortgage. The duties and benefits of this Mortgage shall bind and benefit the successors and assigns of Mortgagor and Lender.

If this Mortgage secures a guaranty between Lender and Mortgagor and does not directly secure the obligation which is guarantied, Mortgagor agrees to waive any rights that may prevent Lender from bringing any action or claim against Mortgagor or any party indebted under the obligation including, but not limited to, anti-deficiency or one-action laws.

25. APPLICABLE LAW; SEVERABILITY; INTERPRETATION. This Mortgage is governed by the laws of the jurisdiction in which Lender is located, except to the extent otherwise required by the laws of the jurisdiction where the Property is located. This Mortgage is complete and fully integrated. This Mortgage may not be amended or modified by oral agreement. Any section or clause in this Mortgage, attachments, or any agreement related to the Secured Debt that conflicts with applicable law will not be effective, unless that law expressly or impliedly permits the variations by written agreement. If any section or clause of this Mortgage cannot be enforced according to its terms, that section or clause will be severed and will not affect the enforceability of the remainder of this Mortgage. Whenever used, the singular shall include the plural and the plural the singular. The captions and headings of the sections of this Mortgage are for convenience only and are not to be used to interpret or define the terms of this Mortgage. Time is of the essence in this Mortgage.

26. NOTICE. Unless otherwise required by law, any notice shall be given by delivering it or by mailing it by first class mail to the appropriate party's address on page 1 of this Mortgage, or to any other address designated in writing. Notice to one mortgagor will be deemed to be notice to all mortgagors.

27. WAIVER OF HOMESTEAD. Except to the extent prohibited by law, Mortgagor waives all homestead exemption rights relating to the Property.

28. U.C.C. PROVISIONS. If checked, the following are applicable to, but do not limit, this Mortgage:

- ☐ **Construction Loan.** This Mortgage secures an obligation incurred for the construction of an improvement on the Property.
- ☐ **Fixture Filing.** Mortgagor grants to Lender a security interest in all goods that Mortgagor owns now or in the future and that are or will become fixtures related to the Property.
- ☐ **Crops; Timber; Minerals; Rents, Issues and Profits.** Mortgagor grants to Lender a security interest in all crops, timber, and minerals located on the Property as well as all rents, issues, and profits of them including, but not limited to, all Conservation Reserve Program (CRP) and Payment in Kind (PIK) payments and similar governmental programs (all of which shall also be included in the term "Property").

(page 6 of 8)

- ☐ **Personal Property.** Mortgagor grants to Lender a security interest in all personal property located on or connected with the Property. This security interest includes all farm products, inventory, equipment, accounts, documents, instruments, chattel paper, general intangibles, and all other items of personal property Mortgagor owns now or in the future and that are used or useful in the construction, ownership, operation, management, or maintenance of the Property. The term "personal property" specifically excludes that property described as "household goods" secured in connection with a "consumer" loan as those terms are defined in applicable federal regulations governing unfair and deceptive credit practices.
- ☐ **Filing As Financing Statement.** Mortgagor agrees and acknowledges that this Mortgage also suffices as a financing statement and as such, may be filed of record as a financing statement for purposes of Article 9 of the Uniform Commercial Code. A carbon, photographic, image or other reproduction of this Mortgage is sufficient as a financing statement.

29. OTHER TERMS. If checked, the following are applicable to this Mortgage:

- ☒ **Line of Credit.** The Secured Debt includes a revolving line of credit provision. Although the Secured Debt may be reduced to a zero balance, this Mortgage will remain in effect until released.
- ☒ **Waiver of Appraisal Rights.** The laws of South Carolina provide that in any real estate foreclosure proceeding a defendant against whom a personal judgment is taken or asked may, within thirty days after the sale of the mortgaged property, apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. **THE UNDERSIGNED HEREBY WAIVES AND RELINQUISHES THE STATUTORY APPRAISAL RIGHTS WHICH MEANS THE HIGH BID AT THE JUDICIAL FORECLOSURE SALE WILL BE APPLIED TO THE DEBT REGARDLESS OF ANY APPRAISED VALUE OF THE MORTGAGED PROPERTY.**
- ☐ **Separate Assignment.** The Mortgagor has executed or will execute a separate assignment of leases and rents. If the separate assignment of leases and rents is properly executed and recorded, then the separate assignment will supersede this Security Instrument's "Assignment of Leases and Rents" section.
- ☐ **Additional Terms.**

SIGNATURES: By signing below, Mortgagor agrees to the terms and covenants contained in this Mortgage and in any attachments. Mortgagor also acknowledges receipt of a copy of this Mortgage on the date stated above on Page 1.

☐ Actual authority was granted to the parties signing below by resolution signed and dated _____.

Entity Name: J.R. Gregory Ventures, LLC

Entity Name: _____

Marilyn T. Schmitt 03/22/2006 (Seal)
(Signature) Marilyn T. Schmitt (Date)
Member

(Signature) (Date) (Seal)

Signed, Sealed and delivered in the presence of:

[Signature] *[Signature]*
(Witness) (Witness)

☐ Refer to the Appendum which is attached and incorporated herein for additional Mortgagors, signatures and acknowledgments.

Legal Description

BK S578PG443

X ALL that certain Unit, situate, lying and being in Charleston County, State of South Carolina, known and designated as Unit Number 1700-A and Garage Unit Number 309 in THE MERIDIAN Horizontal Property Regime as shown on the plans and specifications attached to The Master Deed Establishing THE MERIDIAN Horizontal Property Regime, dated November 10, 2005, and recorded in the RMC Office for Charleston County in Book J563 at Page 344 and as amended in the First Amendment to Master Deed in Book J565 at Page 507, and any amendments thereto; together with the undivided percentage interest in the General Common Elements of the property described in said Master Deed appurtenant thereto.

BEING the same property conveyed to JR Gregory Ventures, LLC by Deed of Montecito Palmetto Plantation, LLC, said Deed being dated March 22, 2006 and recorded simultaneously herewith in the RMC Office for Charleston County.

TMS#: 558-00-00-685 (Unit 1700-A)

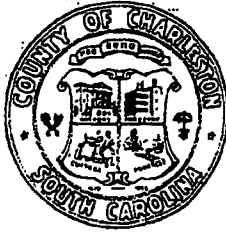
TMS#: 558-00-00-843 (Garage Unit 309)

MS

BK S578PG444

RECORDER'S PAGE

NOTE: This page MUST remain
with the original document



Filed By:

J. Lynn McCants
782 Johnnie Dodds Blvd.
P.O. Box 2025
Mt. Pleasant SC 29465

DWT
LTV

FILED

April 4, 2006

4:10:23 PM

BK S578PG435

Charlie Lybrand, Register
Charleston County, SC

DESCRIPTION	AMOUNT
	\$ 15.00
Postage	

TOTAL	\$ 15.00

DRAWER:

	A - bmm

DO NOT STAMP BELOW THIS LINE

GUARANTY

Mt. Pleasant
(City)

South Carolina
(State)

03/22/2006

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Tidelands Bank (herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of

J.R. Gregory Ventures, LLC

(herein called "Borrower") or to engage in any other transactions with Borrower, the Undersigned hereby absolutely and unconditionally guarantees to Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

- A. If this ☒ is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: Promissory note of even date and amount, loan# and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").
- B. If this ☐ is checked, the Undersigned guarantees to Lender the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Lender (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several, or joint and several; all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness"). Without limitation, this guaranty includes the following described debt(s):

The Undersigned further acknowledges and agrees with Lender that:

1. No act or thing need occur to establish the liability of the Undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the Undersigned or modify, reduce, limit or release the liability of the Undersigned hereunder.

2. This is an absolute, unconditional and continuing guaranty of payment of the Indebtedness and shall continue to be in force and be binding upon the Undersigned, whether or not all Indebtedness is paid in full, until this guaranty is revoked by written notice actually received by the Lender, and such revocation shall not be effective as to Indebtedness existing or committed for at the time of actual receipt of such notice by the Lender, or as to any renewals, extensions and refinancings thereof. If there be more than one Undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the Undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by Lender and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the Undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) or revoke this guaranty, then the Lender shall have the right to declare immediately due and payable, and the Undersigned will forthwith pay to the Lender, the full amount of all Indebtedness, whether due and payable or unmatured. If the Undersigned voluntarily commences or there is commenced involuntarily against the Undersigned a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. The liability of the Undersigned hereunder shall be limited to a principal amount of \$ 201,050.00 (if unlimited or if no amount is stated, the Undersigned shall be liable for all Indebtedness, without any limitation as to amount), plus accrued interest thereon and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the Undersigned hereunder. The Lender may apply any sums received by or available to Lender on account of the Indebtedness from Borrower or any other person (except the Undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the Undersigned hereunder. If the liability of the Undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the Undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Lender, advising the Lender that such payment is made under this guaranty for such purpose.

5. The Undersigned will pay or reimburse Lender for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Lender in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

This guaranty includes the additional provisions on page 2, all of which are made a part hereof.

This guaranty is ☒ unsecured; ☐ secured by a mortgage or security agreement dated _____
☐ secured by _____

IN WITNESS WHEREOF, this guaranty has been duly executed by the Undersigned the day and year first above written.

Marilyn F. Schmitt, Member
Marilyn F. Schmitt

"Undersigned" shall refer to all persons who sign this guaranty, severally and jointly.

ADDITIONAL PROVISIONS

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all indebtedness; (ii) any one or more extensions or renewals of indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any indebtedness; (v) any discharge of any evidence of indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon indebtedness; (x) any election by the Lender under §1111(b)(2) of the United States Bankruptcy Code.

7. The Undersigned waives any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Undersigned will not assert, plead or enforce against Lender any defense of waiver, release, statute of limitations, res judicata, statute of frauds, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any indebtedness, or any setoff available against Lender to Borrower or any such other person, whether or not on account of a related transaction. The Undersigned expressly agrees that the Undersigned shall be and remain liable, to the fullest extent permitted by applicable law, for any deficiency remaining after foreclosure of any mortgage or security interest securing indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The undersigned shall remain obligated, to the fullest extent permitted by law, to pay such amounts as though the Borrower's obligations had not been discharged.

8. The Undersigned further agrees that the Undersigned shall be and remain obligated to pay indebtedness even though any other person obligated to pay indebtedness, including Borrower, has such obligation discharged in bankruptcy or otherwise discharged by law. "Indebtedness" shall include post-bankruptcy petition interest and attorneys' fees and any other amounts which Borrower is discharged from paying or which do not otherwise accrue to indebtedness due to Borrower's discharge, and the Undersigned shall remain obligated to pay such amounts as though Borrower's obligations had not been discharged.

9. If any payment applied by Lender to indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such indebtedness as fully as if such application had never been made.

10. The Undersigned waives any claim, remedy or other right which the Undersigned may now have or hereafter acquire against Borrower or any other person obligated to pay indebtedness arising out of the creation or performance of the Undersigned's obligation under this guaranty, including, without limitation, any right of subrogation, contribution, reimbursement, indemnification, exoneration, and any right to participate in any claim or remedy the Undersigned may have against the Borrower, collateral, or other party obligated for Borrower's debts, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.

11. The Undersigned waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing indebtedness. Lender shall not be required first to resort for payment of the indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for indebtedness, before enforcing this guaranty.

12. The liability of the Undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the Undersigned to Lender as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

13. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the Undersigned. This guaranty shall be effective upon delivery to Lender, without further act, condition or acceptance by Lender, shall be binding upon the Undersigned and the heirs, representatives, successors and assigns of the Undersigned and shall inure to the benefit of Lender and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. Except as authorized by the terms herein, this guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Undersigned and Lender. This guaranty shall be governed by the laws of the State in which it is executed. The Undersigned waives notice of Lender's acceptance hereof.

1 STATE OF SOUTH CAROLINA)
) IN THE COURT OF COMMON PLEAS
 2 COUNTY OF CHARLESTON)

3

4

CASE NO. 2013-CP-10-5324

5

6 TIDELANDS BANK,)

7 Plaintiff,)

8 -vs-)

9 J.R. GREGORY VENTURES, LLC,)

10 MARILYN T. SCHMITT and the)

11 MERIDIAN OWNERS ASSOCIATION,)

12 INC.,)

13 Defendants.)

14)

15)

16)

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50)

COPY

DEPOSITION OF:
 MARILYN T. SCHMITT

15 Given before Trisha G. Rarick, Court Reporter and Notary
 16 Public, at the MOORE & VAN ALLEN, PLLC, 78 Wentworth Street,
 17 Charleston, South Carolina, on Wednesday, April 2, 2014, at
 18 11:07 a.m.

19

20

21

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RAY SWARTZ & ASSOCIATES (843) 821-6755



A P P E A R A N C E S

ON BEHALF OF THE PLAINTIFF:

MOORE & VAN ALLEN, PLLC
BY: JOSEPH T. BELTON
78 Wentworth Street
Charleston, SC 29401
843.579.7000
josephbelton@mvalaw.com

ON BEHALF OF THE SCHMITT & J.R. GREGORY VENTURES:

MCGRATH LAW FIRM
BY: PETER G. MCGRATH
802 Johnnie Dodds
Mount Pleasant, SC 29464
843.606.2756
pmcgrath@mcgrathlawfirm.com

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1 question I asked you just a second ago, but now in
2 relation to case number 5324. You're here again
3 today to testify on behalf of J.R. Gregory Ventures,
4 LLC, in that matter, correct?

5 A Yes.

6 Q Okay. All right. Now that we have got
7 that out of the way, we'll kind of move on to more
8 substantive questions. All right. I'd like to just
9 kind of focus on these first few moments on just the
10 J.R. Gregory Ventures, LLC, and then your testimony
11 in the capacity, not you necessarily individually,
12 but on behalf of the company.

13 Why -- if you can remember, why was
14 this company formed? What was the first purpose of
15 the company?

16 A It was formed for the purpose of buying
17 and selling properties.

18 Q Okay. Did it only engage in buying and
19 selling properties?

20 A Yes.

21 Q Okay. Was it for residential or
22 commercial or both contexts?

23 A Basically -- well, I don't really know. I
24 guess --

25 Q Okay.

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1 A -- I don't know the answer to that.

2 Q Was J.R. Gregory Ventures, LLC, a South
3 Carolina formed entity?

4 A Yes.

5 Q Okay. Did you assist with forming that,
6 or did someone assist in forming the company?

7 A My son helps me with a lot of matters.

8 Q Okay. In an LLC, there are members of the
9 LLC, correct?

10 A Correct.

11 Q Okay. Who are -- they both -- kind of
12 thinking past and present, who have been and who are
13 the members of J.R. Ventures, LLC? If there's been
14 a change, you can kind of make that distinction.

15 A As far as I know, I'm the only member.

16 Q Okay. So you own the company?

17 A Yes. I own the company.

18 Q Okay. And your son does not own the
19 company?

20 A No. He does not.

21 Q And his name is?

22 A Gregory E. Smith.

23 Q Okay. Does Gregory live -- is he a
24 resident here in Charleston?

25 A He lives in Mount Pleasant.

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1 flipping it, and because we weren't able to sell it,
2 just rented it.

3 Q Okay. And for taxes, do you file whatever
4 needed information either on your personal tax
5 return as a schedule I guess, or is there a separate
6 a tax return for the company?

7 A Separate tax return.

8 Q Okay. Who is your accountant or
9 accounting company that handles that?

10 A I just use some tax --

11 Q Like a TurboTax or something like that?

12 A Yeah. Like a TurboTax.

13 Q Okay. So you file --

14 A Yeah. I just file myself.

15 Q -- for yourself?

16 A Yes.

17 Q Okay. Great. And do you have all the
18 records and stuff like that for all your filings?

19 A Yes.

20 Q Okay. Business records for the company,
21 you know, accounting statements, banking
22 information, any of that sort of thing that you can
23 think of that would be related to the company, do
24 you know where that would be located? So, for
25 instance, your information -- when you formed your

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1 Q Okay. You indicated the purpose of the
2 company was to invest in property.

3 A Correct, yes.

4 Q I just wanted to kind of walk through from
5 the time the company was formed until now, what
6 business the company has conducted. So I'll just
7 kind of start there. So, for instance, what
8 properties have you decided to invest in?

9 A We have purchased properties -- lots. We
10 purchased lots, and then we resold them.

11 Q Okay. So flipping?

12 A Flipping, yeah.

13 Q Have you -- when you purchase the lot, do
14 you purchase and hold the lot and sell it, or do you
15 purchase and try to build a home on it?

16 A No. I purchase it and try to sell it as
17 quickly as possible.

18 Q Okay. So far, all the business has just
19 been purchasing raw land and selling it?

20 A Yes.

21 Q Okay. If you can remember, I know we're
22 going back to the mid 2000s with this stuff, because
23 I don't know the amount -- how many lots you
24 purchased and sold, how much activity there's been.
25 But if you can, can you kind of give me a little

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1 history of how many lots maybe you've purchased and
2 sold? And if it's a lot, maybe a ballpark figure.

3 A I don't remember that right off the top of
4 my head. I don't think -- I don't think it was more
5 than three, maybe two, maybe three. I'm not sure.
6 I'm not sure of that.

7 Q Okay. So two or three lots that you've
8 purchased?

9 A Yes.

10 Q Is that in addition to, or does that
11 include --

12 A That's in addition to the Meridian.

13 Q The Meridian incident. Okay.

14 A And then the Haulover.

15 Q Okay. So other than the two transactions
16 that we're talking about today, there have been two
17 or three other transactions that you've entered into
18 using J.R. Gregory, LLC?

19 A Yes.

20 Q Okay. Have you had to take out loans for
21 those other transactions?

22 A The one -- the Haulover lot, I took out a
23 loan for that.

24 Q Okay. Let's --

25 A And the other ones, let's see. I'm -- I

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1 don't remember. I'm not sure exactly, but I think I
2 did. I think I took out loans on those and then
3 flipped them and then paid. That's the best of
4 my --

5 Q Okay --

6 A -- memory.

7 Q Well, let's go back and try to do it --
8 since there's only three of them, if you can
9 remember maybe the first piece of property that you
10 remember buying. And it's okay if you don't
11 remember all the details. Let's kind of walk
12 through and try to compartmentalize each transaction
13 the best you can. I won't try to get too detailed,
14 but -- so the first one that you remember was which
15 piece of property, where and when?

16 A Oh, my goodness. First piece of property.
17 Maybe -- well, let's see. I think the first piece
18 of property was in -- was a Park West lot.

19 Q Okay.

20 A I think there were two lots in Park West.

21 Q Okay.

22 A And we flipped those, and we purchased
23 them and sold them rather quickly.

24 Q When you say we, you mean --

25 A Me and the entity, J.R. Gregory.

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1 MR. MCGRATH: And wait till he's spoken
2 every word and then --

3 THE WITNESS: Okay. I'm sorry.

4 MR. MCGRATH: -- answer.

5 BY MR. BELTON:

6 Q Sorry. Just to recap again. For the
7 other real estate transactions that you mentioned,
8 the two, three or four, roughly, transactions that
9 you entered into in addition to the two that we're
10 talking about today, were you the individual that
11 signed on behalf -- reviewed the loan documents and
12 executed either the notes, mortgages or contracts on
13 behalf of J.R. Gregory?

14 A On behalf of J.R. Gregory, yes.
15 Everything I did was on behalf of J.R. Gregory, LLC.

16 Q Okay. For those other transactions that
17 we're not here about today, do you remember if you
18 were required to sign a guaranty for any of those
19 other transactions?

20 A No personal --

21 Q A personal guaranty?

22 A No personal guarantees. Only J.R. Gregory
23 Ventures. That's the only thing that I dealt with.

24 Q Okay. So if I'd ask the bank to -- when I
25 say the bank, Tidelands, to produce or have you

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- 1 A Yes.
- 2 Q How many children?
- 3 A Two.
- 4 Q Okay. What are their names?
- 5 A Gregory E. Smith and Julie Koos.
- 6 Q Okay.
- 7 A Julie Smith Koos I think she goes by.
- 8 Q Okay. And we already know that Gregory
- 9 lives in Mount Pleasant. Where does Julie live?
- 10 A She lives at 7 Mizzen Mast Road, I think
- 11 it's called, in Charleston.
- 12 Q Okay. Any other family in the area?
- 13 A No.
- 14 Q Okay. Any organizations that you're a
- 15 part of and passionate about, nonprofits or anything
- 16 like that?
- 17 A No organizations.
- 18 Q Okay. Other than J.R. Gregory Ventures,
- 19 LLC, have you presently or in the past ever started
- 20 any other companies? I'll just start as far as you
- 21 individually owning a company. Have you ever
- 22 engaged in that before?
- 23 A I formed another LLC.
- 24 Q Okay. What is the name of that LLC?
- 25 A Love Taylor Properties, LLC.

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1 Q No other business? Okay. And you signed
2 all the documents related to that transaction on
3 behalf of Love Taylor Properties?

4 A Yes.

5 Q Are you the only member of that LLC?

6 A Yes.

7 MR. MCGRATH: I'm sorry. Let me just
8 object for the record. I think I might object
9 as to relevance just for the record, and
10 because it -- we've gone beyond where we are.
11 I guess let me just say openly, Marilyn, you
12 told me yesterday you weren't sure. So you
13 want to be real careful.

14 A Okay. Well, here's what we did --

15 MR. MCGRATH: And --

16 A I put like my son and my daughter as like
17 1 percent on each LLC for inheritance purposes.

18 BY MR. BELTON:

19 Q Okay. So --

20 A I mean they're not members or anything. I
21 just put like 1 percent so they would be covered.
22 It was just something that I thought would protect
23 them as far as the inheritance was concerned.

24 Now --

25 MR. MCGRATH: Honestly, it sounds like she

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1 taxes regarding that company?

2 A Yes.

3 Q Do you have any written agreements with
4 any of your family members regarding that company?

5 A No.

6 Q Okay. Just going back to J.R. Gregory,
7 LLC. Again, we've already -- I assume, do you want
8 to change any information that you've already
9 testified regarding J.R. Gregory, LLC, with respect
10 to the fact that you're --

11 A The 1 percent to my daughter -- 1 percent
12 to my daughter, 1 percent to my son on both of my
13 LLCs. I did that. I didn't assume -- I mean I
14 didn't think that that was making them any part as
15 far as member or any person that received any
16 compensation for that. They received no
17 compensation. They're not part of any
18 decision-making. They're not part of the company.
19 I am the entity.

20 The entity is in my name only, and I
21 make all the decisions. So I just did that just
22 for --

23 Q When you say you did that, was there a
24 written agreement, or is that just something you've
25 kind of verbally --

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1 A Yes.

2 Q Okay. Any other LLCs that you've started,
3 created, or companies, corporations, anything like
4 that, any other entities that you've formed or
5 created?

6 A Yes. I have one more.

7 Q Okay. What's that one?

8 A Business Team Builders.

9 Q Okay. Is that an LLC or an Inc.?

10 A LLC.

11 Q Okay. Is that a South Carolina LLC?

12 A Yes.

13 Q When about was that formed?

14 A I don't remember, because I operated it as
15 a sole proprietor for a while and then changed it
16 over to an LLC.

17 Q Okay. But if I look on the South
18 Carolina's Secretary of State's website, it'll most
19 likely show up?

20 A Right.

21 Q Okay. What's the purpose of that company?

22 A That company is an entity that my husband
23 and I -- he is an expert witness for Social Security
24 disability. And so we operate that to handle the
25 business that he does for the government..

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1 and the paying of the taxes and any sort of
2 correspondence between companies, I basically took
3 care of.

4 Q Okay. So you handle any sort of
5 administrative, secretary function, any signing --
6 anything that needed to be signed?

7 A Yes.

8 Q Handling any financial information, making
9 sure things get paid?

10 A Yes.

11 Q Okay. And do you have all those records
12 at your house?

13 A Yes.

14 Q Okay. Are the records anyplace else
15 regarding that company?

16 A No.

17 Q Okay. Businesses and paperwork for
18 anything else other than Team Builders, anything
19 that you handle?

20 A No.

21 Q Okay. All right. So the seminars that
22 you mentioned, Dress for Success, was that recent?
23 Was that --

24 A That's been several years ago.

25 Q Okay. Have you had any recent seminars

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1 that you've put on?

2 A No.

3 Q Okay. And then the Page Bailey Institute,
4 what sort of company or institution was that? Like
5 what was the purpose of that?

6 A That was for the purpose of pain
7 management.

8 Q Okay.

9 A It was -- Page Bailey Institute was a
10 company that was formed by Page Bailey in order to
11 assist people with an overall healthy attitude and a
12 way of managing chronic pain that people had. And
13 so we discussed diet and, you know, positive
14 attitude and positive affirmations, and things of
15 that sort, we would have -- conduct classes with
16 these people and --

17 Q Okay. Other than the real estate
18 transactions that we've previously talked about
19 related to J.R. Gregory, have you had to go to the
20 bank for a loan for any other purpose or for any
21 other business?

22 A No.

23 Q Okay. It sounds like you're on sound mind
24 right now, but have there been any medications or
25 anything like that within -- you know, since 2006

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1 that you have been on that would put you in a
2 position and not understand kind of the work that
3 you have been doing?

4 A No.

5 Q Okay. Just assume for a second that there
6 was a judgment against -- you know, the judgment
7 comes against the company, J.R. Gregory. How would
8 the company pay back that debt to Tidelands? How do
9 you suppose that they would do that?

10 A The company has no money.

11 Q And you don't expect them to engage in any
12 future business?

13 A No.

14 Q You don't individually expect, and you're
15 telling me, to fund any additional business for that
16 company?

17 A No.

18 Q If a judgment is against you on the
19 guaranty, how do you expect to pay back?

20 MR. MCGRATH: That's what I would object,
21 and let me object to the relevance. I think
22 the asset information is not relevant yet, but
23 you can answer after the objection is on the
24 record.

25 MR. BELTON: Okay.

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1 discussed, correct?

2 A Correct.

3 Q And the mortgage as well, they enter into
4 that. They -- the company failed to pay on the note
5 as required. Is that -- you agree with that?

6 A Yes.

7 Q Okay. The company is in default?

8 A Yes.

9 Q And you agree that they owe money under
10 those notes, the company owes money?

11 A Yes.

12 Q Okay. And as far as the bank's right to
13 foreclose on the mortgage, which is -- I'm sorry.
14 The mortgage is those two pieces of property that
15 we've identified. Do you agree that the bank has a
16 right to do that as well based on the default?

17 A Yes.

18 Q Okay. There's no objection that they
19 hadn't done anything properly with respect to the
20 foreclosure on the property? Like they haven't
21 conducted the foreclosure correctly or in accordance
22 with the expectations in the loan documents?

23 A Is that a yes or a no? I don't
24 understand.

25 Q I just wanted to make sure. The reason

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1 why I bring that up is you indicated in your
2 affirmative defenses, and maybe this was just kind
3 of stuck in there, that Tidelands failed to conform
4 its prior foreclosure proceedings in accordance with
5 applicable South Carolina law. But you don't have
6 any information that backs that up is what I'm
7 saying.

8 A I don't have any information.

9 Q Okay. Also in your -- these are your
10 affirmative defenses, and I don't know if counsel
11 has had a chance to review these. You've kind of
12 raised a few other ones, and so I was just curious
13 on kind of what information or evidence you have to
14 kind of support your affirmative defense. You
15 indicate in the complaint that the plaintiff should
16 be barred because we failed to mitigate our damages,
17 if any. What did you mean by that?

18 MR. MCGRATH: If you know.

19 A I don't know.

20 BY MR. BELTON:

21 Q Okay. So right now, you don't know of
22 anything that we could have done to mitigate our
23 damages?

24 A I don't know how to answer that.

25 Q Okay. As far as the calculation of

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1 Q Okay. At the bottom of page 1 of the
2 guaranty, is that your signature?

3 A Yes.

4 Q Okay. And at the bottom of page 2, is
5 that your initial?

6 A Yes.

7 Q Okay. And you would agree -- or would you
8 agree that this guaranty, as indicated by the
9 information on the top, relates to the loan of March
10 22nd, 2006, between J.R. Gregory Ventures, LLC, and
11 Tideland Bank that we've discussed a few moments
12 ago?

13 A Yes.

14 Q Okay. So you have agreed you signed the
15 guaranty, you agree that this guaranty is a part of
16 the real estate loan transaction with J.R. Gregory
17 Ventures, LLC, and Tideland Bank. Do you -- is
18 that -- so far am I correct?

19 A Uh-huh, yes.

20 Q Okay. But would you also agree that
21 you're obligated on this guaranty, as a result of
22 signing this guaranty, to pay Tideland Bank for the
23 debt of J.R. Gregory --

24 A J.R. Gregory Ventures, LLC, is responsible
25 for paying this debt.

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1 Q Okay.

2 A That I signed this as representative of
3 that entity, and so J.R. Gregory is the responsible
4 entity.

5 Q Okay. You anticipated my next question,
6 which was going to be, why do you believe you are
7 not personally responsible as a result of signing
8 this guaranty to pay -- to J.R. Gregory -- excuse
9 me, pay Tideland Bank?

10 A I formed the company under an LLC so that
11 it would be covered as far as being any guarantor or
12 anything, because that's the entity that made the
13 loan. So that's the entity that's responsible for
14 paying it.

15 Q Uh-huh. Do you understand that the terms
16 of this guaranty obligate you personally for that
17 debt if J.R. Gregory Ventures, LLC, is not able to
18 perform?

19 MR. MCGRATH: Objection.

20 A I never --

21 BY MR. BELTON:

22 Q You can still answer. He's objected.

23 A Okay. I never intended anything of that
24 nature, never intended to be personal guarantor.

25 Q Okay. Did you have a chance to read this

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1 document before you signed it?

2 A Most of these documents are so lengthy
3 that I don't read every word. I'm sorry to say I
4 don't read every word.

5 Q Okay. That's related to the guaranty. So
6 you may have read it. You may not have read all of
7 it. You just --

8 A I probably skimmed it somewhat.

9 Q Okay. Does it say anywhere on this
10 guaranty or indicate anywhere that you -- that you
11 were signing on behalf of the company, on behalf of
12 J.R. Gregory Ventures, LLC?

13 A Does it say that I was?

14 Q Does it say anywhere on there that you
15 signed this on behalf of J.R. Gregory Ventures, LLC?

16 A Well, it says member on there, which I
17 assume means that I'm signing as representative of
18 J.R. Gregory Ventures.

19 Q Okay. Does it indicate the company
20 anywhere?

21 A It doesn't say company, but it says
22 member. And it says unsecured.

23 Q Uh-huh.

24 A And it says at the top J.R. Gregory
25 Ventures.

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) IN THE COURT OF COMMON PLEAS

) COURT FILE NO. 2013-CP-10-5324

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individually, executed and delivered to Plaintiff her personal guaranty of payment of the amount due under the Note, as may be more fully seen by reference to the Guaranty attached hereto as **Exhibit "3"**. This is the same Guaranty attached to the Complaint as Exhibit C and identified in the deposition of Marilyn T. Schmitt as Exhibit M.

6. A true and correct copy of the March 20, 2006 Commitment Letter concerning this commercial loan is attached hereto as **Exhibit "4"** and its terms are incorporated by reference herein. As a condition and an inducement to the Bank making the commercial loan to J.R. Gregory Ventures, LLC, the Commitment Letter clearly evidences the parties understanding that Marilyn Schmitt was required to personally guaranty the commercial loan. The Borrower and Guarantor accepted the terms and conditions of the commercial loan provided in the Commitment Letter and thereafter received, accepted, and used the proceeds of the loan for their own benefit.

7. According to the records of the Bank, neither the Borrower nor the Guarantor has made or tendered any payments on the commercial loan since March 5, 2013.

8. The Bank has accelerated the payments under the Note and the full balance of principal and accrued interest of the Note is currently due and payable as alleged in the Complaint.

9. The personal guaranty of the Guarantor has never been revoked.

10. In addition to the personal guaranty of Marilyn Schmitt which is the subject of this matter, and the personal guaranty of Marilyn Schmitt which is the subject of Charleston County Case No.: 2013-CP-10-5325, Marilyn Schmitt has also entered into a number of other personal guaranties with the Bank which has allowed her or her companies to receive loans from the Bank. True and correct copies of the numerous guaranties are attached as follows:

- Guaranty Marilyn T. Schmitt dated 2/1/2005 (Acct # ending 5800 J. R. Gregory Ventures, LLC \$123,500.00) attached as **Exhibit "5"**.
- Guaranty Marilyn T. Schmitt dated 2/4/2005 (Acct # ending 5900 Love Taylor Properties, LLC \$75,000.00) attached as **Exhibit "6"**.
- Guaranty Marilyn T. Schmitt dated 8/19/2005 (Acct # ending 2700 J. R. Gregory Ventures, LLC \$179,000.00) attached as **Exhibit "7"**.

- Guaranty Marilyn T. Schmitt dated 12/23/2009 (Acct # ending 5400 Love Taylor Properties, LLC \$50,000.00) attached as **Exhibit "8"**.
- Guaranty Marilyn T. Schmitt dated 3/25/2010 (Acct # ending 5100 Love Taylor Properties, LLC \$100,000.00) attached as **Exhibit "9"**.
- Guaranty Marilyn T. Schmitt dated 4/24/2013 (Acct # ending 5100 Love Taylor Properties, LLC \$124,816.32) attached as **Exhibit "10"**.
- Guaranty Marilyn T. Schmitt dated 8/20/2010 (Acct # ending 2400 Love Taylor Properties, LLC \$81,415.00) attached as **Exhibit "11"**.
- Guaranty Marilyn T. Schmitt dated 2/25/2013 (Acct # ending 2600 Love Taylor Properties, LLC \$25,000.00) attached as **Exhibit "12"**.
- Guaranty Marilyn T. Schmitt dated 9/15/2006 (Acct # ending 3618 Gregory E. Smith, Sharon F. Smith \$25,000.00) attached as **Exhibit "13"**.
- Guaranty Marilyn T. Schmitt dated 9/10/2008 (Acct # ending 5308 Gregory E. Smith, Sharon F. Smith \$25,000.00) attached as **Exhibit "14"**.

Further the Affiant Sayeth Naught.

Anthony R. Young, Senior Vice President,
Special Assets Officer, Tidelands Bank

SWORN to before me this 24th
day of April, 2014.

Catherine M. Cole
Notary Public of South Carolina
My Commission Expires My Commission Expires June 06, 2015

CHARLESTON\568996v1

J.R. Gregory Ventures, LLC
4106 Colonel Vanderhorst Circle
Mt. Pleasant, SC 29466

Tidelands Bank
875 Lowcountry Blvd
Mt. Pleasant, SC 29464

Loan Number
Date 03/23/2006
Maturity Date 06/23/2007
Loan Amount \$ 201,050.00
Renewal Of

BORROWER'S NAME AND ADDRESS

"I" includes each borrower above, jointly and severally.

LENDER'S NAME AND ADDRESS

"You" means the lender, its successors and assigns.

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of Two Hundred One Thousand Fifty dollars \$ 201,050.00

☐ Single Advance: I will receive all of this principal sum on . No additional advances are contemplated under this note.

☒ Multiple Advances: The principal sum shown above is the maximum amount of principal I can borrow under this note. On 03/23/2006

I will receive the amount of \$ 210,945.00 and future principal advances are contemplated.

Conditions: The conditions for future advances are Per loan officer approval based on inspections and/or invoices.

☐ Open End Credit: You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on

☒ Closed End Credit: You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from 03/23/2006 at the rate of 7.75% per year until 03/23/2006

☒ Variable Rate: This rate may then change as stated below.

☒ Index Rate: The future rate will be .250% above the following index rate: Prime Rate

☐ No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.

☒ Frequency and Timing: The rate on this note may change as often as every day beginning 03/23/2006

A change in the interest rate will take effect on the same day

☐ Limitations: During the term of this loan, the applicable annual interest rate will not be more than % or less than %. The rate may not change more than % each

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

☒ The amount of each scheduled payment will change.

☒ The amount of the final payment will change.

☐

ACCURAL METHOD: Interest will be calculated on a Actual/365 basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

☒ on the same fixed or variable rate basis in effect before maturity (as indicated above).

☐ at a rate equal to

☒ LATE CHARGE: If a payment is not made within 10 days after it is due, I agree to pay a late charge of 5.000% of the late amount with a minimum of \$10.00 and a maximum of \$500.00

☒ ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which ☐ are ☒ are not included in the principal amount above: \$500.00 origination fee, \$300.00 appraisal fee, \$14.00 flood determination fee

PAYMENTS: I agree to pay this note as follows:

☒ Interest: I agree to pay accrued interest in 14 Monthly interest payments beginning 04/23/2006 and with the principal.

☒ Principal: I agree to pay the principal in one final payment of principal and interest in the amount of \$202,391.72 due on 06/23/2007.

☐ Installments: I agree to pay this note in payments. The first payment will be in the amount of \$ and will be due . A payment of \$ will be due

 thereafter. The final payment of the entire unpaid balance of principal and interest will be due

ADDITIONAL TERMS: First title insured real estate mortgage on property and improvements located at the Meridian, Unit 1700-A, unit 309, Mt. Pleasant SC 29464 (in the Meridian) more particularly described in said mortgage of even date, loan amount of \$201,050.00 and mortgage amount of \$251,312.50 which represents 125% of the loan value in the name of J.R. Gregory Ventures, LLC.

☐ SECURITY: This note is separately secured by (describe separate document by type and date):

(This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)

PURPOSE: The purpose of this loan is Business Purchase
funding for rental condominium

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date.
J.R. Gregory Ventures, LLC

Marilyn T. Schmidt Member

Signature for Lender

Ken Pickens
Vice President

SOUTH CAROLINA - UNIVERSAL NOTE

Exhibit, © 1984, 1991 Bankers Systems, Inc., St. Cloud, MN Form UN



(page 1 of 2)

APPLICABLE LAW: The law of the state of South Carolina will govern this note. Any term of this note which is contrary to the law of South Carolina will be ineffective, unless the law permits you and me to agree to such a variation. If any provision of this agreement cannot be enforced according to its terms, this fact will not affect the enforceability of the remainder of this agreement. No modification of this agreement may be made without your express written consent. Time is of the essence in this agreement.

COMMISSIONS OR OTHER REMUNERATION: I understand and agree that any commissions or other payments paid to insurance companies as part of this note will involve any money retained by you or paid back to you as commissions or other remuneration.

PAYMENTS: Each payment I make on this note will first reduce the amount I owe you for charges which are neither interest nor principal. The remainder of each payment will then reduce accrued unpaid interest. If I make a payment which is not sufficient to pay the accrued interest, payments, we will describe our agreement as a "prepayment" of part of, or the entire balance of this loan without penalty, with the exception of the contrary on this note. Any partial prepayment will not excuse or reduce any later scheduled payment until this note is paid in full. I agree that when I make the prepayment, you and I agree in writing to the foregoing.

INDEX RATE: The index will serve only as a device for setting the rate on this note. You do not guarantee by selecting this index, or the margin, that the rate on this note will be the same rate you charge on any other loans or class of loans to me or other borrowers.

POST MATURITY RATE: For purposes of deciding when the "Post Maturity Rate" (shown on page 1) applies, the term "maturity" means the date of the last scheduled payment indicated on page 1 of this note or

MULTIPLE ADVANCE LOANS: If this is a multiple advance loan, you and I expect that you will make more than one advance of principal. If this is closed end credit, repaying a part of the principal will not entitle me to additional credit.

SET-OFF: I agree that you may set off any amount due and payable under this note against any right I have to receive money from you.

"Any amount due and payable under this note" means the total amount of which you are entitled to demand payment under the terms of this note at the time you set off. This total includes any balance the due date for which you properly accelerated under this note.

You will not be liable for the dishonor of any check when the dishonor occurs because you set off this debt against any of my accounts. I agree to hold you harmless from any such claims arising as a result of your exercise of your right of setoff.

DATE OF TRANSACTION	PRINCIPAL ADVANCE	BORROWER'S INITIALS	PRINCIPAL PAYMENTS

Hereinafter paragraphs herein.

DEFAULT: I will be in default if any one or more of the following occur:
(1) I fail to make a payment on time or in the amount due; (2) I fail to
pay the principal or interest on any debt; (3) I fail to pay, or keep any
promise, on any debt or agreement I have with you; (4) any other creditor
of mine attempts to collect any debt I owe him through court
proceedings; (5) I die, am declared incompetent, make an assignment for
the benefit of creditors, or become insolvent (either because my liabilities
exceed my assets or I am unable to pay my debts as they become due);
(6) I make any written statement or provide any financial information that
is untrue or inaccurate at the time it was provided; (7) I do or fail to do

REMEDIES: If I am in default on this note you have, but are not limited to, the following remedies:

(1) You may demand immediate payment of all I owe you under this note, including principal, interest, and any other amount owed.

(2) You may set off this debt against any right I have to the payment of money from you, subject to the terms of the "SET-OFF" paragraph herein.

(4) You may refuse to make advances to me or allow purchases on credit by me.

(5) You may use any remedy you have under state or federal law.

COLLECTION COSTS AND ATTORNEY'S FEES: I agree to pay all costs of collection, replevin or any other or similar type of cost if I am in default. In addition, if you hire an attorney to collect this note, I also agree to pay for the fees incurred with such attorney plus court costs (except where

WAIVER: I give up my rights to require you to do certain things. I will not require you to:

(1) demand payment of amounts due (presentment);

I waive any defenses I have based on suretyship or impairment of collateral.

OBLIGATIONS INDEPENDENT: I understand that I must pay this note

to this agreement without releasing any other party. If you give up any of your rights, with or without notice, it will not affect my duty to pay this note. Any extension of new credit to any of us, or renewal of this note by

FINANCIAL INFORMATION: I agree to provide you, upon request, any financial statement or information you may deem necessary. I warrant that the financial statements and information I provide to you are or will

WAIVER OF HEARING PRIOR TO IMMEDIATE POSSESSION: If the loan is for a business purpose I agree to waive the right to five days' notice

PRINCIPAL	INTEREST	INTEREST	INTEREST

[illegible]

BORROWER'S NAME AND ADDRESS J.R. Gregory Ventures, LLC 4206 Colonel Vanderhorst Circle Mt. Pleasant, SC 29466	LENDER'S NAME AND ADDRESS Tideland Bank 875 Lowcountry Blvd Mt. Pleasant, SC 29464	Loan Number _____ Date <u>07/10/2007</u> Maturity Date <u>07/22/2008</u> Loan Amount \$ <u>201,050.00</u> Renewal Of _____

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of Two Hundred One Thousand Fifty dollars \$ 201,050.00

☒ Single Advance: I will receive all of this principal sum on 07/10/2007. No additional advances are contemplated under this note.

☐ Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this note. On _____ I will receive the amount of \$ _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are _____

☐ Open End Credit: You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on _____

☐ Closed End Credit: You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from 07/10/2007 at the rate of 8.500 % per year until 07/11/2007

☒ Variable Rate: This rate may then change as stated below.

☒ Index Rate: The future rate will be .25% above the following index rate: Wall Street Journal Prime Rate

☐ No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.

☒ Frequency and Timing: The rate on this note may change as often as every Day beginning 07/11/2007

A change in the interest rate will take effect on the same day

☐ Limitations: During the term of this loan, the applicable annual interest rate will not be more than _____ % or less than _____ % each _____

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

☒ The amount of each scheduled payment will change. ☒ The amount of the final payment will change.

ACCRUAL METHOD: Interest will be calculated on a Actual/365 basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

☒ on the same fixed or variable rate basis in effect before maturity (as indicated above).

☐ at a rate equal to _____

☒ LATE CHARGE: If a payment is not made within 10 days after it is due, I agree to pay a late charge of 5.000% of the late amount with a minimum of \$10.00 and a maximum of \$500.00

☐ ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which ☐ are ☐ are not included in the principal amount above: _____

PAYMENTS: I agree to pay this note as follows:

☒ Interest: I agree to pay accrued interest in 11 Monthly interest payments beginning 08/22/2007 and with the principal.

☒ Principal: I agree to pay the principal in one final payment of principal and interest in the amount of \$202,474.10 due on 07/22/2008.

☐ Installments: I agree to pay this note in _____ payments. The first payment will be in the amount of \$ _____ and will be due _____ A payment of \$ _____ will be due _____

unpaid balance of principal and interest will be due _____ thereafter. The final payment of the entire

ADDITIONAL TERMS: First title insured real estate mortgage on property and improvements located at the Meridian, Unit 1700-A, unit 309, Mt. Pleasant SC 29464 (in the Meridian) more particularly described in said mortgage dated 03/22/2006, recorded on 04/04/2006 in Charleston County Official Records Book 5 578, Page 435 loan amount of \$201,050.00 and mortgage amount of \$251,312.50 which represents 125% of the loan value in the name of J.R. Gregory Ventures, LLC. Renewal of Promissory Note dated 03/22/2006.

☒ SECURITY: This note is separately secured by (describe separate document by type and date): FD-1 on Meridian, Unit 1700-A, unit 309, Mt. Pleasant SC 29464 (in the Meridian).

(This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)

PURPOSE: The purpose of this loan is Business: Purchase
funding for rental condominium

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date.
J.R. Gregory Ventures, LLC

Marilyn T. Schmitt
Marilyn T. Schmitt Member

Signature for Lender

Kenneth M. Pickens
Vice President



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J.R. Gregory Ventures, LLC
4206 Colonel Vanderhorst Circle
Mt. Pleasant, SC 29566

Tidelands Bank
875 Lowcountry Blvd
Mt. Pleasant, SC 29566

Loan Number: [REDACTED]
Date: 08/01/2008
Maturity Date: 08/02/2010
Loan Amount: \$200,000.00
Renewal Of: [REDACTED]

BORROWER'S NAME AND ADDRESS

"I" means each borrower above, jointly and severally.

LENDER'S NAME AND ADDRESS

"You" means the lender, its successors and assigns

For value received, I promise to pay to you, or your order, at your address listed above the **PRINCIPAL** sum of **Two Hundred Thousand** and no/100 Dollars
Dollars \$ 200,000.00

☒ Single Advance: I will receive all of this principal sum on 08/01/2008. No additional advances are contemplated under this note.

☐ Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this note. On [REDACTED] I will receive the amount of \$ [REDACTED] and future principal advances are contemplated.

Conditions: The conditions for future advances are:

☐ Open End Credit: You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on [REDACTED]

☐ Closed End Credit: You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from 08/01/2008 at the rate of 5.250 % per year until paid in full.

☒ Variable Rate: This rate may then change as stated below.

☐ Index Rate: The future rate will be .25% above

the following index rate: Wall Street Journal Prime Rate

☐ No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.

☒ Frequency and Timing: The rate on this note may change as often as every day beginning 8/01/2008

A change in the interest rate will take effect on the same day

☐ Limitations: During the term of this loan, the applicable annual interest rate will not be more than [REDACTED] % or less than [REDACTED] %. The rate may not change more than [REDACTED] % each [REDACTED]

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

☒ The amount of each scheduled payment will change.

☐ The amount of the final payment will change.

ACCUMUL METHOD: Interest will be calculated on the Actual/365 basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

☐ On the same fixed or variable rate basis in effect before maturity (as indicated above)

☒ At a rate equal to WSJ prime rate plus 5% (five percent) upon written default notice

☒ LATE CHARGE: If a payment is not made within 10 days after it is due, I agree to pay a late charge of 5.000% of the late amount with a minimum of \$10.00 and a maximum of \$500.00

☐ ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which [] are [] are not included in the principal amount above:

PAYMENTS: I agree to pay this note as follows:

☒ Interest: I agree to pay accrued interest in 21 monthly interest payments beginning 08/02/2008 and with the principal.

☒ Principal: I agree to pay the principal in one final payment of principal and interest in the amount of \$201,735.79 due on 08/02/2010.

☐ Installments: I agree to pay this note in [REDACTED] payments. The first payment will be in the amount of \$ [REDACTED]

and will be due [REDACTED] A payment of \$ [REDACTED] will be due

thereafter. The final payment of the entire

unpaid balance of principal and interest will be due

ADDITIONAL TERMS: This is a variable rate loan and the payment amounts may change.

First title insured real estate mortgage on property and improvements located at the Meridian, Unit 1700-A, Unit 309, Mt. Pleasant SC 29566 (the Meridian) more particularly described in said mortgage dated 03/22/2006, recorded on 04/04/2006 in Charleston County Official Records Book S 570, page 435 loan amount of \$201,050.00 and mortgage amount of \$251,312.50 which represents 125% of the loan value in the name of J.R. Gregory Ventures, LLC. Renewal of Promissory Note dated 03/22/2006. This Note renews but does not satisfy promissory note dated 06/26/2007 for loan \$ [REDACTED]

☒ SECURITY: This note is separately secured by (describe separate document by type and date):
KKM on Meridian, Unit 1700-A, Unit 309, Mt. Pleasant SC 29566 (the Meridian).

This document is for your information only. It does not constitute a binding contract unless you sign the agreement of will and accept the terms of this

PURPOSE: The purpose of this loan is (purpose): Repay loan that was to purchase (RENEE) condo.

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date.
J.R. Gregory Ventures, LLC

Signature for Lender

Kenneth M. Pickens
Kenneth M. Pickens
Vice President

Marilyn T. Schmitt
Marilyn T. Schmitt
Manager

SOUTH CAROLINA UNIVERSAL NOTE

1 of 2 of 2 at 1984, 1991 Banking Code, Inc., St. Louis, MO Form UN-SC 2/2/2000



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J.R. Gregory Ventures, LLC
4206 Colonel Vanderhorst Circle
Mt. Pleasant, SC 29466

Tidelands Bank
875 Lowcountry Blvd
Mt. Pleasant, SC 29464

Loan Number
Date 09/24/2010
Maturity Date 10/02/2013
Loan Amount \$ 200,880.69
Renewal Of

BORROWER'S NAME AND ADDRESS
"I" includes each borrower above, jointly and severally.

LENDER'S NAME AND ADDRESS
"You" means the lender, its successors and assigns.

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of Two Hundred Thousand Eight Hundred Eighty Dollars and Sixty-Nine Cents Dollars \$ 200,880.69

☒ Single Advance: I will receive all of this principal sum on 09/24/2010. No additional advances are contemplated under this note.

☐ Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this note. On I will receive the amount of \$ and future principal advances are contemplated.

Conditions: The conditions for future advances are

☐ Open End Credit: You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on

☐ Closed End Credit: You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from 09/24/2010 at the rate of 5.50000 % per year until Paid in Full

☒ Variable Rate: This rate may then change as stated below.

☒ Index Rate: The future rate will be 3.00% above the following index rate: Wall Street Journal Prime Rate

☐ No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.

☒ Frequency and Timing: The rate on this note may change as often as every day beginning 9/25/2010

A change in the interest rate will take effect on the same day

☒ Limitations: During the term of this loan, the applicable annual interest rate will not be more than 5.500 % or less than 5.500 %. The rate may not change more than % each

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

☐ The amount of each scheduled payment will change.

☒ The amount of the final payment will change.

ACCRUAL METHOD: Interest will be calculated on a Actual/365 basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below: on the same fixed or variable rate basis in effect before maturity (as indicated above).

☐ at a rate equal to

☒ LATE CHARGE: If a payment is not made within 10 days after it is due, I agree to pay a late charge of 3.000% of the late amount with a minimum of \$10.00 and a maximum of \$500.00

☐ ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which ☐ are ☐ are not included in the principal amount above:

PAYMENTS: I agree to pay this note as follows:

☐ Interest: I agree to pay accrued interest

☐ Principal: I agree to pay the principal

☒ Installments: I agree to pay this note in 36 payments. The first payment will be in the amount of \$ 3,235.00

and will be due 11/03/2010. A payment of \$ 3,235.00 will be due

on the same day of each Month

thereafter. The final payment of the entire unpaid balance of principal and interest will be due October 02, 2013

ADDITIONAL TERMS: This is a variable rate loan and the payment amounts may change.

Mortgage in the amount of \$251,312.50 (125% of loan amount) dated 03/22/2006, recorded 04/06/2006 in Charleston County Official Records Bk 3578, Pg 435. This note renews but does not satisfy Promissory Note dated 03/22/2006, 06/29/2007 & 08/01/2008 for loan **POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full at a rate equal to Wall Street Journal Prime Rate plus 5% (five percent) upon written default notice.

☒ SECURITY: This note is separately secured by (describe separate document by type and date): FRM on Meridian, Unit 1700-A, unit 309, Mt. Pleasant SC 29464 (in the Meridian).

(This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)

PURPOSE: The purpose of this loan is Business: Renew loan that was to purchase rental condo.

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date.

J.R. Gregory Ventures, LLC

Signature for Lender:

 FOR KEN PICKENS
Kenneth M Pickens
Vice President

Marilyn T. Schmitt
Member

SOUTH CAROLINA - UNIVERSAL NOTE

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PLAINTIFF'S
EXHIBIT

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This document was prepared by (name, address, phone):

Tidelands Bank
875 Lowcountry Blvd
Mt. Pleasant, SC 29464

State of South Carolina Space Above This Line For Recording Data

REAL ESTATE MORTGAGE
(With Future Advance Clause)

1. **DATE AND PARTIES.** The date of this Mortgage is 03/22/2006 and the parties and their addresses are as follows:

MORTGAGOR: J.R. Gregory Ventures, LLC
4206 Colonel Vanderhorst Circle
Mt. Pleasant, SC 29466

☐ Refer to the Addendum which is attached and incorporated herein for additional Mortgages.

LENDER: Tidelands Bank
875 Lowcountry Blvd
Mt. Pleasant, SC 29464

2. **MORTGAGE.** For good and valuable consideration, the receipt and sufficiency of which is acknowledged, and to secure the Secured Debt (hereafter defined), Mortgagor grants, bargains, conveys and mortgages to Lender the following described property:

See attached exhibit "A"

The property is located in Charleston at 2011 N. US
(County)

Highway 17, Unit A BLDG, Mt. Pleasant, South Carolina 29464
(Address) (City) (Zip Code)

Together with all rights, easements, appurtenances, royalties, mineral rights, oil and gas rights, crops, timber, all diversion payments or third party payments made to crop producers, and all existing and future improvements, structures, fixtures, and replacements that may now, or at any time in the future, be part of the real estate described above (all referred to as "Property"). The term Property also includes, but is not limited to, any and all water wells, water, ditches, reservoirs, reservoir sites and dams located on the real estate and all riparian and water rights associated with the Property, however established.

SOUTH CAROLINA - AGRICULTURAL/COMMERCIAL REAL ESTATE SECURITY INSTRUMENT (NOT FOR FIMA, FHLBC, FHA OR VA USE, AND NOT FOR CONSUMER PURPOSES)

(page 1 of 8)

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3. **MAXIMUM OBLIGATION LIMIT.** The total principal amount of the Secured Debt (hereafter defined) secured by this Mortgage at any one time shall not exceed \$ 251,312.50. This limitation of amount does not include interest, loan charges, commitment fees, brokerage commissions, attorneys' fees and other charges validly made pursuant to this Mortgage and does not apply to advances (or interest accrued on such advances) made under the terms of this Mortgage to protect Lender's security and to perform any of the covenants contained in this Mortgage. Interest under the Note will be deferred, accrued or capitalized; however, Mortgagee shall not be required to defer, accrue or capitalize any interest except as provided in the Note. Future advances are contemplated and, along with other future obligations, are secured by this Mortgage even though all or part may not yet be advanced. Nothing in this Mortgage, however, shall constitute a commitment to make additional or future loans or advances in any amount. Any such commitment would need to be agreed to in a separate writing.

4. **SECURED DEBT DEFINED.** The term "Secured Debt" includes, but is not limited to, the following:

A. The promissory note(s), contract(s), guaranty(ies) or other evidence of debt described below and all extensions, renewals, modifications or substitutions (Evidence of Debt) (e.g., *borrower's name, note amount, interest rate, maturity date*):

Promissory note of even date and amount.

- B. All future advances from Lender to Mortgagor or other future obligations of Mortgagor to Lender under any promissory note, contract, guaranty, or other evidence of debt existing now or executed after this Mortgage whether or not this Mortgage is specifically referred to in the evidence of debt.
- C. All obligations Mortgagor owes to Lender, which now exist or may later arise, to the extent not prohibited by law, including, but not limited to, liabilities for overdrafts relating to any deposit account agreement between Mortgagor and Lender.
- D. All additional sums advanced and expenses incurred by Lender for insuring, preserving or otherwise protecting the Property and its value and any other sums advanced and expenses incurred by Lender under the terms of this Mortgage, plus interest at the highest rate in effect, from time to time, as provided in the Evidence of Debt.
- E. Mortgagor's performance under the terms of any instrument evidencing a debt by Mortgagor to Lender and any Mortgage securing, guarantying, or otherwise relating to the debt.

If more than one person signs this Mortgage as Mortgagor, each Mortgagor agrees that this Mortgage will secure all future advances and future obligations described above that are given to or incurred by any one or more Mortgagor, or any one or more Mortgagor and others. This Mortgage will not secure any other debt if Lender fails, with respect to such other debt, to make any required disclosure about this Mortgage or if Lender fails to give any required notice of the right of rescission.

- 5. **PAYMENTS.** Mortgagor agrees to make all payments on the Secured Debt when due and in accordance with the terms of the Evidence of Debt or this Mortgage.
- 6. **WARRANTY OF TITLE.** Mortgagor covenants that Mortgagor is lawfully seized of the estate conveyed by this Mortgage and has the right to grant, bargain, convey, sell, and mortgage the Property and warrants that the Property is unencumbered, except for encumbrances of record.
- 7. **CLAIMS AGAINST TITLE.** Mortgagor will pay all taxes, assessments, liens, encumbrances, lease payments, ground rents, utilities, and other charges relating to the Property when due. Lender may require Mortgagor to provide to Lender copies of all notices that such amounts are due and the receipts evidencing Mortgagor's payment. Mortgagor will defend title to the Property against any claims that would impair the lien of this Mortgage. Mortgagor agrees to assign to Lender, as requested by Lender, any rights, claims or defenses which Mortgagor may have against parties who supply labor or materials to improve or maintain the Property.
- 8. **PRIOR SECURITY INTERESTS.** With regard to any other mortgage, deed of trust, security agreement or other lien document that created a prior security interest or encumbrance on the Property and that may have priority over this Mortgage, Mortgagor agrees:
 - A. To make all payments when due and to perform or comply with all covenants.
 - B. To promptly deliver to Lender any notices that Mortgagor receives from the holder.
 - C. Not to make or permit any modification or extension of, and not to request or accept any future advances under any note or agreement secured by, the other mortgage, deed of trust or security agreement unless Lender consents in writing.
- 9. **DUE ON SALE OR ENCUMBRANCE.** Lender may, at its option, declare the entire balance of the Secured Debt to be immediately due and payable upon the creation of any lien, encumbrance, transfer, or sale, or contract for any of these on the Property. However, if the Property includes Mortgagor's residence, this section shall be subject to the restrictions imposed by federal law (12 C.F.R. 591), as applicable. For the purposes of this section, the term "Property" also includes any interest to all or any part of the Property. This covenant shall run with the Property and shall remain in effect until the Secured Debt is paid in full and this Mortgage is released.

(page 2 of 8)

[Signature]

10. TRANSFER OF AN INTEREST IN THE MORTGAGOR. If Mortgagor is an entity other than a natural person (such as a corporation or other organization), Lender may demand immediate payment if (1) a beneficial interest in Mortgagor is sold or transferred; (2) there is a change in either the identity or number of members of a partnership or similar entity; or (3) there is a change in ownership of more than 25 percent of the voting stock of a corporation or similar entity. However, Lender may not demand payment in the above situations if it is prohibited by law as of the date of this Mortgage.

11. ENTITY WARRANTIES AND REPRESENTATIONS. If Mortgagor is an entity other than a natural person (such as a corporation or other organization), Mortgagor makes to Lender the following warranties and representations which shall be continuing as long as the Secured Debt remains outstanding:

- A. Mortgagor is an entity which is duly organized and validly existing in the Mortgagor's state of incorporation (or organization). Mortgagor is in good standing in all states in which Mortgagor transacts business. Mortgagor has the power and authority to own the Property and to carry on its business as now being conducted and, as applicable, is qualified to do so in each state in which Mortgagor operates.
- B. The execution, delivery and performance of this Mortgage by Mortgagor and the obligation evidenced by the Evidence of Debt are within the power of Mortgagor, have been duly authorized, have received all necessary governmental approval, and will not violate any provision of law, or order of court or governmental agency.
- C. Other than disclosed in writing Mortgagor has not changed its name within the last ten years and has not used any other trade or fictitious name. Without Lender's prior written consent, Mortgagor does not and will not use any other name and will preserve its existing name, trade names and franchises until the Secured Debt is satisfied.

12. PROPERTY CONDITION, ALTERATIONS AND INSPECTION. Mortgagor will keep the Property in good condition and make all repairs that are reasonably necessary. Mortgagor will give Lender prompt notice of any loss or damage to the Property. Mortgagor will keep the Property free of noxious weeds and grasses. Mortgagor will not initiate, join in or consent to any change in any private restrictive covenant, zoning ordinance or other public or private restriction limiting or defining the uses which may be made of the Property or any part of the Property, without Lender's prior written consent. Mortgagor will notify Lender of all demands, proceedings, claims, and actions against Mortgagor or any other owner made under law or regulation regarding use, ownership and occupancy of the Property. Mortgagor will comply with all legal requirements and restrictions, whether public or private, with respect to the use of the Property. Mortgagor also agrees that the nature of the occupancy and use will not change without Lender's prior written consent.

No portion of the Property will be removed, demolished or materially altered without Lender's prior written consent except that Mortgagor has the right to remove items of personal property comprising a part of the Property that become worn or obsolete, provided that such personal property is replaced with other personal property at least equal in value to the replaced personal property, free from any title retention device, security agreement or other encumbrance. Such replacement of personal property will be deemed subject to the security interest created by this Mortgage. Mortgagor shall not partition or subdivide the Property without Lender's prior written consent. Lender or Lender's agents may, at Lender's option, enter the Property at any reasonable time for the purpose of inspecting the Property. Any inspection of the Property shall be entirely for Lender's benefit and Mortgagor will in no way rely on Lender's inspection.

13. AUTHORITY TO PERFORM. If Mortgagor fails to perform any of Mortgagor's duties under this Mortgage, or any other mortgage, deed of trust, security agreement or other lien document that has priority over this Mortgage, Lender may, without notice, perform the duties or cause them to be performed. Mortgagor appoints Lender as attorney in fact to sign Mortgagor's name or pay any amount necessary for performance. If any construction on the Property is discontinued or not carried on in a reasonable manner, Lender may do whatever is necessary to protect Lender's security interest in the Property. This may include completing the construction.

Lender's right to perform for Mortgagor shall not create an obligation to perform, and Lender's failure to perform will not preclude Lender from exercising any of Lender's other rights under the law or this Mortgage. Any amounts paid by Lender for insuring, preserving or otherwise protecting the Property and Lender's security interest will be due on demand and will bear interest from the date of the payment until paid in full at the interest rate in effect from time to time according to the terms of the Evidence of Debt.

14. ASSIGNMENT OF LEASES AND RENTS. Mortgagor assigns, grants, bargains, conveys and mortgages to Lender as additional security all the right, title and interest in the following (Property).

- A. Existing or future leases, subleases, licenses, guaranties and any other written or verbal agreements for the use and occupancy of the Property, including but not limited to, any extensions, renewals, modifications or replacements (Leases).
- B. Rents, issues and profits, including but not limited to, security deposits, minimum rents, percentage rents, additional rents, common area maintenance charges, parking charges, real estate taxes, other applicable taxes, insurance premium contributions, liquidated damages following default, cancellation premiums, "loss of rents" insurance, guest receipts, revenues, royalties, proceeds, bonuses, accounts, contract rights, general intangibles, and all rights and claims which Mortgagor may have that in any way pertain to or are on account of the use or occupancy of the whole or any part of the Property (Rents).

In the event any item listed as Leases or Rents is determined to be personal property, this Assignment will also be regarded as a security agreement.

Mortgagor will promptly provide Lender with copies of the Leases and will certify these Leases are true and correct copies. The existing Leases will be provided on execution of the Assignment, and all future Leases and any other information with respect to these Leases will be provided immediately after they are executed. Mortgagor may collect, receive, enjoy and use the Rents so long as Mortgagor is not in default. Mortgagor will not collect in advance any Rents due in future lease periods, unless Mortgagor first obtains Lender's written consent. Upon default, Mortgagor will receive

(page 3 of 8)

any Rents in trust for Lender and Mortgagor will not commingle the Rents with any other funds. When Lender so directs, Mortgagor will endorse and deliver any payments of Rents from the Property to Lender. Amounts collected will be applied at Lender's discretion to the Secured Debts, the costs of managing, protecting and preserving the Property, and other necessary expenses. Mortgagor agrees that this Security Instrument is immediately effective between Mortgagor and Lender and effective as to third parties on the recording of this Assignment.

As long as this Assignment is in effect, Mortgagor warrants and represents that no default exists under the Leases, and the parties subject to the Leases have not violated any applicable law on leases, licenses and landlords and tenants. Mortgagor, at its sole cost and expense, will keep, observe and perform, and require all other parties to the Leases to comply with the Leases and any applicable law. If Mortgagor or any party to the Lease defaults or fails to observe any applicable law, Mortgagor will promptly notify Lender. If Mortgagor neglects or refuses to enforce compliance with the terms of the Leases, then Lender may, at Lender's option, enforce compliance.

Mortgagor will not sublet, modify, extend, cancel, or otherwise alter the Leases, or accept the surrender of the Property covered by the Leases (unless the Leases so require) without Lender's consent. Mortgagor will not assign, compromise, subordinate or encumber the Leases and Rents without Lender's prior written consent. Lender does not assume or become liable for the Property's maintenance, depreciation, or other losses or damages when Lender acts to manage, protect or preserve the Property, except for losses and damages due to Lender's gross negligence or intentional torts. Otherwise, Mortgagor will indemnify Lender and hold Lender harmless for all liability, loss or damage that Lender may incur when Lender opts to exercise any of its remedies against any party obligated under the Leases.

15. CONDOMINIUMS; PLANNED UNIT DEVELOPMENTS. If the Property includes a unit in a condominium or a planned unit development, Mortgagor will perform all of Mortgagor's duties under the covenants, by-laws, or regulations of the condominium or planned unit development.

16. DEFAULT. Mortgagor will be in default if any of the following occur:

- A. Any party obligated on the Secured Debt fails to make payment when due;
- B. A breach of any term or covenant in this Mortgage, any prior mortgage or any construction loan agreement, security agreement or any other document evidencing, guarantying, securing or otherwise relating to the Secured Debt;
- C. The making or furnishing of any verbal or written representation, statement or warranty to Lender that is false or incorrect in any material respect by Mortgagor or any person or entity obligated on the Secured Debt;
- D. The death, dissolution, or insolvency of, appointment of a receiver for, or application of any debtor relief law to, Mortgagor or any person or entity obligated on the Secured Debt;
- E. A good faith belief by Lender at any time that Lender is insecure with respect to any person or entity obligated on the Secured Debt or that the prospect of any payment is impaired or the value of the Property is impaired;
- F. A material adverse change in Mortgagor's business including ownership, management, and financial conditions, which Lender in its opinion believes impairs the value of the Property or repayment of the Secured Debt; or
- G. Any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 C.F.R. Part 1940, Subpart G, Exhibit M.

17. REMEDIES ON DEFAULT. In some instances, federal and state law will require Lender to provide Mortgagor with notice of the right to cure, mediation notices or other notices and may establish time schedules for foreclosure actions. Subject to these limitations, if any, Lender may accelerate the Secured Debt and foreclose this Mortgage in a manner provided by law if this Mortgage is in default.

At the option of Lender, all or any part of the agreed fees and charges, accrued interest and principal shall become immediately due and payable, after giving notice if required by law, upon the occurrence of a default or anytime thereafter. In addition, Lender shall be entitled to all the remedies provided by law, the Evidence of Debt, other evidences of debt, this Mortgage and any related documents. All remedies are distinct, cumulative and not exclusive, and the Lender is entitled to all remedies provided at law or equity, whether expressly set forth or not. The acceptance by Lender of any sum in payment or partial payment on the Secured Debt after the balance is due or is accelerated or after foreclosure proceedings are filed shall not constitute a waiver of Lender's right to require full and complete cure of any existing default. By not exercising any remedy on Mortgagor's default, Lender does not waive Lender's right to later consider the event a default if it continues or happens again.

18. EXPENSES; ADVANCES ON COVENANTS; ATTORNEYS' FEES; COLLECTION COSTS. Except when prohibited by law, Mortgagor agrees to pay all of Lender's expenses if Mortgagor breaches any covenant in this Mortgage. Mortgagor will also pay on demand all of Lender's expenses incurred in collecting, insuring, preserving or protecting the Property or in any inventories, audits, inspections or other examination by Lender in respect to the Property. Mortgagor agrees to pay all costs and expenses incurred by Lender in enforcing or protecting Lender's rights and remedies under this Mortgage, including, but not limited to, attorneys' fees, court costs, and other legal expenses. Once the Secured Debt is fully and finally paid, Lender agrees to release this Mortgage and Mortgagor agrees to pay for any recordation costs. All such amounts are due on demand and will bear interest from the time of the advance at the highest rate in effect, from time to time, as provided in the Evidence of Debt and as permitted by law.

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

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characteristics which render the substance dangerous or potentially dangerous to the public health, safety, welfare or environment. The term includes, without limitation, any substances defined as "hazardous material," "toxic substances," "hazardous waste" or "hazardous substance" under any Environmental Law. Mortgagor represents, warrants and agrees that, except as previously disclosed and acknowledged in writing:

- A. No Hazardous Substance has been, is, or will be located, transported, manufactured, treated, refined, or handled by any person on, under or about the Property, except in the ordinary course of business and in strict compliance with all applicable Environmental Law.
- B. Mortgagor has not and will not cause, contribute to, or permit the release of any Hazardous Substance on the Property.
- C. Mortgagor will immediately notify Lender if (1) a release or threatened release of Hazardous Substance occurs on, under or about the Property or migrates or threatens to migrate from nearby property; or (2) there is a violation of any Environmental Law concerning the Property. In such an event, Mortgagor will take all necessary remedial action in accordance with Environmental Law.
- D. Mortgagor has no knowledge of or reason to believe there is any pending or threatened investigation, claim, or proceeding of any kind relating to (1) any Hazardous Substance located on, under or about the Property; or (2) any violation by Mortgagor or any tenant of any Environmental Law. Mortgagor will immediately notify Lender in writing as soon as Mortgagor has reason to believe there is any such pending or threatened investigation, claim, or proceeding. In such an event, Lender has the right, but not the obligation, to participate in any such proceeding including the right to receive copies of any documents relating to such proceedings.
- E. Mortgagor and every tenant have been, are and shall remain in full compliance with any applicable Environmental Law.
- F. There are no underground storage tanks, private dumps or open wells located on or under the Property and no such tank, dump or well will be added unless Lender first consents in writing.
- G. Mortgagor will regularly inspect the Property, monitor the activities and operations on the Property, and confirm that all permits, licenses or approvals required by any applicable Environmental Law are obtained and complied with.
- H. Mortgagor will permit, or cause any tenant to permit, Lender or Lender's agent to enter and inspect the Property and review all records at any reasonable time to determine (1) the existence, location and nature of any Hazardous Substance on, under or about the Property; (2) the existence, location, nature, and magnitude of any Hazardous Substance that has been released on, under or about the Property; or (3) whether or not Mortgagor and any tenant are in compliance with applicable Environmental Law.
- I. Upon Lender's request and at any time, Mortgagor agrees, at Mortgagor's expense, to engage a qualified environmental engineer to prepare an environmental audit of the Property and to submit the results of such audit to Lender. The choice of the environmental engineer who will perform such audit is subject to Lender's approval.
- J. Lender has the right, but not the obligation, to perform any of Mortgagor's obligations under this section at Mortgagor's expense.
- K. As a consequence of any breach of any representation, warranty or promise made in this section, (1) Mortgagor will indemnify and hold Lender and Lender's successors or assigns harmless from and against all losses, claims, demands, liabilities, damages, cleanup, response and remediation costs, penalties and expenses, including without limitation all costs of litigation and attorneys' fees, which Lender and Lender's successors or assigns may sustain; and (2) at Lender's discretion, Lender may release this Mortgage and in return Mortgagor will provide Lender with collateral of at least equal value to the Property secured by this Mortgage without prejudice to any of Lender's rights under this Mortgage.
- L. Notwithstanding any of the language contained in this Mortgage to the contrary, the terms of this section shall survive any foreclosure or satisfaction of this Mortgage regardless of any passage of title to Lender or any disposition by Lender of any or all of the Property. Any claims and defenses to the contrary are hereby waived.

20. CONDEMNATION. Mortgagor will give Lender prompt notice of any action, real or threatened, by private or public entities to purchase or take any or all of the Property, including any easements, through condemnation, eminent domain, or any other means. Mortgagor further agrees to notify Lender of any proceedings instituted for the establishment of any sewer, water, conservation, ditch, drainage, or other district relating to or binding upon the Property or any part of it. Mortgagor authorizes Lender to intervene in Mortgagor's name in any of the above described actions or claims and to collect and receive all sums resulting from the action or claim. Mortgagor assigns to Lender the proceeds of any award or claim for damages connected with a condemnation or other taking of all or any part of the Property. Such proceeds shall be considered payments and will be applied as provided in this Mortgage. This assignment of proceeds is subject to the terms of any prior mortgage, deed of trust, security agreement or other lien document.

21. INSURANCE. Mortgagor agrees to maintain insurance as follows:

- A. Mortgagor shall keep the Property insured against loss by fire, theft and other hazards and risks reasonably associated with the Property due to its type and location. Other hazards and risks may include, for example, coverage against loss due to floods or flooding. This insurance shall be maintained in the amounts and for the periods that Lender requires. What Lender requires pursuant to the preceding three sentences can change during the term of the Secured Debt. The insurance carrier providing the insurance shall be chosen by Mortgagor subject to Lender's approval, which shall not be unreasonably withheld. If Mortgagor fails to maintain the coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property according to the terms of this Mortgage.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard "mortgage clause" and, where applicable, "lender loss payee clause." Mortgagor shall immediately notify Lender of cancellation or termination of the insurance. Lender shall have the right to hold the policies and renewals. If Lender requires, Mortgagor shall immediately give to Lender all receipts of paid premiums and renewal notices. Upon loss, Mortgagor shall give immediate notice to the insurance carrier and Lender. Lender may make proof of loss if not made immediately by Mortgagor.

[Signature]

Unless Lender and Mortgagor otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the Secured Debt, whether or not then due, with any excess paid to Mortgagor. If Mortgagor abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay the Secured Debt whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Mortgagor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of scheduled payments or change the amount of the payments. If the Property is acquired by Lender, Mortgagor's right to any insurance policies and proceeds resulting from damage to the Property before the acquisition shall pass to Lender to the extent of the Secured Debt immediately before the acquisition.

- B. Mortgagor agrees to maintain comprehensive general liability insurance naming Lender as an additional insured in an amount acceptable to Lender, insuring against claims arising from any accident or occurrence in or on the Property.
- C. Mortgagor agrees to maintain rental loss or business interruption insurance, as required by Lender, in an amount equal to at least coverage of one year's debt service, and required escrow account deposits (if agreed to separately in writing), under a form of policy acceptable to Lender.

22. NO ESCROW FOR TAXES AND INSURANCE. Unless otherwise provided in a separate agreement, Mortgagor will not be required to pay to Lender funds for taxes and insurance in escrow.

23. FINANCIAL REPORTS AND ADDITIONAL DOCUMENTS. Mortgagor will provide to Lender upon request, any financial statement or information Lender may deem necessary. Mortgagor warrants that all financial statements and information Mortgagor provides to Lender are, or will be, accurate, correct, and complete. Mortgagor agrees to sign, deliver, and file as Lender may reasonably request any additional documents or certifications that Lender may consider necessary to perfect, continue, and preserve Mortgagor's obligations under this Mortgage and Lender's lien status on the Property. If Mortgagor fails to do so, Lender may sign, deliver, and file such documents or certificates in Mortgagor's name and Mortgagor hereby irrevocably appoints Lender or Lender's agent as attorney in fact to do the things necessary to comply with this section.

24. JOINT AND INDIVIDUAL LIABILITY; CO-SIGNERS; SUCCESSORS AND ASSIGNS BOUND. All duties under this Mortgage are joint and individual. If Mortgagor signs this Mortgage but does not sign the Evidence of Debt, Mortgagor does so only to mortgage Mortgagor's interest in the Property to secure payment of the Secured Debt and Mortgagor does not agree to be personally liable on the Secured Debt. Mortgagor agrees that Lender and any party to this Mortgage may extend, modify or make any change in the terms of this Mortgage or the Evidence of Debt without Mortgagor's consent. Such a change will not release Mortgagor from the terms of this Mortgage. The duties and benefits of this Mortgage shall bind and benefit the successors and assigns of Mortgagor and Lender.

If this Mortgage secures a guaranty between Lender and Mortgagor and does not directly secure the obligation which is guarantied, Mortgagor agrees to waive any rights that may prevent Lender from bringing any action or claim against Mortgagor or any party indebted under the obligation including, but not limited to, anti-deficiency or one-action laws.

25. APPLICABLE LAW; SEVERABILITY; INTERPRETATION. This Mortgage is governed by the laws of the jurisdiction in which Lender is located, except to the extent otherwise required by the laws of the jurisdiction where the Property is located. This Mortgage is complete and fully integrated. This Mortgage may not be amended or modified by oral agreement. Any section or clause in this Mortgage, attachments, or any agreement related to the Secured Debt that conflicts with applicable law will not be effective, unless that law expressly or impliedly permits the variations by written agreement. If any section or clause of this Mortgage cannot be enforced according to its terms, that section or clause will be severed and will not affect the enforceability of the remainder of this Mortgage. Whenever used, the singular shall include the plural and the plural the singular. The captions and headings of the sections of this Mortgage are for convenience only and are not to be used to interpret or define the terms of this Mortgage. Time is of the essence in this Mortgage.

26. NOTICE. Unless otherwise required by law, any notice shall be given by delivering it or by mailing it by first class mail to the appropriate party's address on page 1 of this Mortgage, or to any other address designated in writing. Notice to one mortgagor will be deemed to be notice to all mortgagors.

27. WAIVER OF HOMESTEAD. Except to the extent prohibited by law, Mortgagor waives all homestead exemption rights relating to the Property.

28. U.C.C. PROVISIONS. If checked, the following are applicable to, but do not limit, this Mortgage:

- ☐ **Construction Loan.** This Mortgage secures an obligation incurred for the construction of an improvement on the Property.
- ☐ **Fixture Filing.** Mortgagor grants to Lender a security interest in all goods that Mortgagor owns now or in the future and that are or will become fixtures related to the Property.
- ☐ **Crops; Timber; Minerals; Rents, Issues and Profits.** Mortgagor grants to Lender a security interest in all crops, timber, and minerals located on the Property as well as all rents, issues, and profits of them including, but not limited to, all Conservation Reserve Program (CRP) and Payment in Kind (PIK) payments and similar governmental programs (all of which shall also be included in the term "Property").

(page 6 of 8)

- ☐ **Personal Property.** Mortgagor grants to Lender a security interest in all personal property located on or connected with the Property. This security interest includes all farm products, inventory, equipment, accounts, documents, instruments, chattel paper, general intangibles, and all other items of personal property Mortgagor owns now or in the future and that are used or useful in the construction, ownership, operation, management, or maintenance of the Property. The term "personal property" specifically excludes that property described as "household goods" secured in connection with a "consumer" loan as those terms are defined in applicable federal regulations governing unfair and deceptive credit practices.
- ☐ **Filing As Financing Statement.** Mortgagor agrees and acknowledges that this Mortgage also suffices as a financing statement and as such, may be filed of record as a financing statement for purposes of Article 9 of the Uniform Commercial Code. A carbon, photographic, image or other reproduction of this Mortgage is sufficient as a financing statement.

29. OTHER TERMS. If checked, the following are applicable to this Mortgage:

- ☒ **Line of Credit.** The Secured Debt includes a revolving line of credit provision. Although the Secured Debt may be reduced to a zero balance, this Mortgage will remain in effect until released.
- ☒ **Waiver of Appraisal Rights.** The laws of South Carolina provide that in any real estate foreclosure proceeding a defendant against whom a personal judgment is taken or asked may, within thirty days after the sale of the mortgaged property, apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. **THE UNDERSIGNED HEREBY WAIVES AND RELINQUISHES THE STATUTORY APPRAISAL RIGHTS WHICH MEANS THE HIGH BID AT THE JUDICIAL FORECLOSURE SALE WILL BE APPLIED TO THE DEBT REGARDLESS OF ANY APPRAISED VALUE OF THE MORTGAGED PROPERTY.**
- ☐ **Separate Assignment.** The Mortgagor has executed or will execute a separate assignment of leases and rents. If the separate assignment of leases and rents is properly executed and recorded, then the separate assignment will supersede this Security Instrument's "Assignment of Leases and Rents" section.
- ☐ **Additional Terms.**

SIGNATURES: By signing below, Mortgagor agrees to the terms and covenants contained in this Mortgage and in any attachments. Mortgagor also acknowledges receipt of a copy of this Mortgage on the date stated above on Page 1.

☐ Actual authority was granted to the parties signing below by resolution signed and dated _____.

Entity Name: J.R. Gregory Ventures, LLC

Entity Name: _____

Marilyn T. Schmitt 03/22/2006 (Seal)
(Signature) Marilyn T. Schmitt (Date)
Member

(Signature) (Date) (Seal)

Signed, Sealed and delivered in the presence of:

[Signature]
(Witness)

[Signature]
(Witness)

☐ Refer to the Addendum which is attached and incorporated herein for additional Mortgagors, signatures and acknowledgments.

Legal Description

BK S578PG443

X ALL that certain Unit, situate, lying and being in Charleston County, State of South Carolina, known and designated as Unit Number 1700-A and Garage Unit Number 309 in THE MERIDIAN Horizontal Property Regime as shown on the plans and specifications attached to The Master Deed Establishing THE MERIDIAN Horizontal Property Regime, dated November 10, 2005, and recorded in the RMC Office for Charleston County in Book J563 at Page 344 and as amended in the First Amendment to Master Deed in Book J565 at Page 507, and any amendments thereto; together with the undivided percentage interest in the General Common Elements of the property described in said Master Deed appurtenant thereto.

BEING the same property conveyed to JR Gregory Ventures, LLC by Deed of Montecito Palmetto Plantation, LLC, said Deed being dated March 22, 2006 and recorded simultaneously herewith in the RMC Office for Charleston County.

TMS#: 558-00-00-685 (Unit 1700-A)

TMS#: 558-00-00-843 (Garage Unit 309)

MS

BK S578PG444

RECORDER'S PAGE

NOTE: This page MUST remain
with the original document



Filed By:

J. Lynn McCants
782 Johnnie Dodds Blvd.
P.O. Box 2025
Mt. Pleasant SC 29465

DWT
LTV

FILED

April 4, 2006

4:10:23 PM

BK S578PG435

Charlie Lybrand, Register
Charleston County, SC

DESCRIPTION	AMOUNT
	\$ 15.00
Postage	
TOTAL	\$ 15.00

DRAWER:

A - bmm

DO NOT STAMP BELOW THIS LINE

GUARANTY

Mc. Pleasant
(City)

South Carolina
(State)

03/22/2006

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Tidelands Bank

(herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of

J.R. Gregory Ventures, LLC

(herein called "Borrower") or to engage in any other transactions with Borrower, the Undersigned hereby absolutely and unconditionally guarantees to Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A. If this ☒ is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following:

Promissory note of even date and amount, loan# and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

B. If this ☐ is checked, the Undersigned guarantees to Lender the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Lender (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several, or joint and several; all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness"). Without limitation, this guaranty includes the following described debt(s):

The Undersigned further acknowledges and agrees with Lender that:

1. No act or thing need occur to establish the liability of the Undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the Undersigned or modify, reduce, limit or release the liability of the Undersigned hereunder.

2. This is an absolute, unconditional and continuing guaranty of payment of the Indebtedness and shall continue to be in force and be binding upon the Undersigned, whether or not all Indebtedness is paid in full; until this guaranty is revoked by written notice actually received by the Lender, and such revocation shall not be effective as to Indebtedness existing or committed for at the time of actual receipt of such notice by the Lender, or as to any renewals, extensions and refinancings thereof. If there be more than one Undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the Undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by Lender and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the Undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) or revoke this guaranty, then the Lender shall have the right to declare immediately due and payable, and the Undersigned will forthwith pay to the Lender, the full amount of all Indebtedness, whether due and payable or unmatured. If the Undersigned voluntarily commences or there is commenced involuntarily against the Undersigned a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. The liability of the Undersigned hereunder shall be limited to a principal amount of \$ 201,050.00

(if unlimited or if no amount is stated, the Undersigned shall be liable for all Indebtedness, without any limitation as to amount), plus accrued interest thereon and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the Undersigned hereunder. The Lender may apply any sums received by or available to Lender on account of the Indebtedness from Borrower or any other person (except the Undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the Undersigned hereunder. If the liability of the Undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the Undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Lender, advising the Lender that such payment is made under this guaranty for such purpose.

5. The Undersigned will pay or reimburse Lender for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Lender in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

This guaranty includes the additional provisions on page 2, all of which are made a part hereof.

This guaranty is ☒ unsecured; ☐ secured by a mortgage or security agreement dated _____;
☐ secured by _____

IN WITNESS WHEREOF, this guaranty has been duly executed by the Undersigned the day and year first above written.

Marilyn T. Schmitt
Marilyn T. Schmitt

"Undersigned" shall refer to all persons who sign this guaranty, severally and jointly.



ADDITIONAL PROVISIONS

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all indebtedness; (ii) any one or more extensions or renewals of indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any indebtedness; (v) any discharge of any evidence of indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon indebtedness; (x) any election by the Lender under §111(b)(2) of the United States Bankruptcy Code.

7. The Undersigned waives any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Undersigned will not assert, plead or enforce against Lender any defense of waiver, release, statute of limitations, res judicata, statute of frauds, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any indebtedness, or any setoff available against Lender to Borrower or any such other person, whether or not on account of a related transaction. The Undersigned expressly agrees that the Undersigned shall be and remain liable, to the fullest extent permitted by applicable law, for any deficiency remaining after foreclosure of any mortgage or security interest securing indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The undersigned shall remain obligated, to the fullest extent permitted by law, to pay such amounts as though the Borrower's obligations had not been discharged.

8. The Undersigned further agrees that the Undersigned shall be and remain obligated to pay indebtedness even though any other person obligated to pay indebtedness, including Borrower, has such obligation discharged in bankruptcy or otherwise discharged by law. "Indebtedness" shall include post-bankruptcy petition interest and attorneys' fees and any other amounts which Borrower is discharged from paying or which do not otherwise accrue to indebtedness due to Borrower's discharge, and the Undersigned shall remain obligated to pay such amounts as though Borrower's obligations had not been discharged.

9. If any payment applied by Lender to indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such indebtedness as fully as if such application had never been made.

10. The Undersigned waives any claim, remedy or other right which the Undersigned may now have or hereafter acquire against Borrower or any other person obligated to pay indebtedness arising out of the creation or performance of the Undersigned's obligation under this guaranty, including, without limitation, any right of subrogation, contribution, reimbursement, indemnification, exoneration, and any right to participate in any claim or remedy the Undersigned may have against the Borrower, collateral, or other party obligated for Borrower's debts, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.

11. The Undersigned waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing indebtedness. Lender shall not be required first to resort for payment of the indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for indebtedness, before enforcing this guaranty.

12. The liability of the Undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the Undersigned to Lender as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

13. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the Undersigned. This guaranty shall be effective upon delivery to Lender, without further act, condition or acceptance by Lender, shall be binding upon the Undersigned and the heirs, representatives, successors and assigns of the Undersigned and shall inure to the benefit of Lender and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. Except as authorized by the terms herein, this guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Undersigned and Lender. This guaranty shall be governed by the laws of the State in which it is executed. The Undersigned waives notice of Lender's acceptance hereof.



March 20, 2006.

J. R. Gregory Ventures, LLC
c/o Marilyn Schmitt
4206 Col Vanderhorst
Mt. Pleasant, SC 29464

COMMITMENT LETTER

Dear Marilyn,

Tidelands Bank ("Bank") is pleased to offer you the following commitment (the "Commitment") for a loan (the "Loan"). The terms and conditions of this Commitment are as follows:

1. **Borrower:** J R Gregory Ventures, LLC
2. **Guarantors:** Marilyn Schmitt
3. **Purpose:** to provide funding for rental condo purchase
4. **Collateral:** First real estate mortgage on condo being purchased at The Meridian in Mt. Pleasant, SC more evenly described by appraisal prepared by Bruce McAdams.
5. **Amount:** The maximum principal amount of the Loan shall be \$201,050.00, \$20,105.00 will be required as equity in at closing on purchase(10%) and the availability under loan can be re-drawn for renovations to condo.
6. **Interest Rate:** The interest rate on the Loan shall be:
-Prime plus ¼% for 15 months
7. **Repayment Terms:** 15 month note with interest due monthly.
8. **Origination Fee:** \$500
9. **Prepayment:** Bank shall charge no prepayment premium should Borrower choose at any time to prepay part or all of the remaining principal balance due on the Loan.
10. **Documentation:** At Loan closing, the Borrower shall execute a promissory note, Security Deed, and other related documents and instruments satisfactory to the Bank to evidence and secure the Loan.
11. **Survey:** Required
12. **Title Insurance:** Required

875 Lowcountry Blvd. • Mt. Pleasant, SC 29464
P.O. Box 1087 • Mt. Pleasant, SC 29465-1087
Tel: 843-388-8433 (TIDE) • Fax: 843-388-8081
www.tidelandsbank.com





13. Hazard Insurance: Required
14. Appraisal: Requirement satisfied.
15. Environmental Audit: Not applicable.
16. Financial Information: While the Loan is outstanding, the Borrower and guarantor/guarantors/members shall provide the Bank with an annual personal financial statement and personal tax returns, or any other info that may be requested from time to time.
17. Deposit Account: Required

This Commitment is open for your acceptance until the close of business on March 31, 2006 (the "Expiration Date"), at which time this Commitment expires if not accepted and returned to the Bank. In addition, this Commitment shall expire and the Bank shall not be required to make the Loan if the Loan does not close by March 31, 2006. To acknowledge your acceptance, please return a signed copy of this letter to my attention at the following address on or before the Expiration Date:

Tidelands Bank
P.O. Box 1067
Mt. Pleasant, SC 29465

Sincerely,

By: Ken Pickens
Ken Pickens
Title: Senior Vice President
Phone: (843) 388-8433

The foregoing terms and conditions are hereby accepted and agreed to this 22nd day of March 2006.

BORROWER:

X Marilyn T. Schmitt Member

Marilyn T. Schmitt, Member
JR GREGORY VENTURES, LLC

875 Lowcountry Blvd. • Mt. Pleasant, SC 29464
P.O. Box 1087 • Mt. Pleasant, SC 29465-1087
Tel: 843-388-8433 (TIDE) • Fax: 843-388-8081
www.tidelandsbank.com

GUARANTY

Mt. Pleasant
(City)

South Carolina
(State)

02/01/2005

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Tidelands Bank

herein, with its participants, successors and assigns, called "Lender", at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of

J.R. Gregory Ventures, LLC

herein called "Borrower") or to engage in any other transactions with Borrower, the Undersigned hereby absolutely and unconditionally guarantees to Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A. If this ☒ is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following:

Promissory Note of even date and amount numbered 5809 and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

B. If this ☐ is checked, the Undersigned guarantees to Lender the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Lender (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several, or joint and several; all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness"). Without limitation, this guaranty includes the following described debt(s):

The Undersigned further acknowledges and agrees with Lender that:

1. No act or thing need occur to establish the liability of the Undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the Undersigned or modify, reduce, limit or release the liability of the Undersigned hereunder.

2. This is an absolute, unconditional and continuing guaranty of payment of the indebtedness and shall continue to be in force and be binding upon the Undersigned, whether or not all indebtedness is paid in full, until this guaranty is revoked by written notice actually received by the Lender, and such revocation shall not be effective as to indebtedness existing or committed for at the time of actual receipt of such notice by the Lender, or as to any renewals, extensions and refinancings thereof. If there be more than one Undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the Undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by Lender and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the Undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) or revoke this guaranty, then the Lender shall have the right to declare immediately due and payable, and the Undersigned will forthwith pay to the Lender, the full amount of all indebtedness, whether due and payable or unmatured. If the Undersigned voluntarily commences or there is commenced involuntarily against the Undersigned a case under the United States Bankruptcy Code, the full amount of all indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. The liability of the Undersigned hereunder shall be limited to a principal amount of \$ 123,500.00. If unlimited or if no amount is stated, the Undersigned shall be liable for all indebtedness, without any limitation as to amount, plus accrued interest thereon and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the Undersigned hereunder. The Lender may apply any sums received by or available to Lender on account of the indebtedness from Borrower or any other person (except the Undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the Undersigned hereunder. If the liability of the Undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the Undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Lender, advising the Lender that such payment is made under this guaranty for such purpose.

5. The Undersigned will pay or reimburse Lender for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Lender in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

This guaranty includes the additional provisions on page 2, all of which are made a part hereof.

This guaranty is ☒ unsecured; ☐ secured by a mortgage or security agreement dated _____
☐ secured by _____

IN WITNESS WHEREOF, this guaranty has been duly executed by the Undersigned the day and year first above written.

Marilyn F. Schmitt
Marilyn F. Schmitt

"Undersigned" shall refer to all persons who sign this guaranty, severally and jointly.



ADDITIONAL PROVISIONS

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all indebtedness; (ii) any one or more extensions or renewals of indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any indebtedness; (v) any discharge of any evidence of indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon indebtedness; (x) any election by the Lender under §1111(b)(2) of the United States Bankruptcy Code.

7. The Undersigned waives any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Undersigned will not assert, plead or enforce against Lender any defense of waiver, release, statute of limitations, res judicata, statute of frauds, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any indebtedness, or any setoff available against Lender to Borrower or any such other person, whether or not on account of a related transaction. The Undersigned expressly agrees that the Undersigned shall be and remain liable, to the fullest extent permitted by applicable law, for any deficiency remaining after foreclosure of any mortgage or security interest securing indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The undersigned shall remain obligated, to the fullest extent permitted by law, to pay such amounts as though the Borrower's obligations had not been discharged.

8. The Undersigned further agrees that the Undersigned shall be and remain obligated to pay indebtedness even though any other person obligated to pay indebtedness, including Borrower, has such obligation discharged in bankruptcy or otherwise discharged by law. "Indebtedness" shall include post-bankruptcy petition interest and attorneys' fees and any other amounts which Borrower is discharged from paying or which do not otherwise accrue to indebtedness due to Borrower's discharge, and the Undersigned shall remain obligated to pay such amounts as though Borrower's obligations had not been discharged.

9. If any payment applied by Lender to indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such indebtedness as fully as if such application had never been made.

10. The Undersigned waives any claim, remedy or other right which the Undersigned may now have or hereafter acquire against Borrower or any other person obligated to pay indebtedness arising out of the creation or performance of the Undersigned's obligation under this guaranty, including, without limitation, any right of subrogation, contribution, reimbursement, indemnification, exoneration, and any right to participate in any claim or remedy the Undersigned may have against the Borrower, collateral, or other party obligated for Borrower's debts, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.

11. The Undersigned waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing indebtedness. Lender shall not be required first to resort for payment of the indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for indebtedness, before enforcing this guaranty.

12. The liability of the Undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the Undersigned to Lender as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

13. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the Undersigned. This guaranty shall be effective upon delivery to Lender, without further act, condition or acceptance by Lender, shall be binding upon the Undersigned and the heirs, representatives, successors and assigns of the Undersigned and shall inure to the benefit of Lender and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. Except as authorized by the terms herein, this guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Undersigned and Lender. This guaranty shall be governed by the laws of the State in which it is executed. The Undersigned waives notice of Lender's acceptance hereof.

GUARANTY

RE: Pleasant
StateSouth Carolina
State

02/04/2005

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce _____, with his heirs, successors and assigns, called "Lender", at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of _____

known as "Borrower", the undersigned hereby irrevocably and unconditionally guarantees to Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A. If this ☒ is checked, the undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: _____ and any extensions, renewals or replacements thereof (hereinafter referred to as the "indebtedness").

B. If this ☐ is checked, the undersigned guarantees to Lender the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Lender (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several, or joint and several; all such debts, liabilities and obligations being hereinafter collectively referred to as the "indebtedness"). Without limitation, this guaranty includes the following described debts:

The undersigned further acknowledges and agrees with Lender that:

1. No act or thing need occur to establish the liability of the undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the undersigned or modify, reduce, limit or release the liability of the undersigned hereunder.

2. This is an absolute, unconditional and continuing guaranty of payment of the indebtedness and shall continue to be in force and be binding upon the undersigned, whether or not all indebtedness is paid in full, until this guaranty is revoked by written notice actually received by the Lender, and such revocation shall not be effective as to indebtedness existing or committed for at the time of actual receipt of such notice by the Lender, or as to any renewals, extensions and refinancings thereof. If there be more than one undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetency of the undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by Lender and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) or revoke this guaranty, then the Lender shall have the right to declare immediately due and payable, and the undersigned will forthwith pay to the Lender, the full amount of all indebtedness, whether due and payable or unsecured. If the undersigned voluntarily commences or there is commenced involuntarily against the undersigned a case under the United States Bankruptcy Code, the full amount of all indebtedness, whether due and payable or unsecured, shall be immediately due and payable without demand or notice thereof.

4. The liability of the undersigned hereunder shall be limited to a principal amount of \$ 75,000.00.

If unlimited or if no amount is stated, the undersigned shall be liable for all indebtedness, without any limitation as to amount, plus accrued interest thereon and all attorneys' fees, collection costs and other expenses payable hereunder. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the undersigned hereunder. The Lender may apply any sums received by or available to Lender on account of the indebtedness from Borrower or any other person (except the undersigned), from their property, out of any collateral security or from any other source to payment of the amount. Such application of receipts shall not reduce, affect, or impair the liability of the undersigned hereunder. If the liability of the undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written instrument, received by the Lender, advising the Lender that such payment is made under this guaranty for such purpose.

5. The undersigned will pay or reimburse Lender for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Lender in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

This guaranty includes the additional provisions on page 2, all of which are made a part hereof.

This guaranty is ☒ unsecured; ☐ secured by a mortgage or security agreement dated _____
☐ secured by _____

IN WITNESS WHEREOF, this guaranty has been duly executed by the undersigned the day and year first above written.

Michael J. Schmidt
State

"Undersigned" shall refer to all persons who sign this guaranty, jointly and jointly.



ADDITIONAL PROVISIONS

6. Whether or not any existing relationship between the Underigned and Borrower has been changed or ended and whether or not this guaranty has been renewed, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of indebtedness, without any consent or approval by the Underigned and without any notice to the Underigned. The liability of the Underigned shall not be affected or impaired by any of the following acts or things which Lender is expressly authorized to do, omit or suffer from time to time, such before and after execution of this guaranty, without notice to or approval by the Underigned: (i) any acceptance of collateral security, guarantee, accommodation paper or promise for any or all indebtedness; (ii) any one or more extensions or renewals of indebtedness (whether or not for longer than the original period) or any modification of the interest rate, maturity or other contractual terms applicable to any indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower; any delay or lack of diligence in the enforcement of indebtedness; or any failure to institute proceedings, file a claim, give any required notice or otherwise protect any indebtedness; (iv) any full or partial release of, satisfaction with or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any indebtedness; (v) any discharge of any evidence of indebtedness or the acceptance of any instrument in payment thereof or substitution thereof; (vi) any failure to obtain collateral security (including rights of setoff) for indebtedness, or to sue to the extent of sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, preserve or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waiver, or loss of any collateral security; (vii) any foreclosure, or enforcement of any collateral security; (viii) any transfer of any indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon indebtedness; (x) any election by the Lender under 11111(b)(2) of the United States Bankruptcy Code.

7. The Underigned waives any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Underigned will not assert, plead or enforce against Lender any defense of waiver, release, status of limitation, res judicata, statute of frauds, fraud, inequity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any indebtedness, or any setoff available against Lender to Borrower or any such other person, whether or not on account of a related transaction. The Underigned expressly agrees that the Underigned shall be and remain liable to the fullest extent permitted by applicable law, for any deficiency remaining after foreclosure of any mortgage or security interest securing indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The Underigned shall remain obligated, to the fullest extent permitted by law, to pay such amounts as though the Borrower's obligations had not been discharged.

8. The Underigned further agrees that the Underigned shall be and remain obligated to pay indebtedness even though any other person obligated to pay indebtedness, including Borrower, has such obligation discharged in bankruptcy or otherwise discharged by law. Indebtedness shall include post-bankruptcy portion interest and attorneys' fees and any other amounts which Borrower is discharged from paying or which do not otherwise accrue to indebtedness due to Borrower's discharge, and the Underigned shall remain obligated to pay such amounts as though Borrower's obligations had not been discharged.

9. If any payment applied by Lender to indebtedness is thereafter not made, recovered, needed or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such disposition, and this guaranty shall be enforceable as to such indebtedness as fully as if such application had never been made.

10. The Underigned waives any claim, remedy or other right which the Underigned may now have or hereafter acquire against Borrower or any other person obligated to pay indebtedness arising out of the creation or performance of the Underigned's obligation under this guaranty, including, without limitation, any right of subrogation, contribution, reimbursement, indemnification, exoneration, and any right to participate in any claim or remedy the Underigned may have against the Borrower, collateral or other party obligated for Borrower's debts, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.

11. The Underigned waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing indebtedness. Lender shall not be required first to resort for payment of the indebtedness to Borrower or other persons or their properties or first to enforce, realize upon or exhaust any collateral security for indebtedness, before enforcing this guaranty.

12. The liability of the Underigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the Underigned to Lender as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

13. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all signatories and persons herein shall be obligated to be, and on hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the Underigned. This guaranty shall be effective upon delivery to Lender, without further act, condition or acceptance by Lender, shall be binding upon the Underigned and the heirs, representatives, successors and assigns of the Underigned and shall inure to the benefit of Lender and its permitted successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. Except as authorized by the terms herein, this guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Underigned and Lender. This guaranty shall be governed by the laws of the State in which it is executed. The Underigned waives notice of Lender's acceptance hereof.

THE

GUARANTY

Mt. Pleasant
(City)

South Carolina
(State)

08/19/2005

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Tidelands Bank

herein, with its participants, successors and assigns, called "Lender", at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of

J.R. Gregory Ventures, LLC

herein called "Borrower") or to engage in any other transactions with Borrower, the Undersigned hereby absolutely and unconditionally guarantees to Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A. If this ☒ is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following:

Promissory Note dated 8/19/2005, Loan # 2700 and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

B. If this ☐ is checked, the Undersigned guarantees to Lender the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Lender (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several, or joint and several; all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness"). Without limitation, this guaranty includes the following described debt(s):

The Undersigned further acknowledges and agrees with Lender that:

1. No act or thing need occur to establish the liability of the Undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the Undersigned or modify, reduce, limit or release the liability of the Undersigned hereunder.

2. This is an absolute, unconditional and continuing guaranty of payment of the Indebtedness and shall continue to be in force and be binding upon the Undersigned, whether or not all indebtedness is paid in full, until this guaranty is revoked by written notice actually received by the Lender, and such revocation shall not be effective as to indebtedness existing or committed for at the time of actual receipt of such notice by the Lender, or as to any renewals, extensions and refinancings thereof. If there be more than one Undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the Undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by Lender and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the Undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) or revoke this guaranty, then the Lender shall have the right to declare immediately due and payable, and the Undersigned will forthwith pay to the Lender, the full amount of all indebtedness, whether due and payable or unmatured. If the Undersigned voluntarily commences or there is commenced involuntarily against the Undersigned a case under the United States Bankruptcy Code, the full amount of all indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. The liability of the Undersigned hereunder shall be limited to a principal amount of \$ 179,000.00

(if unlimited or if no amount is stated, the Undersigned shall be liable for all indebtedness, without any limitation as to amount), plus accrued interest thereon and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the Undersigned hereunder. The Lender may apply any sums received by or available to Lender on account of the indebtedness from Borrower or any other person (except the Undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the Undersigned hereunder. If the liability of the Undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the Undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Lender, advising the Lender that such payment is made under this guaranty for such purpose.

5. The Undersigned will pay or reimburse Lender for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Lender in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

This guaranty includes the additional provisions on page 2, all of which are made a part hereof.

This guaranty is ☒ unsecured; ☐ secured by a mortgage or security agreement dated _____;
☐ secured by _____

IN WITNESS WHEREOF, this guaranty has been duly executed by the Undersigned this day and year first above written.

Marlene T. Schmitt
Marlene T. Schmitt 3108

"Undersigned" shall refer to all persons who sign this guaranty, severally and jointly.

PLAINTIFF'S
EXHIBIT

tabbies

ADDITIONAL PROVISIONS

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all indebtedness; (ii) any one or more extensions or renewals of indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any indebtedness; (v) any discharge of any evidence of indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon indebtedness; (x) any election by the Lender under §1111(b)(2) of the United States Bankruptcy Code.

7. The Undersigned waives any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Undersigned will not assert, plead or enforce against Lender any defense of waiver, release, statute of limitations, res judicata, statute of frauds, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any indebtedness, or any setoff available against Lender to Borrower or any such other person, whether or not on account of a related transaction. The Undersigned expressly agrees that the Undersigned shall be and remain liable, to the fullest extent permitted by applicable law, for any deficiency remaining after foreclosure of any mortgage or security interest securing indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The undersigned shall remain obligated, to the fullest extent permitted by law, to pay such amounts as though the Borrower's obligations had not been discharged.

8. The Undersigned further agrees that the Undersigned shall be and remain obligated to pay indebtedness even though any other person obligated to pay indebtedness, including Borrower, has such obligation discharged in bankruptcy or otherwise discharged by law. "Indebtedness" shall include post-bankruptcy petition interest and attorneys' fees and any other amounts which Borrower is discharged from paying or which do not otherwise accrue to indebtedness due to Borrower's discharge, and the Undersigned shall remain obligated to pay such amounts as though Borrower's obligations had not been discharged.

9. If any payment applied by Lender to indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such indebtedness as fully as if such application had never been made.

10. The Undersigned waives any claim, remedy or other right which the Undersigned may now have or hereafter acquire against Borrower or any other person obligated to pay indebtedness arising out of the creation or performance of the Undersigned's obligation under this guaranty, including, without limitation, any right of subrogation, contribution, reimbursement, indemnification, exoneration, and any right to participate in any claim or remedy the Undersigned may have against the Borrower, collateral, or other party obligated for Borrower's debts, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.

11. The Undersigned waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing indebtedness. Lender shall not be required first to resort for payment of the indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for indebtedness, before enforcing this guaranty.

12. The liability of the Undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the Undersigned to Lender as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

13. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the Undersigned. This guaranty shall be effective upon delivery to Lender, without further act, condition or acceptance by Lender, shall be binding upon the Undersigned and the heirs, representatives, successors and assigns of the Undersigned and shall inure to the benefit of Lender and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. Except as authorized by the terms herein, this guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Undersigned and Lender. This guaranty shall be governed by the laws of the State in which it is executed. The Undersigned waives notice of Lender's acceptance hereof.

MEL

GUARANTY

Mt. Pleasant, South Carolina
(City) (State)

December 23, 2009

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Tidelands Bank

(herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of Love Taylor Properties, LLC
4206 Colonel Vanderhorst Cir Mt. Pleasant, SC 29466

(herein called "Borrower") or to engage in any other transactions with Borrower, the Undersigned hereby absolutely and unconditionally guarantees to Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A. If this ☒ is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: Promissory Note
of even date and amount numbered 00000400, and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

B. If this ☐ is checked, the Undersigned guarantees to Lender the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Lender (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several, or joint and several; all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness"). Without limitation, this guaranty includes the following described debt(s): _____

The Undersigned further acknowledges and agrees with Lender that:

1. No act or thing need occur to establish the liability of the Undersigned hereunder, and no act or thing, except full payment and discharge of all Indebtedness, shall in any way exonerate the Undersigned or modify, reduce, limit or release the liability of the Undersigned hereunder.

2. This is an absolute, unconditional and continuing guaranty of payment of the Indebtedness and shall continue to be in force and be binding upon the Undersigned, whether or not all Indebtedness is paid in full, until this guaranty is revoked by written notice, actually received by the Lender, and such revocation shall not be effective as to Indebtedness existing or committed for at the time of actual receipt of such notice by the Lender, or as to any renewals, extensions and refinancings thereof. If there be more than one Undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetency of the Undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by Lender and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the Undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) or revoke this guaranty, then the Lender shall have the right to declare immediately due and payable, and the Undersigned will forthwith pay to the Lender, the full amount of all Indebtedness, whether due and payable or unmatured. If the Undersigned voluntarily commences or there is commenced involuntarily against the Undersigned a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. The liability of the Undersigned hereunder shall be limited to a principal amount of \$ 50,000.00 (if unlimited or if no amount is stated, the Undersigned shall be liable for all Indebtedness, without any limitation as to amount), plus accrued interest thereon and all other costs, fees, and expenses agreed to be paid under all agreements evidencing the Indebtedness and securing the payment of the Indebtedness, and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the Undersigned hereunder. The Lender may apply any sums received by or available to Lender on account of the Indebtedness from Borrower or any other person (except the Undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the Undersigned hereunder. If the liability of the Undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the Undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Lender, advising the Lender that such payment is made under this guaranty for such purpose.

5. The Undersigned shall pay or reimburse Lender for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Lender in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

This guaranty includes the additional provisions on page 2, all of which are made a part hereof.

This guaranty is ☒ unsecured; ☐ secured by a mortgage or security agreement dated _____;
☐ secured by _____.

IN WITNESS WHEREOF, this guaranty has been duly executed by the Undersigned the day and year first above written.

Marilyn T. Bennett
Marilyn T. Bennett 3208

"Undersigned" shall refer to all persons who sign this guaranty, severally and jointly.

PLAINTIFF'S
EXHIBIT

8

ADDITIONAL PROVISIONS

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all indebtedness; (ii) any one or more extensions or renewals of indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any indebtedness; (v) any discharge of any evidence of indebtedness or the acceptance of any instrument in renewal thereof or substitution thereof; (vi) any failure to obtain collateral security (including rights of setoff) for indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon indebtedness; (x) any election by the Lender under §1111(b)(2) of the United States Bankruptcy Code.

7. The Undersigned waives any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Undersigned will not assert, plead or enforce against Lender any defense of waiver, release, statute of limitations, res judicata, statute of frauds, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any indebtedness, or any setoff available against Lender to Borrower or any such other person, whether or not on account of a related transaction. The Undersigned expressly agrees that the Undersigned shall be and remain liable, to the fullest extent permitted by applicable law, for any deficiency remaining after foreclosure of any mortgage or security interest securing indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The Undersigned shall remain obligated, to the fullest extent permitted by law, to pay such amounts as though the Borrower's obligations had not been discharged.

8. The Undersigned further agrees that the Undersigned shall be and remain obligated to pay indebtedness even though any other person obligated to pay indebtedness, including Borrower, has such obligation discharged in bankruptcy or otherwise discharged by law. "Indebtedness" shall include post-bankruptcy petition interest and attorneys' fees and any other amounts which Borrower is discharged from paying or which do not otherwise accrue to indebtedness due to Borrower's discharge, and the Undersigned shall remain obligated to pay such amounts as though Borrower's obligations had not been discharged.

9. If any payment applied by Lender to indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such indebtedness as fully as if such application had never been made.

10. Until the obligations of the Borrower to Lender have been paid in full, the Undersigned waives any claim, remedy or other right which the Undersigned may now have or hereafter acquire against Borrower or any other person obligated to pay indebtedness arising out of the creation or performance of the Undersigned's obligation under this guaranty, including, without limitation, any right of subrogation, contribution, reimbursement, indemnification, exoneration, and any right to participate in any claim or remedy the Undersigned may have against the Borrower, collateral, or other party obligated for Borrower's debts, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.

11. The Undersigned waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing indebtedness. Lender shall not be required first to resort for payment of the indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for indebtedness, before enforcing this guaranty.

12. The liability of the Undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the Undersigned to Lender as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

13. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the Undersigned. This guaranty shall be effective upon delivery to Lender, without further act, condition or acceptance by Lender, shall be binding upon the Undersigned and the heirs, representatives, successors and assigns of the Undersigned and shall inure to the benefit of Lender and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. Except as authorized by the terms herein, this guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Undersigned and Lender. This guaranty shall be governed by the laws of the State in which it is executed. The Undersigned waives notice of Lender's acceptance hereof.

GUARANTY

Mt. Pleasant
(City)

South Carolina
(State)

March 25, 2010

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Tidelands Bank

(herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of Love Taylor Properties, LLC
1738 Bartagor Circle Charleston, SC 29407

(herein called "Borrower") or to engage in any other transactions with Borrower, the Undersigned hereby absolutely and unconditionally guarantees to Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A. If this 1 is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following:

_____ and any extensions,

renewals or replacements thereof (hereinafter referred to as the "indebtedness").

B. If this IX is checked, the Undersigned guarantees to Lender the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Lender (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several, or joint and several; all such debts, liabilities and obligations being hereinafter collectively referred to as the "indebtedness"). Without limitation, this guaranty includes the following described debt(s): Promissory Note of even date and amount numbered 5100.

The Undersigned further acknowledges and agrees with Lender that:

1. No act or thing need occur to establish the liability of the Undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the Undersigned or modify, reduce, limit or release the liability of the Undersigned hereunder.

2. This is an absolute, unconditional and continuing guaranty of payment of the indebtedness and shall continue to be in force and be binding upon the Undersigned, whether or not all indebtedness is paid in full, until this guaranty is revoked by written notice actually received by the Lender, and such revocation shall not be effective as to indebtedness existing or committed for at the time of actual receipt of such notice by the Lender, or as to any renewals, extensions and refinancings thereof. If there be more than one Undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the Undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by Lender and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the Undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) or revoke this guaranty, then the Lender shall have the right to declare immediately due and payable, and the Undersigned will forthwith pay to the Lender, the full amount of all indebtedness, whether due and payable or unmatured. If the Undersigned voluntarily commences or there is commenced involuntarily against the Undersigned a case under the United States Bankruptcy Code, the full amount of all indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. The liability of the Undersigned hereunder shall be limited to a principal amount of \$ 100,000.00 (if unlimited or if no amount is stated, the Undersigned shall be liable for all indebtedness, without any limitation as to amount), plus accrued interest thereon and all other costs, fees, and expenses agreed to be paid under all agreements evidencing the indebtedness and securing the payment of the indebtedness, and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the Undersigned hereunder. The Lender may apply any sums received by or available to Lender on account of the indebtedness from Borrower or any other person (except the Undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, effect or impair the liability of the Undersigned hereunder. If the liability of the Undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the Undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Lender, advising the Lender that such payment is made under this guaranty for such purpose.

5. The Undersigned will pay or reimburse Lender for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Lender in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

This guaranty includes the additional provisions on page 2, all of which are made a part hereof.

This guaranty is ☒ IX unsecured; ☐ secured by a mortgage or security agreement dated _____
☐ secured by _____

IN WITNESS WHEREOF, this guaranty has been duly executed by the Undersigned the day and year first above written.

Marilyn F. Schmitt
Marilyn F. Schmitt

"Undersigned" shall refer to all persons who sign this guaranty, severally and jointly.

ADDITIONAL PROVISIONS

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all indebtedness; (ii) any one or more extensions or renewals of indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any indebtedness; (v) any discharge of any evidence of indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon indebtedness; (x) any election by the Lender under §1111(b)(2) of the United States Bankruptcy Code.

7. The Undersigned waives any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Undersigned will not assert, plead or enforce against Lender any defense of waiver, release, statute of limitations, res judicata, statute of frauds, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any indebtedness, or any setoff available against Lender to Borrower or any such other person, whether or not on account of a related transaction. The Undersigned expressly agrees that the Undersigned shall be and remain liable, to the fullest extent permitted by applicable law, for any deficiency remaining after foreclosure of any mortgage or security interest securing indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The Undersigned shall remain obligated, to the fullest extent permitted by law, to pay such amounts as though the Borrower's obligations had not been discharged.

8. The Undersigned further agrees that the Undersigned shall be and remain obligated to pay indebtedness even though any other person obligated to pay indebtedness, including Borrower, has such obligation discharged in bankruptcy or otherwise discharged by law. "Indebtedness" shall include post-bankruptcy petition interest and attorneys' fees and any other amounts which Borrower is discharged from paying or which do not otherwise accrue to indebtedness due to Borrower's discharge, and the Undersigned shall remain obligated to pay such amounts as though Borrower's obligations had not been discharged.

9. If any payment applied by Lender to indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such indebtedness as fully as if such application had never been made.

10. Until the obligations of the Borrower to Lender have been paid in full, the Undersigned waives any claim, remedy or other right which the Undersigned may now have or hereafter acquire against Borrower or any other person obligated to pay indebtedness arising out of the creation or performance of the Undersigned's obligation under this guaranty, including, without limitation, any right of subrogation, contribution, reimbursement, indemnification, exoneration, and any right to participate in any claim or remedy the Undersigned may have against the Borrower, collateral, or other party obligated for Borrower's debts, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.

11. The Undersigned waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing indebtedness. Lender shall not be required first to resort for payment of the indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for indebtedness, before enforcing this guaranty.

12. The liability of the Undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the Undersigned to Lender as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

13. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the Undersigned. This guaranty shall be effective upon delivery to Lender, without further act, condition or acceptance by Lender, shall be binding upon the Undersigned and the heirs, representatives, successors and assigns of the Undersigned and shall inure to the benefit of Lender and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. Except as authorized by the terms herein, this guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Undersigned and Lender. This guaranty shall be governed by the laws of the State in which it is executed. The Undersigned waives notice of Lender's acceptance hereof.

MAL

GUARANTY

Mt. Pleasant
(City)

South Carolina
(State)

April 24, 2013

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Tidelands Bank

(herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of Love Taylor Properties, LLC
1738 Dartmouth Circle Charleston, SC 29407

(herein called "Borrower") or to engage in any other transactions with Borrower, the Undersigned hereby absolutely and unconditionally guarantees to Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A. If this ☒ is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: Promissory Note of even date and amount numbered 5100 and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

B. If this ☐ is checked, the Undersigned guarantees to Lender the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Lender (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several, or joint and several; all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness"). Without limitation, this guaranty includes the following described debt(s): Promissory Note of even date and amount numbered 140475100.

The Undersigned further acknowledges and agrees with Lender that:

1. No act or thing need occur to establish the liability of the Undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the Undersigned or modify, reduce, limit or release the liability of the Undersigned hereunder.

2. This is an absolute, unconditional and continuing guaranty of payment of the Indebtedness and shall continue to be in force and be binding upon the Undersigned, whether or not all Indebtedness is paid in full, until this guaranty is revoked by written notice actually received by the Lender, and such revocation shall not be effective as to Indebtedness existing or committed for at the time of actual receipt of such notice by the Lender, or as to any renewals, extensions and refinancings thereof. If there be more than one Undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the Undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by Lender and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the Undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) or revoke this guaranty, then the Lender shall have the right to declare immediately due and payable, and the Undersigned will forthwith pay to the Lender, the full amount of all Indebtedness, whether due and payable or unmatured. If the Undersigned voluntarily commences or there is commenced involuntarily against the Undersigned a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. The liability of the Undersigned hereunder shall be limited to a principal amount of \$ 124,816.32 (if unlimited or if no amount is stated, the Undersigned shall be liable for all Indebtedness, without any limitation as to amount), plus accrued interest thereon and all other costs, fees, and expenses agreed to be paid under all agreements evidencing the Indebtedness and securing the payment of the Indebtedness, and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without effecting or impairing the liability of the Undersigned hereunder. The Lender may apply any sums received by or available to Lender on account of the Indebtedness from Borrower or any other person (except the Undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the Undersigned hereunder. If the liability of the Undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the Undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Lender, advising the Lender that such payment is made under this guaranty for such purpose.

5. The Undersigned will pay or reimburse Lender for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Lender in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

This guaranty includes the additional provisions on page 2, all of which are made a part hereof.

This guaranty is ☒ unsecured; ☐ secured by a mortgage or security agreement dated _____;
☐ secured by _____.

IN WITNESS WHEREOF, this guaranty has been duly executed by the Undersigned the day and year first above written.

Marlene Z. Schmidt
Marlene Z. Schmidt 5208

"Undersigned" shall refer to all persons who sign this guaranty, severally and jointly.

PLAINTIFF'S
EXHIBIT

10

ADDITIONAL PROVISIONS

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all indebtedness; (ii) any one or more extensions or renewals of indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any indebtedness; (v) any discharge of any evidence of indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon indebtedness; (x) any election by the Lender under §1111(b)(2) of the United States Bankruptcy Code.

7. The Undersigned waives any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Undersigned will not assert, plead or enforce against Lender any defense of waiver, release, statute of limitations, res judicata, statute of frauds, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any indebtedness, or any setoff available against Lender to Borrower or any such other person, whether or not on account of a related transaction. The Undersigned expressly agrees that the Undersigned shall be and remain liable, to the fullest extent permitted by applicable law, for any deficiency remaining after foreclosure of any mortgage or security interest securing indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The Undersigned shall remain obligated, to the fullest extent permitted by law, to pay such amounts as though the Borrower's obligations had not been discharged.

8. The Undersigned further agrees that the Undersigned shall be and remain obligated to pay indebtedness even though any other person obligated to pay indebtedness, including Borrower, has such obligation discharged in bankruptcy or otherwise discharged by law. "Indebtedness" shall include post-bankruptcy petition interest and attorneys' fees and any other amounts which Borrower is discharged from paying or which do not otherwise accrue to indebtedness due to Borrower's discharge, and the Undersigned shall remain obligated to pay such amounts as though Borrower's obligations had not been discharged.

9. If any payment applied by Lender to indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such indebtedness as fully as if such application had never been made.

10. Until the obligations of the Borrower to Lender have been paid in full, the Undersigned waives any claim, remedy or other right which the Undersigned may now have or hereafter acquire against Borrower or any other person obligated to pay indebtedness arising out of the creation or performance of the Undersigned's obligation under this guaranty, including, without limitation, any right of subrogation, contribution, reimbursement, indemnification, exoneration, and any right to participate in any claim or remedy the Undersigned may have against the Borrower, collateral, or other party obligated for Borrower's debts, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.

11. The Undersigned waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing indebtedness. Lender shall not be required first to resort for payment of the indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for indebtedness, before enforcing this guaranty.

12. The liability of the Undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the Undersigned to Lender as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

13. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the Undersigned. This guaranty shall be effective upon delivery to Lender, without further act, condition or acceptance by Lender, shall be binding upon the Undersigned and the heirs, representatives, successors and assigns of the Undersigned and shall inure to the benefit of Lender and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. Except as authorized by the terms herein, this guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Undersigned and Lender. This guaranty shall be governed by the laws of the State in which it is executed. The Undersigned waives notice of Lender's acceptance hereof.

7-1-02

GUARANTY

Mt. Pleasant
(City)

South Carolina
(State)

August 20, 2010

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Tidelands Bank

(herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time, to make loans or extend other accommodations to or for the account of Love Taylor Properties, LLC
1738 Dartmoor Circle Charleston, SC 29407

(herein called "Borrower") or to engage in any other transactions with Borrower, the Undersigned hereby absolutely and unconditionally guarantees to Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A. If this ☒ is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: Promissory Note
of even date and amount numbered 88882400 and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

B. If this ☐ is checked, the Undersigned guarantees to Lender the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Lender (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several, or joint and several; all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness"). Without limitation, this guaranty includes the following described debt(s): _____

The Undersigned further acknowledges and agrees with Lender that:

1. No act or thing need occur to establish the liability of the Undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the Undersigned or modify, reduce, limit or release the liability of the Undersigned hereunder.

2. This is an absolute, unconditional and continuing guaranty of payment of the Indebtedness and shall continue to be in force and be binding upon the Undersigned, whether or not all Indebtedness is paid in full, until this guaranty is revoked by written notice actually received by the Lender, and such revocation shall not be effective as to Indebtedness existing or committed for at the time of actual receipt of such notice by the Lender, or as to any renewals, extensions and refinancings thereof. If there be more than one Undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the Undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by Lender and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the Undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) or revoke this guaranty, then the Lender shall have the right to declare immediately due and payable, and the Undersigned will forthwith pay to the Lender, the full amount of all Indebtedness, whether due and payable or unmatured. If the Undersigned voluntarily commences or there is commenced involuntarily against the Undersigned a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. The liability of the Undersigned hereunder shall be limited to a principal amount of \$ 81,415.00 (if unlimited or if no amount is stated, the Undersigned shall be liable for all Indebtedness, without any limitation as to amount), plus accrued interest thereon and all other costs, fees, and expenses agreed to be paid under all agreements evidencing the Indebtedness and securing the payment of the Indebtedness, and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the Undersigned hereunder. The Lender may apply any sums received by or available to Lender on account of the Indebtedness from Borrower or any other person (except the Undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the Undersigned hereunder. If the liability of the Undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the Undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Lender, advising the Lender that such payment is made under this guaranty for such purpose.

5. The Undersigned will pay or reimburse Lender for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Lender in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

This guaranty includes the additional provisions on page 2, all of which are made a part hereof.

This guaranty is ☒ unsecured; ☐ secured by a mortgage or security agreement dated _____;
☐ secured by _____

IN WITNESS WHEREOF, this guaranty has been duly executed by the Undersigned the day and year first above written.

Marilena T. Schmidt
Marilena T. Schmidt 9208

"Undersigned" shall refer to all persons who sign this guaranty, severally and jointly.



ADDITIONAL PROVISIONS

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all indebtedness; (ii) any one or more extensions or renewals of indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any indebtedness; (v) any discharge of any evidence of indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon indebtedness; (x) any election by the Lender under §1111(b)(2) of the United States Bankruptcy Code.

7. The Undersigned waives any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Undersigned will not assert, plead or enforce against Lender any defense of waiver, release, statute of limitations, res judicata, statute of frauds, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any indebtedness, or any setoff available against Lender to Borrower or any such other person, whether or not on account of a related transaction. The Undersigned expressly agrees that the Undersigned shall be and remain liable, to the fullest extent permitted by applicable law, for any deficiency remaining after foreclosure of any mortgage or security interest securing indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The Undersigned shall remain obligated, to the fullest extent permitted by law, to pay such amounts as though the Borrower's obligations had not been discharged.

8. The Undersigned further agrees that the Undersigned shall be and remain obligated to pay indebtedness even though any other person obligated to pay indebtedness, including Borrower, has such obligation discharged in bankruptcy or otherwise discharged by law. "Indebtedness" shall include post-bankruptcy petition interest and attorneys' fees and any other amounts which Borrower is discharged from paying or which do not otherwise accrue to indebtedness due to Borrower's discharge, and the Undersigned shall remain obligated to pay such amounts as though Borrower's obligations had not been discharged.

9. If any payment applied by Lender to indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such indebtedness as fully as if such application had never been made.

10. Until the obligations of the Borrower to Lender have been paid in full, the Undersigned waives any claim, remedy or other right which the Undersigned may now have or hereafter acquire against Borrower or any other person obligated to pay indebtedness arising out of the creation or performance of the Undersigned's obligation under this guaranty, including, without limitation, any right of subrogation, contribution, reimbursement, indemnification, exoneration, and any right to participate in any claim or remedy the Undersigned may have against the Borrower, collateral, or other party obligated for Borrower's debts, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.

11. The Undersigned waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing indebtedness. Lender shall not be required first to resort for payment of the indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for indebtedness, before enforcing this guaranty.

12. The liability of the Undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the Undersigned to Lender as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

13. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the Undersigned. This guaranty shall be effective upon delivery to Lender, without further act, condition or acceptance by Lender, shall be binding upon the Undersigned and the heirs, representatives, successors and assigns of the Undersigned and shall inure to the benefit of Lender and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. Except as authorized by the terms herein, this guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Undersigned and Lender. This guaranty shall be governed by the laws of the State in which it is executed. The Undersigned waives notice of Lender's acceptance hereof.

GUARANTY

Mt. Pleasant
(City)

South Carolina
(State)

February 25, 2013

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Tidelands Bank

(herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of Love Taylor Properties, LLC
1738 Dartmoor Circle Charleston, SC 29407

(herein called "Borrower") or to engage in any other transactions with Borrower, the Undersigned hereby absolutely and unconditionally guarantees to Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A. If this ☒ is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: Promissory Note
of even date and amount numbered 25002600 and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

B. If this ☐ is checked, the Undersigned guarantees to Lender the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Lender (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several, or joint and several; all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness"). Without limitation, this guaranty includes the following described debt(s): _____

The Undersigned further acknowledges and agrees with Lender that:

1. No act or thing need occur to establish the liability of the Undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the Undersigned or modify, reduce, limit or release the liability of the Undersigned hereunder.

2. This is an absolute, unconditional and continuing guaranty of payment of the indebtedness and shall continue to be in force and be binding upon the Undersigned, whether or not all indebtedness is paid in full, until this guaranty is revoked by written notice actually received by the Lender, and such revocation shall not be effective as to indebtedness existing or committed for at the time of actual receipt of such notice by the Lender, or as to any renewals, extensions and refinancings thereof. If there be more than one Undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the Undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by Lender and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the Undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) or revoke this guaranty, then the Lender shall have the right to declare immediately due and payable, and the Undersigned will forthwith pay to the Lender, the full amount of all indebtedness, whether due and payable or unmatured. If the Undersigned voluntarily commences or there is commenced involuntarily against the Undersigned a case under the United States Bankruptcy Code, the full amount of all indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. The liability of the Undersigned hereunder shall be limited to a principal amount of \$ 25,000.00 (if unlimited or if no amount is stated, the Undersigned shall be liable for all indebtedness, without any limitation as to amount), plus accrued interest thereon and all other costs, fees, and expenses agreed to be paid under all agreements evidencing the indebtedness and securing the payment of the indebtedness, and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the Undersigned hereunder. The Lender may apply any sums received by or available to Lender on account of the indebtedness from Borrower or any other person (except the Undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the Undersigned hereunder. If the liability of the Undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the Undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Lender, advising the Lender that such payment is made under this guaranty for such purpose.

5. The Undersigned will pay or reimburse Lender for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Lender in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

This guaranty includes the additional provisions on page 2, all of which are made a part hereof.

This guaranty is ☒ unsecured; ☐ secured by a mortgage or security agreement dated _____;
☐ secured by _____.

IN WITNESS WHEREOF, this guaranty has been duly executed by the Undersigned the day and year first above written.

Melvin F. Schmidt
Melvin F. Schmidt

"Undersigned" shall refer to all persons who sign this guaranty, severally and jointly.



ADDITIONAL PROVISIONS

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all indebtedness; (ii) any one or more extensions or renewals of indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any indebtedness; (v) any discharge of any evidence of indebtedness or the acceptance of any instrument in renewal thereof or substitution thereof; (vi) any failure to obtain collateral security (including rights of setoff) for indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon indebtedness; (x) any election by the Lender under §1111(b)(2) of the United States Bankruptcy Code.

7. The Undersigned waives any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Undersigned will not assert, plead or enforce against Lender any defense of waiver, release, statute of limitations, res judicata, statute of frauds, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any indebtedness, or any setoff available against Lender to Borrower or any such other person, whether or not on account of a related transaction. The Undersigned expressly agrees that the Undersigned shall be and remain liable, to the fullest extent permitted by applicable law, for any deficiency remaining after foreclosure of any mortgage or security interest securing indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The Undersigned shall remain obligated, to the fullest extent permitted by law, to pay such amounts as though the Borrower's obligations had not been discharged.

8. The Undersigned further agrees that the Undersigned shall be and remain obligated to pay indebtedness even though any other person obligated to pay indebtedness, including Borrower, has such obligation discharged in bankruptcy or otherwise discharged by law. "Indebtedness" shall include post-bankruptcy petition interest and attorneys' fees and any other amounts which Borrower is discharged from paying or which do not otherwise accrue to indebtedness due to Borrower's discharge, and the Undersigned shall remain obligated to pay such amounts as though Borrower's obligations had not been discharged.

9. If any payment applied by Lender to indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such indebtedness as fully as if such application had never been made.

10. Until the obligations of the Borrower to Lender have been paid in full, the Undersigned waives any claim, remedy or other right which the Undersigned may now have or hereafter acquire against Borrower or any other person obligated to pay indebtedness arising out of the creation or performance of the Undersigned's obligation under this guaranty, including, without limitation, any right of subrogation, contribution, reimbursement, indemnification, exoneration, and any right to participate in any claim or remedy the Undersigned may have against the Borrower, collateral, or other party obligated for Borrower's debts, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.

11. The Undersigned waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing indebtedness. Lender shall not be required first to resort for payment of the indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for indebtedness, before enforcing this guaranty.

12. The liability of the Undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the Undersigned to Lender as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

13. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the Undersigned. This guaranty shall be effective upon delivery to Lender, without further act, condition or acceptance by Lender, shall be binding upon the Undersigned and the heirs, representatives, successors and assigns of the Undersigned and shall inure to the benefit of Lender and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. Except as authorized by the terms herein, this guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Undersigned and Lender. This guaranty shall be governed by the laws of the State in which it is executed. The Undersigned waives notice of Lender's acceptance hereof.

Marilyn T. Schmitt and Gregory E. Smith 1738 Bertmore Circle Charleston, SC 29407	Tidelands Bank 875 Lowcountry Blvd Mt. Pleasant, SC 29464	Gregory E. Smith Sharon F. Smith 4206 Colonel Vanderhorst Circle Mt. Pleasant, SC 29464
GUARANTOR'S NAME AND ADDRESS *Includes each guarantor above, jointly and severally.	LENDER'S NAME AND ADDRESS *For means the Lender, its successors and assigns.	BORROWER'S NAME AND ADDRESS *Borrower means each person above.

GUARANTY

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce you, at your option, to make loans or engage in any other transactions with borrower from time to time, I absolutely and unconditionally guarantee the full payment of the following debts (as defined herein) when due (whether at maturity or upon acceleration):

PRESENT DEBT GUARANTY

☒ I absolutely and unconditionally guarantee to you the payment and performance of the following described debt (including all renewals, extensions, refinancings and modifications) of the borrower: Promissory Note # 3618 9/15/96 for \$25,000.00

PRESENT AND FUTURE DEBT GUARANTY

☐ I absolutely and unconditionally guarantee to you the payment and performance of each and every debt, of every type and description, that the borrower may now or at any time in the future owe you including, but not limited to, the following described debts:

☐ I absolutely and unconditionally guarantee to you the payment and performance of each and every debt, of every type and description, that the borrower may now or at any time in the future owe you, up to the principal amount of \$_____ plus accrued interest, attorneys' fees and collection costs (whether permitted by law), and all other amounts agreed to be paid under all agreements evidencing the debt and securing the payment of the debt. You may, without notice, apply this guaranty to such debts of the borrower as you may select from time to time.

DEFINITIONS - As used in this agreement, the terms "I," "we," and "my" mean all persons signing this guaranty agreement, individually and jointly, and their heirs, executors, administrators and assigns.

The term "debt" means all debts, liabilities, and obligations of the borrower including, but not limited to, all amounts agreed to be paid under the terms of any notes or agreements securing the payment of any debt, liability or obligation, overdrafts, letters of credit, guaranties, advances for taxes, insurance, repairs and storage, and all extensions, renewals, refinancings and modifications of these debts (whether now existing or created or incurred in the future, due or to become due, or absolute or contingent, except for any obligations incurred by borrower after the date of this guaranty for which the borrower meets your standard of creditworthiness based on the borrower's own assets and income without the addition of a guaranty, or to which, although you require the addition of a guaranty, the borrower chooses someone other than me to guaranty the obligation).

APPLICABLE LAW - This agreement is governed by the law of the state in which you are located. Any term of this agreement that does not comply with applicable law will not be effective if that law does not expressly or impliedly permit variations by agreement. If any part of this agreement cannot be enforced according to its terms, this fact will not affect the balance of this agreement.

REVOCACTION - I agree that this is an absolute and continuing guaranty. If this guaranty is limited to the payment of a specific debt of the borrower described above, this agreement cannot be revoked and will remain in effect until the debt is paid in full. If this guaranty covers both the borrower's present and future debts, I agree that this guaranty will remain binding on me, whether or not there are any debts outstanding, until you have actually received written notice of my revocation or written notice of my death or incompetence.

Notice of revocation or notice of my death or incompetence will not affect my obligations under this guaranty with respect to any debts incurred by or for which you have made a commitment to borrower before you actually receive such notice, and all renewals, extensions, refinancings, and modifications of such debts. I agree that if any other person signing this agreement provides a notice of revocation to you, I will still be obligated under this agreement until I provide a notice of revocation to you. If any other person signing this agreement dies or is declared incompetent, such fact will not affect my obligations under this agreement.

OBLIGATIONS INDEPENDENT - I agree that I am obligated to pay according to the terms of this guaranty even if any other person has agreed to pay the borrower's debt. My obligation to pay according to the terms of this guaranty shall not be affected by the illegality, invalidity or unenforceability of any notes or agreements evidencing the debt, the violation of any applicable usury laws, forgery, or any other circumstances which make the indebtedness unenforceable against the borrower.

I will remain obligated to pay on this guaranty even if any other person who is obligated to pay the borrower's debt, including the borrower, has such obligation discharged in bankruptcy, foreclosure, or otherwise discharged by law. In such situations, my obligation shall include post-bankruptcy position interest and attorneys' fees and any other amounts which borrower is discharged from paying or which do not otherwise accrue to borrower's indebtedness due to borrower's discharge. I will also be obligated to pay you, to the fullest extent permitted by law, any deficiency remaining after foreclosure of any mortgage or security interest securing borrower's debt, whether or not the liability of borrower or any other obligor for such deficiency is discharged by statute or judicial decision. If any payments by borrower to you are thereafter set aside, recovered, rescinded, in whole or in part, are settled by you at your discretion, or are in any way recouped or recovered from you for any reason (including, without limitation, the bankruptcy, insolvency, or reorganization of borrower or any other obligor), then I am obligated to reimburse or indemnify you for the full amount you so pay together with costs, interest, attorneys' fees and all other expenses which you incur in connection therewith. I also agree that if my liability is limited to a stated principal amount (plus other agreed charges), you may allow the borrower to incur debt in excess of the specified amount and apply to the payment of such excess any amounts you receive for payment of the debt from the borrower or any other person, any amounts resulting from any collateral, or amounts received from any other source, without affecting my obligations under this agreement.

No modification of this agreement is effective unless in writing and signed by you and me, except that you may, without notice to me and without the addition of a signed writing or my approval: (1) release any borrower or other person who may be liable for borrower's debt, (2) release or substitute any collateral, (3) fail to perfect any security interest or otherwise impair any collateral, (4) waive or impair any rights you may have against any borrower or other person who may be liable for borrower's debt, (5) settle or compromise any claim against the borrower or any person who may be liable for the borrower's debt, (6) procure any additional security or persons who agree to be liable for borrower's debt, (7) delay or fail to pursue enforcement of the debt, (8) apply amounts you receive from the borrower or other persons to payment of the debt in any order you select, (9) make any election with respect to the debt provided by law or any agreement with any person liable for the debt, (10) exercise or fail to exercise any rights you have with respect to the debt, (11) extend new credit to the borrower, or (12) renew, extend, refinance or modify the borrower's debt on any terms agreed to by you and the borrower including, but not limited to, changes in the interest rate or in the method, time, place or amount of payment without affecting my obligation to pay under this guaranty.

WAIVER - I waive presentment, demand, protest, notice of dishonor, and notice of acceptance of this guaranty. I also waive, to the extent permitted by law, all notices, all defenses and claims that the borrower could assert, any right to require you to pursue any remedy or seek payment from any other person before seeking payment under this agreement, and all other defenses to the debt, except payment in full. You may without notice to me and without my consent, enter into agreements with the borrower from time to time for purposes of creating or continuing the borrower's debt as allowed by this guaranty. I agree that I will be liable, to the fullest extent permitted by applicable law, for any deficiency remaining after foreclosure (or repossession) and sale of any collateral without regard to whether borrower's obligation to pay such deficiency is discharged by law. If any payments on the debt are set aside, recovered or required to be returned in the event of the insolvency, bankruptcy or reorganization of the borrower, my obligations under this agreement will continue as if such payments had never been made.

I also waive and relinquish all present and future claims, rights, and remedies against borrower or any other obligated party arising out of the creation or my performance of this guaranty. My waiver includes, but is not limited to, the right of contribution, reimbursement, indemnification, subrogation, superation, and any right to participate in any claim or remedy you may have against the borrower, collateral, or other party obligated for borrower's debt, whether or not such claim, remedy, or right arises in equity, or under contract, statute or common law.

REMEDIES - If I fail to keep any promise contained in this agreement or any agreement securing this agreement, you may, make this agreement and the borrower's debt immediately due and payable, you may set-off this obligation against any right I have to receive money from you (however, you may not set-off against any accounts in which my rights are only as a fiduciary or my IRA or other tax-deferred retirement account), you may use any remedy you have under state or federal law, and you may use any remedy given to you by any agreement securing this agreement. If I die, am declared incompetent, or become insolvent (either because my liabilities exceed my assets or because I am unable to pay my debts as they become due), you may make the debt immediately due and payable.

COLLECTION COSTS - Except when prohibited by law, I agree to pay the reasonable costs and expenses you incur to enforce and collect this agreement, including attorneys' fees and court costs.

SECURITY - This guaranty is ☒ unsecured ☐ secured by _____

NOTICE TO COSIGNER

You are being asked to guarantee the debts described above. If you are making a "Present and Future Debt Guaranty" as identified above, you are being asked to guarantee present as well as future debts of the borrower entered into with this lender. Think carefully before you do. If the borrower doesn't pay these debts, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of these debts if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

The lender can collect these debts from you without first trying to collect from the borrower. The lender can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If these debts are ever in default, that fact may become part of your credit record.

In witness whereof, I have signed my name and affixed my seal on this 15th day of September, 2006, and, by doing so, agree to the terms of this guaranty and acknowledge having read the Notice to Cosigner.

Marilyn T. Schmitt (SEAL)
Marilyn T. Schmitt

(SEAL)

(SEAL)

(SEAL)



Marilyn T. Schmidt 514 Old Plantation Road Charleston, SC 29413	TideLands Bank 875 Lowcountry Blvd Mt. Pleasant, SC 29464	Gregory E. Smith Shayna E. Smith 4206 Colonel Vanderhorst Circle Mt. Pleasant, SC 29466
GUARANTOR'S NAME AND ADDRESS	LENDER'S NAME AND ADDRESS	BORROWER'S NAME AND ADDRESS
"I" includes each guarantor above, jointly and severally.	"You" means the lender, its successors and assigns.	"Borrower" means each person above.

GUARANTY

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce you, at your option, to make loans or unguaranteed in any other transactions with borrower from time to time, I absolutely and unconditionally guarantee the full payment of the following debts (as herein defined) when due (whether at maturity or upon acceleration):

PRESENT DEBT GUARANTY

☒ I absolutely and unconditionally guarantee to you the payment and performance of the following described debt (including all renewals, extensions, refinancing and modifications) of the borrower: **Promissory Note 09/10/08 \$5308 for \$25,000.00**

PRESENT AND FUTURE DEBT GUARANTY

☐ I absolutely and unconditionally guarantee to you the payment and performance of each and every debt, of every type and description, that the borrower may now or at any time in the future owe you, including, but not limited to, the following described debt(s):

☐ I absolutely and unconditionally guarantee to you the payment and performance of each and every debt, of every type and description, that the borrower may now or at any time in the future owe you, up to the principal amount of \$_____ and all accrued interest, attorneys' fees and collection costs enforceable thereto (when permitted by law), and all other amounts agreed to be paid under all agreements evidencing the debt and securing the payment of the debt. You may, without notice, apply this guaranty to such debts of the borrower as you may select from time to time.

DEFINITIONS - As used in this agreement, the terms "I," "we" and "my" mean all persons signing this guaranty agreement, individually and jointly, and their heirs, executors, administrators and assigns.

The term "debt" means all debts, liabilities, and obligations of the borrower (including, but not limited to, all amounts agreed to be paid under the terms of any notes or agreements securing the payment of any debt, liability or obligation, overdrafts, letters of credit, guarantees, advances for taxes, insurance, repairs and storage, and all extensions, renewals, refinancings and modifications of these debts) whether now existing or created or incurred in the future, due or to become due, or absolute or contingent, except for any obligations incurred by borrower after the date of this guaranty for which the borrower meets your standard of creditworthiness based on the borrower's own assets and income without the addition of a guaranty as for which, although you require a guaranty, the borrower chooses someone other than me to guaranty the obligation.

APPLICABLE LAW - This agreement is governed by the law of the state in which you are located. Any term of this agreement that does not comply with applicable law will not be effective if that law does not expressly or implicitly permit variations by agreement. If any part of this agreement cannot be enforced according to its terms, this fact will not affect the balance of this agreement.

REVOCATION - I agree that this is absolute and irrevocable and continuing guaranty. If this guaranty is limited to the payment of a specific debt of the borrower discussed above, this agreement cannot be revoked and will remain in effect until the debt is paid in full. If this guaranty covers both the borrower's present and future debts, I agree that this guaranty will remain binding on me, whether or not there are any debts outstanding, until you have actually received written notice of my revocation or written notice of my death or incompetence.

Notice of revocation or notice of my death or incompetence will not affect my obligations under this guaranty with respect to any debts incurred by or for which you have made a commitment to borrower before you actually receive such notice, and all renewals, extensions, refinancings, and modifications of such debts. I agree that if any other person signing this agreement provides a notice of revocation to you, I will still be obligated under this agreement until I provide a notice of revocation to you. If any other person signing this agreement dies or is declared incompetent, such fact will not affect my obligations under this agreement.

OBLIGATIONS INDEPENDENT - I agree that I am obligated to pay according to the terms of this guaranty even if any other person has agreed to pay the borrower's debt. My obligation to pay according to the terms of this guaranty shall not be affected by the illegality, invalidity or unenforceability of any notes or agreements evidencing the debt, the violation of any applicable usury laws, forgery, or any other circumstances which make the indebtedness unenforceable against the borrower.

I will remain obligated to pay on this guaranty even if any other person who is obligated to pay the borrower's debt, including the borrower, has such obligation discharged in bankruptcy, discharge, or otherwise discharged by law. In such situations, my obligation shall include post-bankruptcy portion interest and attorneys' fees and any other amounts which borrower is discharged from paying or which do not otherwise accrue to borrower's indebtedness due to borrower's discharge. I will also be obligated to pay you, to the fullest extent permitted by law, any deficiency remaining after foreclosure of any mortgage or security interest securing borrower's debt, whether or not the liability of borrower or any other obligor for such deficiency is discharged by statute or judicial decision. If any payments by borrower to you are thereafter set aside, recovered, rescinded, in whole or in part, are settled by you at your discretion, or are in any way recovered or recovered from you for any reason including, without limitation, the bankruptcy, insolvency, reorganization of borrower or any other obligor, then I am obligated to reimburse or indemnify you for the full amount you so pay together with costs, interest, attorneys' fees and all other expenses which you incur in connection therewith. I also agree that if my liability is limited to a stated principal amount (and other agreed changes), you may allow the borrower to incur debt in excess of the specified amount and apply to the payment of such excess any amounts you receive for payment of the debt from the borrower or any other person. Any amounts resulting from any collateral or amounts received from any other source, without affecting my obligations under this agreement.

No modification of this agreement is effective unless in writing and signed by you and me, except that you may, without notice to me and without the addition of a signed writing or my approval: (1) release any borrower or other person who may be liable for borrower's debt, (2) release or substitute any co-borrower, (3) fail to perfect any security interest or otherwise impair any collateral, (4) waive or impair any right you may have against any borrower or other person who may be liable for borrower's debt, (5) settle or compromise any claim against the borrower or any person who may be liable for the borrower's debt, (6) procure any additional security or persons who agree to be liable for borrower's debt, (7) delay or fail to pursue enforcement of the debt, (8) apply monies from the borrower or other person to payment of the debt in any order you select, (9) make any election with respect to the debt provided by law or any agreement with any person liable for the debt, (10) exercise or fail to exercise any rights you have with respect to the debt, (11) extend new credit to the borrower, or (12) renew, extend, refinance or modify the borrower's debt on any terms agreed to by you and the borrower (including, but not limited to, changes in the interest rate or in the method, time, place or amount of payment) without affecting my obligation to pay under this guaranty.

WAIVER - I waive presentment, demand, protest, notice of dishonor, and notice of acceptance of this guaranty. I also waive, to the extent permitted by law, all defenses and claims that the borrower could assert, any right to refuse you to pursue any remedy or seek payment from any other person before seeking payment under this agreement, and all other defenses to the debt, except payment in full. You may without notice to me and without my consent, enter into agreements with the borrower from time to time for purposes of creating or continuing the borrower's debt as allowed by this guaranty. I agree that I will be liable, to the fullest extent permitted by applicable law, for any deficiency remaining after foreclosure (or repossession) and sale of any collateral without regard to whether borrower's obligation to pay such deficiency is discharged by law. If any payments to you on the debt are set aside, recovered, or required to be returned in the event of the bankruptcy, insolvency, or reorganization of the borrower, my obligations under this agreement will continue as if such payments had never been made.

I also waive and relinquish all present and future claims, rights, and remedies against borrower or any other obligated party arising out of the creation or my performance of this guaranty. My waiver includes, but is not limited to, the right of contribution, reimbursement, indemnification, subrogation, exoneration, and any right to participate in any claim or remedy you may have against the borrower, collateral, or other obligated party for borrower's debts, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.

REMEDIES - If I fail to keep any promise contained in this agreement or any agreement securing this agreement, you may, make this agreement and the borrower's debt immediately due and payable, you may set off this obligation against any right I have to receive money from you (however, you may not set off against any accounts in which my rights are only as a fiduciary or my IRA or other tax-deferred retirement account), you may use any remedy you have under state or federal law, and you may use any remedy given to you by any agreement securing this agreement. If I die, am declared incompetent, or become insolvent (either because my liabilities exceed my assets or because I am unable to pay my debts as they become due), you may make the debt immediately due and payable.

COLLECTION COSTS - Except when prohibited by law, I agree to pay the reasonable costs and expenses you incur to enforce and collect this agreement, including attorneys' fees and court costs.

SECURITY - This guaranty is ☒ unsecured ☐ secured by _____

NOTICE TO COSIGNER

You are being asked to guarantee the debts described above. If you are making a "Present and Future Debt Guaranty" as identified above, you are being asked to guarantee present as well as future debts of the borrower entered into with this lender. Think carefully before you do. If the borrower doesn't pay these debts, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of these debts if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

The lender can collect these debts from you without first trying to collect from the borrower. The lender can use the same collection methods against you that can be used against the borrower, such as suing you, etc. If these debts are ever in default, that fact may become part of your credit record.

In witness whereof, I have signed my name and affixed my seal on this _____

10th day of September, 2008, and, by doing so, agree to the terms of this guaranty and acknowledge having read the Notice to Cosigner.

Marilyn T. Schmidt
Marilyn T. Schmidt

(SEAL)

(SEAL)

(SEAL)

(SEAL)



1 STATE OF SOUTH CAROLINA)
 2 COUNTY OF CHARLESTON) IN THE COURT OF COMMON PLEAS

3

4

CASE NO. 2013-CP-10-5324

5

6

TIDELANDS BANK,

7

Plaintiff,

8

-vs-

9

J.R. GREGORY VENTURES, LLC,
 MARILYN T. SCHMITT and the
 MERIDIAN OWNERS ASSOCIATION,
 INC.,

10

11

Defendants.

12

13

14

15

Given before Trisha G. Rarick, Court Reporter and Notary

16

Public, at the MOORE & VAN ALLEN, PLLC, 78 Wentworth Street,

17

Charleston, South Carolina, on Wednesday, April 2, 2014, at

18

11:07 a.m.

19

20

21

RAY SWARTZ & ASSOCIATES OF SOUTH CAROLINA

22

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1 A P P E A R A N C E S

3 ON BEHALF OF THE PLAINTIFF:

4 MOORE & VAN ALLEN, PLLC
BY: JOSEPH T. BELTON
5 78 Wentworth Street
Charleston, SC 29401
6 843.579.7000
josephbelton@mvalaw.com

8 ON BEHALF OF THE SCHMITT & J.R. GREGORY VENTURES:

9 MCGRATH LAW FIRM
BY: PETER G. MCGRATH
10 802 Johnnie Dodds
Mount Pleasant, SC 29464
11 843.606.2756
pmcgrath@mcgrathlawfirm.com

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2

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22

23

24

25

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1 MARILYN T. SCHMITT,
2 having been first duly sworn, was examined and testified as
3 follows:

4 EXAMINATION

5 BY MR. BELTON:

6 Q Good morning, Marilyn. My name is Joseph
7 Belton. I'm obviously working for Moore & VanAllen,
8 representing Tidelands Bank here in your deposition
9 today. If you can, just start off and state your
10 full name for the record for me.

11 A Marilyn T. Schmitt.

12 Q Okay. Great. We had a chance to talk
13 just briefly before the deposition, but just kind of
14 just basic ground rules for all depositions here.
15 If you ever need to take a break, please let me
16 know. I'll be happy to stop at any point in time.
17 Hopefully, we won't last tremendously long today.

18 Second thing is, if you can, with all
19 your responses, just verbally respond instead of
20 just kind of head motions and things like that,
21 because we are trying to take the record down.

22 Next, if there is a question that I
23 make kind of a compound question or if you don't
24 understand it, please stop me and ask me to repeat
25 it. I'll be happy to do.

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1 A Okay.

2 Q And then the last thing is, if we do take
3 a break, if you do talk to your lawyer at any point
4 in time during that kind of segment, I'll be able to
5 ask you some questions about that when we come back.
6 And at the very end of this deposition, you know,
7 you have a chance to waive or exercise your right to
8 review the deposition for grammatical accuracy and
9 things of that nature. You can talk with your
10 lawyer if you want to choose to do that. That
11 pretty much sets the stage.

12 Today, I just want to cover basically
13 three things. One, just some basic information
14 about J.R. Gregory Ventures, LLC, which my
15 understanding is the company that entered into these
16 loans. And then second, I just want to kind of
17 cover some basic information about yourself and your
18 family, nothing too personal, but just basically
19 related specifically to some of these transactions.
20 And then lastly, just kind of go through both
21 transactions and just kind of walk through each one.
22 Okay?

23 A Okay.

24 Q All right.

25 MR. MCGRATH: Why don't we say that we

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1 agree to the usual stipulations, right? I'm
2 licensed in several states. So I forget. So
3 all objections except as to form are preserved
4 for trial?

5 MR. BELTON: Yeah. That's fine.

6 MR. MCGRATH: Thank you.

7 MR. BELTON: Absolutely.

8 BY MR. BELTON:

9 Q And as far as today goes, I sent you -- I
10 sent your lawyer, I assume your new lawyer
11 representing you now, is Mr. Peter McGrath; is that
12 correct?

13 A Yes.

14 Q Okay. And Mr. -- I think his name is
15 William Jung, but he goes by Brad Jung, is no longer
16 representing you; is that correct?

17 A That is correct.

18 Q That's both in individual capacity, you,
19 and then also represented as well as the company
20 J.R. Gregory Ventures, LLC?

21 A Yes.

22 Q Okay. For today's deposition, I sent you
23 a couple of notices, which you probably received
24 through your lawyer and reviewed. One is a --
25 called a 30(b)(6) deposition notice, which I'll just

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1 send it over to you to just quickly review.

2 A Okay.

3 MR. BELTON: And I have copies, Peter, of
4 all of this stuff if you want to take a look at
5 it.

6 MR. MCGRATH: Yeah. She didn't bring
7 anything today, but she said she could gather
8 some stuff up and get it to you, if that's
9 okay.

10 MR. BELTON: Okay.

11 MR. MCGRATH: If you want more documents
12 but --

13 MR. BELTON: We can just mark these
14 respectively when you get a chance, just
15 Exhibit A and B after she gets done taking a
16 look.

17 (Plaintiff's Deposition Exhibit No. A
18 & B were marked for identification.)

19 BY MR. BELTON:

20 Q And what I'm showing you first are the
21 deposition notices for -- I have to refer to this.
22 We have two cases going on. They're pretty much
23 exactly the same as far as the substance of the
24 deposition today. But case number 2013-CP-10-5325.
25 So I'll just refer to that just for the record as

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1 5325 going forward.

2 So when you have had an ample
3 opportunity to kind of look through both of those
4 documents, let me know.

5 THE WITNESS: Okay. You have gone over
6 this also?

7 MR. MCGRATH: Uh-huh.

8 A Okay.

9 BY MR. BELTON:

10 Q Okay. And the second one as well?

11 A This one?

12 Q Yes, ma'am. What I'm showing you now is
13 what we labeled as Exhibit A, which is your
14 individual notice for today's deposition in case
15 number 5325.

16 A Okay.

17 Q Okay. So just to kind of recap these.
18 Exhibit A is your individual deposition for case
19 number 5325. Obviously, that's pretty
20 straightforward. You're here. The second one is a
21 little bit different. It's a 30(b)(6) deposition,
22 which under the rules of South Carolina -- and
23 again, this is also for case number 5325 -- you're
24 here today on behalf of the company, J.R. Gregory
25 Ventures, LLC, testifying and providing factual

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1 information to me on behalf of the company. Is that
2 your understanding?

3 A Yes.

4 Q Okay. And you're the most capable and the
5 individual with that information to testify on the
6 topics today for that company?

7 A Yes.

8 Q Correct? Okay. Great. What I'm showing
9 you now are Exhibits C and D.

10 (Plaintiff's Deposition Exhibit No. C
11 & D were marked for identification.)

12 BY MR. BELTON:

13 Q These are, essentially, exactly the same
14 as Exhibit A and B. Exhibit C is the deposition
15 notice -- the 30(b)(6) deposition notice for Gregory
16 Ventures, LLC, in relation to case number 5324, and
17 then Exhibit D is your individual deposition notice
18 also for case number 5324.

19 A Okay. That's pretty much the same.

20 Q Correct. Okay.

21 A And this is too. Just different number,
22 yeah. Okay.

23 Q Okay. And, again, the reason why we have
24 this is we have two separate transactions with two
25 separate case numbers and so -- and, again, same

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1 information to me on behalf of the company. Is that
2 your understanding?

3 A Yes.

4 Q Okay. And you're the most capable and the
5 individual with that information to testify on the
6 topics today for that company?

7 A Yes.

8 Q Correct? Okay. Great. What I'm showing
9 you now are Exhibits C and D.

10 (Plaintiff's Deposition Exhibit No. C
11 & D were marked for identification.)

12 BY MR. BELTON:

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17 then Exhibit D is your individual deposition notice
18 also for case number 5324.

19 A Okay. That's pretty much the same.

20 Q Correct. Okay.

21 A And this is too. Just different number,
22 yeah. Okay.

23 Q Okay. And, again, the reason why we have
24 this is we have two separate transactions with two
25 separate case numbers and so -- and, again, same

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1 question I asked you just a second ago, but now in
2 relation to case number 5324. You're here again
3 today to testify on behalf of J.R. Gregory Ventures,
4 LLC, in that matter, correct?

5 A Yes.

6 Q Okay. All right. Now that we have got
7 that out of the way, we'll kind of move on to more
8 substantive questions. All right. I'd like to just
9 kind of focus on these first few moments on just the
10 J.R. Gregory Ventures, LLC, and then your testimony
11 in the capacity, not you necessarily individually,
12 but on behalf of the company.

13 Why -- if you can remember, why was
14 this company formed? What was the first purpose of
15 the company?

16 A It was formed for the purpose of buying
17 and selling properties.

18 Q Okay. Did it only engage in buying and
19 selling properties?

20 A Yes.

21 Q Okay. Was it for residential or
22 commercial or both contexts?

23 A Basically -- well, I don't really know. I
24 guess --

25 Q Okay.

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- 1 A -- I don't know the answer to that.
- 2 Q Was J.R. Gregory Ventures, LLC, a South
3 Carolina formed entity?
- 4 A Yes.
- 5 Q Okay. Did you assist with forming that,
6 or did someone assist in forming the company?
- 7 A My son helps me with a lot of matters.
- 8 Q Okay. In an LLC, there are members of the
9 LLC, correct?
- 10 A Correct.
- 11 Q Okay. Who are -- they both -- kind of
12 thinking past and present, who have been and who are
13 the members of J.R. Ventures, LLC? If there's been
14 a change, you can kind of make that distinction.
- 15 A As far as I know, I'm the only member.
- 16 Q Okay. So you own the company?
- 17 A Yes. I own the company.
- 18 Q Okay. And your son does not own the
19 company?
- 20 A No. He does not.
- 21 Q And his name is?
- 22 A Gregory E. Smith.
- 23 Q Okay. Does Gregory live -- is he a
24 resident here in Charleston?
- 25 A He lives in Mount Pleasant.

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1 Q Mount Pleasant? Okay. Other than
2 yourself as a member of the LLC, has anybody helped
3 you run the company as a manager, as an officer of
4 the company, employee of the company, since it's
5 been formed?

6 A My son helps me in an advisory position
7 only. He's not an employee. He's not a member. He
8 only helps me as my son.

9 Q Okay. Does he receive any compensation
10 for his help?

11 A No.

12 Q Okay. So if you have a question, you'll
13 call and ask him --

14 A Right.

15 Q -- and he'll respond? Okay. And that has
16 always been the case, past and up until present?

17 A Yes.

18 Q Okay. Again, just basic information. The
19 address of the company that you have listed. Can
20 you provide that for me?

21 A We used Greg's address, 4206 Colonel
22 Vanderhorst Circle, Mount Pleasant, South Carolina.

23 Q Okay. So all correspondence goes to his
24 address?

25 A Yes.

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1 Q Okay. And he provides whatever he
2 receives to you?

3 A Yes.

4 Q Okay. Are there any companies that are
5 kind of related to it? You know, sometimes
6 companies have, you know, subsidiaries or other
7 companies that are kind of tied in or maybe they're
8 series LLCs where, you know, it'll own one property,
9 and then another one will own another property. Is
10 that like that, or this just -- this is the only
11 company?

12 A Just J.R. Gregory.

13 Q Okay. LLC, that's it?

14 A LLC, correct.

15 Q Okay. Is the company still a going
16 concern? Does it still operate? Do you still
17 conduct business with the entity?

18 A No.

19 Q Okay. When was the last time that you
20 conducted any business with the company, any sort of
21 operations, anything going on whatsoever with it?

22 A The only thing has been through the
23 Meridian Condominium that we purchased.

24 Q Okay.

25 A And we purchased that with the intent of

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1 flipping it, and because we weren't able to sell it,
2 just rented it.

3 Q Okay. And for taxes, do you file whatever
4 needed information either on your personal tax
5 return as a schedule I guess, or is there a separate
6 a tax return for the company?

7 A Separate tax return.

8 Q Okay. Who is your accountant or
9 accounting company that handles that?

10 A I just use some tax --

11 Q Like a TurboTax or something like that?

12 A Yeah. Like a TurboTax.

13 Q Okay. So you file --

14 A Yeah. I just file myself.

15 Q -- for yourself?

16 A Yes.

17 Q Okay. Great. And do you have all the
18 records and stuff like that for all your filings?

19 A Yes.

20 Q Okay. Business records for the company,
21 you know, accounting statements, banking
22 information, any of that sort of thing that you can
23 think of that would be related to the company, do
24 you know where that would be located? So, for
25 instance, your information -- when you formed your

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1 entity -- I'm just kind of giving you an example
2 here -- you got probably a certificate from the
3 Secretary of State saying, hey, I'm a valid company,
4 your articles of organization, all those sorts of
5 things. Where do you keep those documents?

6 A My house.

7 Q Okay. Are there any kind of LLC documents
8 located anywhere else other than your house?

9 A No.

10 Q Okay. Right now, does the company have
11 any assets?

12 A No.

13 Q And I'll define assets. I'll start off by
14 saying, does it own any real property right now?

15 A I think there's another piece of property
16 that's Kiawah River Estates, a lot, that is also
17 under J.R. Gregory.

18 Q Okay. So J.R. Gregory has the deed to a
19 piece of property in Kiawah River Estates context?

20 A Right, yes.

21 Q Okay. Any other property that it has
22 title --

23 A No.

24 Q Okay. Does it have any other sort of
25 assets, personal property? Does it own any

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1 vehicles? Does it have any --

2 A No.

3 Q -- sort of office equipment, supplies?

4 Anything -- you can kind of use your imagination
5 here, but anything that would be -- if you were
6 going to put on a schedule of items that you would
7 list for that company?

8 A No.

9 Q Okay. Just to kind of subject -- does it
10 have any investments anywhere?

11 A No.

12 Q Okay. Does your son have any records or
13 anything at all at his home currently related to the
14 company?

15 A Not to my knowledge.

16 Q Okay. Other than the two transactions
17 that we're here today -- that we're going to talk
18 about a little bit later, has J.R. Gregory engaged
19 in any other sort of business deals, any other
20 loans, transactions for property, whatsoever? And,
21 again, that's kind of a broad question, but I'll
22 kind of feel you out and see. Other than the two
23 Tideland's transactions that we're here today?

24 A I'm not sure I understand what you're
25 asking me.

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1 Q Okay. You indicated the purpose of the
2 company was to invest in property.

3 A Correct, yes.

4 Q I just wanted to kind of walk through from
5 the time the company was formed until now, what
6 business the company has conducted. So I'll just
7 kind of start there. So, for instance, what
8 properties have you decided to invest in?

9 A We have purchased properties -- lots. We
10 purchased lots, and then we resold them.

11 Q Okay. So flipping?

12 A Flipping, yeah.

13 Q Have you -- when you purchase the lot, do
14 you purchase and hold the lot and sell it, or do you
15 purchase and try to build a home on it?

16 A No. I purchase it and try to sell it as
17 quickly as possible.

18 Q Okay. So far, all the business has just
19 been purchasing raw land and selling it?

20 A Yes.

21 Q Okay. If you can remember, I know we're
22 going back to the mid 2000s with this stuff, because
23 I don't know the amount -- how many lots you
24 purchased and sold, how much activity there's been.
25 But if you can, can you kind of give me a little

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1 history of how many lots maybe you've purchased and
2 sold? And if it's a lot, maybe a ballpark figure.

3 A I don't remember that right off the top of
4 my head. I don't think -- I don't think it was more
5 than three, maybe two, maybe three. I'm not sure.
6 I'm not sure of that.

7 Q Okay. So two or three lots that you've
8 purchased?

9 A Yes.

10 Q Is that in addition to, or does that
11 include --

12 A That's in addition to the Meridian.

13 Q The Meridian incident. Okay.

14 A And then the Haulover.

15 Q Okay. So other than the two transactions
16 that we're talking about today, there have been two
17 or three other transactions that you've entered into
18 using J.R. Gregory, LLC?

19 A Yes.

20 Q Okay. Have you had to take out loans for
21 those other transactions?

22 A The one -- the Haulover lot, I took out a
23 loan for that.

24 Q Okay. Let's --

25 A And the other ones, let's see. I'm -- I

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1 don't remember. I'm not sure exactly, but I think I
2 did. I think I took out loans on those and then
3 flipped them and then paid. That's the best of
4 my --

5 Q Okay --

6 A -- memory.

7 Q Well, let's go back and try to do it --
8 since there's only three of them, if you can
9 remember maybe the first piece of property that you
10 remember buying. And it's okay if you don't
11 remember all the details. Let's kind of walk
12 through and try to compartmentalize each transaction
13 the best you can. I won't try to get too detailed,
14 but -- so the first one that you remember was which
15 piece of property, where and when?

16 A Oh, my goodness. First piece of property.
17 Maybe -- well, let's see. I think the first piece
18 of property was in -- was a Park West lot.

19 Q Okay.

20 A I think there were two lots in Park West.

21 Q Okay.

22 A And we flipped those, and we purchased
23 them and sold them rather quickly.

24 Q When you say we, you mean --

25 A Me and the entity, J.R. Gregory.

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1 Q Okay. So J.R. Gregory purchased those
2 lots?

3 A Yes.

4 Q Do you remember if you paid cash, or if
5 you had to -- you know, if you talked to a bank to
6 help you out with that -- with those lots or not?

7 A It would have been Tideland, because
8 Tideland is the only bank that I have dealt with.

9 Q Okay. So any of these transactions would
10 have been --

11 A Would have been through Tideland.

12 Q Okay. So no other banks that you would
13 have --

14 A No.

15 Q -- signed loans with or mortgages with?

16 A No.

17 Q Okay. All right. For each of those other
18 real estate transactions that you've mentioned, were
19 you the individual that if there were loans to be
20 signed, contracts to be entered into, were you the
21 one that signed on behalf of --

22 A J.R. Gregory.

23 MR. MCGRATH: Well, hang on. Wait for him
24 to finish the answer.

25 THE WITNESS: Oh, I'm sorry.

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1 MR. MCGRATH: And wait till he's spoken
2 every word and then --

3 THE WITNESS: Okay. I'm sorry.

4 MR. MCGRATH: -- answer.

5 BY MR. BELTON:

6 Q Sorry. Just to recap again. For the
7 other real estate transactions that you mentioned,
8 the two, three or four, roughly, transactions that
9 you entered into in addition to the two that we're
10 talking about today, were you the individual that
11 signed on behalf -- reviewed the loan documents and
12 executed either the notes, mortgages or contracts on
13 behalf of J.R. Gregory?

14 A On behalf of J.R. Gregory, yes.
15 Everything I did was on behalf of J.R. Gregory, LLC.

16 Q Okay. For those other transactions that
17 we're not here about today, do you remember if you
18 were required to sign a guaranty for any of those
19 other transactions?

20 A No personal --

21 Q A personal guaranty?

22 A No personal guarantees. Only J.R. Gregory
23 Ventures. That's the only thing that I dealt with.

24 Q Okay. So if I'd ask the bank to -- when I
25 say the bank, Tidelands, to produce or have you

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1 produce, even if you can, that would be great, you
2 can send over -- since there's only two or three,
3 just the loan documents for those, what you're
4 telling me is I won't be seeing a guaranty as part
5 of that real estate loan?

6 A I made no guarantees personally.

7 Q Okay. Let me kind of leave the J.R.
8 Gregory stuff now, and we'll kind of just move on to
9 personally. And again, some of this stuff, I'm just
10 trying to get an idea of a little bit of your work
11 history, a little bit of your family. And again,
12 just kind of who the players are in town if we ever
13 have to -- and again, we're obviously dealing with
14 money. So the bank is concerned about repayment.
15 So some of those questions kind of deal with that,
16 and that's the purpose for it.

17 First off, what is your current
18 address?

19 A 1738 Dartmoor Circle, Charleston, South
20 Carolina 29407.

21 Q Okay. And are you married?

22 A Yes.

23 Q Okay. What is your husband's name?

24 A Arthur F. Schmitt, Jr.

25 Q Okay. Do you have any children?

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- 1 A Yes.
- 2 Q How many children?
- 3 A Two.
- 4 Q Okay. What are their names?
- 5 A Gregory E. Smith and Julie Koos.
- 6 Q Okay.
- 7 A Julie Smith Koos I think she goes by.
- 8 Q Okay. And we already know that Gregory
- 9 lives in Mount Pleasant. Where does Julie live?
- 10 A She lives at 7 Mizzen Mast Road, I think
- 11 it's called, in Charleston.
- 12 Q Okay. Any other family in the area?
- 13 A No.
- 14 Q Okay. Any organizations that you're a
- 15 part of and passionate about, nonprofits or anything
- 16 like that?
- 17 A No organizations.
- 18 Q Okay. Other than J.R. Gregory Ventures,
- 19 LLC, have you presently or in the past ever started
- 20 any other companies? I'll just start as far as you
- 21 individually owning a company. Have you ever
- 22 engaged in that before?
- 23 A I formed another LLC.
- 24 Q Okay. What is the name of that LLC?
- 25 A Love Taylor Properties, LLC.

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1 Q Okay. And is that a South Carolina LLC?

2 A Yes.

3 Q Okay. And when was that formed?

4 A That was formed when I inherited my
5 mother's house, and I wanted to put it up as a
6 rental property. And so I formed Love Taylor
7 Properties to handle that business procedure.

8 Q Okay. Did anybody advise you to do that,
9 or did you just decide to do it?

10 A I just decided to do it.

11 Q Okay. Did you end up selling that house
12 through the company?

13 A No. I moved into it.

14 Q Oh, you moved into it?

15 A Yeah.

16 Q Okay. So the house is titled in Love
17 Taylor Properties?

18 A It was titled Love Taylor Properties, and
19 then I put my name also on the title. Because I
20 wanted to get the -- what do you call, the senior
21 citizens' discount. So I put my name on it as well.

22 Q Okay. Other than that purpose, is there
23 any other purpose for the LLC, the Love Taylor
24 Property, LLC?

25 A No.

1 Q No other business? Okay. And you signed
2 all the documents related to that transaction on
3 behalf of Love Taylor Properties?

4 A Yes.

5 Q Are you the only member of that LLC?

6 A Yes.

7 MR. MCGRATH: I'm sorry. Let me just
8 object for the record. I think I might object
9 as to relevance just for the record, and
10 because it -- we've gone beyond where we are.
11 I guess let me just say openly, Marilyn, you
12 told me yesterday you weren't sure. So you
13 want to be real careful.

14 A Okay. Well, here's what we did --

15 MR. MCGRATH: And --

16 A I put like my son and my daughter as like
17 1 percent on each LLC for inheritance purposes.

18 BY MR. BELTON:

19 Q Okay. So --

20 A I mean they're not members or anything. I
21 just put like 1 percent so they would be covered.
22 It was just something that I thought would protect
23 them as far as the inheritance was concerned.

24 Now --

25 MR. MCGRATH: Honestly, it sounds like she

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1 doesn't really know.

2 BY MR. BELTON:

3 Q Okay. Do you have a --

4 MR. MCGRATH: I don't want to be
5 misleading. You know, I don't want her to say
6 something that's not accurate. So you should
7 tell him if you don't really know. You're not
8 a lawyer, right?

9 THE WITNESS: No. I'm not a lawyer.

10 BY MR. BELTON:

11 Q All right. So let's just kind of make
12 sure I understand. For all of these LLCs -- let's
13 start with the Love Taylor LLC that we're talking
14 about.

15 A Uh-huh.

16 Q You formed the company here in South
17 Carolina?

18 A Yes.

19 Q You are the only member of the company?

20 A Yes.

21 Q For that particular company, there's no
22 other managers, officers, employees, anything like
23 that whatsoever? It's just you?

24 A Just me.

25 Q Okay. Are you the only one that files

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1 taxes regarding that company?

2 A Yes.

3 Q Do you have any written agreements with
4 any of your family members regarding that company?

5 A No.

6 Q Okay. Just going back to J.R. Gregory,
7 LLC. Again, we've already -- I assume, do you want
8 to change any information that you've already
9 testified regarding J.R. Gregory, LLC, with respect
10 to the fact that you're --

11 A The 1 percent to my daughter -- 1 percent
12 to my daughter, 1 percent to my son on both of my
13 LLCs. I did that. I didn't assume -- I mean I
14 didn't think that that was making them any part as
15 far as member or any person that received any
16 compensation for that. They received no
17 compensation. They're not part of any
18 decision-making. They're not part of the company.
19 I am the entity.

20 The entity is in my name only, and I
21 make all the decisions. So I just did that just
22 for --

23 Q When you say you did that, was there a
24 written agreement, or is that just something you've
25 kind of verbally --

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1 A No. That's just something that I have
2 decided myself. That's what I wanted to do.

3 Q Okay. There's nothing in writing to that?

4 A I don't remember putting anything in
5 writing. There may be something in writing, but I
6 can't answer for sure.

7 MR. MCGRATH: Let me just say, I don't --
8 if you don't really know, you should say I
9 really don't know.

10 A Okay. I really don't know.

11 MR. MCGRATH: Because you've said they are
12 a member, and then they're not a member. So
13 what -- I think Joe and I are both confused for
14 as lawyers, right? So I mean --

15 A Well, they're not a member.

16 MR. MCGRATH: If it's something you don't
17 really know what --

18 MR. BELTON: Let's just continue on --

19 MR. MCGRATH: Yeah.

20 MR. BELTON: -- and then we'll kind of
21 hash it out.

22 BY MR. BELTON:

23 Q So as far as the Love Taylor, LLC, again,
24 all the business related to that company, you have
25 handled, you have done, you've personally handled?

1 A Yes.

2 Q Okay. Any other LLCs that you've started,
3 created, or companies, corporations, anything like
4 that, any other entities that you've formed or
5 created?

6 A Yes. I have one more.

7 Q Okay. What's that one?

8 A Business Team Builders.

9 Q Okay. Is that an LLC or an Inc.?

10 A LLC.

11 Q Okay. Is that a South Carolina LLC?

12 A Yes.

13 Q When about was that formed?

14 A I don't remember, because I operated it as
15 a sole proprietor for a while and then changed it
16 over to an LLC.

17 Q Okay. But if I look on the South
18 Carolina's Secretary of State's website, it'll most
19 likely show up?

20 A Right.

21 Q Okay. What's the purpose of that company?

22 A That company is an entity that my husband
23 and I -- he is an expert witness for Social Security
24 disability. And so we operate that to handle the
25 business that he does for the government.

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1 Q Okay. So you both own that LLC?

2 A No. We don't both own it. I only -- I
3 solely own it. He is the contractor on the -- on
4 the contract with the government. It's my name as
5 the owner, but he's the one that does -- he's the
6 expert witness.

7 Q Okay. So you're the single member, the
8 only member?

9 A Uh-huh. Yes.

10 Q You own the equity in the company to the
11 extent it has any?

12 A Yes.

13 Q And he is your contract help?

14 A Yes.

15 Q Okay. So again, on behalf of the company,
16 you're the only one that signs any agreements?

17 A Yes.

18 Q Do you have a written agreement with your
19 husband with respect to this company?

20 A No.

21 Q Okay. Have you had to obtain any
22 financial assistance, bank loans, anything like that
23 related to this company?

24 A No.

25 Q Okay. All right. Other than the LLCs

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1 that we've already covered, any other companies that
2 you started?

3 A No.

4 Q Okay. In the past -- this includes not
5 just presently but in the past as well.

6 A No.

7 Q Okay. Just briefly I guess, and you don't
8 have to be extensive about it, but it sounds like
9 you're a business woman. Other than these LLCs,
10 what other sort of business have you engaged in
11 throughout your career? I just want to kind of get
12 an idea.

13 A Let's see. Well, I worked as a makeup
14 artist.

15 Q Okay. Was that your own business, or was
16 that for somebody?

17 A No. I worked for Chanel.

18 Q Okay. Was that here in Charleston, or was
19 that someplace else?

20 A Here in Charleston.

21 Q Okay.

22 A Mostly, I just take care of paperwork for
23 my husband and me for the business that he
24 generates.

25 Q And the business that he generates, you're

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1 referring to what business?

2 A The work that he's done as a consultant,
3 and so we list ourselves on our tax returns as
4 consultants.

5 Q Okay.

6 A We're consultants for human resource type
7 functions.

8 Q Okay. So the paperwork that you handle
9 for your husband, is that related -- is that
10 something separate, or is that the same as that --

11 A That basically was Business Team Builders
12 as a sole proprietorship, and so we worked as
13 consultants under --

14 Q So you do the paperwork for Team Builders?

15 A Yes. I have also done other things. I
16 have conducted seminars.

17 Q For?

18 A For Business Team Builders as a consultant
19 to businesses. For instance, a business may want to
20 have a seminar for their employees concerning how to
21 dress, and so I had a seminar that I called Dress
22 For Success that I just --

23 Q Okay.

24 A -- conducted seminars for that. We also
25 worked for Page Bailey Institute when we lived in

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1 Oregon, and we worked there with Page Bailey to work
2 with people who were dealing with pain management
3 and things of that sort.

4 Q Okay. Just kind of circle back around
5 again, and I'll just kind of scoop up some of these
6 things that you just mentioned. As far as the
7 paperwork goes, I just want to make sure I'm kind of
8 keeping things -- the paperwork for Team Builders,
9 which was a sole proprietorship?

10 A Uh-huh.

11 Q Which was you and your husband basically
12 just kind of doing the work, right?

13 A Right. Yes.

14 Q And then you actually formed an entity?

15 A Yes.

16 Q Correct?

17 A Yes.

18 Q And as far as anything goes, you're the
19 owner of that?

20 A Yeah. I formed the entity. Basically, I
21 made the decision that it would be beneficial
22 tax-wise if we formed this entity.

23 Q Okay. But the paperwork that you
24 indicated before is related to that company?

25 A The billing, yes, and the recordkeeping

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1 and the paying of the taxes and any sort of
2 correspondence between companies, I basically took
3 care of.

4 Q Okay. So you handle any sort of
5 administrative, secretary function, any signing --
6 anything that needed to be signed?

7 A Yes.

8 Q Handling any financial information, making
9 sure things get paid?

10 A Yes.

11 Q Okay. And do you have all those records
12 at your house?

13 A Yes.

14 Q Okay. Are the records anyplace else
15 regarding that company?

16 A No.

17 Q Okay. Businesses and paperwork for
18 anything else other than Team Builders, anything
19 that you handle?

20 A No.

21 Q Okay. All right. So the seminars that
22 you mentioned, Dress for Success, was that recent?
23 Was that --

24 A That's been several years ago.

25 Q Okay. Have you had any recent seminars

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1 that you've put on?

2 A No.

3 Q Okay. And then the Page Bailey Institute,
4 what sort of company or institution was that? Like
5 what was the purpose of that?

6 A That was for the purpose of pain
7 management.

8 Q Okay.

9 A It was -- Page Bailey Institute was a
10 company that was formed by Page Bailey in order to
11 assist people with an overall healthy attitude and a
12 way of managing chronic pain that people had. And
13 so we discussed diet and, you know, positive
14 attitude and positive affirmations, and things of
15 that sort, we would have -- conduct classes with
16 these people and --

17 Q Okay. Other than the real estate
18 transactions that we've previously talked about
19 related to J.R. Gregory, have you had to go to the
20 bank for a loan for any other purpose or for any
21 other business?

22 A No.

23 Q Okay. It sounds like you're on sound mind
24 right now, but have there been any medications or
25 anything like that within -- you know, since 2006

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1 that you have been on that would put you in a
2 position and not understand kind of the work that
3 you have been doing?

4 A No.

5 Q Okay. Just assume for a second that there
6 was a judgment against -- you know, the judgment
7 comes against the company, J.R. Gregory. How would
8 the company pay back that debt to Tidelands? How do
9 you suppose that they would do that?

10 A The company has no money.

11 Q And you don't expect them to engage in any
12 future business?

13 A No.

14 Q You don't individually expect, and you're
15 telling me, to fund any additional business for that
16 company?

17 A No.

18 Q If a judgment is against you on the
19 guaranty, how do you expect to pay back?

20 MR. MCGRATH: That's what I would object,
21 and let me object to the relevance. I think
22 the asset information is not relevant yet, but
23 you can answer after the objection is on the
24 record.

25 MR. BELTON: Okay.

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1 A I don't have the means to pay.

2 BY MR. BELTON:

3 Q Okay. I realize your lawyer may object to
4 some of these questions, but I just wanted to kind
5 of ask a few related to those sorts of questions.
6 And again, I'll try to be as quick as possible, and
7 as soon as I get done with this, we'll move on to
8 the transactions. And I think those are probably
9 straight-forward questions. So if you want to take
10 a break now, we can. If you want to keep on
11 rolling.

12 MR. MCGRATH: You all right?

13 A Keep on rolling.

14 BY MR. BELTON:

15 Q Okay. Any real property that you own,
16 let's start individually, by yourself? This is not
17 only just in Charleston, South Carolina. I'm saying
18 anywhere.

19 A Okay. There were -- there's a property in
20 Florida that my sister and I inherited. However, my
21 sister has now passed away, and my sister had a son
22 and a daughter. So I assumed that they own her part
23 in that, but like there's a lot in Poinciana. It's
24 worth about \$2,000 as of recently.

25 Q Okay. So the piece of property in Florida

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1 is a raw piece of land?

2 A Yes.

3 Q Okay.

4 A And it was -- it's supposed to be a
5 community where people can buy a lot and then build
6 later on.

7 Q Okay.

8 A However, it was a joke, because when I
9 went down to Florida and looked at it, it wasn't
10 developed at all. They're charging me all these
11 fees, HOA fees, for nothing. There's no water, no
12 electricity, no roads cut through, no nothing.

13 Q That's terrible.

14 A And so I have paid on that thing for years
15 and years and years, and when I looked at it, I said
16 why am I paying on this? This is awful.

17 Q Okay. So the property is in an HOA
18 regime?

19 A Yeah.

20 Q It's still -- do you know if there are any
21 HOA liens or assessments?

22 A Yes. They've put a lien on me, because I
23 refuse to pay any more money.

24 Q Okay. And where --

25 A And I wrote them a letter, and I said when

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1 you start -- when you put roads through there and
2 put water and electricity, then I'll pay your HOA
3 fees, but I'm not paying you for nothing. And so
4 they put a lien on it. So they've got a \$1,500 lien
5 on a \$2,000 lot.

6 Q So you own a fractional piece of that
7 property to the extent that --

8 A Right. I think I'm going to ship it all
9 to my son-in-law and let him deal with it if he
10 wants it.

11 Q Where in Florida is that again? I'm
12 sorry.

13 A Poinciana.

14 Q Poinciana.

15 A Which is I think just outside of Orlando,
16 somewhere around Orlando.

17 Q Okay. Any other pieces of property that
18 you own a joint interest in or by yourself?

19 A Yeah. There was another lot that my
20 stepfather bought, and it's worth I think about
21 maybe \$500 as of, I don't know, late -- I don't
22 know. I get a tax statement for a couple of
23 dollars, but it's in the center of a piece -- a
24 larger piece of property that is a hunting area, and
25 this is a lot in the center of that with no access.

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1 So you can't sell it. So what are you going to do
2 with it?

3 Q Where is that?

4 A But there's no HOA fees or anything on
5 that. That's just I get a tax bill for \$5.

6 Q Where is that located?

7 A It's somewhere in Florida. I don't
8 remember the exact address.

9 Q Okay. But you could get that for me if we
10 needed it?

11 A Yeah. You want it?

12 Q I'm just asking. So you -- okay.
13 Anything else? How about your current home, your
14 current residence?

15 A I own that except for there is a loan with
16 Tideland on that --

17 Q Okay.

18 A -- for I think 120.

19 MR. MCGRATH: Let me object again. It's
20 deeded to the LLC.

21 A Right. That's true. It's deeded to the
22 LLC, so --

23 Q Okay. So J.R. Gregory owns --

24 A No. Love Taylor.

25 Q Love Taylor. Okay.

1 A Love Taylor owns this.

2 Q That's the one you were talking about

3 earlier?

4 A Yes.

5 Q Okay. I understand now. Okay. Is that

6 the university of properties that you have any --

7 A Well, let's se. I own a timeshare.

8 Q Okay.

9 A I have no idea how much that's worth.

10 That's Bluegreen.

11 Q Is Bluegreen the development or the --

12 A That's the company that manages it. It's

13 supposed to be at The Lodge Alley Inn.

14 Q Okay. Is that downtown?

15 A Yeah. Downtown.

16 Q Okay. So it's one of those --

17 A It's one of those where you -- where I

18 have seven days.

19 Q Okay.

20 A I own seven days.

21 Q Okay. I got you. Do you know the address

22 for the one that you have a timeshare on?

23 A Lodge Alley Inn.

24 Q Okay. Is there a unit number?

25 A No. It's seven days.

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1 Q Okay. I see. So all the information on
2 that, you got it for seven days?

3 A Seven days.

4 Q Okay. Is that it as far as real property?

5 A That's it.

6 Q Okay.

7 A Not a pretty picture, huh?

8 Q Some of these are -- well, I'll just kind
9 of go down the list, and we'll shoot from the hip.
10 Cash on hand, if I look in your bank account,
11 ballpark, how much is sitting in there, raw cash?

12 A Let's see.

13 MR. MCGRATH: Objection.

14 A I don't know exactly.

15 BY MR. BELTON:

16 Q Okay. Bank accounts where you have
17 checking and savings accounts, what banks do you use
18 for those?

19 A Tideland and First Federal.

20 Q Okay. If we need to, you can get us
21 account numbers for those bank accounts, correct?

22 A Yes.

23 Q Okay. Do you have any investment
24 accounts?

25 A No.

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1 Q Any IRAs?

2 A No.

3 Q Retirement accounts?

4 A Nope.

5 Q Life insurance policies?

6 A I don't. My husband has two or three

7 little bitty ones, but I don't.

8 MR. MCGRATH: The question was, do you
9 have any life insurance policies.

10 A No.

11 BY MR. BELTON:

12 Q Are you the beneficiary of any life
13 insurance policies?

14 A Yes.

15 Q Okay. Is that your husband's?

16 A Uh-huh.

17 Q Okay. Do you know roughly how much that
18 would be?

19 A Around 15,000, something like that. I'm
20 not sure exactly.

21 Q Okay. Stocks, bonds, any investments with
22 portfolios?

23 A No.

24 Q Okay. Security deposits?

25 A No.

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1 Q Okay. Annuities?

2 A No.

3 Q Okay. You're making this easy.

4 A Bottom line is, I have nothing.

5 Q Okay. What is your income stream right
6 now? Where does it come from on a monthly basis
7 roughly?

8 A My income stream basically comes from
9 Business Team Builders, what my husband generates
10 through that contract with Social Security. I have
11 my Social Security check. He has his retirement
12 funds that come also into -- it all goes into BTB.

13 Q How much do you roughly make on a monthly
14 basis in Business Team Builders on average? How
15 much did you make last year? How about that?

16 A I think last year it was around 70,000,
17 but I don't know that it will be that much this year
18 because they've cut back.

19 Q Do you have any sort of passive
20 investments? This would be where you own an
21 interest in another LLC, another company again --

22 A No.

23 Q -- using that 1 percent interest, you
24 know, deal with your children where you have an
25 interest. You're not actively managing it, you're

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1 not running it but you --

2 A I have nothing else.

3 Q Okay. Does anyone owe your business money
4 that hasn't paid? When I say your business, Team
5 Builders?

6 A No.

7 Q Okay. Nothing other than the normal
8 accounts receivable?

9 A Exactly, yes. That's true, only what is
10 generated every month.

11 Q What kind of vehicles do you have? When I
12 say vehicles, I'm including cars, boats.

13 A My husband leases a car. I lease a car.
14 We don't own anything.

15 Q Okay. This is more of a debtor's
16 question, but any sort of personal property in your
17 house that has significant value, artwork, coin
18 collections, anything like that that can be sold and
19 liquidated for not --

20 A Not really.

21 Q Okay.

22 MR. MCGRATH: Again, Joe, pardon me. Let
23 me just speak to that on the record so we
24 understand each other. So I just object to any
25 of the private financial information. My

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1 thought was there's some case law that says
2 that during the litigation prior to a judgment,
3 asset information is not discoverable. But I
4 understand what you're doing, and I want to be
5 cooperative. So I just want to put that on the
6 record.

7 MR. BELTON: That's why I was trying not
8 to go too detailed into it. If we need to, I
9 just got a general idea kind of --

10 MR. MCGRATH: Yeah. I understand. And
11 she has nothing to hide, so --

12 A I really have nothing.

13 BY MR. BELTON:

14 Q Okay. All right.

15 A I'm really very poor at this point.

16 Q Do you want to keep rolling or take a
17 quick break?

18 MR. MCGRATH: Keep going.

19 A I'm good.

20 BY MR. BELTON:

21 Q All right. Let's move on. I'll start off
22 with, just for the record, case number 5324, which,
23 frankly, I look at both of these, and I get kind of
24 confused because the captions are very, very
25 similar. But this is Tideland Bank dealing with

1 Meridian Owners Association, not the Kiawah River
2 transaction, which we'll cover next. I just kind of
3 wanted to walk through this transaction, but as far
4 as the J.R. Gregory Ventures, LLC, it seems pretty
5 straight-forward to me. There was -- I'll just kind
6 of mark this as Exhibit E.

7 (Plaintiff's Deposition Exhibit No. E
8 was marked for identification.)

9 MR. BELTON: I don't know if you've seen
10 these, Peter, but I think these were previously
11 sent to --

12 MR. MCGRATH: Did she answer these?

13 MR. BELTON: She did. Here, I'll give you
14 a second set. If you guys could take a quick
15 look at them real quick.

16 MR. MCGRATH: I have not seen these.
17 That's why I'm saying that.

18 MR. BELTON: We can go off the record for
19 a second.

20 (Off-the-record discussion.)

21 BY MR. BELTON:

22 Q Okay. Back to in case 5324. This case,
23 as you kind of alluded to earlier, Ms. Schmitt, was
24 a -- one of the real estate transactions that J.R.
25 Gregory Ventures, LLC, entered into with Tideland

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1 Bank, correct?

2 A Yes.

3 Q Okay. What I've just provided you was the
4 March 22th, 2006, note for the principal amount of
5 \$201,050, by and between J.R. Gregory Ventures, LLC,
6 as the obligor and Tidelands bank?

7 A Yes.

8 MR. BELTON: Okay. We've put this in the
9 complaint, and I don't think that there's any
10 mystery to it. I don't know if, Peter, you
11 have seen the complaint and --

12 MR. MCGRATH: I have seen this one.

13 BY MR. BELTON:

14 Q But the long story short, maybe we can
15 make that as Exhibit F, and then in addition with F,
16 and this is going to get a little bit long, but this
17 note was renewed a few times, correct?

18 A Uh-huh.

19 Q All right. Let's see here. Looks like it
20 was renewed two times. The first renewal here was
21 on July 10th, 2007. We'll make that the next
22 exhibit in line.

23 (Plaintiff's Deposition Exhibit No. F
24 was marked for identification.)

25

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1 A Yes.

2 BY MR. BELTON:

3 Q Okay. And the note -- again, this is loan
4 number 140170300, was, again, renewed on August 1st,
5 2008. Mark that as the next exhibit.

6 (Plaintiff's Deposition Exhibit No. G
7 was marked for identification.)

8 A Uh-huh.

9 BY MR. BELTON:

10 Q And it was, again, last time renewed on
11 September 24th, 2010?

12 A Uh-huh.

13 Q When you say uh-huh, you agree that that's
14 a yes?

15 A Yes.

16 Q Okay. And for each of -- the original
17 note, talking about the March 22nd, 2006, note, and
18 in each of the renewals that we've identified in
19 Exhibits -- I think it's F through I, all the notes.

20 (Plaintiff's Deposition Exhibit No.
21 H-I were marked for identification.)

22 BY MR. BELTON:

23 Q You would agree, as indicated in your
24 responses to our request to admit -- I shouldn't say
25 that you, individually -- excuse me, you signed on

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1 behalf of J.R. Gregory Ventures, LLC, for each of
2 those notes?

3 A Yes.

4 Q And you understood what those notes -- the
5 terms and conditions of those notes?

6 A Yes.

7 Q Okay. And the purpose of the note was to
8 acquire a raw lot; is that correct?

9 A Yes.

10 Q Okay. And then so in addition to the note
11 and the renewed note that we've already went over,
12 J.R. Gregory also entered into a mortgage with
13 Tidelands Bank to secure the note on the property
14 you were buying?

15 A This is the Haulover lot you're talking
16 about?

17 Q This is the property located -- I think
18 there are two pieces of property in the Meridian
19 Horizontal Property regime, that that mortgage --

20 A One is for the garage.

21 Q Correct.

22 A And one is for the condo.

23 Q Correct.

24 A Yeah. Because I have two separate tax
25 bills.

1 Q Correct. And again, you signed on behalf
2 of J.R. Gregory Ventures, LLC, for the mortgage?

3 A Correct, yes.

4 Q Okay.

5 (Plaintiff's Deposition Exhibit No. J
6 was marked for identification.)

7 BY MR. BELTON:

8 Q Okay. Based on your answers -- based on
9 your response and your answers to the request for
10 admission that we provided, which if I can just kind
11 of get these marked for the record.

12 (Plaintiff's Deposition Exhibit No.
13 K-L were marked for identification.)

14 BY MR. BELTON:

15 Q I think you have already had that
16 previously supplied by yourself, Ms. Schmitt, and
17 counsel --

18 A Yes.

19 Q -- the request to admission that we
20 provided you and then your answers.

21 A Yes.

22 Q And so just kind of looking at your
23 answers real quick, I don't think that there's any
24 question that you agree that J.R. Ventures not only
25 entered into these notes that we've already

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1 discussed, correct?

2 A Correct.

3 Q And the mortgage as well, they enter into
4 that. They -- the company failed to pay on the note
5 as required. Is that -- you agree with that?

6 A Yes.

7 Q Okay. The company is in default?

8 A Yes.

9 Q And you agree that they owe money under
10 those notes, the company owes money?

11 A Yes.

12 Q Okay. And as far as the bank's right to
13 foreclose on the mortgage, which is -- I'm sorry.
14 The mortgage is those two pieces of property that
15 we've identified. Do you agree that the bank has a
16 right to do that as well based on the default?

17 A Yes.

18 Q Okay. There's no objection that they
19 hadn't done anything properly with respect to the
20 foreclosure on the property? Like they haven't
21 conducted the foreclosure correctly or in accordance
22 with the expectations in the loan documents?

23 A Is that a yes or a no? I don't
24 understand.

25 Q I just wanted to make sure. The reason

1 why I bring that up is you indicated in your
2 affirmative defenses, and maybe this was just kind
3 of stuck in there, that Tideland failed to conform
4 its prior foreclosure proceedings in accordance with
5 applicable South Carolina law. But you don't have
6 any information that backs that up is what I'm
7 saying.

8 A I don't have any information.

9 Q Okay. Also in your -- these are your
10 affirmative defenses, and I don't know if counsel
11 has had a chance to review these. You've kind of
12 raised a few other ones, and so I was just curious
13 on kind of what information or evidence you have to
14 kind of support your affirmative defense. You
15 indicate in the complaint that the plaintiff should
16 be barred because we failed to mitigate our damages,
17 if any. What did you mean by that?

18 MR. MCGRATH: If you know.

19 A I don't know.

20 BY MR. BELTON:

21 Q Okay. So right now, you don't know of
22 anything that we could have done to mitigate our
23 damages?

24 A I don't know how to answer that.

25 Q Okay. As far as the calculation of

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1 damages that we've indicated in the complaint
2 against J.R. Gregory, which -- and as of the filing
3 of the complaint, it was \$191,494.82, just right out
4 of the complaint. That includes attorneys fees and
5 costs and things of that nature to foreclose on the
6 property. So that debt figure, do you agree that
7 that's the correct amount that's owed to the bank as
8 a result of the default by J.R. Gregory not paying
9 on the note?

10 A Yes.

11 Q Okay. So that is -- you agree that that's
12 the correct number?

13 A You're reading it. So I assume that's
14 correct.

15 Q Okay. All right. So I'll move away from
16 J.R. Gregory, LLC, and just kind of ask you a couple
17 of questions about the guaranty. Take a look at
18 this. I think we're on M. Guaranty will be Exhibit
19 M.

20 (Plaintiff's Deposition Exhibit No. M
21 was marked for identification.)

22 BY MR. BELTON:

23 Q You've had a chance to review the
24 guaranty, which is Exhibit M?

25 A Yes.

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1 Q Okay. At the bottom of page 1 of the
2 guaranty, is that your signature?

3 A Yes.

4 Q Okay. And at the bottom of page 2, is
5 that your initial?

6 A Yes.

7 Q Okay. And you would agree -- or would you
8 agree that this guaranty, as indicated by the
9 information on the top, relates to the loan of March
10 22nd, 2006, between J.R. Gregory Ventures, LLC, and
11 Tideland Bank that we've discussed a few moments
12 ago?

13 A Yes.

14 Q Okay. So you have agreed you signed the
15 guaranty, you agree that this guaranty is a part of
16 the real estate loan transaction with J.R. Gregory
17 Ventures, LLC, and Tideland Bank. Do you -- is
18 that -- so far am I correct?

19 A Uh-huh, yes.

20 Q Okay. But would you also agree that
21 you're obligated on this guaranty, as a result of
22 signing this guaranty, to pay Tideland Bank for the
23 debt of J.R. Gregory --

24 A J.R. Gregory Ventures, LLC, is responsible
25 for paying this debt.

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1 Q Okay.

2 A That I signed this as representative of
3 that entity, and so J.R. Gregory is the responsible
4 entity.

5 Q Okay. You anticipated my next question,
6 which was going to be, why do you believe you are
7 not personally responsible as a result of signing
8 this guaranty to pay -- to J.R. Gregory -- excuse
9 me, pay Tideland Bank?

10 A I formed the company under an LLC so that
11 it would be covered as far as being any guarantor or
12 anything, because that's the entity that made the
13 loan. So that's the entity that's responsible for
14 paying it.

15 Q Uh-huh. Do you understand that the terms
16 of this guaranty obligate you personally for that
17 debt if J.R. Gregory Ventures, LLC, is not able to
18 perform?

19 MR. MCGRATH: Objection.

20 A I never --

21 BY MR. BELTON:

22 Q You can still answer. He's objected.

23 A Okay. I never intended anything of that
24 nature, never intended to be personal guarantor.

25 Q Okay. Did you have a chance to read this

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1 document before you signed it?

2 A Most of these documents are so lengthy
3 that I don't read every word. I'm sorry to say I
4 don't read every word.

5 Q Okay. That's related to the guaranty. So
6 you may have read it. You may not have read all of
7 it. You just --

8 A I probably skimmed it somewhat.

9 Q Okay. Does it say anywhere on this
10 guaranty or indicate anywhere that you -- that you
11 were signing on behalf of the company, on behalf of
12 J.R. Gregory Ventures, LLC?

13 A Does it say that I was?

14 Q Does it say anywhere on there that you
15 signed this on behalf of J.R. Gregory Ventures, LLC?

16 A Well, it says member on there, which I
17 assume means that I'm signing as representative of
18 J.R. Gregory Ventures.

19 Q Okay. Does it indicate the company
20 anywhere?

21 A It doesn't say company, but it says
22 member. And it says unsecured.

23 Q Uh-huh.

24 A And it says at the top J.R. Gregory
25 Ventures.

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1 Q Okay.

2 A So it says -- yeah. Between Tidelands and
3 J.R. Gregory, and I'm signing as member.

4 Q Uh-huh. And you wrote member right beside
5 your name?

6 A Yes.

7 Q Okay.

8 A I thought that was what I was supposed to
9 do.

10 Q Did you have anybody assist you with these
11 loan -- with this loan? Was your son there? Was a
12 lawyer there representing you?

13 A I had -- I had -- probably my son was
14 there. I could not swear to it, but the bank people
15 were all there and giving me these papers to sign.
16 So I assumed that I was signing it in accord with my
17 LLC.

18 Q Was there a closing lawyer -- was there
19 any lawyer there at all representing you kind of --

20 A Let's see. The only lawyer that the bank
21 and I have interacted with is -- what's his name?
22 His name escapes me at the moment. What is his --
23 I'm sorry. It escapes me at the moment. He's the
24 lawyer that the bank deals with for all the
25 transactions that I've dealt with. I can see his

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1 face, but I can't recall his name.

2 Q Okay.

3 A Sorry.

4 Q Okay. Let me just move on to the next
5 case, and it's pretty much -- I'll try to cut
6 through it a little bit quicker since you have
7 already walked through --

8 A You know everything about me now.

9 Q I got it all. All right. This next one,
10 I'll just kind of hand the documents to have
11 exhibits put on, and then I'll just kind of ask a
12 general question. If you could bear with me a
13 second.

14 (Plaintiff's Deposition Exhibit No.
15 N-R were marked for identification.)

16 BY MR. BELTON:

17 Q This is for case number 5325. And, again,
18 Marilyn, I just want to kind of walk through the
19 transaction, but to kind of shorten the questioning,
20 we're dealing with the same two parties, Tideland
21 Bank and J.R. Gregory Ventures, LLC. I'll just
22 refer to it as J.R. Gregory so I don't have to say
23 the whole name anymore. It's getting tiresome to do
24 so.

25 Okay. For this second transaction,

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1 if you can, take a look at the note and mortgage,
2 which are exhibits --

3 A This one?

4 Q Yes, ma'am. I'm not really sure, but they
5 should be one right after the other. Looks like
6 maybe a P?

7 A Uh-huh.

8 Q And Q?

9 A Q, uh-huh.

10 Q So I think there is just one note. There
11 wasn't a renewal note.

12 A So this is just two, just P and Q?

13 Q Yes. P and Q. P should be the note, and
14 Q should be the mortgage.

15 A Okay.

16 Q If I'm correct on that. And the note
17 should be -- I'm referring to the March 30th, 2010,
18 note for the principal amount of \$77,000, and the
19 mortgage is also dated March 30th, 2010. And it's
20 securing one piece of property, 4220 Haulover Drive,
21 Charleston?

22 A Yes.

23 Q Okay. Let me know after you have had a
24 chance to quickly review --

25 (Off-the-record discussion.)

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1 BY MR. BELTON:

2 Q So as far as the note on, as P, you've had
3 a chance to review that, Ms. Schmitt?

4 A Uh-huh, yes.

5 Q Okay. And again, the purpose of that
6 was -- the note was J.R. Gregory's efforts to
7 acquire a piece of property?

8 A Yes.

9 Q Okay. And as mentioned in the prior case,
10 did you sign on behalf -- did you sign that note on
11 behalf of J.R. Gregory?

12 A Yes.

13 Q Okay. The mortgage, Exhibit Q, did you
14 also sign that mortgage on behalf of J.R. Gregory?

15 A Yes.

16 Q Okay. And that was to secure the property
17 that I mentioned just a second ago -- excuse me.
18 That was to secure the note with the property at
19 4220 Haulover Drive, Charleston?

20 A Yes.

21 Q Okay. If you could switch gears for a
22 second and take a look at the two previous exhibits.
23 I don't have them in front of me. Maybe they're O
24 and --

25 A O and N.

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1 Q O and N, and what they should represent
2 are request to admissions -- Tidelands request to
3 admissions to both J.R. Gregory and yourself,
4 individually. And then next exhibit, which is I
5 guess is N, is your responses to our request for
6 admissions?

7 A Yes.

8 Q When I say your, I mean both J.R.
9 Gregory's and your individual response.

10 A Exactly. So this is saying request for
11 admission, and so this is -- on number 3, I'm
12 denying that. That says in 3 that I admit that I
13 delivered the plaintiff a guaranty. I would never
14 guaranty personally anything that I was purchasing.

15 Q So I'll ask you some questions about it,
16 but I just wanted you to take a look it so you can
17 feel comfortable with it before I start asking you
18 some questions.

19 A Okay. Okay.

20 Q Okay? All right. Just like before, I
21 just wanted to kind of focus in on J.R. Gregory for
22 a second. Based on your answers to our request for
23 admission, like in the other case, it's my
24 understanding that you agree that J.R. Gregory
25 failed to pay, as required under the terms of the

1 note?

2 A Yes.

3 Q I don't have the exhibit in front of me,
4 but it's exhibit -- the note exhibit.

5 A P.

6 Q So J.R. Gregory failed to pay under the
7 terms of the note, which is exhibit P?

8 A Correct.

9 Q Okay.

10 A Yes.

11 Q And as a result, they triggered a default
12 under both the note and the mortgage, which was
13 Exhibit Q, correct?

14 A Yes.

15 Q Okay. So you agree that J.R. Gregory owes
16 money to Tidelands Bank as a result of that failure
17 to pay?

18 A Yes.

19 Q Okay. And as indicated in the complaint,
20 the outstanding amount due on that note, as of the
21 date that the complaint was filed, was \$71,874.85,
22 together with -- this is with interest as of the
23 contract date from April 2nd until paid, plus
24 charges, attorneys fees and things of that nature as
25 required by the note. Do you agree with that

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1 figure? Do you have -- I should say?

2 A Yes.

3 Q Okay. So no information to dispute that?

4 Okay.

5 A No.

6 Q Okay. As before, you answered our
7 complaint with some affirmative defenses. Again,
8 maybe your lawyer just kind of put some stuff in
9 there. I just wanted to make sure that you also
10 agree that you don't have any information as far
11 as -- strike that.

12 You agree that Tideland has followed
13 proper procedures in foreclosing on the property as
14 a result of J.R. Gregory's failure to pay on the
15 note?

16 A Yes.

17 Q Okay. And at this moment, do you have any
18 information at all that would -- you indicated in
19 the affirmative defenses that the bank has failed to
20 mitigate its damages. Do you have any -- what did
21 you mean by that? Do you have any information --
22 strike that.

23 How could have Tidelands mitigated
24 its damages as you've claimed in your affirmative
25 defenses?

1 A I don't know how to answer that.

2 Q Okay. Let me move on to the guaranty.

3 A The guaranty is R.

4 Q Okay. R. You have had a chance to review
5 that guaranty?

6 A I see that, yes.

7 Q Okay. Let me know when you're ready to
8 go.

9 A Okay.

10 Q Okay. Is that your signature at the
11 bottom of page 1 of Exhibit R?

12 A Yes.

13 Q Okay. Are those your initials on page --
14 bottom of page 2 of Exhibit R?

15 A Yes.

16 Q Okay. Would you agree that this guaranty
17 is a part of the note and mortgage loan transaction
18 which were identified as P and Q?

19 MR. MCGRATH: Objection. Go ahead. If
20 you can answer it, you can answer it.

21 BY MR. BELTON:

22 Q Let me rephrase. Did you sign this
23 guaranty at the same time or within the same time
24 that you signed -- that you signed -- excuse me.
25 Did you sign this guaranty on the same day that J.R.

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1 Ventures entered into the note identified as Exhibit
2 P with Tidelands Bank?

3 A I have no way of knowing that.

4 Q Okay. Well, let me ask you this. Does
5 the guaranty, Exhibit R, reference the same loan
6 number as Exhibit P, which is loan number 1404 --

7 A Wait a minute. Let me find it. 1404773.
8 I think this is -- yeah. Okay.

9 Q Okay. And the liability on the
10 guaranty -- the principal amount of the liability on
11 the guaranty of \$77,000 matches the same principal
12 amount of the note on Exhibit P; is that correct?

13 A Yes.

14 Q Okay. Why do you believe that you're not
15 obligated on this guaranty to Tidelands Bank as a
16 result of the default of J.R. Gregory's failure to
17 pay on the note?

18 A I acquired this loan under J.R. Gregory
19 Ventures, LLC. Therefore, I assumed that J.R.
20 Gregory Ventures, LLC, would be the entity that
21 would be responsible for the payment of this, not
22 me, as -- not me, personally, but my LLC would be
23 responsible. Because that's who it was -- that's
24 the name it was put in.

25 Q Okay.

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1 A I see how I wasn't paying attention
2 obviously.

3 Q Okay. Same question as before. Did you
4 have a chance to read this particular document,
5 Exhibit R, the guaranty?

6 A I apparently skimmed it, as I do most of
7 them, because there's a considerable amount of
8 writing here.

9 Q Okay. Did you have anybody help you with
10 this particular loan transaction?

11 A No.

12 Q Okay.

13 A I needed help, obviously, but I didn't
14 have anybody.

15 MR. BELTON: Okay. I don't have any
16 further questions at this moment. I may want
17 to just kind of kind skim through stuff, but
18 I'll turn it over to your lawyer if he chooses
19 to ask any.

20 EXAMINATION

21 BY MR. MCGRATH:

22 Q Okay. Yeah. Just briefly, Marilyn. At
23 the closing table, there was a lawyer that was there
24 for the lender, right, if you remember?

25 A Yes.

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1 Q And you did not have a lawyer, right?

2 A No. I did not.

3 Q And the lender prepared all the documents,
4 right?

5 A Yes.

6 Q Your lawyer didn't prepare any of the
7 documents, did they?

8 A No.

9 Q And nowhere else in the entire document is
10 there any reference to you being personally
11 obligated on either loan, is there?

12 A No.

13 Q Is there any document that you've seen
14 anywhere, and I could go through them one by one,
15 where you were personally signing anywhere?

16 A No.

17 Q I mean the commitment letter, the loan
18 agreement to purchase and sale, the title review,
19 the credit check we think is all in the name of the
20 entity, right?

21 A Yes.

22 Q So they were non-recourse loans at the
23 time?

24 A Yes.

25 Q And it was at the height of the real

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1 estate market, in '06, when the condo loan was made,
2 right?

3 A Yes.

4 Q And talk to us briefly about your
5 Meridian -- your concerns about Meridian's liability
6 or wrongdoing. Joe might want to know that, just
7 for the record.

8 A Yeah. Well, I had rented the condo, and
9 under the terms of the lease that I made with the
10 renter, the payments were to be made to Tidelands
11 Bank, which would have kept the loan current and up
12 to date as far as payments were concerned. And so
13 the person that moved in and rented it, made all
14 their checks to the Tidelands.

15 Now, the Meridian, they decided that
16 they were going to do a sheriff's sale for the HOA
17 fees, and so somebody from the Meridian bought it at
18 the sheriff's sale. And then they didn't get the
19 deed registered or recorded. So they just had --
20 what do you -- a quick claim or whatever. And so
21 they come over and put a notification on the door,
22 notified the tenant that they had to move out, that
23 they were suing them or making them move out.

24 So they had to then go before the
25 judge, and -- or it was a magistrate, and the

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1 magistrate said, well, the Meridian is the owner.
2 They weren't the owner. I was the owner on the
3 record, but they said they were the owner. And so
4 they evicted my tenant, and she had one week to get
5 out, which was awful.

6 They said if she wasn't out in one
7 week, her furniture would be on the street. This
8 was not a pretty picture, and so she had to run
9 around town trying to find a place and got a place
10 twice the amount of rent that she was paying at the
11 Meridian.

12 And so now that I didn't have my
13 renter in there, I don't have the means to make that
14 payment, as you can see from my bank accounts. I
15 don't have it. And so by it being rented, then
16 everything would have not gone into default. It
17 would have been fine, but Meridian is the one that
18 created this mess, and they're the ones that created
19 the mess with the bank too.

20 MR. BELTON: Okay. Thank you for telling
21 me that.

22 MR. MCGRATH: Thank you.

23 MR. BELTON: I don't think I have any
24 further questions.

25 THE WITNESS: That haulover lot, you want

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1 to know why that's not sold? Because the
2 people out there won't allow any for-sale
3 signs. They won't let anybody go in there, and
4 we tried and tried and tried -- tried with all
5 of our might to sell that lot, and they were
6 selling at one point.

7 And we fully expected to sell it, but then
8 the market crashed, and nobody was buying
9 anything. And I couldn't sell it, couldn't
10 sell it, couldn't sell it, and so I had no
11 income.

12 MR. MCGRATH: Thank you.

13 (Deposition was concluded at 12:39 p.m.)

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RAY SWARTZ & ASSOCIATES (843) 821-6755

IN THE COURT OF COMMON PLEAS

COURT FILE NO. 13-CP-10-5325

TIDELANDS BANK,

Plaintiff,

VS.

**J. R. GREGORY VENTURES, LLC,
MARILYN T. SCHMITT, KIAWAH
RIVER ESTATES PROPERTY
OWNERS' ASSOCIATION, INC.,
TOWN OF SEABROOK ISLAND
UTILITY COMMISSION AND THE
MERIDIAN OWNERS
ASSOCIATION, INC.,**

Defendants.

**SECOND AMENDED
NOTICE OF DEPOSITION OF
MARILYN T. SCHMITT**

TO: WILLIAM B. JUNG, ESQUIRE, PETER G. McGRATH, ESQUIRE, ATTORNEY FOR
DEFENDANTS J. R. GREGORY VENTURES, LLC, AND MARILYN T. SCHMITT.

PLEASE TAKE NOTICE that, pursuant to Rule 30 of the South Carolina Rules of Civil Procedure, the Plaintiff, will take the deposition of Marilyn T. Schmitt, on Wednesday, April 2, 2014, beginning at 11:00 a.m., at the offices of Moore & Van Allen, PLLC, 78 Wentworth Street, Charleston, South Carolina 29401, before a court reporter or other person authorized to swear witnesses and transcribe testimony. The deposition will continue from day to day until complete or recessed by mutual agreement of counsel. You are hereby invited to be present and examine the witnesses as you may be advised in the premises.



MOORE & VAN ALLEN, PLLC

W. Gregory Pearce (SC Bar No. 4392)

Joseph T. Belton (SC Bar No. 71993)

78 Wentworth Street

Charleston, SC 29401

Telephone: (843) 579-7000

Facsimile: (843) 579-7099

gregpearce@mvalaw.com

josephbelton@mvalaw.com

ATTORNEYS FOR TIDELANDS BANK

CHARLESTON, SC
March 11, 2014

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
COUNTY OF CHARLESTON	)	COURT FILE NO. 13-CP-10-5325
TIDELANDS BANK,	)	
	)	
Plaintiff,	)	
	)	CERTIFICATE OF SERVICE
vs.	)	
	)	
J. R. GREGORY VENTURES, LLC,	)	
MARILYN T. SCHMITT, KIAWAH	)	
RIVER ESTATES PROPERTY	)	
OWNERS' ASSOCIATION, INC.,	)	
TOWN OF SEABROOK ISLAND	)	
UTILITY COMMISSION AND THE	)	
MERIDIAN OWNERS	)	
ASSOCIATION, INC.,	)	
Defendants.	)	

This is to certify that I have this date served a true and correct copy of **Second Amended Notice of Deposition of Defendant Marilyn T. Schmitt** on the parties identified below by e-mail and U.S. Mail with sufficient postage properly affixed thereto, to:

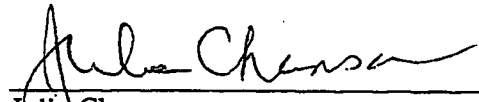
William B. Jung, Esquire
1156 Bowman Road, Suite 200
Mount Pleasant, SC 29464

Peter G. McGrath, Esquire
McGrath Law Firm, PA
802 Johnnie Dodds Blvd.
Mt. Pleasant, SC 29464
Attorney for Defendants J.R. Gregory Ventures, LLC,
and Defendant Marilyn T. Schmitt

Stephen L. Brown, Esquire
Young Clement Rivers, LLP
P.O. Box 993
Charleston, SC 29402
Attorneys for Defendant, Town of Seabrook Island Utility Commission

C/A #13-CP-10-5325

John Joseph Dodds, III
The Law Firm of Cisa & Dodds, LLP
858 Lowcountry Blvd., Suite 101
Mt. Pleasant, SC 29464
Attorneys for Defendant, The Meridian Owners Association


Julie Chanson

CHARLESTON, SC
March 20, 2014

STATE OF SOUTH CAROLINA)

COUNTY OF CHARLESTON)

TIDELANDS BANK,)

Plaintiff,)

vs.)

J. R. GREGORY VENTURES, LLC,)
MARILYN T. SCHMITT, KIAWAH)
RIVER ESTATES PROPERTY)
OWNERS' ASSOCIATION, INC.,)
TOWN OF SEABROOK ISLAND)
UTILITY COMMISSION AND THE)
MERIDIAN OWNERS)
ASSOCIATION, INC.,)

Defendants.)

IN THE COURT OF COMMON PLEAS

COURT FILE NO. 13-CP-10-5325

**SECOND AMENDED
NOTICE OF RULE 30(b)(6) DEPOSITION
OF J.R. GREGORY VENTURES, LLC**

TO: WILLIAM B. JUNG, ESQUIRE, PETER G. McGRATH, ESQUIRE, ATTORNEY FOR
DEFENDANTS J. R. GREGORY VENTURES, LLC, AND MARILYN T. SCHMITT.

PLEASE TAKE NOTICE that, pursuant to Rule 30(b)(6) of the South Carolina Rules of Civil Procedure, on Wednesday, April 2, 2014, beginning at 11:00 a.m., at the offices of Moore & Van Allen, PLLC, 78 Wentworth Street, Charleston, South Carolina 29401, before a court reporter or other person authorized to swear witnesses and transcribe testimony, the Plaintiff will take the oral deposition of the designated representative(s) of J.R. Gregory Ventures, LLC most knowledgeable of the allegations set forth in the Foreclosure Complaint and Answer as more fully set forth below.

The following terms used herein are defined as indicated below and these definitions are to be applied to these terms wherever they appear herein.

DEFINITIONS

1. "You" or "your" refers to Defendant J.R. Gregory Ventures, LLC, and its affiliates, its employees, agents, attorneys, accountants, consultants, and other persons acting or purporting to act on their behalf.



2. "Person" as used herein includes any natural person, firm, association, joint venture, business trust, company, corporation, governmental or public entity, or any other form of legal entity (or any combination or division of the foregoing), including in the case of a partnership, company, corporation, business association, the natural person responsible or in custody of the information sought.

3. "Identity", with respect to a person, means to state the full name, social security number, present or last known business and residence addresses, the name and address of last known employer, and the position held at the time to which the answer refers. With respect to a corporation, trust, partnership, company, or other business entity, the term "Identity" means to state the full name, business address, and persons who have knowledge of the matter.

4. "Third parties" mean any individual entity or persons not Defendant.

SUBJECT MATTER

Examination of J.R. Gregory Ventures, LLC, shall concern the following matters as to which Defendant shall designate one or more officers, directors, managing agents, employees, or other persons to testify on its behalf, their particular knowledge, which matters shall include:

I. IDENTIFICATION

1. The Identity of all Persons whom Defendant has contacted to give testimony in this litigation and the nature of their testimony;

2. The Identity of all Persons acting for or on behalf of Defendant who has had any communication in any form, oral or written, with Plaintiff or their agents at any time.

II. CIRCUMSTANCES AND/OR FACTS

3. Regarding facts alleged in Plaintiff's Foreclosure Complaint and Defendant J.R. Gregory Ventures, LLC and Defendant Marilyn T. Schmitt's Answer;

4. Regarding any and all damages alleged in the Foreclosure Complaint;

5. Regarding names and addresses of witnesses to the allegations of Plaintiff and Defendant or surrounding events and the information possessed by such individuals;

6. Regarding Plaintiff's discovery requests to Defendant J.R. Gregory Ventures, LLC and Defendant Marilyn T. Schmitt;

7. Regarding Defendant J.R. Gregory Ventures, LLC and Defendant Marilyn T. Schmitt's responses to Plaintiff's discovery requests;

8. Regarding any affirmative defenses alleged by Defendant J.R. Gregory Ventures, LLC or Defendant Marilyn T. Schmitt;
9. Regarding Defendant Marilyn T. Schmitt's guaranty;
10. Regarding any and all correspondence and communications between Plaintiff and Defendant;
11. Regarding any and all non-privileged correspondence and communications between Defendant J.R. Gregory Ventures, LLC and Defendant Marilyn T. Schmitt's and any third party concerning the pending action.

The deposition will continue from day to day until complete or recessed by mutual agreement of counsel. You are hereby invited to be present and examine the witnesses as you may be advised in the premises.

MOORE & VAN ALLEN, PLLC

W. Gregory Pearce (SC Bar No. 4392)

Joseph T. Belton (SC Bar No. 71993)

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Charleston, SC 29401

Telephone: (843) 579-7000

Faxsimile: (843) 579-7099

gregpearce@mvalaw.com

josephbelton@mvalaw.com

ATTORNEYS FOR TIDELANDS BANK

CHARLESTON, SC

March 19, 2014

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF CHARLESTON	)	COURT FILE NO. 13-CP-10-5325
	)	
TIDELANDS BANK,	)	
	)	
Plaintiff,	)	
	)	CERTIFICATE OF SERVICE
vs.	)	
	)	
J. R. GREGORY VENTURES, LLC,	)	
MARILYN T. SCHMITT, KIAWAH	)	
RIVER ESTATES PROPERTY	)	
OWNERS' ASSOCIATION, INC.,	)	
TOWN OF SEABROOK ISLAND	)	
UTILITY COMMISSION AND THE	)	
MERIDIAN OWNERS	)	
ASSOCIATION, INC.,	)	
Defendants.	)	

This is to certify that I have this date served a true and correct copy of **Plaintiff's Second Amended Notice of Rule 30(b)(6) Deposition of Defendant J.R. Gregory Ventures, LLC** on the parties identified below by e-mail and U.S. Mail with sufficient postage properly affixed thereto, to:

William B. Jung, Esquire
1156 Bowman Road, Suite 200
Mount Pleasant, SC 29464

Peter G. McGrath, Esquire
McGrath Law Firm, PA
802 Johnnie Dodds Blvd.
Mt. Pleasant, SC 29464
Attorney for Defendants J.R. Gregory Ventures, LLC,
and Defendant Marilyn T. Schmitt

Stephen L. Brown, Esquire
Young Clement Rivers, LLP
P.O. Box 993
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Attorneys for Defendant, Town of Seabrook Island Utility Commission

C/A #13-CP-10-5325

John Joseph Dodds, III, Esquire
The Law Firm of Cisa & Dodds, LLP
858 Lowcountry Blvd., Suite 101
Mt. Pleasant, SC 29464
Attorneys for Defendant, The Meridian Owners Association



Julie Chanson

CHARLESTON, SC
March 20, 2014

IN THE COURT OF COMMON PLEAS

COURT FILE NO. 2013-CP-10-5324

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**SECOND AMENDED
NOTICE OF RULE 30(b)(6) DEPOSITION
OF J.R. GREGORY VENTURES, LLC**

TO: WILLIAM B. JUNG, ESQUIRE, PETER G. McGRATH, ESQUIRE, ATTORNEY FOR
DEFENDANTS J. R. GREGORY VENTURES, LLC, AND MARILYN T. SCHMITT.

PLEASE TAKE NOTICE that, pursuant to Rule 30(b)(6) of the South Carolina Rules of Civil Procedure, on Wednesday, April 2, 2014, beginning at 11:00 a.m., at the offices of Moore & Van Allen, PLLC, 78 Wentworth Street, Charleston, South Carolina 29401, before a court reporter or other person authorized to swear witnesses and transcribe testimony, the Plaintiff will take the oral deposition of the designated representative(s) of J.R. Gregory Ventures, LLC most knowledgeable of the allegations set forth in the Foreclosure Complaint and Answer as more fully set forth below.

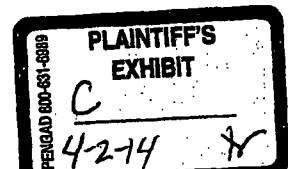
The following terms used herein are defined as indicated below and these definitions are to be applied to these terms wherever they appear herein.

DEFINITIONS

1. "You" or "your" refers to Defendant J.R. Gregory Ventures, LLC, and its affiliates, its employees, agents, attorneys, accountants, consultants, and other persons acting or purporting to act on their behalf.

2. "Person" as used herein includes any natural person, firm, association, joint venture, business trust, company, corporation, governmental or public entity, or any other form

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of legal entity (or any combination or division of the foregoing), including in the case of a partnership, company, corporation, business association, the natural person responsible or in custody of the information sought.

3. "Identity", with respect to a person, means to state the full name, social security number, present or last known business and residence addresses, the name and address of last known employer, and the position held at the time to which the answer refers. With respect to a corporation, trust, partnership, company, or other business entity, the term "Identity" means to state the full name, business address, and persons who have knowledge of the matter.

4. "Third parties" mean any individual entity or persons not Defendant.

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Examination of J.R. Gregory Ventures, LLC, shall concern the following matters as to which Defendant shall designate one or more officers, directors, managing agents, employees, or other persons to testify on its behalf, their particular knowledge, which matters shall include:

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7. Regarding Defendant J.R. Gregory Ventures, LLC and Defendant Marilyn T. Schmitt's responses to Plaintiff's discovery requests;

8. Regarding any affirmative defenses alleged by Defendant J.R. Gregory Ventures, LLC or Defendant Marilyn T. Schmitt;
9. Regarding Defendant Marilyn T. Schmitt's guaranty;
10. Regarding any and all correspondence and communications between Plaintiff and Defendant;
11. Regarding any and all non-privileged correspondence and communications between Defendant J.R. Gregory Ventures, LLC and Defendant Marilyn T. Schmitt's and any third party concerning the pending action.

The deposition will continue from day to day until complete or recessed by mutual agreement of counsel. You are hereby invited to be present and examine the witnesses as you may be advised in the premises.

MOORE & VAN ALLEN, PLLC

W. Gregory Pearce (SC Bar No. 4392)

Joseph T. Belton (SC Bar No. 71993)

78 Wentworth Street

Charleston, SC 29401

Telephone: (843) 579-7000

Facsimile: (843) 579-7099

gregpearce@mvalaw.com

josephbelton@mvalaw.com

ATTORNEYS FOR TIDELANDS BANK

CHARLESTON, SC

March 19, 2014

STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS
COUNTY OF CHARLESTON) COURT FILE NO. 2013-CP-10-5324

TIDELANDS BANK,

Plaintiff,

vs.

CERTIFICATE OF SERVICE

J. R. GREGORY VENTURES, LLC,
MARILYN T. SCHMITT AND THE
MERIDIAN OWNERS
ASSOCIATION, INC.,

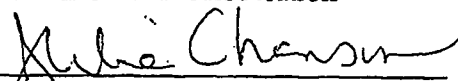
Defendants.

This is to certify that I have this date served a true and correct copy of **Second Amended Notice of Rule 30(b)6 Deposition of Defendant J.R. Gregory Ventures, LLC** on the parties identified below by e-mail and U.S. Mail with sufficient postage properly affixed thereto, to:

William B. Jung, Esquire
1156 Bowman Road, Suite 200
Mount Pleasant, SC 29464

Peter G. McGrath, Esquire
McGrath Law Firm, PA
802 Johnnie Dodds Blvd.
Mt. Pleasant, SC 29464
Attorney for Defendants J.R. Gregory Ventures, LLC,
and Defendant Marilyn T. Schmitt

John Joseph Dodds, III, Esquire
The Law Firm of Cisa & Dodds, LLP
858 Lowcountry Blvd., Suite 101
Mt. Pleasant, SC 29464
Attorneys for Defendant, The Meridian Owners Association


Julie Chanson

CHARLESTON, SC
March 20, 2014
CHARLESTON561984v1

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

TIDELANDS BANK,

Plaintiff,

vs.

J. R. GREGORY VENTURES, LLC,
MARILYN T. SCHMITT AND THE
MERIDIAN OWNERS
ASSOCIATION, INC.,

Defendants.

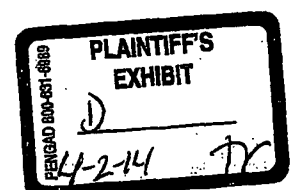
) IN THE COURT OF COMMON PLEAS

) COURT FILE NO. 2013-CP-10-5324

**SECOND AMENDED
NOTICE OF DEPOSITION OF
MARILYN T. SCHMITT**

TO: WILLIAM B. JUNG, ESQUIRE, PETER G. McGRATH, ESQUIRE, ATTORNEYS
FOR DEFENDANTS J. R. GREGORY VENTURES, LLC, AND MARILYN T.
SCHMITT.

PLEASE TAKE NOTICE that, pursuant to Rule 30 of the South Carolina Rules of Civil Procedure, the Plaintiff, will take the deposition of Marilyn T. Schmitt, on Wednesday, April 2, 2014, beginning at 11:00 a.m., at the offices of Moore & Van Allen, PLLC, 78 Wentworth Street, Charleston, South Carolina 29401, before a court reporter or other person authorized to swear witnesses and transcribe testimony. The deposition will continue from day to day until complete or recessed by mutual agreement of counsel. You are hereby invited to be present and examine the witnesses as you may be advised in the premises.



MOORE & VAN ALLEN, PLLC

W. Gregory Pearce (SC Bar No. 4392)

Joseph T. Belton (SC Bar No. 71993)

78 Wentworth Street

Charleston, SC 29401

Telephone: (843) 579-7000

Facsimile: (843) 579-7099

gregpearce@mvalaw.com

josephbelton@mvalaw.com

ATTORNEYS FOR TIDELANDS BANK

CHARLESTON, SC

March 17, 2014

) IN THE COURT OF COMMON PLEAS

) COURT FILE NO. 2013-CP-10-5324

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STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF CHARLESTON	)	COURT FILE NO. 13-CP-10-5324
	)	
TIDELANDS BANK,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	PLAINTIFF'S FIRST REQUESTS FOR
	)	ADMISSION TO DEFENDANTS, J. R.
J. R. GREGORY VENTURES, LLC,	)	GREGORY VENTURES, LLC AND
MARILYN T. SCHMITT AND THE	)	MARILYN T. SCHMITT
MERIDIAN OWNERS	)	
ASSOCIATION, INC.,	)	
	)	
Defendants.	)	

TO: WILLIAM B. JUNG, ESQUIRE, ATTORNEY FOR DEFENDANTS, J. R. GREGORY VENTURES, LLC AND MARILYN T. SCHMITT:

The Plaintiff, Tidelands Bank, hereby requires the Defendants, J. R. Gregory Ventures Investments, LLC and Marilyn T. Schmitt ("Defendants"), to answer the Requests for Admission hereinafter set forth within thirty (30) days after the service hereof, in accordance with Rule 36 of the South Carolina Rules of Civil Procedure.

GENERAL INSTRUCTIONS

(A) If any Request for Admission cannot be responded to in full, please answer to the extent possible, including the reasons why it cannot be completely responded to and providing whatever information is available concerning the unanswered portion. If information concerning any Request for Admission will become available in the future, please state when such information will be available.

(B) If any Request for Admission calls for any information not in your possession or subject to your control, or ascertainable by you upon reasonable inquiry, then, when known, identify the custodian or possessor of such information or document.

(C) The terms "you" or "your" contained in each Request for Admission refer to the Defendants, individually and collectively.

(D) If you refuse to answer any Request for Admission in whole or in part, describe the factual or legal basis for your refusal to answer, including any claim or privilege, in sufficient detail to permit the Court to adjudicate the validity of your refusal to answer.

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REQUESTS FOR ADMISSION

1. ADMIT that on or about March 22, 2006, Defendant J.R. Gregory Ventures, LLC, by and through Defendant Marilyn T. Schmitt, executed and delivered to Plaintiff a Note in the original principal amount of \$201,050.00. ("Original Note")

2. ADMIT that on or about July 10, 2007, Defendant J.R. Gregory Ventures, LLC, by and through Defendant Marilyn T. Schmitt, executed and delivered to Plaintiff it's renewal note in the original principal amount of \$201,050.00 ("Renewal Note #1").

3. ADMIT that on or about August 1, 2008, Defendant J.R. Gregory Ventures, LLC, by and through Defendant Marilyn T. Schmitt, executed and delivered to Plaintiff it's renewal note in the original principal amount of \$200,900.00 ("Renewal Note #2").

4. ADMIT that on or about September 24, 2012, Defendant J.R. Gregory Ventures, LLC, by and through Defendant Marilyn T. Schmitt, executed and delivered to Plaintiff it's renewal note in the original principal amount of \$200,880.69 ("Renewal Note #3").

5. ADMIT that you accepted the loan proceeds from the Notes referenced in Request No. 1-4 above for your use or benefit.

6. ADMIT that on or about March 22, 2006 you executed and delivered to Plaintiff a Real Estate Mortgage, which was recorded on April 4, 2006 in the Office of the RMC for Charleston County, South Carolina, in Book S578, Page 435.

7. ADMIT that on or about March 22, 2006 Defendant, Marilyn T. Schmitt executed and delivered to Plaintiff a Guaranty, guaranteeing to Plaintiff the payment and performance of the \$201,050.00 Note referenced in Request No. 1.

8. ADMIT that under the terms of paragraph 7 of the Guaranty referenced in Request No. 7 above, Defendant, Marilyn T. Schmitt agreed to waive "any and all defenses,

claims and discharges of Borrower, or any other obligor, pertaining to Indebtedness, except the defense of discharge by payment in full."

9. ADMIT that you made payments on the loans referenced in Request Nos. 1-4, and 7 above.

10. ADMIT that you have not made any payments on the loans referenced in Request Nos. 1- 4, and 7 above since on or about March 15, 2013.

11. ADMIT that the Notes attached to the Complaint in this action as **Exhibit A** are true and accurate copies of the Notes that are the subject of this litigation.

12. ADMIT that the Notes attached to the Complaint in this action as **Exhibit A** are valid and enforceable.

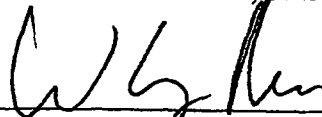
13. ADMIT that the Mortgage attached to the Complaint in this action as **Exhibit B** is a true and accurate copy of the Mortgage that is the subject of this litigation.

14. ADMIT that the Mortgage attached to the Complaint in this action as **Exhibit B** is valid and enforceable.

15. ADMIT that the Guaranty attached to the Complaint in this action as **Exhibit C** is a true and accurate copy of the Guaranty that is the subject of this litigation.

16. ADMIT that the Guaranty attached to the Complaint in this action as **Exhibit C** is valid and enforceable.

MOORE & VAN ALLEN, PLLC



W. Gregory Pearce (SC Bar No. 4392)
Joseph T. Belton (SC Bar No. 71993)
78 Wentworth Street
Charleston, SC 29401
Telephone: (843) 579-7000
Facsimile: (843) 579-7099

gregpearce@mvalaw.com
josephbelton@mvalaw.com
ATTORNEYS FOR TIDELANDS BANK

CHARLESTON, SC
December 30, 2013

) IN THE COURT OF COMMON PLEAS

) COURT FILE NO. 13-CP-10-5324

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3. **C**

J.R. Gregory Ventures, LLC 4206 Colonial Vanderhorst Circle Mt. Pleasant, SC 29466	Tidelands Bank 875 Lowcountry Blvd Mt. Pleasant, SC 29464	30-0288313 Loan Number <u>140170300</u> Date <u>03/22/2006</u> Maturity Date <u>06/22/2007</u> Loan Amount \$ <u>201,050.00</u> Renewal Of _____
BORROWER'S NAME AND ADDRESS "I" includes each borrower above, jointly and severally.	LENDER'S NAME AND ADDRESS "You" means the lender, its successors and assigns.	

For value received, I promise to pay to you, or your order, at your address listed above the **PRINCIPAL** sum of Two Hundred one Thousand Fifty Dollars \$ 201,050.00

☐ **Single Advance:** I will receive all of this principal sum on _____. No additional advances are contemplated under this note.
☒ **Multiple Advance:** The principal sum shown above is the maximum amount of principal I can borrow under this note. On 03/21/2006 I will receive the amount of \$ \$180,945.00 and future principal advances are contemplated.
 Conditions: The conditions for future advances are Per loan officer approval based on inspections and/or invoices.

☐ **Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on _____.
☒ **Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from 03/22/2006 at the rate of 7.750 % per year until 03/23/2006

☒ **Variable Rate:** This rate may then change as stated below.
☒ **Index Rate:** The future rate will be .250% above the following index rate: Prime Rate

☐ **No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your control.
☒ **Frequency and Timing:** The rate on this note may change as often as every Day beginning 03/23/2006
 A change in the interest rate will take effect on the same day
☐ **Limitations:** During the term of this loan, the applicable annual interest rate will not be more than _____ % or less than _____ % each

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:
☒ The amount of each scheduled payment will change. ☒ The amount of the final payment will change.

ACCRUAL METHOD: Interest will be calculated on a Actual/365 basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:
☒ on the same fixed or variable rate basis in effect before maturity (as indicated above).
☐ at a rate equal to _____

☒ **LATE CHARGE:** If a payment is not made within 10 days after it is due, I agree to pay a late charge of 5.000% of the late amount with a minimum of \$10.00 and a maximum of \$500.00

☒ **ADDITIONAL CHARGES:** In addition to interest, I agree to pay the following charges which ☐ are ☒ are not included in the principal amount above: \$500.00 origination fee, \$300.00 appraisal fee, \$14.00 flood determination fee

PAYMENTS: I agree to pay this note as follows:

☒ **Interest:** I agree to pay accrued interest in 14 Monthly interest payments beginning 04/22/2006 and with the principal.

☒ **Principal:** I agree to pay the principal in one final payment of principal and interest in the amount of \$202,391.72 due on 06/22/2007.

☐ **Installments:** I agree to pay this note in _____ payments. The first payment will be in the amount of \$ _____ and will be due _____. A payment of \$ _____ will be due _____ thereafter. The final payment of the entire unpaid balance of principal and interest will be due _____

ADDITIONAL TERMS: First title insured real estate mortgage on property and improvements located at the Meridian, Unit 1700-A, unit 309, Mt. Pleasant SC 29464 (in the Meridian) more particularly described in said mortgage of even date, loan amount of \$201,050.00 and mortgage amount of \$251,312.50 which represents 125% of the loan value in the name of J.R. Gregory Ventures, LLC.

☐ **SECURITY:** This note is separately secured by (describe separate document by type and date): _____

(This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)

Signature for Lender

R
Ken Pickens
 Vice President

PURPOSE: The purpose of this loan is Business: Purchase
funding for rental condominium

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date.
 J.R. Gregory Ventures, LLC

Marilyn T. Schmitt, Member
 Marilyn T. Schmitt Member



J.R. Gregory Ventures, LLC 4206 Colonel Vanderhorst Circle Mt. Pleasant, SC 29466	Tidelands Bank 875 Lowcountry Blvd Mt. Pleasant, SC 29464	30-0288313 Loan Number <u>140170300</u> Date <u>07/10/2007</u> Maturity Date <u>07/22/2008</u> Loan Amount \$ <u>201,050.00</u> Renewal Of <u>140170300</u>
BORROWER'S NAME AND ADDRESS "I" includes each borrower above, jointly and severally.	LENDER'S NAME AND ADDRESS "You" means the lender, its successors and assigns.	

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of Two Hundred One Thousand Fifty Dollars Dollars \$ 201,050.00

☒ Single Advance: I will receive all of this principal sum on 07/10/2007. No additional advances are contemplated under this note.
☐ Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this note. On _____ I will receive the amount of \$ _____ and future principal advances are contemplated.
 Conditions: The conditions for future advances are _____

☐ Open End Credit: You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on _____

☐ Closed End Credit: You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from 07/10/2007 at the rate of 8.500 % per year until 07/11/2007

☒ Variable Rate: This rate may then change as stated below.

☒ Index Rate: The future rate will be .25% above the following index rate: Wall Street Journal Prime Rate

☐ No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.

☒ Frequency and Timing: The rate on this note may change as often as every Day beginning 07/11/2007

A change in the interest rate will take effect on the same day

☐ Limitations: During the term of this loan, the applicable annual interest rate will not be more than _____ % or less than _____ % each _____

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

☒ The amount of each scheduled payment will change.

☒ The amount of the final payment will change.

ACCRUAL METHOD: Interest will be calculated on a Actual/365 basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

☒ on the same fixed or variable rate basis in effect before maturity (as indicated above).

☐ at a rate equal to _____

☒ LATE CHARGE: If a payment is not made within 10 days after it is due, I agree to pay a late charge of 5.000% of the late amount with a minimum of \$10.00 and a maximum of \$500.00

☐ ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which ☐ are ☐ are not included in the principal amount above: _____

PAYMENTS: I agree to pay this note as follows:

☒ Interest: I agree to pay accrued interest in 11 Monthly interest payments beginning 08/22/2007 and with the principal.

☒ Principal: I agree to pay the principal in one final payment of principal and interest in the amount of \$202,474.10 due on 07/22/2008.

☐ Installments: I agree to pay this note in _____ payments. The first payment will be in the amount of \$ _____ and will be due _____. A payment of \$ _____ will be due _____ thereafter. The final payment of the entire unpaid balance of principal and interest will be due _____

ADDITIONAL TERMS: First title insured real estate mortgage on property and improvements located at the Meridian, Unit 1700-A, unit 309, Mt. Pleasant SC 29464 (in the Meridian) more particularly described in said mortgage dated 03/22/2006, recorded on 04/04/2006 in Charleston County Official Records Book 5 578, Page 435 loan amount of \$201,050.00 and mortgage amount of \$251,312.50 which represents 125% of the loan value in the name of J.R. Gregory Ventures, LLC, Renewal of Promissory Note dated 03/22/2006.

☒ SECURITY: This note is separately secured by (describe separate document by type and date):
PROM on Meridian, Unit 1700-A, unit 309, Mt. Pleasant SC 29464 (in the Meridian).

(This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)

PURPOSE: The purpose of this loan is Business Purchase
funding for rental condominium

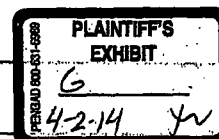
SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date.

J.R. Gregory Ventures, LLC

Marilyn T. Schmidt
 Marilyn T. Schmidt Member

Signature for Lender

Kenneth M. Pickens
 Vice President



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J.R. Gregory Ventures, LLC 4206 Colonel Vanderhorst Circle Mt. Pleasant, SC 29466	Tidelands Bank 875 Lowcountry Blvd Mt. Pleasant, SC 29464	30-0288313 Loan Number <u>140170300</u> Date <u>09/24/2010</u> Maturity Date <u>10/02/2013</u> Loan Amount \$ <u>200,880.69</u> Renewal Of <u>140170300</u>
BORROWER'S NAME AND ADDRESS "I" includes each borrower above, jointly and severally.	LENDER'S NAME AND ADDRESS "You" means the lender, its successors and assigns.	

For value received, I promise to pay to you, or your order, at your address listed above the **PRINCIPAL** sum of Two Hundred Thousand Eight Hundred Eighty Dollars and Sixty-Nine Cents Dollars \$ 200,880.69

☒ **Single Advance:** I will receive all of this principal sum on 09/24/2010. No additional advances are contemplated under this note.

☐ **Multiple Advance:** The principal sum shown above is the maximum amount of principal I can borrow under this note. On _____ I will receive the amount of \$ _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are _____

☐ **Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on _____

☐ **Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from 09/24/2010 at the rate of 5.50000 % per year until paid in full

☒ **Variable Rate:** This rate may then change as stated below.

☒ **Index Rate:** The future rate will be 1.00% above the following Index rate: Wall Street Journal Prime Rate

☐ **No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your control.

☒ **Frequency and Timing:** The rate on this note may change as often as every day beginning 9/25/2010

A change in the interest rate will take effect on the same day

☒ **Limitations:** During the term of this loan, the applicable annual interest rate will not be more than _____ % or less than 5.500 %. The rate may not change more than _____ % each _____

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

☐ The amount of each scheduled payment will change.

☒ The amount of the final payment will change.

ACCRUAL METHOD: Interest will be calculated on a Actual/365 basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below: on the same fixed or variable rate basis in effect before maturity (as indicated above).

☐ at a rate equal to _____

☒ **LATE CHARGE:** If a payment is not made within 10 days after it is due, I agree to pay a late charge of 5.000% of the late amount with a minimum of \$10.00 and a maximum of \$500.00

☐ **ADDITIONAL CHARGES:** In addition to interest, I agree to pay the following charges which ☐ are ☐ are not included in the principal amount above:

PAYMENTS: I agree to pay this note as follows:

☐ **Interest:** I agree to pay accrued interest _____

☐ **Principal:** I agree to pay the principal _____

☒ **Installments:** I agree to pay this note in 36 payments. The first payment will be in the amount of \$ 1,235.00 and will be due 11/02/2010. A payment of \$ 1,235.00 will be due on the same day of each month thereafter. The final payment of the entire unpaid balance of principal and interest will be due October 02, 2013

ADDITIONAL TERMS: This is a variable rate loan and the payment amounts may change. Mortgage in the amount of \$251,312.50 (125% of loan amount) dated 03/22/2006, recorded 04/04/2006 in Charleston County Official Records Bk 8578, Pg 435. This note renews but does not satisfy Promissory Note dated 03/22/2006, 06/29/2007 & 06/01/2008 for loan #140170300. **POST MATURITY RATE:** I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full at a rate equal to Wall Street Journal Prime Rate plus 5% (five percent) upon written default notice.

☒ **SECURITY:** This note is separately secured by (describe separate document by type and date): TRM on Meridian, Unit 1700-A, Unit 309, Mt. Pleasant SC 29464 (in the Meridian).

(This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)

PURPOSE: The purpose of this loan is Business: Renew loan that was to purchase rental condo.

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date. J.R. Gregory Ventures, LLC

Signature for Lender

[Signature] FOR KEN PICKENS
 Kenneth M Pickens
 Vice President

[Signature]
 Marilyn T. Schmitt
 Member



309

BK S578PG435

This document was prepared by (name, address, phone):

Tidelands Bank
875 Lowcountry Blvd
Mt. Pleasant, SC 29464

State of South Carolina

Space Above This Line For Recording Data

REAL ESTATE MORTGAGE

(With Future Advance Clause)

1. **DATE AND PARTIES.** The date of this Mortgage is 03/22/2006 and the parties and their addresses are as follows:

MORTGAGOR: J.R. Gregory Ventures, LLC
4206 Colonel Vanderhorst Circle
Mt. Pleasant, SC 29466

☐ Refer to the Addendum which is attached and incorporated herein for additional Mortgages.

LENDER: Tidelands Bank
875 Lowcountry Blvd
Mt. Pleasant, SC 29464

2. **MORTGAGE.** For good and valuable consideration, the receipt and sufficiency of which is acknowledged, and to secure the Secured Debt (hereafter defined), Mortgagor grants, bargains, conveys and mortgages to Lender the following described property:

See attached exhibit "A"



The property is located in Charleston at 2011 N. US
(County)

Highway 17, Unit A BLDG, Mt. Pleasant, South Carolina 29464
(Address) (City) (Zip Code)

Together with all rights, easements, appurtenances, royalties, mineral rights, oil and gas rights, crops, timber, all diversion payments or third party payments made to crop producers, and all existing and future improvements, structures, fixtures, and replacements that may now, or at any time in the future, be part of the real estate described above (all referred to as "Property"). The term Property also includes, but is not limited to, any and all water wells, water, ditches, reservoirs, reservoir sites and dams located on the real estate and all riparian and water rights associated with the Property, however established.

SOUTH CAROLINA - AGRICULTURAL/COMMERCIAL REAL ESTATE SECURITY INSTRUMENT (NOT FOR FINRA, FILMC, FHA OR VA USE, AND NOT FOR CONSUMER PURPOSES)

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3. **MAXIMUM OBLIGATION LIMIT.** The total principal amount of the Secured Debt (hereafter defined) secured by this Mortgage at any one time shall not exceed \$ 251,312.50. This limitation of amount does not include interest, loan charges, commitment fees, brokerage commissions, attorneys' fees and other charges validly made pursuant to this Mortgage and does not apply to advances (or interest accrued on such advances) made under the terms of this Mortgage to protect Lender's security and to perform any of the covenants contained in this Mortgage. Interest under the Note will be deferred, accrued or capitalized; however, Mortgagee shall not be required to defer, accrue or capitalize any interest except as provided in the Note. Future advances are contemplated and, along with other future obligations, are secured by this Mortgage even though all or part may not yet be advanced. Nothing in this Mortgage, however, shall constitute a commitment to make additional or future loans or advances in any amount. Any such commitment would need to be agreed to in a separate writing.

4. **SECURED DEBT DEFINED.** The term "Secured Debt" includes, but is not limited to, the following:

- A. The promissory note(s), contract(s), guaranty(ies) or other evidence of debt described below and all extensions, renewals, modifications or substitutions (Evidence of Debt) (e.g., *borrower's name, note amount, interest rate, maturity date*):

 Promissory note of even date and amount.

- B. All future advances from Lender to Mortgagor or other future obligations of Mortgagor to Lender under any promissory note, contract, guaranty, or other evidence of debt existing now or executed after this Mortgage whether or not this Mortgage is specifically referred to in the evidence of debt.
- C. All obligations Mortgagor owes to Lender, which now exist or may later arise, to the extent not prohibited by law, including, but not limited to, liabilities for overdrafts relating to any deposit account agreement between Mortgagor and Lender.
- D. All additional sums advanced and expenses incurred by Lender for insuring, preserving or otherwise protecting the Property and its value and any other sums advanced and expenses incurred by Lender under the terms of this Mortgage, plus interest at the highest rate in effect, from time to time, as provided in the Evidence of Debt.
- E. Mortgagor's performance under the terms of any instrument evidencing a debt by Mortgagor to Lender and any Mortgage securing, guarantying, or otherwise relating to the debt.

If more than one person signs this Mortgage as Mortgagor, each Mortgagor agrees that this Mortgage will secure all future advances and future obligations described above that are given to or incurred by any one or more Mortgagor, or any one or more Mortgagor and others. This Mortgage will not secure any other debt if Lender fails, with respect to such other debt, to make any required disclosure about this Mortgage or if Lender fails to give any required notice of the right of rescission.

5. **PAYMENTS.** Mortgagor agrees to make all payments on the Secured Debt when due and in accordance with the terms of the Evidence of Debt or this Mortgage.
6. **WARRANTY OF TITLE.** Mortgagor covenants that Mortgagor is lawfully seized of the estate conveyed by this Mortgage and has the right to grant, bargain, convey, sell, and mortgage the Property and warrants that the Property is unencumbered, except for encumbrances of record.
7. **CLAIMS AGAINST TITLE.** Mortgagor will pay all taxes, assessments, liens, encumbrances, lease payments, ground rents, utilities, and other charges relating to the Property when due. Lender may require Mortgagor to provide to Lender copies of all notices that such amounts are due and the receipts evidencing Mortgagor's payment. Mortgagor will defend title to the Property against any claims that would impair the lien of this Mortgage. Mortgagor agrees to assign to Lender, as requested by Lender, any rights, claims or defenses which Mortgagor may have against parties who supply labor or materials to improve or maintain the Property.
8. **PRIOR SECURITY INTERESTS.** With regard to any other mortgage, deed of trust, security agreement or other lien document that created a prior security interest or encumbrance on the Property and that may have priority over this Mortgage, Mortgagor agrees:
- To make all payments when due and to perform or comply with all covenants.
 - To promptly deliver to Lender any notices that Mortgagor receives from the holder.
 - Not to make or permit any modification or extension of, and not to request or accept any future advances under any note or agreement secured by, the other mortgage, deed of trust or security agreement unless Lender consents in writing.
9. **DUE ON SALE OR ENCUMBRANCE.** Lender may, at its option, declare the entire balance of the Secured Debt to be immediately due and payable upon the creation of any lien, encumbrance, transfer, or sale, or contract for any of these on the Property. However, if the Property includes Mortgagor's residence, this section shall be subject to the restrictions imposed by federal law (12 C.F.R. 591), as applicable. For the purposes of this section, the term "Property" also includes any interest to all or any part of the Property. This covenant shall run with the Property and shall remain in effect until the Secured Debt is paid in full and this Mortgage is released.

(page 2 of 8)

[Signature]

10. TRANSFER OF AN INTEREST IN THE MORTGAGOR. If Mortgagor is an entity other than a natural person (such as a corporation or other organization), Lender may demand immediate payment if (1) a beneficial interest in Mortgagor is sold or transferred; (2) there is a change in either the identity or number of members of a partnership or similar entity; or (3) there is a change in ownership of more than 25 percent of the voting stock of a corporation or similar entity. However, Lender may not demand payment in the above situations if it is prohibited by law as of the date of this Mortgage.

11. ENTITY WARRANTIES AND REPRESENTATIONS. If Mortgagor is an entity other than a natural person (such as a corporation or other organization), Mortgagor makes to Lender the following warranties and representations which shall be continuing as long as the Secured Debt remains outstanding:

- A. Mortgagor is an entity which is duly organized and validly existing in the Mortgagor's state of incorporation (or organization). Mortgagor is in good standing in all states in which Mortgagor transacts business. Mortgagor has the power and authority to own the Property and to carry on its business as now being conducted and, as applicable, is qualified to do so in each state in which Mortgagor operates.
- B. The execution, delivery and performance of this Mortgage by Mortgagor and the obligation evidenced by the Evidence of Debt are within the power of Mortgagor, have been duly authorized, have received all necessary governmental approval, and will not violate any provision of law, or order of court or governmental agency.
- C. Other than disclosed in writing Mortgagor has not changed its name within the last ten years and has not used any other trade or fictitious name. Without Lender's prior written consent, Mortgagor does not and will not use any other name and will preserve its existing name, trade names and franchises until the Secured Debt is satisfied.

12. PROPERTY CONDITION, ALTERATIONS AND INSPECTION. Mortgagor will keep the Property in good condition and make all repairs that are reasonably necessary. Mortgagor will give Lender prompt notice of any loss or damage to the Property. Mortgagor will keep the Property free of noxious weeds and grasses. Mortgagor will not initiate, join in or consent to any change in any private restrictive covenant, zoning ordinance or other public or private restriction limiting or defining the uses which may be made of the Property or any part of the Property, without Lender's prior written consent. Mortgagor will notify Lender of all demands, proceedings, claims, and actions against Mortgagor or any other owner made under law or regulation regarding use, ownership and occupancy of the Property. Mortgagor will comply with all legal requirements and restrictions, whether public or private, with respect to the use of the Property. Mortgagor also agrees that the nature of the occupancy and use will not change without Lender's prior written consent.

No portion of the Property will be removed, demolished or materially altered without Lender's prior written consent except that Mortgagor has the right to remove items of personal property comprising a part of the Property that become worn or obsolete, provided that such personal property is replaced with other personal property at least equal in value to the replaced personal property, free from any title retention device, security agreement or other encumbrance. Such replacement of personal property will be deemed subject to the security interest created by this Mortgage. Mortgagor shall not partition or subdivide the Property without Lender's prior written consent. Lender or Lender's agents may, at Lender's option, enter the Property at any reasonable time for the purpose of inspecting the Property. Any inspection of the Property shall be entirely for Lender's benefit and Mortgagor will in no way rely on Lender's inspection.

13. AUTHORITY TO PERFORM. If Mortgagor fails to perform any of Mortgagor's duties under this Mortgage, or any other mortgage, deed of trust, security agreement or other lien document that has priority over this Mortgage, Lender may, without notice, perform the duties or cause them to be performed. Mortgagor appoints Lender as attorney in fact to sign Mortgagor's name or pay any amount necessary for performance. If any construction on the Property is discontinued or not carried on in a reasonable manner, Lender may do whatever is necessary to protect Lender's security interest in the Property. This may include completing the construction.

Lender's right to perform for Mortgagor shall not create an obligation to perform, and Lender's failure to perform will not preclude Lender from exercising any of Lender's other rights under the law or this Mortgage. Any amounts paid by Lender for insuring, preserving or otherwise protecting the Property and Lender's security interest will be due on demand and will bear interest from the date of the payment until paid in full at the interest rate in effect from time to time according to the terms of the Evidence of Debt.

14. ASSIGNMENT OF LEASES AND RENTS. Mortgagor assigns, grants, bargains, conveys and mortgages to Lender as additional security all the right, title and interest in the following (Property).

- A. Existing or future leases, subleases, licenses, guaranties and any other written or verbal agreements for the use and occupancy of the Property, including but not limited to, any extensions, renewals, modifications or replacements (Leases).
- B. Rents, issues and profits, including but not limited to, security deposits, minimum rents, percentage rents, additional rents, common area maintenance charges, parking charges, real estate taxes, other applicable taxes, insurance premium contributions, liquidated damages following default, cancellation premiums, "loss of rents" insurance, guest receipts, revenues, royalties, proceeds, bonuses, accounts, contract rights, general intangibles, and all rights and claims which Mortgagor may have that in any way pertain to or are on account of the use or occupancy of the whole or any part of the Property (Rents).

In the event any item listed as Leases or Rents is determined to be personal property, this Assignment will also be regarded as a security agreement.

Mortgagor will promptly provide Lender with copies of the Leases and will certify these Leases are true and correct copies. The existing Leases will be provided on execution of the Assignment, and all future Leases and any other information with respect to these Leases will be provided immediately after they are executed. Mortgagor may collect, receive, enjoy and use the Rents so long as Mortgagor is not in default. Mortgagor will not collect in advance any Rents due in future lease periods, unless Mortgagor first obtains Lender's written consent. Upon default, Mortgagor will receive

any Rents in trust for Lender and Mortgagor will not commingle the Rents with any other funds. When Lender so directs, Mortgagor will endorse and deliver any payments of Rents from the Property to Lender. Amounts collected will be applied at Lender's discretion to the Secured Debts, the costs of managing, protecting and preserving the Property, and other necessary expenses. Mortgagor agrees that this Security Instrument is immediately effective between Mortgagor and Lender and effective as to third parties on the recording of this Assignment.

As long as this Assignment is in effect, Mortgagor warrants and represents that no default exists under the Leases, and the parties subject to the Leases have not violated any applicable law on leases, licenses and landlords and tenants. Mortgagor, at its sole cost and expense, will keep, observe and perform, and require all other parties to the Leases to comply with the Leases and any applicable law. If Mortgagor or any party to the Lease defaults or fails to observe any applicable law, Mortgagor will promptly notify Lender. If Mortgagor neglects or refuses to enforce compliance with the terms of the Leases, then Lender may, at Lender's option, enforce compliance.

Mortgagor will not sublet, modify, extend, cancel, or otherwise alter the Leases, or accept the surrender of the Property covered by the Leases (unless the Leases so require) without Lender's consent. Mortgagor will not assign, compromise, subordinate or encumber the Leases and Rents without Lender's prior written consent. Lender does not assume or become liable for the Property's maintenance, depreciation, or other losses or damages when Lender acts to manage, protect or preserve the Property, except for losses and damages due to Lender's gross negligence or intentional torts. Otherwise, Mortgagor will indemnify Lender and hold Lender harmless for all liability, loss or damage that Lender may incur when Lender opts to exercise any of its remedies against any party obligated under the Leases.

15. CONDOMINIUMS; PLANNED UNIT DEVELOPMENTS. If the Property includes a unit in a condominium or a planned unit development, Mortgagor will perform all of Mortgagor's duties under the covenants, by-laws, or regulations of the condominium or planned unit development.

16. DEFAULT. Mortgagor will be in default if any of the following occur:

- A. Any party obligated on the Secured Debt fails to make payment when due;
- B. A breach of any term or covenant in this Mortgage, any prior mortgage or any construction loan agreement, security agreement or any other document evidencing, guarantying, securing or otherwise relating to the Secured Debt;
- C. The making or furnishing of any verbal or written representation, statement or warranty to Lender that is false or incorrect in any material respect by Mortgagor or any person or entity obligated on the Secured Debt;
- D. The death, dissolution, or insolvency of, appointment of a receiver for, or application of any debtor relief law to, Mortgagor or any person or entity obligated on the Secured Debt;
- E. A good faith belief by Lender at any time that Lender is insecure with respect to any person or entity obligated on the Secured Debt or that the prospect of any payment is impaired or the value of the Property is impaired;
- F. A material adverse change in Mortgagor's business including ownership, management, and financial conditions, which Lender in its opinion believes impairs the value of the Property or repayment of the Secured Debt; or
- G. Any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 C.F.R. Part 1940, Subpart G, Exhibit M.

17. REMEDIES ON DEFAULT. In some instances, federal and state law will require Lender to provide Mortgagor with notice of the right to cure, mediation notices or other notices and may establish time schedules for foreclosure actions. Subject to these limitations, if any, Lender may accelerate the Secured Debt and foreclose this Mortgage in a manner provided by law if this Mortgage is in default.

At the option of Lender, all or any part of the agreed fees and charges, accrued interest and principal shall become immediately due and payable, after giving notice if required by law, upon the occurrence of a default or anytime thereafter. In addition, Lender shall be entitled to all the remedies provided by law, the Evidence of Debt, other evidences of debt, this Mortgage and any related documents. All remedies are distinct, cumulative and not exclusive, and the Lender is entitled to all remedies provided at law or equity, whether expressly set forth or not. The acceptance by Lender of any sum in payment or partial payment on the Secured Debt after the balance is due or is accelerated or after foreclosure proceedings are filed shall not constitute a waiver of Lender's right to require full and complete cure of any existing default. By not exercising any remedy on Mortgagor's default, Lender does not waive Lender's right to later consider the event a default if it continues or happens again.

18. EXPENSES; ADVANCES ON COVENANTS; ATTORNEYS' FEES; COLLECTION COSTS. Except when prohibited by law, Mortgagor agrees to pay all of Lender's expenses if Mortgagor breaches any covenant in this Mortgage. Mortgagor will also pay on demand all of Lender's expenses incurred in collecting, insuring, preserving or protecting the Property or in any inventories, audits, inspections or other examination by Lender in respect to the Property. Mortgagor agrees to pay all costs and expenses incurred by Lender in enforcing or protecting Lender's rights and remedies under this Mortgage, including, but not limited to, attorneys' fees, court costs, and other legal expenses. Once the Secured Debt is fully and finally paid, Lender agrees to release this Mortgage and Mortgagor agrees to pay for any recordation costs. All such amounts are due on demand and will bear interest from the time of the advance at the highest rate in effect, from time to time, as provided in the Evidence of Debt and as permitted by law.

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

characteristics which render the substance dangerous or potentially dangerous to the public health, safety, welfare or environment. The term includes, without limitation, any substances defined as "hazardous material," "toxic substances," "hazardous waste" or "hazardous substance" under any Environmental Law. Mortgagor represents, warrants and agrees that, except as previously disclosed and acknowledged in writing:

- A. No Hazardous Substance has been, is, or will be located, transported, manufactured, treated, refined, or handled by any person on, under or about the Property, except in the ordinary course of business and in strict compliance with all applicable Environmental Law.
- B. Mortgagor has not and will not cause, contribute to, or permit the release of any Hazardous Substance on the Property.
- C. Mortgagor will immediately notify Lender if (1) a release or threatened release of Hazardous Substance occurs on, under or about the Property or migrates or threatens to migrate from nearby property; or (2) there is a violation of any Environmental Law concerning the Property. In such an event, Mortgagor will take all necessary remedial action in accordance with Environmental Law.
- D. Mortgagor has no knowledge of or reason to believe there is any pending or threatened investigation, claim, or proceeding of any kind relating to (1) any Hazardous Substance located on, under or about the Property; or (2) any violation by Mortgagor or any tenant of any Environmental Law. Mortgagor will immediately notify Lender in writing as soon as Mortgagor has reason to believe there is any such pending or threatened investigation, claim, or proceeding. In such an event, Lender has the right, but not the obligation, to participate in any such proceeding including the right to receive copies of any documents relating to such proceedings.
- E. Mortgagor and every tenant have been, are and shall remain in full compliance with any applicable Environmental Law.
- F. There are no underground storage tanks, private dumps or open wells located on or under the Property and no such tank, dump or well will be added unless Lender first consents in writing.
- G. Mortgagor will regularly inspect the Property, monitor the activities and operations on the Property, and confirm that all permits, licenses or approvals required by any applicable Environmental Law are obtained and complied with.
- H. Mortgagor will permit, or cause any tenant to permit, Lender or Lender's agent to enter and inspect the Property and review all records at any reasonable time to determine (1) the existence, location and nature of any Hazardous Substance on, under or about the Property; (2) the existence, location, nature, and magnitude of any Hazardous Substance that has been released on, under or about the Property; or (3) whether or not Mortgagor and any tenant are in compliance with applicable Environmental Law.
- I. Upon Lender's request and at any time, Mortgagor agrees, at Mortgagor's expense, to engage a qualified environmental engineer to prepare an environmental audit of the Property and to submit the results of such audit to Lender. The choice of the environmental engineer who will perform such audit is subject to Lender's approval.
- J. Lender has the right, but not the obligation, to perform any of Mortgagor's obligations under this section at Mortgagor's expense.
- K. As a consequence of any breach of any representation, warranty or promise made in this section, (1) Mortgagor will indemnify and hold Lender and Lender's successors or assigns harmless from and against all losses, claims, demands, liabilities, damages, cleanup, response and remediation costs, penalties and expenses, including without limitation all costs of litigation and attorneys' fees, which Lender and Lender's successors or assigns may sustain; and (2) at Lender's discretion, Lender may release this Mortgage and in return Mortgagor will provide Lender with collateral of at least equal value to the Property secured by this Mortgage without prejudice to any of Lender's rights under this Mortgage.
- L. Notwithstanding any of the language contained in this Mortgage to the contrary, the terms of this section shall survive any foreclosure or satisfaction of this Mortgage regardless of any passage of title to Lender or any disposition by Lender of any or all of the Property. Any claims and defenses to the contrary are hereby waived.

20. CONDEMNATION. Mortgagor will give Lender prompt notice of any action, real or threatened, by private or public entities to purchase or take any or all of the Property, including any easements, through condemnation, eminent domain, or any other means. Mortgagor further agrees to notify Lender of any proceedings instituted for the establishment of any sewer, water, conservation, ditch, drainage, or other district relating to or binding upon the Property or any part of it. Mortgagor authorizes Lender to intervene in Mortgagor's name in any of the above described actions or claims and to collect and receive all sums resulting from the action or claim. Mortgagor assigns to Lender the proceeds of any award or claim for damages connected with a condemnation or other taking of all or any part of the Property. Such proceeds shall be considered payments and will be applied as provided in this Mortgage. This assignment of proceeds is subject to the terms of any prior mortgage, deed of trust, security agreement or other lien document.

21. INSURANCE. Mortgagor agrees to maintain insurance as follows:

- A. Mortgagor shall keep the Property insured against loss by fire, theft and other hazards and risks reasonably associated with the Property due to its type and location. Other hazards and risks may include, for example, coverage against loss due to floods or flooding. This insurance shall be maintained in the amounts and for the periods that Lender requires. What Lender requires pursuant to the preceding three sentences can change during the term of the Secured Debt. The insurance carrier providing the insurance shall be chosen by Mortgagor subject to Lender's approval, which shall not be unreasonably withheld. If Mortgagor fails to maintain the coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property according to the terms of this Mortgage.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard "mortgage clause" and, where applicable, "lender loss payee clause." Mortgagor shall immediately notify Lender of cancellation or termination of the insurance. Lender shall have the right to hold the policies and renewals. If Lender requires, Mortgagor shall immediately give to Lender all receipts of paid premiums and renewal notices. Upon loss, Mortgagor shall give immediate notice to the insurance carrier and Lender. Lender may make proof of loss if not made immediately by Mortgagor.

Unless Lender and Mortgagor otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the Secured Debt, whether or not then due, with any excess paid to Mortgagor. If Mortgagor abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay the Secured Debt whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Mortgagor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of scheduled payments or change the amount of the payments. If the Property is acquired by Lender, Mortgagor's right to any insurance policies and proceeds resulting from damage to the Property before the acquisition shall pass to Lender to the extent of the Secured Debt immediately before the acquisition.

- B. Mortgagor agrees to maintain comprehensive general liability insurance naming Lender as an additional insured in an amount acceptable to Lender, insuring against claims arising from any accident or occurrence in or on the Property.
- C. Mortgagor agrees to maintain rental loss or business interruption insurance, as required by Lender, in an amount equal to at least coverage of one year's debt service, and required escrow account deposits (if agreed to separately in writing), under a form of policy acceptable to Lender.

22. NO ESCROW FOR TAXES AND INSURANCE. Unless otherwise provided in a separate agreement, Mortgagor will not be required to pay to Lender funds for taxes and insurance in escrow.

23. FINANCIAL REPORTS AND ADDITIONAL DOCUMENTS. Mortgagor will provide to Lender upon request, any financial statement or information Lender may deem necessary. Mortgagor warrants that all financial statements and information Mortgagor provides to Lender are, or will be, accurate, correct, and complete. Mortgagor agrees to sign, deliver, and file as Lender may reasonably request any additional documents or certifications that Lender may consider necessary to perfect, continue, and preserve Mortgagor's obligations under this Mortgage and Lender's lien status on the Property. If Mortgagor fails to do so, Lender may sign, deliver, and file such documents or certificates in Mortgagor's name and Mortgagor hereby irrevocably appoints Lender or Lender's agent as attorney in fact to do the things necessary to comply with this section.

24. JOINT AND INDIVIDUAL LIABILITY; CO-SIGNERS; SUCCESSORS AND ASSIGNS BOUND. All duties under this Mortgage are joint and individual. If Mortgagor signs this Mortgage but does not sign the Evidence of Debt, Mortgagor does so only to mortgage Mortgagor's interest in the Property to secure payment of the Secured Debt and Mortgagor does not agree to be personally liable on the Secured Debt. Mortgagor agrees that Lender and any party to this Mortgage may extend, modify or make any change in the terms of this Mortgage or the Evidence of Debt without Mortgagor's consent. Such a change will not release Mortgagor from the terms of this Mortgage. The duties and benefits of this Mortgage shall bind and benefit the successors and assigns of Mortgagor and Lender.

If this Mortgage secures a guaranty between Lender and Mortgagor and does not directly secure the obligation which is guarantied, Mortgagor agrees to waive any rights that may prevent Lender from bringing any action or claim against Mortgagor or any party indebted under the obligation including, but not limited to, anti-deficiency or one-action laws.

25. APPLICABLE LAW; SEVERABILITY; INTERPRETATION. This Mortgage is governed by the laws of the jurisdiction in which Lender is located, except to the extent otherwise required by the laws of the jurisdiction where the Property is located. This Mortgage is complete and fully integrated. This Mortgage may not be amended or modified by oral agreement. Any section or clause in this Mortgage, attachments, or any agreement related to the Secured Debt that conflicts with applicable law will not be effective, unless that law expressly or impliedly permits the variations by written agreement. If any section or clause of this Mortgage cannot be enforced according to its terms, that section or clause will be severed and will not affect the enforceability of the remainder of this Mortgage. Whenever used, the singular shall include the plural and the plural the singular. The captions and headings of the sections of this Mortgage are for convenience only and are not to be used to interpret or define the terms of this Mortgage. Time is of the essence in this Mortgage.

26. NOTICE. Unless otherwise required by law, any notice shall be given by delivering it or by mailing it by first class mail to the appropriate party's address on page 1 of this Mortgage, or to any other address designated in writing. Notice to one mortgagor will be deemed to be notice to all mortgagors.

27. WAIVER OF HOMESTEAD. Except to the extent prohibited by law, Mortgagor waives all homestead exemption rights relating to the Property.

28. U.C.C. PROVISIONS. If checked, the following are applicable to, but do not limit, this Mortgage:

- ☐ **Construction Loan.** This Mortgage secures an obligation incurred for the construction of an improvement on the Property.
- ☐ **Fixture Filing.** Mortgagor grants to Lender a security interest in all goods that Mortgagor owns now or in the future and that are or will become fixtures related to the Property.
- ☐ **Crops; Timber; Minerals; Rents, Issues and Profits.** Mortgagor grants to Lender a security interest in all crops, timber, and minerals located on the Property as well as all rents, issues, and profits of them including, but not limited to, all Conservation Reserve Program (CRP) and Payment in Kind (PIK) payments and similar governmental programs (all of which shall also be included in the term "Property").

(page 6 of 8)

- ☐ **Personal Property.** Mortgagor grants to Lender a security interest in all personal property located on or connected with the Property. This security interest includes all farm products, inventory, equipment, accounts, documents, instruments, chattel paper, general intangibles, and all other items of personal property Mortgagor owns now or in the future and that are used or useful in the construction, ownership, operation, management, or maintenance of the Property. The term "personal property" specifically excludes that property described as "household goods" secured in connection with a "consumer" loan as those terms are defined in applicable federal regulations governing unfair and deceptive credit practices.
- ☐ **Filing As Financing Statement.** Mortgagor agrees and acknowledges that this Mortgage also suffices as a financing statement and as such, may be filed of record as a financing statement for purposes of Article 9 of the Uniform Commercial Code. A carbon, photographic, image or other reproduction of this Mortgage is sufficient as a financing statement.

29. OTHER TERMS. If checked, the following are applicable to this Mortgage:

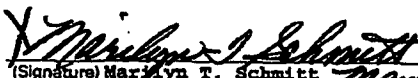
- ☒ **Line of Credit.** The Secured Debt includes a revolving line of credit provision. Although the Secured Debt may be reduced to a zero balance, this Mortgage will remain in effect until released.
- ☒ **Waiver of Appraisal Rights.** The laws of South Carolina provide that in any real estate foreclosure proceeding a defendant against whom a personal judgment is taken or asked may, within thirty days after the sale of the mortgaged property, apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. **THE UNDERSIGNED HEREBY WAIVES AND RELINQUISHES THE STATUTORY APPRAISAL RIGHTS WHICH MEANS THE HIGH BID AT THE JUDICIAL FORECLOSURE SALE WILL BE APPLIED TO THE DEBT REGARDLESS OF ANY APPRAISED VALUE OF THE MORTGAGED PROPERTY.**
- ☐ **Separate Assignment.** The Mortgagor has executed or will execute a separate assignment of leases and rents. If the separate assignment of leases and rents is properly executed and recorded, then the separate assignment will supersede this Security Instrument's "Assignment of Leases and Rents" section.
- ☐ **Additional Terms.**

SIGNATURES: By signing below, Mortgagor agrees to the terms and covenants contained in this Mortgage and in any attachments. Mortgagor also acknowledges receipt of a copy of this Mortgage on the date stated above on Page 1.

- ☐ Actual authority was granted to the parties signing below by resolution signed and dated _____.

Entity Name: J.R. Gregory Ventures, LLC

Entity Name: _____


(Signature) Marilyn T. Schmitt (Date) 03/22/2006 (Seal)
Member

(Signature) (Date) (Seal)

Signed, Sealed and delivered in the presence of:

(Witness)

(Witness)

- ☐ Refer to the Addendum which is attached and incorporated herein for additional Mortgagors, signatures and acknowledgments.

Legal Description

BK S578PG443

X ALL that certain Unit, situate, lying and being in Charleston County, State of South Carolina, known and designated as Unit Number 1700-A and Garage Unit Number 309 in THE MERIDIAN Horizontal Property Regime as shown on the plans and specifications attached to The Master Deed Establishing THE MERIDIAN Horizontal Property Regime, dated November 10, 2005, and recorded in the RMC Office for Charleston County in Book J563 at Page 344 and as amended in the First Amendment to Master Deed in Book J565 at Page 507, and any amendments thereto; together with the undivided percentage interest in the General Common Elements of the property described in said Master Deed appurtenant thereto.

BEING the same property conveyed to JR Gregory Ventures, LLC by Deed of Montecito Palmetto Plantation, LLC, said Deed being dated March 22, 2006 and recorded simultaneously herewith in the RMC Office for Charleston County.

TMS#: 558-00-00-685 (Unit 1700-A)

TMS#: 558-00-00-843 (Garage Unit 309)

MS

BK S578PG444

RECORDER'S PAGE

NOTE: This page **MUST** remain
with the original document



Filed By:

J. Lynn McCants
782 Johnnie Dodds Blvd.
P.O. Box 2025
Mt. Pleasant SC 29465

FILED

April 4, 2006

4:10:23 PM

BK S578PG435

Charlie Lybrand, Register
Charleston County, SC

DESCRIPTION	AMOUNT
	\$ 15.00
Postage	
TOTAL	\$ 15.00

DRAWER:

A - bmm

DO NOT STAMP BELOW THIS LINE

319

REQUESTS FOR ADMISSION

1. ADMIT that on or about March 22, 2006, Defendant J.R. Gregory Ventures, LLC, by and through Defendant Marilyn T. Schmitt, executed and delivered to Plaintiff a Note in the original principal amount of \$201,050.00. ("Original Note")
2. ADMIT that on or about July 10, 2007, Defendant J.R. Gregory Ventures, LLC, by and through Defendant Marilyn T. Schmitt, executed and delivered to Plaintiff it's renewal note in the original principal amount of \$201,050.00 ("Renewal Note #1").
3. ADMIT that on or about August 1, 2008, Defendant J.R. Gregory Ventures, LLC, by and through Defendant Marilyn T. Schmitt, executed and delivered to Plaintiff it's renewal note in the original principal amount of \$200,900.00 ("Renewal Note #2").
4. ADMIT that on or about September 24, 2012, Defendant J.R. Gregory Ventures, LLC, by and through Defendant Marilyn T. Schmitt, executed and delivered to Plaintiff it's renewal note in the original principal amount of \$200,880.69 ("Renewal Note #3").
5. ADMIT that you accepted the loan proceeds from the Notes referenced in Request No. 1-4 above for your use or benefit.
6. ADMIT that on or about March 22, 2006 you executed and delivered to Plaintiff a Real Estate Mortgage, which was recorded on April 4, 2006 in the Office of the RMC for Charleston County, South Carolina, in Book S578, Page 435.
7. ADMIT that on or about March 22, 2006 Defendant, Marilyn T. Schmitt executed and delivered to Plaintiff a Guaranty, guaranteeing to Plaintiff the payment and performance of the \$201,050.00 Note referenced in Request No. 1.
8. ADMIT that under the terms of paragraph 7 of the Guaranty referenced in Request No. 7 above, Defendant, Marilyn T. Schmitt agreed to waive "any and all defenses,

claims and discharges of Borrower, or any other obligor, pertaining to Indebtedness, except the defense of discharge by payment in full.”

9. ADMIT that you made payments on the loans referenced in Request Nos. 1-4, and 7 above.

10. ADMIT that you have not made any payments on the loans referenced in Request Nos. 1- 4, and 7 above since on or about March 15, 2013.

11. ADMIT that the Notes attached to the Complaint in this action as **Exhibit A** are true and accurate copies of the Notes that are the subject of this litigation.

12. ADMIT that the Notes attached to the Complaint in this action as **Exhibit A** are valid and enforceable.

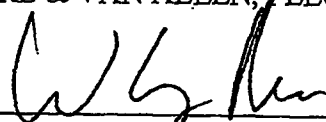
13. ADMIT that the Mortgage attached to the Complaint in this action as **Exhibit B** is a true and accurate copy of the Mortgage that is the subject of this litigation.

14. ADMIT that the Mortgage attached to the Complaint in this action as **Exhibit B** is valid and enforceable.

15. ADMIT that the Guaranty attached to the Complaint in this action as **Exhibit C** is a true and accurate copy of the Guaranty that is the subject of this litigation.

16. ADMIT that the Guaranty attached to the Complaint in this action as **Exhibit C** is valid and enforceable.

MOORE & VAN ALLEN, PLLC



W. Gregory Pearce (SC Bar No. 4392)

Joseph T. Belton (SC Bar No. 71993)

78 Wentworth Street

Charleston, SC 29401

Telephone: (843) 579-7000

Facsimile: (843) 579-7099

gregpearce@mvalaw.com
josephbelton@mvalaw.com
ATTORNEYS FOR TIDELANDS BANK

CHARLESTON, SC
December 30, 2013

) IN THE COURT OF COMMON PLEAS

) COURT FILE NO. 13-CP-10-5324

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IN THE COURT OF COMMON PLEAS
NINTH JUDICIAL CIRCUIT
CASE NO.: 2013-CP-08-5324

Plaintiff,

VS.

**J.R. GREGORY VENTURES, LLC,
MARILYN T. SCHMITT and THE
MERIDIAN OWNERS ASSOCIATION,**

Defendants.

TO: W. GREGORY PEARCE, ESQ., ATTORNEY FOR THE PLAINTIFF:

1. Admit.

2. Admit.

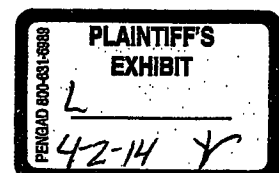
3. Admit.

4. Admit.

5. Admit by defendant J.R. Gregory Ventures, LLC and denied by defendant Marilyn T. Schmitt.

6. Admit by defendant J.R. Gregory Ventures, LLC and denied by defendant Marilyn T. Schmitt.

7. Denied.



8. Denied.

9. Admit by defendant J.R. Gregory Ventures, LLC and denied by defendant Marilyn T. Schmitt.

10. Admit by defendant J.R. Gregory Ventures, LLC and denied by defendant Marilyn T. Schmitt.

11. Admit.

12. Admit by defendant J.R. Gregory Ventures, LLC and denied by defendant Marilyn T. Schmitt.

13. Admit.

14. Admit by defendant J.R. Gregory Ventures, LLC and denied by defendant Marilyn T. Schmitt.

15. Admit.

16. Denied.

Dated: Mt. Pleasant, S.C.
January 27, 2014

WILLIAM B. JUNG, ESQ.
Attorney for the Defendants


William B. Jung, Esq.
1156 Bowman Road, Ste. 200
Mt. Pleasant, S.C. 29464
(843) 416-1104

Proof of Service

I, William B. Jung, Esq., certify under penalty of perjury that I served a copy of the defendants' responses to plaintiff's first request for admissions on January 27, 2014 by mailing the original thereof in an envelope addressed to:

W. Gregory Pearce, Esq.
Moore & Van Allen, PLLC
78 Wentworth Street
Charleston, S.C. 29401

Attorney for the Plaintiff

Dated: January 27, 2014


William B. Jung, Esq.

GUARANTY

Mt. Pleasant, South Carolina
(City) (State)

03/22/2006

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Tidelands Bank

(herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of J.R. Gregory Ventures, LLC

(herein called "Borrower") or to engage in any other transactions with Borrower, the Undersigned hereby absolutely and unconditionally guarantees to Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A. If this ☒ is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: Promissory note of even date and amount, loan# 140170300 and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

B. If this ☐ is checked, the Undersigned guarantees to Lender the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Lender (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several, or joint and several; all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness"). Without limitation, this guaranty includes the following described debt(s): _____

The Undersigned further acknowledges and agrees with Lender that:

1. No act or thing need occur to establish the liability of the Undersigned hereunder, and no act or thing, except full payment and discharge of all Indebtedness, shall in any way exonerate the Undersigned or modify, reduce, limit or release the liability of the Undersigned hereunder.

2. This is an absolute, unconditional and continuing guaranty of payment of the Indebtedness and shall continue to be in force and be binding upon the Undersigned, whether or not all Indebtedness is paid in full, until this guaranty is revoked by written notice actually received by the Lender, and such revocation shall not be effective as to Indebtedness existing or committed for at the time of actual receipt of such notice by the Lender, or as to any renewals, extensions and refinancings thereof. If there be more than one Undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the Undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by Lender and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the Undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) or revoke this guaranty, then the Lender shall have the right to declare immediately due and payable, and the Undersigned will forthwith pay to the Lender, the full amount of all Indebtedness, whether due and payable or unmatured. If the Undersigned voluntarily commences or there is commenced involuntarily against the Undersigned a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. The liability of the Undersigned hereunder shall be limited to a principal amount of \$ 201,050.00 (if unlimited or if no amount is stated, the Undersigned shall be liable for all Indebtedness, without any limitation as to amount), plus accrued interest thereon and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the Undersigned hereunder. The Lender may apply any sums received by or available to Lender on account of the Indebtedness from Borrower or any other person (except the Undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the Undersigned hereunder. If the liability of the Undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the Undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Lender, advising the Lender that such payment is made under this guaranty for such purpose.

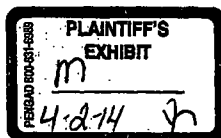
5. The Undersigned will pay or reimburse Lender for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Lender in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

This guaranty includes the additional provisions on page 2, all of which are made a part hereof.

This guaranty is ☒ unsecured; ☐ secured by a mortgage or security agreement dated _____;
☐ secured by _____

IN WITNESS WHEREOF, this guaranty has been duly executed by the Undersigned the day and year first above written.

Marilyn T. Schmitt, Member
Marilyn T. Schmitt 249-60-9308



"Undersigned" shall refer to all persons who sign this guaranty, severally and jointly.

ADDITIONAL PROVISIONS

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Indebtedness; (ii) any one or more extensions or renewals of Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of Indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any Indebtedness; (v) any discharge of any evidence of Indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon Indebtedness; (x) any election by the Lender under §1111(b)(2) of the United States Bankruptcy Code.

7. The Undersigned waives any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to Indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Undersigned will not assert, plead or enforce against Lender any defense of waiver, release, statute of limitations, res judicata, statute of frauds, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any Indebtedness, or any setoff available against Lender to Borrower or any such other person, whether or not on account of a related transaction. The Undersigned expressly agrees that the Undersigned shall be and remain liable, to the fullest extent permitted by applicable law, for any deficiency remaining after foreclosure of any mortgage or security interest securing Indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The undersigned shall remain obligated, to the fullest extent permitted by law, to pay such amounts as though the Borrower's obligations had not been discharged.

8. The Undersigned further agrees that the Undersigned shall be and remain obligated to pay Indebtedness even though any other person obligated to pay Indebtedness, including Borrower, has such obligation discharged in bankruptcy or otherwise discharged by law. "Indebtedness" shall include post-bankruptcy petition interest and attorneys' fees and any other amounts which Borrower is discharged from paying or which do not otherwise accrue to Indebtedness due to Borrower's discharge, and the Undersigned shall remain obligated to pay such amounts as though Borrower's obligations had not been discharged.

9. If any payment applied by Lender to Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the Indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

10. The Undersigned waives any claim, remedy or other right which the Undersigned may now have or hereafter acquire against Borrower or any other person obligated to pay Indebtedness arising out of the creation or performance of the Undersigned's obligation under this guaranty, including, without limitation, any right of subrogation, contribution, reimbursement, indemnification, exoneration, and any right to participate in any claim or remedy the Undersigned may have against the Borrower, collateral, or other party obligated for Borrower's debts, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.

11. The Undersigned waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing Indebtedness. Lender shall not be required first to resort for payment of the Indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Indebtedness, before enforcing this guaranty.

12. The liability of the Undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the Undersigned to Lender as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

13. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the Undersigned. This guaranty shall be effective upon delivery to Lender, without further act, condition or acceptance by Lender, shall be binding upon the Undersigned and the heirs, representatives, successors and assigns of the Undersigned and shall inure to the benefit of Lender and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. Except as authorized by the terms herein, this guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Undersigned and Lender. This guaranty shall be governed by the laws of the State in which it is executed. The Undersigned waives notice of Lender's acceptance hereof.

J.R. Gregory Ventures, LLC 4206 Colonel Vanderhorst Circle Mt. Pleasant, SC 29466	Tidelands Bank 875 Lowcountry Blvd Mt. Pleasant, SC 29464	30-0288313 Loan Number <u>140477300</u> Date <u>03/30/2010</u> Maturity Date <u>04/02/2013</u> Loan Amount \$ <u>77,000.00</u> Renewal Of _____
BORROWER'S NAME AND ADDRESS "I" includes each borrower above, jointly and severally, or means the lender, its successors and assigns.		LENDER'S NAME AND ADDRESS

For value received, I promise to pay to you, or your order, at your address listed above the **PRINCIPAL** sum of Seventy-Seven Thousand Dollars Dollars \$ 77,000.00

☒ **Single Advance:** I will receive all of this principal sum on 03/30/2010. No additional advances are contemplated under this note.

☐ **Multiple Advance:** The principal sum shown above is the maximum amount of principal I can borrow under this note. On _____ I will receive the amount of \$ _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are _____

☐ **Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on _____

☐ **Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from 03/30/2010 at the rate of 5.50000 % per year until Paid in Full

☒ **Variable Rate:** This rate may then change as stated below.

☒ **Index Rate:** The future rate will be 1.00% above the following index rate: Wall Street Journal Prime Rate

☐ **No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your control.

☒ **Frequency and Timing:** The rate on this note may change as often as every Day beginning 3/31/2010

A change in the interest rate will take effect on the same day

☒ **Limitations:** During the term of this loan, the applicable annual interest rate will not be more than _____ % or less than 5.500 %. The rate may not change more than _____ % each

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

☐ The amount of each scheduled payment will change. ☒ The amount of the final payment will change.

ACCURAL METHOD: Interest will be calculated on a Actual/365 basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

☐ on the same fixed or variable rate basis in effect before maturity (as indicated above).

☒ at a rate equal to WSJ prime rate plus 5% (five percent) upon written default notice

☒ **LATE CHARGE:** If a payment is not made within 10 days after it is due, I agree to pay a late charge of 5.000% of the late amount with a minimum of \$10.00 and a maximum of \$500.00

ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which ☐ are ☐ are not included in the principal amount above:

PAYMENTS: I agree to pay this note as follows:

☒ **Interest:** I agree to pay accrued interest See additional terms

☒ **Principal:** I agree to pay the principal See additional terms

☐ **Installments:** I agree to pay this note in _____ payments. The first payment will be in the amount of \$ _____ and will be due _____ A payment of \$ _____ will be due _____

unpaid balance of principal and interest will be due _____ thereafter. The final payment of the entire

ADDITIONAL TERMS: This is a variable rate loan and the payment amounts may change. in 12 Monthly interest payments beginning 03/02/2010 and with the principal and 23 Monthly payments of \$553.00 beginning 03/02/2011 and 1 payment of \$72,433.49 on 04/02/2013 This is a variable rate loan and the payment amounts may change. Mortgage in the amount of \$96,250.00 (125% of loan amount).

☒ **SECURITY:** This note is separately secured by (describe separate document by type and date): FRM on 4220 Raulover Drive, Johns Island, SC 29435

(This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)

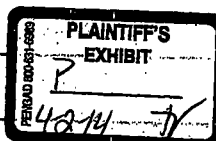
Signature for Lender

Brian Michel for K.P.
 Kenneth H. Pickens
 Vice President

PURPOSE: The purpose of this loan is Business: Purchase lot in Hope Plantation

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date.
 J.R. Gregory Ventures, LLC

Marisyn T. Schmitt
 Marisyn T. Schmitt Member



SOUTH CAROLINA - UNIVERSAL NOTE

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(page 1 of 2)

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STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF CHARLESTON	)	COURT FILE NO. 13-CP-10-5325
	)	
TIDELANDS BANK,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	PLAINTIFF'S FIRST REQUESTS FOR
	)	ADMISSION TO DEFENDANTS, J. R.
J. R. GREGORY VENTURES, LLC,	)	GREGORY VENTURES, LLC AND
MARILYN T. SCHMITT, KIAWAH	)	MARILYN T. SCHMITT
RIVER ESTATES PROPERTY	)	
OWNERS' ASSOCIATION, INC.,	)	
TOWN OF SEABROOK ISLAND	)	
UTILITY COMMISSION AND THE	)	
MERIDIAN OWNERS	)	
ASSOCIATION, INC.,	)	
	)	
Defendants.	)	

TO: WILLIAM B. JUNG, ESQUIRE, ATTORNEY FOR DEFENDANTS, J. R. GREGORY VENTURES, LLC AND MARILYN T. SCHMITT:

The Plaintiff, Tidelands Bank, hereby requires the Defendants, J. R. Gregory Investments, LLC and Marilyn T. Schmitt ("Defendants"), to answer the Requests for Admission hereinafter set forth within thirty (30) days after the service hereof, in accordance with Rule 36 of the South Carolina Rules of Civil Procedure.

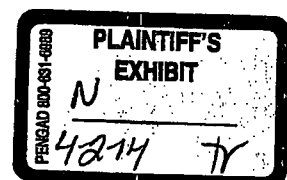
GENERAL INSTRUCTIONS

(A) If any Request for Admission cannot be responded to in full, please answer to the extent possible, including the reasons why it cannot be completely responded to and providing whatever information is available concerning the unanswered portion. If information concerning any Request for Admission will become available in the future, please state when such information will be available.

(B) If any Request for Admission calls for any information not in your possession or subject to your control, or ascertainable by you upon reasonable inquiry, then, when known, identify the custodian or possessor of such information or document.

(C) The terms "you" or "your" contained in each Request for Admission refer to the Defendants, individually and collectively.

CHARLESTON\557488v1



(D) If you refuse to answer any Request for Admission in whole or in part, describe the factual or legal basis for your refusal to answer, including any claim or privilege, in sufficient detail to permit the Court to adjudicate the validity of your refusal to answer.

REQUESTS FOR ADMISSION

1. ADMIT that on or about March 30, 2010, Defendant J.R. Gregory Ventures, LLC, by and through Defendant Marilyn T. Schmitt, executed and delivered to Plaintiff a Note in the original principal amount of \$77,000.00. ("Original Note")

2. ADMIT that on or about March 30, 2010 you executed and delivered to Plaintiff a Real Estate Mortgage, which was recorded on March 31, 2010 in the Office of the RMC for Charleston County, South Carolina, in Book 0114 Page 954.

3. ADMIT that on or about March 30, 2010 Defendant, Marilyn T. Schmitt executed and delivered to Plaintiff a Guaranty, guaranteeing to Plaintiff the payment and performance of the \$77,000.00 Note referenced in Request No. 1.

4. ADMIT that under the terms of paragraph 7 of the Guaranty referenced in Request No. 7 above, Defendant, Marilyn T. Schmitt agreed to waive "any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to Indebtedness, except the defense of discharge by payment in full."

5. ADMIT that you made payments on the loans referenced in Request Nos. 1 and 3 above.

6. ADMIT that you have not made any payments on the loans referenced in Request Nos. 1 and 3 above since on or about April 3, 2013.

7. ADMIT that the Note attached to the Complaint in this action as Exhibit A is a true and accurate copy of the Note that is the subject of this litigation.

8. ADMIT that the Note attached to the Complaint in this action as **Exhibit A** is valid and enforceable.

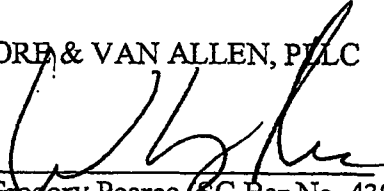
9. ADMIT that the Mortgage attached to the Complaint in this action as **Exhibit B** is a true and accurate copy of the Mortgage that is the subject of this litigation.

10. ADMIT that the Mortgage attached to the Complaint in this action as **Exhibit B** is valid and enforceable.

11. ADMIT that the Guaranty attached to the Complaint in this action as **Exhibit C** is a true and accurate copy of the Guaranty that is the subject of this litigation.

12. ADMIT that the Guaranty attached to the Complaint in this action as **Exhibit C** is valid and enforceable.

MOORE & VAN ALLEN, PLLC



W. Gregory Pearce (SC Bar No. 4392)

Joseph T. Belton (SC Bar No. 71993)

78 Wentworth Street

Charleston, SC 29401

Telephone: (843) 579-7000

Facsimile: (843) 579-7099

gregpearce@mvalaw.com

josephbelton@mvalaw.com

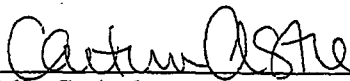
ATTORNEYS FOR TIDELANDS BANK

CHARLESTON, SC
December 20, 2013

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF CHARLESTON	)	COURT FILE NO. 13-CP-10-5325
	)	
TIDELANDS BANK,	)	
	)	
Plaintiff,	)	
	)	CERTIFICATE OF SERVICE
vs.	)	
	)	
J. R. GREGORY VENTURES, LLC,	)	
MARILYN T. SCHMITT, KIAWAH	)	
RIVER ESTATES PROPERTY	)	
OWNERS' ASSOCIATION, INC.,	)	
TOWN OF SEABROOK ISLAND	)	
UTILITY COMMISSION AND THE	)	
MERIDIAN OWNERS	)	
ASSOCIATION, INC.,	)	
	)	
Defendants.	)	

This is to certify that I have this date served a true and correct copy of **Plaintiff's First Requests for Admission to Defendants** on the parties identified below by e-mail and U.S. Mail with sufficient postage properly affixed thereto, to:

William B. Jung, Esquire
 1156 Bowman Road, Suite 200
 Mount Pleasant, SC 29464


 Caitlin C. Astle

CHARLESTON, SC
 December 30, 2013

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	NINTH JUDICIAL CIRCUIT
COUNTY OF CHARLESTON	)	CASE NO.: 2013-CP-08-5325
TIDELANDS BANK,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	
	)	
J.R. GREGORY VENTURES, LLC,	)	
MARILYN T. SCHMITT, KIAWAH	(	
RIVER ESTATES OWNERS'	)	
ASSOCIATION, et al.,	)	
	)	
Defendants.	)	

**DEFENDANTS J.R. GREGORY VENTURES, LLC AND MARILYN T. SCHMITT'S
RESPONSES TO REQUESTS FOR ADMISSIONS**

TO: W. GREGORY PEARCE, ESQ., ATTORNEY FOR THE PLAINTIFF:

PLEASE TAKE NOTICE that, pursuant to S.C.R.Civ.P. Rule 36, defendants J.R. Gregory Ventures, LLC and Marilyn T. Schmitt ("defendants") hereby respond to the first requests for admissions from plaintiff Tideland's Bank ("plaintiff"):

1. Admit.
2. Admit by defendant J.R. Gregory Ventures, LLC and denied by defendant Marilyn T. Schmitt.
3. Denied.
4. Denied.
5. Admit by defendant J.R. Gregory Ventures, LLC and denied by defendant Marilyn T. Schmitt.
6. Admit by defendant J.R. Gregory Ventures, LLC and denied by defendant Marilyn T. Schmitt.



7. Admit.

8. Admit by defendant J.R. Gregory Ventures, LLC and denied by defendant Marilyn T. Schmitt.

9. Admit.

10. Admit by defendant J.R. Gregory Ventures, LLC and denied by defendant Marilyn T. Schmitt.

11. Admit.

12. Denied.

.Dated: Mt. Pleasant, S.C.
January 27, 2014

WILLIAM B. JUNG, ESQ.
Attorney for the Defendants


William B. Jung, Esq.
1156 Bowman Road, Ste. 200
Mt. Pleasant, S.C. 29464
(843) 416-1104

Proof of Service

I, William B. Jung, Esq., certify under penalty of perjury that I served a copy of the defendants' responses to plaintiff's first request for admissions on January 27, 2014 by mailing the original thereof in an envelope addressed to:

W. Gregory Pearce, Esq.
Moore & Van Allen, PLLC
78 Wentworth Street
Charleston, S.C. 29401

Attorney for the Plaintiff

Dated: January 27, 2014


William B. Jung, Esq.



BP0114954

RMC BK 0114 Pg 954 : pg 1 *

This document was prepared by (name, address, phone):

Tidelands Bank
875 Lowcountry Blvd
Mt. Pleasant, SC 29464

State of South Carolina

Space Above This Line For Recording Data

REAL ESTATE MORTGAGE

(With Future Advance Clause)

1. **DATE AND PARTIES.** The date of this Mortgage is 03/30/2010 and the parties and their addresses are as follows:

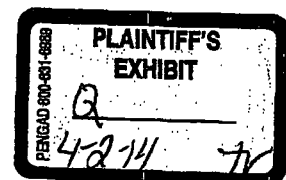
MORTGAGOR: J.R. Gregory Ventures, LLC
1738 Dartmoor Cir
Charleston, SC 29407

I Refer to the Addendum which is attached and incorporated herein for additional Mortgagors.

LENDER: Tidelands Bank
875 Lowcountry Blvd
Mt. Pleasant, SC 29464

2. **MORTGAGE.** For good and valuable consideration, the receipt and sufficiency of which is acknowledged, and to secure the Secured Debt (hereafter defined), Mortgagor grants, bargains, conveys and mortgages to Lender the following described property:

See Attached Exhibit "A"



The property is located in Charleston at 4220 Haulover
(County)
Drive Johns Island, South Carolina 29455
(Address) (City) (Zip Code)

Together with all rights, easements, appurtenances, royalties, mineral rights, oil and gas rights, crops, timber, all diversion payments or third party payments made to crop producers, and all existing and future improvements, structures, fixtures, and replacements that may now, or at any time in the future, be part of the real estate described above (all referred to as "Property"). The term Property also includes, but is not limited to, any and all water wells, water, ditches, reservoirs, reservoir sites and dams located on the real estate and all riparian and water rights associated with the Property, however established.

SOUTHCAROLINAGRINCULTURAL/COMMERCIAL/STATESECURITYINSTRUMENTTOFORMINVESTMENTOR/LEASEAND/CONSUMERPROPOSES)

(page 1 of 8)

ExpressTM 1984, 2001 Bankers Systems, Inc., St. Cloud, MN Form AGCO-RESI-SC 1/21/2003

MJS

3. **MAXIMUM OBLIGATION LIMIT.** The total principal amount of the Secured Debt (hereafter defined) secured by this Mortgage at any one time shall not exceed \$ 96,250.00. This limitation of amount does not include interest, loan charges, commitment fees, brokerage commissions, attorneys' fees and other charges validly made pursuant to this Mortgage and does not apply to advances (or interest accrued on such advances) made under the terms of this Mortgage to protect Lender's security and to perform any of the covenants contained in this Mortgage. Interest under the Note will be deferred, accrued or capitalized; however, Mortgagee shall not be required to defer, accrue or capitalize any interest except as provided in the Note. Future advances are contemplated and, along with other future obligations, are secured by this Mortgage even though all or part may not yet be advanced. Nothing in this Mortgage, however, shall constitute a commitment to make additional or future loans or advances in any amount. Any such commitment would need to be agreed to in a separate writing.

4. **SECURED DEBT DEFINED.** The term "Secured Debt" includes, but is not limited to, the following:

- A. The promissory note(s), contract(s), guaranty(ies) or other evidence of debt described below and all extensions, renewals, modifications or substitutions (Evidence of Debt) (e.g., borrower's name, note amount, interest rate, maturity date):

Promissory Note of even date in the amount of \$77,000.00.

- B. All future advances from Lender to Mortgagor or other future obligations of Mortgagor to Lender under any promissory note, contract, guaranty, or other evidence of debt existing now or executed after this Mortgage whether or not this Mortgage is specifically referred to in the evidence of debt.
- C. All obligations Mortgagor owes to Lender, which now exist or may later arise, to the extent not prohibited by law, including, but not limited to, liabilities for overdrafts relating to any deposit account agreement between Mortgagor and Lender.
- D. All additional sums advanced and expenses incurred by Lender for insuring, preserving or otherwise protecting the Property and its value and any other sums advanced and expenses incurred by Lender under the terms of this Mortgage, plus interest at the highest rate in effect, from time to time, as provided in the Evidence of Debt.
- E. Mortgagor's performance under the terms of any instrument evidencing a debt by Mortgagor to Lender and any Mortgage securing, guarantying, or otherwise relating to the debt.

If more than one person signs this Mortgage as Mortgagor, each Mortgagor agrees that this Mortgage will secure all future advances and future obligations described above that are given to or incurred by any one or more Mortgagor, or any one or more Mortgagor and others. This Mortgage will not secure any other debt if Lender fails, with respect to such other debt, to make any required disclosure about this Mortgage or if Lender fails to give any required notice of the right of rescission.

5. **PAYMENTS.** Mortgagor agrees to make all payments on the Secured Debt when due and in accordance with the terms of the Evidence of Debt or this Mortgage.
6. **WARRANTY OF TITLE.** Mortgagor covenants that Mortgagor is lawfully seized of the estate conveyed by this Mortgage and has the right to grant, bargain, convey, sell, and mortgage the Property and warrants that the Property is unencumbered, except for encumbrances of record.
7. **CLAIMS AGAINST TITLE.** Mortgagor will pay all taxes, assessments, liens, encumbrances, lease payments, ground rents, utilities, and other charges relating to the Property when due. Lender may require Mortgagor to provide to Lender copies of all notices that such amounts are due and the receipts evidencing Mortgagor's payment. Mortgagor will defend title to the Property against any claims that would impair the lien of this Mortgage. Mortgagor agrees to assign to Lender, as requested by Lender, any rights, claims or defenses which Mortgagor may have against parties who supply labor or materials to improve or maintain the Property.
8. **PRIOR SECURITY INTERESTS.** With regard to any other mortgage, deed of trust, security agreement or other lien document that created a prior security interest or encumbrance on the Property and that may have priority over this Mortgage, Mortgagor agrees:
- A. To make all payments when due and to perform or comply with all covenants.
- B. To promptly deliver to Lender any notices that Mortgagor receives from the holder.
- C. Not to make or permit any modification or extension of, and not to request or accept any future advances under any note or agreement secured by, the other mortgage, deed of trust or security agreement unless Lender consents in writing.
9. **DUE ON SALE OR ENCUMBRANCE.** Lender may, at its option, declare the entire balance of the Secured Debt to be immediately due and payable upon the creation of any lien, encumbrance, transfer, or sale, or contract for any of these on the Property. However, if the Property includes Mortgagor's residence, this section shall be subject to the restrictions imposed by federal law (12 C.F.R. 591), as applicable. For the purposes of this section, the term "Property" also includes any interest to all or any part of the Property. This covenant shall run with the Property and shall remain in effect until the Secured Debt is paid in full and this Mortgage is released.

(page 2 of 8)

MAS

10. TRANSFER OF AN INTEREST IN THE MORTGAGOR. If Mortgagor is an entity other than a natural person (such as a corporation or other organization), Lender may demand immediate payment if (1) a beneficial interest in Mortgagor is sold or transferred; (2) there is a change in either the identity or number of members of a partnership or similar entity; or (3) there is a change in ownership of more than 25 percent of the voting stock of a corporation or similar entity. However, Lender may not demand payment in the above situations if it is prohibited by law as of the date of this Mortgage.

11. ENTITY WARRANTIES AND REPRESENTATIONS. If Mortgagor is an entity other than a natural person (such as a corporation or other organization), Mortgagor makes to Lender the following warranties and representations which shall be continuing as long as the Secured Debt remains outstanding:

- A. Mortgagor is an entity which is duly organized and validly existing in the Mortgagor's state of incorporation (or organization). Mortgagor is in good standing in all states in which Mortgagor transacts business. Mortgagor has the power and authority to own the Property and to carry on its business as now being conducted and, as applicable, is qualified to do so in each state in which Mortgagor operates.
- B. The execution, delivery and performance of this Mortgage by Mortgagor and the obligation evidenced by the Evidence of Debt are within the power of Mortgagor, have been duly authorized, have received all necessary governmental approval, and will not violate any provision of law, or order of court or governmental agency.
- C. Other than disclosed in writing Mortgagor has not changed its name within the last ten years and has not used any other trade or fictitious name. Without Lender's prior written consent, Mortgagor does not and will not use any other name and will preserve its existing name, trade names and franchises until the Secured Debt is satisfied.

12. PROPERTY CONDITION, ALTERATIONS AND INSPECTION. Mortgagor will keep the Property in good condition and make all repairs that are reasonably necessary. Mortgagor will give Lender prompt notice of any loss or damage to the Property. Mortgagor will keep the Property free of noxious weeds and grasses. Mortgagor will not initiate, join in or consent to any change in any private restrictive covenant, zoning ordinance or other public or private restriction limiting or defining the uses which may be made of the Property or any part of the Property, without Lender's prior written consent. Mortgagor will notify Lender of all demands, proceedings, claims, and actions against Mortgagor or any other owner made under law or regulation regarding use, ownership and occupancy of the Property. Mortgagor will comply with all legal requirements and restrictions, whether public or private, with respect to the use of the Property. Mortgagor also agrees that the nature of the occupancy and use will not change without Lender's prior written consent.

No portion of the Property will be removed, demolished or materially altered without Lender's prior written consent except that Mortgagor has the right to remove items of personal property comprising a part of the Property that become worn or obsolete, provided that such personal property is replaced with other personal property at least equal in value to the replaced personal property, free from any title retention device, security agreement or other encumbrance. Such replacement of personal property will be deemed subject to the security interest created by this Mortgage. Mortgagor shall not partition or subdivide the Property without Lender's prior written consent. Lender or Lender's agents may, at Lender's option, enter the Property at any reasonable time for the purpose of inspecting the Property. Any inspection of the Property shall be entirely for Lender's benefit and Mortgagor will in no way rely on Lender's inspection.

13. AUTHORITY TO PERFORM. If Mortgagor fails to perform any of Mortgagor's duties under this Mortgage, or any other mortgage, deed of trust, security agreement or other lien document that has priority over this Mortgage, Lender may, without notice, perform the duties or cause them to be performed. Mortgagor appoints Lender as attorney in fact to sign Mortgagor's name or pay any amount necessary for performance. If any construction on the Property is discontinued or not carried on in a reasonable manner, Lender may do whatever is necessary to protect Lender's security interest in the Property. This may include completing the construction.

Lender's right to perform for Mortgagor shall not create an obligation to perform, and Lender's failure to perform will not preclude Lender from exercising any of Lender's other rights under the law or this Mortgage. Any amounts paid by Lender for insuring, preserving or otherwise protecting the Property and Lender's security interest will be due on demand and will bear interest from the date of the payment until paid in full at the interest rate in effect from time to time according to the terms of the Evidence of Debt.

14. ASSIGNMENT OF LEASES AND RENTS. Mortgagor assigns, grants, bargains, conveys and mortgages to Lender as additional security all the right, title and interest in the following (Property):

- A. Existing or future leases, subleases, licenses, guaranties and any other written or verbal agreements for the use and occupancy of the Property, including but not limited to, any extensions, renewals, modifications or replacements (Leases).
- B. Rents, issues and profits, including but not limited to, security deposits, minimum rents, percentage rents, additional rents, common area maintenance charges, parking charges, real estate taxes, other applicable taxes, insurance premium contributions, liquidated damages following default, cancellation premiums, "loss of rents" insurance, guest receipts, revenues, royalties, proceeds, bonuses, accounts, contract rights, general intangibles, and all rights and claims which Mortgagor may have that in any way pertain to or are on account of the use or occupancy of the whole or any part of the Property (Rents).

In the event any item listed as Leases or Rents is determined to be personal property, this Assignment will also be regarded as a security agreement.

Mortgagor will promptly provide Lender with copies of the Leases and will certify these Leases are true and correct copies. The existing Leases will be provided on execution of the Assignment, and all future Leases and any other information with respect to these Leases will be provided immediately after they are executed. Mortgagor may collect, receive, enjoy and use the Rents so long as Mortgagor is not in default. Mortgagor will not collect in advance any Rents due in future lease periods, unless Mortgagor first obtains Lender's written consent. Upon default, Mortgagor will receive

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any Rents in trust for Lender and Mortgagor will not commingle the Rents with any other funds. When Lender so directs, Mortgagor will endorse and deliver any payments of Rents from the Property to Lender. Amounts collected will be applied at Lender's discretion to the Secured Debts, the costs of managing, protecting and preserving the Property, and other necessary expenses. Mortgagor agrees that this Security Instrument is immediately effective between Mortgagor and Lender and effective as to third parties on the recording of this Assignment.

As long as this Assignment is in effect, Mortgagor warrants and represents that no default exists under the Leases, and the parties subject to the Leases have not violated any applicable law on leases, licenses and landlords and tenants. Mortgagor, at its sole cost and expense, will keep, observe and perform, and require all other parties to the Leases to comply with the Leases and any applicable law. If Mortgagor or any party to the Lease defaults or fails to observe any applicable law, Mortgagor will promptly notify Lender. If Mortgagor neglects or refuses to enforce compliance with the terms of the Leases, then Lender may, at Lender's option, enforce compliance.

Mortgagor will not sublet, modify, extend, cancel, or otherwise alter the Leases, or accept the surrender of the Property covered by the Leases (unless the Leases so require) without Lender's consent. Mortgagor will not assign, compromise, subordinate or encumber the Leases and Rents without Lender's prior written consent. Lender does not assume or become liable for the Property's maintenance, depreciation, or other losses or damages when Lender acts to manage, protect or preserve the Property, except for losses and damages due to Lender's gross negligence or intentional torts. Otherwise, Mortgagor will indemnify Lender and hold Lender harmless for all liability, loss or damage that Lender may incur when Lender opts to exercise any of its remedies against any party obligated under the Leases.

- 15. CONDOMINIUMS; PLANNED UNIT DEVELOPMENTS.** If the Property includes a unit in a condominium or a planned unit development, Mortgagor will perform all of Mortgagor's duties under the covenants, by-laws, or regulations of the condominium or planned unit development.
- 16. DEFAULT.** Mortgagor will be in default if any of the following occur:
- A. Any party obligated on the Secured Debt fails to make payment when due;
 - B. A breach of any term or covenant in this Mortgage, any prior mortgage or any construction loan agreement, security agreement or any other document evidencing, guarantying, securing or otherwise relating to the Secured Debt;
 - C. The making or furnishing of any verbal or written representation, statement or warranty to Lender that is false or incorrect in any material respect by Mortgagor or any person or entity obligated on the Secured Debt;
 - D. The death, dissolution, or insolvency of, appointment of a receiver for, or application of any debtor relief law to, Mortgagor or any person or entity obligated on the Secured Debt;
 - E. A good faith belief by Lender at any time that Lender is insecure with respect to any person or entity obligated on the Secured Debt or that the prospect of any payment is impaired or the value of the Property is impaired;
 - F. A material adverse change in Mortgagor's business including ownership, management, and financial conditions, which Lender in its opinion believes impairs the value of the Property or repayment of the Secured Debt; or
 - G. Any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 C.F.R. Part 1940, Subpart G, Exhibit M.
- 17. REMEDIES ON DEFAULT.** In some instances, federal and state law will require Lender to provide Mortgagor with notice of the right to cure, mediation notices or other notices and may establish time schedules for foreclosure actions. Subject to these limitations, if any, Lender may accelerate the Secured Debt and foreclose this Mortgage in a manner provided by law if this Mortgage is in default.
- At the option of Lender, all or any part of the agreed fees and charges, accrued interest and principal shall become immediately due and payable, after giving notice if required by law, upon the occurrence of a default or anytime thereafter. In addition, Lender shall be entitled to all the remedies provided by law, the Evidence of Debt, other evidences of debt, this Mortgage and any related documents. All remedies are distinct, cumulative and not exclusive, and the Lender is entitled to all remedies provided at law or equity, whether expressly set forth or not. The acceptance by Lender of any sum in payment or partial payment on the Secured Debt after the balance is due or is accelerated or after foreclosure proceedings are filed shall not constitute a waiver of Lender's right to require full and complete cure of any existing default. By not exercising any remedy on Mortgagor's default, Lender does not waive Lender's right to later consider the event a default if it continues or happens again.
- 18. EXPENSES; ADVANCES ON COVENANTS; ATTORNEYS' FEES; COLLECTION COSTS.** Except when prohibited by law, Mortgagor agrees to pay all of Lender's expenses if Mortgagor breaches any covenant in this Mortgage. Mortgagor will also pay on demand all of Lender's expenses incurred in collecting, insuring, preserving or protecting the Property or in any inventories, audits, inspections or other examination by Lender in respect to the Property. Mortgagor agrees to pay all costs and expenses incurred by Lender in enforcing or protecting Lender's rights and remedies under this Mortgage, including, but not limited to, attorneys' fees, court costs, and other legal expenses. Once the Secured Debt is fully and finally paid, Lender agrees to release this Mortgage and Mortgagor agrees to pay for any recordation costs. All such amounts are due on demand and will bear interest from the time of the advance at the highest rate in effect, from time to time, as provided in the Evidence of Debt and as permitted by law.
- 19. ENVIRONMENTAL LAWS AND HAZARDOUS SUBSTANCES.** As used in this section, (1) "Environmental Law" means, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, 42 U.S.C. 9601 et seq.), all other federal, state and local laws, regulations, ordinances, court orders, attorney general opinions or interpretive letters concerning the public health, safety, welfare, environment or a hazardous substance; and (2) "Hazardous Substance" means any toxic, radioactive or hazardous material, waste, pollutant or contaminant which has

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characteristics which render the substance dangerous or potentially dangerous to the public health, safety, welfare or environment. The term includes, without limitation, any substances defined as "hazardous material," "toxic substances," "hazardous waste" or "hazardous substance" under any Environmental Law. Mortgagor represents, warrants and agrees that, except as previously disclosed and acknowledged in writing:

- A. No Hazardous Substance has been, is, or will be located, transported, manufactured, treated, refined, or handled by any person on, under or about the Property, except in the ordinary course of business and in strict compliance with all applicable Environmental Law.
 - B. Mortgagor has not and will not cause, contribute to, or permit the release of any Hazardous Substance on the Property.
 - C. Mortgagor will immediately notify Lender if (1) a release or threatened release of Hazardous Substance occurs on, under or about the Property or migrates or threatens to migrate from nearby property; or (2) there is a violation of any Environmental Law concerning the Property. In such an event, Mortgagor will take all necessary remedial action in accordance with Environmental Law.
 - D. Mortgagor has no knowledge of or reason to believe there is any pending or threatened investigation, claim, or proceeding of any kind relating to (1) any Hazardous Substance located on, under or about the Property; or (2) any violation by Mortgagor or any tenant of any Environmental Law. Mortgagor will immediately notify Lender in writing as soon as Mortgagor has reason to believe there is any such pending or threatened investigation, claim, or proceeding. In such an event, Lender has the right, but not the obligation, to participate in any such proceeding including the right to receive copies of any documents relating to such proceedings.
 - E. Mortgagor and every tenant have been, are and shall remain in full compliance with any applicable Environmental Law.
 - F. There are no underground storage tanks, private dumps or open wells located on or under the Property and no such tank, dump or well will be added unless Lender first consents in writing.
 - G. Mortgagor will regularly inspect the Property, monitor the activities and operations on the Property, and confirm that all permits, licenses or approvals required by any applicable Environmental Law are obtained and complied with.
 - H. Mortgagor will permit, or cause any tenant to permit, Lender or Lender's agent to enter and inspect the Property and review all records at any reasonable time to determine (1) the existence, location and nature of any Hazardous Substance on, under or about the Property; (2) the existence, location, nature, and magnitude of any Hazardous Substance that has been released on, under or about the Property; or (3) whether or not Mortgagor and any tenant are in compliance with applicable Environmental Law.
 - I. Upon Lender's request and at any time, Mortgagor agrees, at Mortgagor's expense, to engage a qualified environmental engineer to prepare an environmental audit of the Property and to submit the results of such audit to Lender. The choice of the environmental engineer who will perform such audit is subject to Lender's approval.
 - J. Lender has the right, but not the obligation, to perform any of Mortgagor's obligations under this section at Mortgagor's expense.
 - K. As a consequence of any breach of any representation, warranty or promise made in this section, (1) Mortgagor will indemnify and hold Lender and Lender's successors or assigns harmless from and against all losses, claims, demands, liabilities, damages, cleanup, response and remediation costs, penalties and expenses, including without limitation all costs of litigation and attorneys' fees, which Lender and Lender's successors or assigns may sustain; and (2) at Lender's discretion, Lender may release this Mortgage and in return Mortgagor will provide Lender with collateral of at least equal value to the Property secured by this Mortgage without prejudice to any of Lender's rights under this Mortgage.
 - L. Notwithstanding any of the language contained in this Mortgage to the contrary, the terms of this section shall survive any foreclosure or satisfaction of this Mortgage regardless of any passage of title to Lender or any disposition by Lender of any or all of the Property. Any claims and defenses to the contrary are hereby waived.
20. **CONDEMNATION.** Mortgagor will give Lender prompt notice of any action, real or threatened, by private or public entities to purchase or take any or all of the Property, including any easements, through condemnation, eminent domain, or any other means. Mortgagor further agrees to notify Lender of any proceedings instituted for the establishment of any sewer, water, conservation, ditch, drainage, or other district relating to or binding upon the Property or any part of it. Mortgagor authorizes Lender to intervene in Mortgagor's name in any of the above described actions or claims and to collect and receive all sums resulting from the action or claim. Mortgagor assigns to Lender the proceeds of any award or claim for damages connected with a condemnation or other taking of all or any part of the Property. Such proceeds shall be considered payments and will be applied as provided in this Mortgage. This assignment of proceeds is subject to the terms of any prior mortgage, deed of trust, security agreement or other lien document.

21. **INSURANCE.** Mortgagor agrees to maintain insurance as follows:

- A. Mortgagor shall keep the Property insured against loss by fire, theft and other hazards and risks reasonably associated with the Property due to its type and location. Other hazards and risks may include, for example, coverage against loss due to floods or flooding. This insurance shall be maintained in the amounts and for the periods that Lender requires. What Lender requires pursuant to the preceding three sentences can change during the term of the Secured Debt. The insurance carrier providing the insurance shall be chosen by Mortgagor subject to Lender's approval, which shall not be unreasonably withheld. If Mortgagor fails to maintain the coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property according to the terms of this Mortgage.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard "mortgage clause" and, where applicable, "lender loss payee clause." Mortgagor shall immediately notify Lender of cancellation or termination of the insurance. Lender shall have the right to hold the policies and renewals. If Lender requires, Mortgagor shall immediately give to Lender all receipts of paid premiums and renewal notices. Upon loss, Mortgagor shall give immediate notice to the insurance carrier and Lender. Lender may make proof of loss if not made immediately by Mortgagor.

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Unless Lender and Mortgagor otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the Secured Debt, whether or not then due, with any excess paid to Mortgagor. If Mortgagor abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay the Secured Debt whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Mortgagor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of scheduled payments or change the amount of the payments. If the Property is acquired by Lender, Mortgagor's right to any insurance policies and proceeds resulting from damage to the Property before the acquisition shall pass to Lender to the extent of the Secured Debt immediately before the acquisition.

- B. Mortgagor agrees to maintain comprehensive general liability insurance naming Lender as an additional insured in an amount acceptable to Lender, insuring against claims arising from any accident or occurrence in or on the Property.
- C. Mortgagor agrees to maintain rental loss or business interruption insurance, as required by Lender, in an amount equal to at least coverage of one year's debt service, and required escrow account deposits (if agreed to separately in writing), under a form of policy acceptable to Lender.

22. NO ESCROW FOR TAXES AND INSURANCE. Unless otherwise provided in a separate agreement, Mortgagor will not be required to pay to Lender funds for taxes and insurance in escrow.

23. FINANCIAL REPORTS AND ADDITIONAL DOCUMENTS. Mortgagor will provide to Lender upon request, any financial statement or information Lender may deem necessary. Mortgagor warrants that all financial statements and information Mortgagor provides to Lender are, or will be, accurate, correct, and complete. Mortgagor agrees to sign, deliver, and file as Lender may reasonably request any additional documents or certifications that Lender may consider necessary to perfect, continue, and preserve Mortgagor's obligations under this Mortgage and Lender's lien status on the Property. If Mortgagor fails to do so, Lender may sign, deliver, and file such documents or certificates in Mortgagor's name and Mortgagor hereby irrevocably appoints Lender or Lender's agent as attorney in fact to do the things necessary to comply with this section.

24. JOINT AND INDIVIDUAL LIABILITY; CO-SIGNERS, SUCCESSORS AND ASSIGNS BOUND. All duties under this Mortgage are joint and individual. If Mortgagor signs this Mortgage but does not sign the Evidence of Debt, Mortgagor does so only to mortgage Mortgagor's interest in the Property to secure payment of the Secured Debt and Mortgagor does not agree to be personally liable on the Secured Debt. Mortgagor agrees that Lender and any party to this Mortgage may extend, modify or make any change in the terms of this Mortgage or the Evidence of Debt without Mortgagor's consent. Such a change will not release Mortgagor from the terms of this Mortgage. The duties and benefits of this Mortgage shall bind and benefit the successors and assigns of Mortgagor and Lender.

If this Mortgage secures a guaranty between Lender and Mortgagor and does not directly secure the obligation which is guaranteed, Mortgagor agrees to waive any rights that may prevent Lender from bringing any action or claim against Mortgagor or any party indebted under the obligation including, but not limited to, anti-deficiency or one-action laws.

25. APPLICABLE LAW; SEVERABILITY; INTERPRETATION. This Mortgage is governed by the laws of the jurisdiction in which Lender is located, except to the extent otherwise required by the laws of the jurisdiction where the Property is located. This Mortgage is complete and fully integrated. This Mortgage may not be amended or modified by oral agreement. Any section or clause in this Mortgage, attachments, or any agreement related to the Secured Debt that conflicts with applicable law will not be effective, unless that law expressly or impliedly permits the variations by written agreement. If any section or clause of this Mortgage cannot be enforced according to its terms, that section or clause will be severed and will not affect the enforceability of the remainder of this Mortgage. Whenever used, the singular shall include the plural and the plural the singular. The captions and headings of the sections of this Mortgage are for convenience only and are not to be used to interpret or define the terms of this Mortgage. Time is of the essence in this Mortgage.

26. NOTICE. Unless otherwise required by law, any notice shall be given by delivering it or by mailing it by first class mail to the appropriate party's address on page 1 of this Mortgage, or to any other address designated in writing. Notice to one mortgagor will be deemed to be notice to all mortgagors.

27. WAIVER OF HOMESTEAD. Except to the extent prohibited by law, Mortgagor waives all homestead exemption rights relating to the Property.

28. U.C.C. PROVISIONS. If checked, the following are applicable to, but do not limit, this Mortgage:

- ☐ **Construction Loan.** This Mortgage secures an obligation incurred for the construction of an improvement on the Property.
- ☐ **Fixture Filing.** Mortgagor grants to Lender a security interest in all goods that Mortgagor owns now or in the future and that are or will become fixtures related to the Property.
- ☐ **Crops; Timber; Minerals; Rents, Issues and Profits.** Mortgagor grants to Lender a security interest in all crops, timber, and minerals located on the Property as well as all rents, issues, and profits of them including, but not limited to, all Conservation Reserve Program (CRP) and Payment in Kind (PIK) payments and similar governmental programs (all of which shall also be included in the term "Property").

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Personal Property. Mortgagor grants to Lender a security interest in all personal property located on or connected with the Property. This security interest includes all farm products, inventory, equipment, accounts, documents, instruments, chattel paper, general intangibles, and all other items of personal property Mortgagor owns now or in the future and that are used or useful in the construction, ownership, operation, management, or maintenance of the Property. The term "personal property" specifically excludes that property described as "household goods" secured in connection with a "consumer" loan as those terms are defined in applicable federal regulations governing unfair and deceptive credit practices.

Filing As Financing Statement. Mortgagor agrees and acknowledges that this Mortgage also suffices as a financing statement and as such, may be filed of record as a financing statement for purposes of Article 9 of the Uniform Commercial Code. A carbon, photographic, image or other reproduction of this Mortgage is sufficient as a financing statement.

29. OTHER TERMS. If checked, the following are applicable to this Mortgage:

- ☐ **Line of Credit.** The Secured Debt includes a revolving line of credit provision. Although the Secured Debt may be reduced to a zero balance, this Mortgage will remain in effect until released.
- ☒ **Waiver of Appraisal Rights.** The laws of South Carolina provide that in any real estate foreclosure proceeding a defendant against whom a personal judgment is taken or asked may, within thirty days after the sale of the mortgaged property, apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. **THE UNDERSIGNED HEREBY WAIVES AND RELINQUISHES THE STATUTORY APPRAISAL RIGHTS WHICH MEANS THE HIGH BID AT THE JUDICIAL FORECLOSURE SALE WILL BE APPLIED TO THE DEBT REGARDLESS OF ANY APPRAISED VALUE OF THE MORTGAGED PROPERTY.**
- ☐ **Separate Assignment.** The Mortgagor has executed or will execute a separate assignment of leases and rents. If the separate assignment of leases and rents is properly executed and recorded, then the separate assignment will supersede this Security Instrument's "Assignment of Leases and Rents" section.
- ☐ **Additional Terms.**

SIGNATURES: By signing below, Mortgagor agrees to the terms and covenants contained in this Mortgage and in any attachments. Mortgagor also acknowledges receipt of a copy of this Mortgage on the date stated above on Page 1.

☐ Actual authority was granted to the parties signing below by resolution signed and dated _____.

Entity Name: J.R. Gregory Ventures, LLC

Entity Name: _____

Marilyn T. Schmitt (Seal)
(Signature) (Date)

(Signature) (Date)

Member
Signed, Sealed and delivered in the presence of:

[Signature]
(Witness)

[Signature]
(Witness)

☐ Refer to the Addendum which is attached and incorporated herein for additional Mortgagors, signatures and acknowledgments.

PROBATE:

STATE OF South Carolina, COUNTY OF Charleston) ss.

Personally appeared before me the undersigned witness who, being duly sworn, deposed and said that (s)he saw the Mortgagor (and each Mortgagor if more than one) sign, seal and deliver the foregoing Mortgage and that (s)he, together with the other witness whose name appears as a witness, witnessed the execution thereof.

Sworn to and subscribed before me this 30th day

of March, 2010

[Signature]
Notary Public for South Carolina

[Signature]

My commission expires: 10/10/13

Exhibit A

ALL that certain piece, parcel or lot of land, situate, lying and being on John's Island, in the County of Charleston, State of South Carolina, known and designated as Lot 12D, Phase IV-A, Hope Plantation, on a plat prepared by George A.Z. Johnson, Jr., Inc., Land Surveyors, entitled "CONDITIONAL PLAT SHOWING A TOTAL OF 12.476 ACRES, LOTS 1D THRU 32D OF SECTION A, AND LOTS 1F THRU 41F OF SECTION B, HOPE PLANTATION, PHSAE IV, PROPERTY OF HOPE PLANTATION DEVELOPMENT, L.L.C., LOCATED ON JOHNS ISLAND, CHARLESTON COUNTY, SOUTH CAROLINA", dated January 26, 2000, revised February 1, 2000 and recorded February 11, 2000 in the RMC Office for Charleston County in Plat Book ED at Pages 792 and 793.

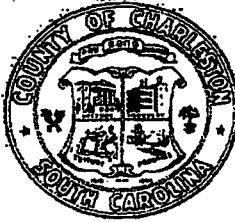
BEING the same property conveyed to R. S. Delman, LLC and J. R. Gregory Ventures, LLC by deed of Gregory A. Ray, dated May 18, 2005 and recorded on May 19, 2005 in the Office of the RMC for Charleston County in Book L537 at Page 381. R. S. Delman, LLC conveyed its interest in subject property to J. R. Gregory Ventures, LLC by deed of even date and being recorded simultaneously herewith in the RMC Office for Charleston County.

TMS# 203-11-00-115

MSL

RECORDER'S PAGE

NOTE: This page MUST remain
with the original document



Filed By:

J. LYNN MCCANTS
782 JOHNNIE DODDS BLVD.
P.O. BOX 2025
MT. PLEASANT SC 29465

RECORDED		
Date:	March 31, 2010	
Time:	4:23:44 PM	
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Charlie Lybrand, Register Charleston County, SC		

RMC BK 0114 Pg 954 : Pg 10 *

MAKER:

J R GREGORY VENTURES

of Sats:

of Pages: 10

of References:

RECIPIENT:

TIDELANDS BK

Note:

Recording Fee	\$ 10.00
Extra Reference Cost	\$ -
Extra Pages	\$ 5.00
Postage	\$ -
Chattel	\$ -
TOTAL	\$ 15.00

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GUARANTY

Mt. Pleasant, South Carolina
(City) (State)

March 30, 2010

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Tidelands Bank

(herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of J.R. Gregory Ventures, LLC
4206 Colonel Vanderhorst Circle Mt. Pleasant, SC 29466

(herein called "Borrower") or to engage in any other transactions with Borrower, the Undersigned hereby absolutely and unconditionally guarantees to Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A. If this ☒ is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: Promissory Note
of even date numbered 140477300. and any extensions,

renewals or replacements thereof (hereinafter referred to as the "Indebtedness").
B. If this ☐ is checked, the Undersigned guarantees to Lender the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Lender (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several, or joint and several; all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness"). Without limitation, this guaranty includes the following described debt(s): _____

The Undersigned further acknowledges and agrees with Lender that:

1. No act or thing need occur to establish the liability of the Undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the Undersigned or modify, reduce, limit or release the liability of the Undersigned hereunder.

2. This is an absolute, unconditional and continuing guaranty of payment of the Indebtedness and shall continue to be in force and be binding upon the Undersigned, whether or not all Indebtedness is paid in full, until this guaranty is revoked by written notice actually received by the Lender, and such revocation shall not be effective as to Indebtedness existing or committed for at the time of actual receipt of such notice by the Lender, or as to any renewals, extensions and refinancings thereof. If there be more than one Undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the Undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by Lender and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the Undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) or revoke this guaranty, then the Lender shall have the right to declare immediately due and payable, and the Undersigned will forthwith pay to the Lender, the full amount of all Indebtedness, whether due and payable or unmatured. If the Undersigned voluntarily commences or there is commenced involuntarily against the Undersigned a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. The liability of the Undersigned hereunder shall be limited to a principal amount of \$ 77,000.00
(if unlimited or if no amount is stated, the Undersigned shall be liable for all Indebtedness, without any limitation as to amount), plus accrued interest thereon and all other costs, fees, and expenses agreed to be paid under all agreements evidencing the Indebtedness and securing the payment of the Indebtedness, and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the Undersigned hereunder. The Lender may apply any sums received by or available to Lender on account of the Indebtedness from Borrower or any other person (except the Undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the Undersigned hereunder. If the liability of the Undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the Undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Lender, advising the Lender that such payment is made under this guaranty for such purpose.

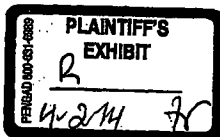
5. The Undersigned will pay or reimburse Lender for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Lender in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

This guaranty includes the additional provisions on page 2, all of which are made a part hereof.

This guaranty is ☒ unsecured; ☐ secured by a mortgage or security agreement dated _____;
☐ secured by _____

IN WITNESS WHEREOF, this guaranty has been duly executed by the Undersigned the day and year first above written.

Magaly R. Schmidt
Magaly R. Schmidt 249-60-9208



"Undersigned" shall refer to all persons who sign this guaranty, severally and jointly.

ADDITIONAL PROVISIONS

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Indebtedness; (ii) any one or more extensions or renewals of Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of Indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any Indebtedness; (v) any discharge of any evidence of Indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon Indebtedness; (x) any election by the Lender under §1111(b)(2) of the United States Bankruptcy Code.

7. The Undersigned waives any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to Indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Undersigned will not assert, plead or enforce against Lender any defense of waiver, release, statute of limitations, res judicata, statute of frauds, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any Indebtedness, or any setoff available against Lender to Borrower or any such other person, whether or not on account of a related transaction. The Undersigned expressly agrees that the Undersigned shall be and remain liable, to the fullest extent permitted by applicable law, for any deficiency remaining after foreclosure of any mortgage or security interest securing Indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The Undersigned shall remain obligated, to the fullest extent permitted by law, to pay such amounts as though the Borrower's obligations had not been discharged.

8. The Undersigned further agrees that the Undersigned shall be and remain obligated to pay Indebtedness even though any other person obligated to pay Indebtedness, including Borrower, has such obligation discharged in bankruptcy or otherwise discharged by law. "Indebtedness" shall include post-bankruptcy petition interest and attorneys' fees and any other amounts which Borrower is discharged from paying or which do not otherwise accrue to Indebtedness due to Borrower's discharge, and the Undersigned shall remain obligated to pay such amounts as though Borrower's obligations had not been discharged.

9. If any payment applied by Lender to Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the Indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

10. Until the obligations of the Borrower to Lender have been paid in full, the Undersigned waives any claim, remedy or other right which the Undersigned may now have or hereafter acquire against Borrower or any other person obligated to pay Indebtedness arising out of the creation or performance of the Undersigned's obligation under this guaranty, including, without limitation, any right of subrogation, contribution, reimbursement, indemnification, exoneration, and any right to participate in any claim or remedy the Undersigned may have against the Borrower, collateral, or other party obligated for Borrower's debts, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.

11. The Undersigned waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing Indebtedness. Lender shall not be required first to resort for payment of the Indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Indebtedness, before enforcing this guaranty.

12. The liability of the Undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the Undersigned to Lender as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

13. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the Undersigned. This guaranty shall be effective upon delivery to Lender, without further act, condition or acceptance by Lender, shall be binding upon the Undersigned and the heirs, representatives, successors and assigns of the Undersigned and shall inure to the benefit of Lender and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. Except as authorized by the terms herein, this guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Undersigned and Lender. This guaranty shall be governed by the laws of the State in which it is executed. The Undersigned waives notice of Lender's acceptance hereof.

MAD

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

TIDELANDS BANK,

Plaintiff,

vs.

J. R. GREGORY VENTURES, LLC,
MARILYN T. SCHMITT, KIAWAH
RIVER ESTATES PROPERTY
OWNERS' ASSOCIATION, INC.,
TOWN OF SEABROOK ISLAND
UTILITY COMMISSION AND THE
MERIDIAN OWNERS
ASSOCIATION, INC.,

Defendants.

) IN THE COURT OF COMMON PLEAS

) COURT FILE NO. 13-CP-10-5325

**SECOND AMENDED
NOTICE OF DEPOSITION OF
MARILYN T. SCHMITT**

TO: WILLIAM B. JUNG, ESQUIRE, PETER G. McGRATH, ESQUIRE, ATTORNEY FOR
DEFENDANTS J. R. GREGORY VENTURES, LLC, AND MARILYN T. SCHMITT.

PLEASE TAKE NOTICE that, pursuant to Rule 30 of the South Carolina Rules of Civil Procedure, the Plaintiff, will take the deposition of Marilyn T. Schmitt, on Wednesday, April 2, 2014, beginning at 11:00 a.m., at the offices of Moore & Van Allen, PLLC, 78 Wentworth Street, Charleston, South Carolina 29401, before a court reporter or other person authorized to swear witnesses and transcribe testimony. The deposition will continue from day to day until complete or recessed by mutual agreement of counsel. You are hereby invited to be present and examine the witnesses as you may be advised in the premises.



MOORE & VAN ALLEN, PLLC

W. Gregory Pearce (SC Bar No. 4392)

Joseph T. Belton (SC Bar No. 71993)

78 Wentworth Street

Charleston, SC 29401

Telephone: (843) 579-7000

Facsimile: (843) 579-7099

gregpearce@mvalaw.com

josephbelton@mvalaw.com

ATTORNEYS FOR TIDELANDS BANK

CHARLESTON, SC

March 1, 2014

STATE OF SOUTH CAROLINA)

IN THE COURT OF COMMON PLEAS)

COUNTY OF CHARLESTON)

COURT FILE NO. 13-CP-10-5325)

TIDELANDS BANK,)

Plaintiff,)

vs.)

**SECOND AMENDED
NOTICE OF RULE 30(b)(6) DEPOSITION
OF J.R. GREGORY VENTURES, LLC**

J. R. GREGORY VENTURES, LLC,)
MARILYN T. SCHMITT, KIAWAH)
RIVER ESTATES PROPERTY)
OWNERS' ASSOCIATION, INC.,)
TOWN OF SEABROOK ISLAND)
UTILITY COMMISSION AND THE)
MERIDIAN OWNERS)
ASSOCIATION, INC.,)

Defendants.)

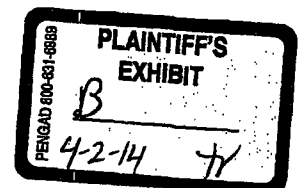
TO: WILLIAM B. JUNG, ESQUIRE, PETER G. McGRATH, ESQUIRE, ATTORNEY FOR
DEFENDANTS J. R. GREGORY VENTURES, LLC, AND MARILYN T. SCHMITT.

PLEASE TAKE NOTICE that, pursuant to Rule 30(b)(6) of the South Carolina Rules of Civil Procedure, on Wednesday, April 2, 2014, beginning at 11:00 a.m., at the offices of Moore & Van Allen, PLLC, 78 Wentworth Street, Charleston, South Carolina 29401, before a court reporter or other person authorized to swear witnesses and transcribe testimony, the Plaintiff will take the oral deposition of the designated representative(s) of J.R. Gregory Ventures, LLC most knowledgeable of the allegations set forth in the Foreclosure Complaint and Answer as more fully set forth below.

The following terms used herein are defined as indicated below and these definitions are to be applied to these terms wherever they appear herein.

DEFINITIONS

1. "You" or "your" refers to Defendant J.R. Gregory Ventures, LLC, and its affiliates, its employees, agents, attorneys, accountants, consultants, and other persons acting or purporting to act on their behalf.



2. "Person" as used herein includes any natural person, firm, association, joint venture, business trust, company, corporation, governmental or public entity, or any other form of legal entity (or any combination or division of the foregoing), including in the case of a partnership, company, corporation, business association, the natural person responsible or in custody of the information sought.

3. "Identity", with respect to a person, means to state the full name, social security number, present or last known business and residence addresses, the name and address of last known employer, and the position held at the time to which the answer refers. With respect to a corporation, trust, partnership, company, or other business entity, the term "Identity" means to state the full name, business address, and persons who have knowledge of the matter.

4. "Third parties" mean any individual entity or persons not Defendant.

SUBJECT MATTER

Examination of J.R. Gregory Ventures, LLC, shall concern the following matters as to which Defendant shall designate one or more officers, directors, managing agents, employees, or other persons to testify on its behalf, their particular knowledge, which matters shall include:

I. IDENTIFICATION

1. The Identity of all Persons whom Defendant has contacted to give testimony in this litigation and the nature of their testimony;

2. The Identity of all Persons acting for or on behalf of Defendant who has had any communication in any form, oral or written, with Plaintiff or their agents at any time.

II. CIRCUMSTANCES AND/OR FACTS

3. Regarding facts alleged in Plaintiff's Foreclosure Complaint and Defendant J.R. Gregory Ventures, LLC and Defendant Marilyn T. Schmitt's Answer;

4. Regarding any and all damages alleged in the Foreclosure Complaint;

5. Regarding names and addresses of witnesses to the allegations of Plaintiff and Defendant or surrounding events and the information possessed by such individuals;

6. Regarding Plaintiff's discovery requests to Defendant J.R. Gregory Ventures, LLC and Defendant Marilyn T. Schmitt;

7. Regarding Defendant J.R. Gregory Ventures, LLC and Defendant Marilyn T. Schmitt's responses to Plaintiff's discovery requests;

8. Regarding any affirmative defenses alleged by Defendant J.R. Gregory Ventures, LLC or Defendant Marilyn T. Schmitt;

9. Regarding Defendant Marilyn T. Schmitt's guaranty;

10. Regarding any and all correspondence and communications between Plaintiff and Defendant;

11. Regarding any and all non-privileged correspondence and communications between Defendant J.R. Gregory Ventures, LLC and Defendant Marilyn T. Schmitt's and any third party concerning the pending action.

The deposition will continue from day to day until complete or recessed by mutual agreement of counsel. You are hereby invited to be present and examine the witnesses as you may be advised in the premises.

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gregpearce@mvalaw.com

josephbelton@mvalaw.com

ATTORNEYS FOR TIDELANDS BANK

CHARLESTON, SC

March 19, 2014

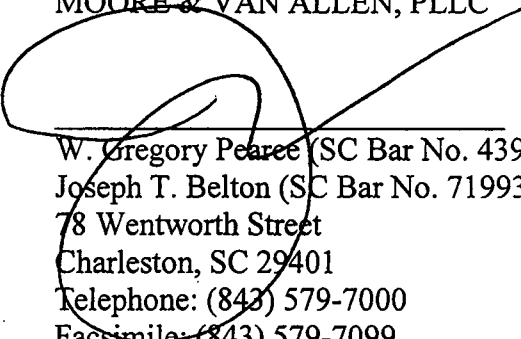
STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF CHARLESTON	)	COURT FILE NO. 2013-CP-10-5324
	)	
TIDELANDS BANK,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	
	)	
J. R. GREGORY VENTURES, LLC,	)	
MARILYN T. SCHMITT AND THE	)	
MERIDIAN OWNERS	)	
ASSOCIATION, INC.,	)	
	)	
Defendants.	)	
	)	
	)	

**AMENDED
NOTICE OF DEPOSITION OF
MARILYN T. SCHMITT**

TO: WILLIAM B. JUNG, ATTORNEY FOR DEFENDANTS J. R. GREGORY VENTURES, LLC, AND MARILYN T. SCHMITT.

PLEASE TAKE NOTICE that, pursuant to Rule 30 of the South Carolina Rules of Civil Procedure, the Plaintiff, will take the deposition of Marilyn T. Schmitt, on Thursday, March 20, 2014, beginning at 10:00 a.m., at the offices of Moore & Van Allen, PLLC, 78 Wentworth Street, Charleston, South Carolina 29401, before a court reporter or other person authorized to swear witnesses and transcribe testimony. The deposition will continue from day to day until complete or recessed by mutual agreement of counsel. You are hereby invited to be present and examine the witnesses as you may be advised in the premises.

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josephbelton@mvalaw.com

ATTORNEYS FOR TIDELANDS BANK

CHARLESTON, SC

February 25, 2014

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF CHARLESTON	)	COURT FILE NO. 2013-CP-10-5324
	)	
TIDELANDS BANK,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	AMENDED
	)	NOTICE OF RULE 30(b)(6) DEPOSITION
	)	OF J.R. GREGORY VENTURES, LLC
J. R. GREGORY VENTURES, LLC,	)	
MARILYN T. SCHMITT AND THE	)	
MERIDIAN OWNERS	)	
ASSOCIATION, INC.,	)	
	)	
Defendants.	)	
	)	
	)	

TO: WILLIAM B. JUNG, ATTORNEY FOR DEFENDANTS J. R. GREGORY VENTURES, LLC, AND MARILYN T. SCHMITT.

PLEASE TAKE NOTICE that, pursuant to Rule 30(b)(6) of the South Carolina Rules of Civil Procedure, on Thursday, March 20, 2014, beginning at 10:00 a.m., at the offices of Moore & Van Allen, PLLC, 78 Wentworth Street, Charleston, South Carolina 29401, before a court reporter or other person authorized to swear witnesses and transcribe testimony, the Plaintiff will take the oral deposition of the designated representative(s) of J.R. Gregory Ventures, LLC most knowledgeable of the allegations set forth in the Foreclosure Complaint and Answer as more fully set forth below.

The following terms used herein are defined as indicated below and these definitions are to be applied to these terms wherever they appear herein.

DEFINITIONS

1. "You" or "your" refers to Defendant J.R. Gregory Ventures, LLC, and its affiliates, its employees, agents, attorneys, accountants, consultants, and other persons acting or purporting to act on their behalf.

2. "Person" as used herein includes any natural person, firm, association, joint venture, business trust, company, corporation, governmental or public entity, or any other form

CHARLESTON\561984v1

of legal entity (or any combination or division of the foregoing), including in the case of a partnership, company, corporation, business association, the natural person responsible or in custody of the information sought.

3. "Identity", with respect to a person, means to state the full name, social security number, present or last known business and residence addresses, the name and address of last known employer, and the position held at the time to which the answer refers. With respect to a corporation, trust, partnership, company, or other business entity, the term "Identity" means to state the full name, business address, and persons who have knowledge of the matter.

4. "Third parties" mean any individual entity or persons not Defendant.

SUBJECT MATTER

Examination of J.R. Gregory Ventures, LLC, shall concern the following matters as to which Defendant shall designate one or more officers, directors, managing agents, employees, or other persons to testify on its behalf, their particular knowledge, which matters shall include:

I. IDENTIFICATION

1. The Identity of all Persons whom Defendant has contacted to give testimony in this litigation and the nature of their testimony;

2. The Identity of all Persons acting for or on behalf of Defendant who has had any communication in any form, oral or written, with Plaintiff or their agents at any time.

II. CIRCUMSTANCES AND/OR FACTS

3. Regarding facts alleged in Plaintiff's Foreclosure Complaint and Defendant J.R. Gregory Ventures, LLC and Defendant Marilyn T. Schmitt's Answer;

4. Regarding any and all damages alleged in the Foreclosure Complaint;

5. Regarding names and addresses of witnesses to the allegations of Plaintiff and Defendant or surrounding events and the information possessed by such individuals;

6. Regarding Plaintiff's discovery requests to Defendant J.R. Gregory Ventures, LLC and Defendant Marilyn T. Schmitt;

7. Regarding Defendant J.R. Gregory Ventures, LLC and Defendant Marilyn T. Schmitt's responses to Plaintiff's discovery requests;

8. Regarding any affirmative defenses alleged by Defendant J.R. Gregory Ventures, LLC or Defendant Marilyn T. Schmitt;

9. Regarding Defendant Marilyn T. Schmitt's guaranty;

10. Regarding any and all correspondence and communications between Plaintiff and Defendant;

11. Regarding any and all non-privileged correspondence and communications between Defendant J.R. Gregory Ventures, LLC and Defendant Marilyn T. Schmitt's and any third party concerning the pending action.

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gregpearce@mvalaw.com

josephbelton@mvalaw.com

ATTORNEYS FOR TIDELANDS BANK

CHARLESTON, SC

February 25, 2014

STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS
COUNTY OF CHARLESTON) COURT FILE NO. 2013-CP-10-5324

TIDELANDS BANK,

Plaintiff,

vs.

J. R. GREGORY VENTURES, LLC,
MARILYN T. SCHMITT AND THE
MERIDIAN OWNERS
ASSOCIATION, INC.,

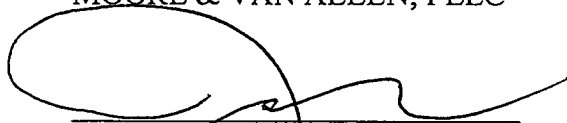
Defendants.

**NOTICE OF DEPOSITION OF
MARILYN T. SCHMITT**

TO: WILLIAM B. JUNG, ATTORNEY FOR DEFENDANTS J. R. GREGORY
VENTURES, LLC, AND MARILYN T. SCHMITT.

PLEASE TAKE NOTICE that, pursuant to Rule 30 of the South Carolina Rules of Civil Procedure, the Plaintiff, will take the deposition of Marilyn T. Schmitt, on Wednesday March 19, 2014, beginning at 10:00 a.m., at the offices of Moore & Van Allen, PLLC, 78 Wentworth Street, Charleston, South Carolina 29401, before a court reporter or other person authorized to swear witnesses and transcribe testimony. The deposition will continue from day to day until complete or recessed by mutual agreement of counsel. You are hereby invited to be present and examine the witnesses as you may be advised in the premises.

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Facsimile: (843) 579-7099

gregpearce@mvalaw.com

josephbelton@mvalaw.com

ATTORNEYS FOR TIDELANDS BANK

CHARLESTON, SC

February 14, 2014

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF CHARLESTON	)	COURT FILE NO. 2013-CP-10-5324
	)	
TIDELANDS BANK,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	NOTICE OF RULE 30(b)(6) DEPOSITION
	)	OF J.R. GREGORY VENTURES, LLC
J. R. GREGORY VENTURES, LLC,	)	
MARILYN T. SCHMITT AND THE	)	
MERIDIAN OWNERS	)	
ASSOCIATION, INC.,	)	
	)	
Defendants.	)	
	)	
	)	

TO: WILLIAM B. JUNG, ATTORNEY FOR DEFENDANTS J. R. GREGORY VENTURES, LLC, AND MARILYN T. SCHMITT.

PLEASE TAKE NOTICE that, pursuant to Rule 30(b)(6) of the South Carolina Rules of Civil Procedure, on Wednesday March 19, 2014, beginning at 10:00 a.m., at the offices of Moore & Van Allen, PLLC, 78 Wentworth Street, Charleston, South Carolina 29401, before a court reporter or other person authorized to swear witnesses and transcribe testimony, the Plaintiff will take the oral deposition of the designated representative(s) of J.R. Gregory Ventures, LLC most knowledgeable of the allegations set forth in the Foreclosure Complaint and Answer as more fully set forth below.

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DEFINITIONS

1. "You" or "your" refers to Defendant J.R. Gregory Ventures, LLC, and its affiliates, its employees, agents, attorneys, accountants, consultants, and other persons acting or purporting to act on their behalf.

2. "Person" as used herein includes any natural person, firm, association, joint venture, business trust, company, corporation, governmental or public entity, or any other form

CHARLESTON\561984v1

of legal entity (or any combination or division of the foregoing), including in the case of a partnership, company, corporation, business association, the natural person responsible or in custody of the information sought.

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4. "Third parties" mean any individual entity or persons not Defendant.

SUBJECT MATTER

Examination of J.R. Gregory Ventures, LLC, shall concern the following matters as to which Defendant shall designate one or more officers, directors, managing agents, employees, or other persons to testify on its behalf, their particular knowledge, which matters shall include:

I. IDENTIFICATION

1. The Identity of all Persons whom Defendant has contacted to give testimony in this litigation and the nature of their testimony;

2. The Identity of all Persons acting for or on behalf of Defendant who has had any communication in any form, oral or written, with Plaintiff or their agents at any time.

II. CIRCUMSTANCES AND/OR FACTS

3. Regarding facts alleged in Plaintiff's Foreclosure Complaint and Defendant J.R. Gregory Ventures, LLC and Defendant Marilyn T. Schmitt's Answer;

4. Regarding any and all damages alleged in the Foreclosure Complaint;

5. Regarding names and addresses of witnesses to the allegations of Plaintiff and Defendant or surrounding events and the information possessed by such individuals;

6. Regarding Plaintiff's discovery requests to Defendant J.R. Gregory Ventures, LLC and Defendant Marilyn T. Schmitt;

7. Regarding Defendant J.R. Gregory Ventures, LLC and Defendant Marilyn T. Schmitt's responses to Plaintiff's discovery requests;

8. Regarding any affirmative defenses alleged by Defendant J.R. Gregory Ventures, LLC or Defendant Marilyn T. Schmitt;
9. Regarding Defendant Marilyn T. Schmitt's guaranty;
10. Regarding any and all correspondence and communications between Plaintiff and Defendant;
11. Regarding any and all non-privileged correspondence and communications between Defendant J.R. Gregory Ventures, LLC and Defendant Marilyn T. Schmitt's and any third party concerning the pending action.

The deposition will continue from day to day until complete or recessed by mutual agreement of counsel. You are hereby invited to be present and examine the witnesses as you may be advised in the premises.

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gregpearce@mvalaw.com
josephbelton@mvalaw.com
ATTORNEYS FOR TIDELANDS BANK

CHARLESTON, SC
February 14, 2014

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF CHARLESTON	)	COURT FILE NO. 13-CP-10-5324
	)	
TIDELANDS BANK,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	PLAINTIFF'S FIRST SET OF
	)	INTERROGATORIES TO DEFENDANTS,
	)	J. R. GREGORY VENTURES, LLC AND
J. R. GREGORY VENTURES, LLC,	)	MARILYN T. SCHMITT
MARILYN T. SCHMITT AND THE	)	
MERIDIAN OWNERS	)	
ASSOCIATION, INC.,	)	
	)	
Defendants.	)	

TO: WILLIAM B. JUNG, ESQUIRE, ATTORNEY FOR DEFENDANTS, J. R. GREGORY VENTURES, LLC AND MARILYN T. SCHMITT:

Plaintiff, Tidelands Bank, by and through counsel and pursuant to Rule 33 of the South Carolina Rules of Civil Procedure, hereby propounds the following First Set of Interrogatories to Defendants, J. R. Gregory Ventures, LLC and Marilyn T. Schmitt ("Defendants"). These Interrogatories are to be answered separately and fully, in writing, under oath, and are to be signed by the person making them, within thirty (30) days after service hereof. These Interrogatories are deemed to be continuing and, if complete answers to any of them are not presently available, supplemental Answers are required at the time the information is available.

DEFINITIONS

1. "DOCUMENT" shall mean every writing or record of every type and description that is or has been in YOUR possession, control, or custody, or of which YOU have knowledge, including but not limited to printout sheets, movie film, videotape, slides, photographs, microfilm, notes, letters, memoranda, work sheets, books, magazines, notebooks, diaries, calendars, appointment books, charts, tables, papers, agreements, contracts, invoices, budgets,

payrolls, check stubs, canceled checks, analyses, projections, transcripts, minutes of meetings of any kind, correspondence, telegrams, drafts, data processing discs or tapes, and computer-produced interpretations thereof, instructions, announcements, and mechanical or electrical sound recordings and transcripts thereof. DOCUMENT also means all copies which are not identical to the originals, such as those bearing marginal comments, alterations, notes, or other notations not present on the original document as originally written, typed, or otherwise prepared.

2. "PERSON" shall mean an individual, corporation, partnership, proprietorship, association, organization, governmental entity, or group of persons.

3. "IDENTIFY" shall mean:

(a) When used in reference to an individual, it means to state the person's (1) full name; (2) present business address, or, if unavailable, last known business address; (3) present home address, or, if unavailable, last known home address; (4) business or governmental affiliation and job title, or, if unavailable, last known business or governmental affiliation and job title; and (5) a telephone number at which he can be reached.

(b) When used in reference to any person other than an individual, it means to state the person's (1) full name and d/b/a, if any; and (2) present address or, if unavailable, last known address.

(c) When used in reference to corporate entities, it means to state the corporate name, and date and place of incorporation, and all of its present business addresses.

(d) When used in reference to a document or documentary evidence, it means to state the type of document (e.g., letter, memorandum, telegram, chart), its author and originator, its present location or custodian, the topics dealt with therein, with such reasonable particularity as

is sufficient for a specific demand for production, and any identifying marks, numerals, code words or letters distinguishing it from other like documents. If any such document was, but no longer is in your possession, custody, or control, or in existence, state whether (1) it is missing or lost; (2) it has been destroyed; (3) it has been transferred, voluntarily or involuntarily, to others; or, (4) it has been disposed of otherwise. In each instance, explain the circumstances surrounding such disposition and identify the person(s) directing or authorizing same, and the date(s) thereof. Identify each document by listing its author, his address, type (e.g., letter, memorandum, telegram, chart, photograph, etc.) date, subject matter, present location(s) and custodian(s), and state whether the document (or a copy) is still in existence.

4. "COMMUNICATIONS" shall mean any statement made by one person to another, or in the presence of another, or any DOCUMENT delivered or sent from one person to another.

5. "DEFENDANTS" shall mean the specific parties to whom these interrogatories are directed.

6. "YOU" and "YOUR" shall mean the Defendants in this matter, individually and collectively, and their agents, representatives, and attorneys.

INSTRUCTIONS

1. When an interrogatory does not specifically request a particular fact, but such fact is necessary in order to make the answer to the interrogatory comprehensible, complete, or not misleading, you are to include such fact as part of the answer and the interrogatory shall be deemed specifically to request such fact.

2. When, after a reasonable investigation using due diligence, you are unable to answer any interrogatory or any part thereof because of lack of information available to you,

specify in detail the type of information which you claim is not available, the reason the information is not available to you, and what you have done to locate such information. In addition, specify what knowledge or belief you have concerning the unanswered portion of the interrogatory, set forth the facts upon which such knowledge or belief is based, and identify the person who has or is likely to have the information which you claim is not available.

3. When an interrogatory asks for specific information (e.g., a date), identify the information precisely if known. If the precise date or other specific information is unknown to you or your agents, you are to give your best approximation of the information requested, provided that you indicate in your response that the information being provided is an approximation and is incomplete in certain specific respects. Also, identify any person who may be able to provide the exact or complete information requested.

4. If you refuse to provide a complete response to an interrogatory due to a claimed privilege or otherwise, describe the basis for your refusal to provide a complete response, including any claim of privilege or work product, in sufficient detail so as to permit the Court to adjudicate the validity of your refusal and identify each fact for which a privilege is claimed.

FIRST SET OF INTERROGATORIES

1. Provide the full name, current address and telephone number for all persons who assisted with the preparation of responses to the First Set of Interrogatories.

2. Give the names and addresses of each person known to the Defendants and/or Defendants' attorneys to be witnesses concerning the facts of the case and set forth either a summary sufficient to inform the Plaintiff of the important facts known to or observed by such witness, or provide a copy of any written or recorded statements taken from such witnesses.

3. Set forth a list of letters, emails, or other written correspondence in possession of the Defendants and/or Defendants' attorneys that relate to the claims giving rise to this lawsuit and/or the defense in the case.

4. Describe any and all communications you have had with Plaintiff, or any witnesses, regarding the claim giving rise to this lawsuit.

5. Identify all expert witnesses whom you intend to call as witnesses at the trial of the case, including but not limited to, a summary of the expert's education and experience, any and all litigation wherein the expert was either a party or testified as a witness and subject matter on which each such expert is expected to testify, and a list of all materials reviewed, including but not limited to the following:

- (a) All documents, including draft notes, preliminary reports, and/or final reports, prepared in whole or in part by the expert on the subject matter and in connection with those matters that the expert is expected to testify at trial;
- (b) All documents sent to the expert by Defendants and/or Defendants' attorneys in reference to this litigation;
- (c) All documents upon which the expert will rely for the opinion or opinions that the expert will express at trial;
- (d) All documents utilized, relied upon, consulted and/or reviewed by the expert in connection with this litigation to the best of the expert's recollection;
- (e) All documents setting forth any compensation agreement between Defendants and the expert;
- (f) All documents used or relied upon by the expert in preparing answers to expert Interrogatories;
- (g) All documents that have been or will be shown to the expert during and/or in preparation of the expert's testimony at deposition or trial; and
- (h) All documents, including curriculum vitae that Defendants' attorneys contend will establish the expert's qualifications for trial purposes.

6. Identify and list all non-privileged photographs; plats; sketches; records; diaries; notes; memoranda; documents; reports; filings; collection records & bills; videotapes & video recordings; audio tapes and/or audio recordings; computer data (including diskettes), etc. and/or all other non-privileged, prepared documents or tangible things ("Prepared Documents") in possession of the Defendants and/or Defendants' attorneys that relate to any claim in the case. If you claim that any such Prepared Documents in the Defendants' and/or Defendants' attorney's possession, is privileged, then please identify each Prepared Document etc. for which you claim a privilege and state, with specificity, the nature of the claimed privilege.

7. Set forth in specific detail the basis for your denial of Paragraph 3 of Plaintiff's Complaint.

8. Set forth in specific detail the basis for your denial of Paragraph 10 of Plaintiff's Complaint.

9. Set forth in specific detail the basis for your denial of Paragraph 11 of Plaintiff's Complaint.

10. Set forth in specific detail the basis for your denial of Paragraph 12 of Plaintiff's Complaint.

11. Set forth in specific detail the basis for your denial of Paragraph 13 of Plaintiff's Complaint.

12. Set forth in specific detail the basis for your denial of Paragraph 14 of Plaintiff's Complaint.

13. Set forth in specific detail the basis for your denial of Paragraph 15 of Plaintiff's Complaint.

14. Set forth in detail the basis for your assertion that Plaintiff has failed to state a claim from which relief can be granted.

15. Set forth in detail the basis for your assertion that Plaintiff has failed to conform this foreclosure proceeding in accordance with applicable South Carolina law and should be barred from obtaining further relief against the defendants.

16. Set forth in detail the basis for your assertion that the Complaint and relief sought by Plaintiff are barred by Plaintiff's failure to mitigate damages.

17. Set forth in detail the basis for your assertion that Plaintiff's Complaint is barred by a failure and/or want of consideration or otherwise unenforceable, unconscionable or invalid pursuant to applicable law.

18. Set forth in detail the basis for your assertion that Defendant, Marilyn Schmitt did not execute or agree to execute any guaranty of the obligations of co-defendant J. R. Gregory Ventures, LLC in her individual capacity. Set forth in detail the basis for your assertion that Defendant Schmitt has no personal liability for the obligations of co-defendant J. R. Gregory Ventures, LLC and should be dismissed from this action.

19. Set forth in detail the basis for your assertion that the amount of plaintiff's monetary demand is incorrect.

20. Identify the amount that you contend is owed by the Defendants pursuant to the Notes and Mortgages described in Plaintiff's Complaint and set forth the manner in which such amount was calculated.

21. Set forth a list of all principal payments you contend were made by the Defendants related to the Notes and Mortgages described in Plaintiff's Complaint. For each such principal payment made, please list the amount, date, payor, and method of payment.

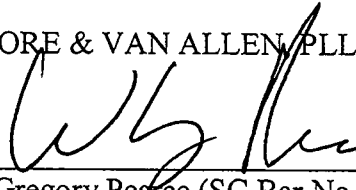
22. Set forth in detail the basis for your assertion that the doctrine of waiver and estoppel bar the Plaintiff's claims.

23. Set forth in detail the basis for your assertion that Plaintiff's claims should be dismissed for insufficiency of service of process.

24. Set forth in detail the basis for your assertion that Plaintiff's claims should be dismissed for lack of personal jurisdiction of this Court over the defendants.

25. Set forth in detail the basis for your assertion that Plaintiff's claims should be dismissed for insufficiency of process.

MOORE & VAN ALLEN PLLC



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Joseph T. Belton (SC Bar No. 71993)

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ATTORNEYS FOR TIDELANDS BANK

CHARLESTON, SC

December 30, 2013

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF CHARLESTON	)	COURT FILE NO. 13-CP-10-5324
	)	
TIDELANDS BANK,	)	
	)	
Plaintiff,	)	
	)	PLAINTIFF'S FIRST REQUESTS FOR
vs.	)	ADMISSION TO DEFENDANTS, J. R.
	)	GREGORY VENTURES, LLC AND
J. R. GREGORY VENTURES, LLC,	)	MARILYN T. SCHMITT
MARILYN T. SCHMITT AND THE	)	
MERIDIAN OWNERS	)	
ASSOCIATION, INC.,	)	
	)	
Defendants.	)	

TO: WILLIAM B. JUNG, ESQUIRE, ATTORNEY FOR DEFENDANTS, J. R. GREGORY VENTURES, LLC AND MARILYN T. SCHMITT:

The Plaintiff, Tidelands Bank, hereby requires the Defendants, J. R. Gregory Investments, LLC and Marilyn T. Schmitt ("Defendants"), to answer the Requests for Admission hereinafter set forth within thirty (30) days after the service hereof, in accordance with Rule 36 of the South Carolina Rules of Civil Procedure.

GENERAL INSTRUCTIONS

(A) If any Request for Admission cannot be responded to in full, please answer to the extent possible, including the reasons why it cannot be completely responded to and providing whatever information is available concerning the unanswered portion. If information concerning any Request for Admission will become available in the future, please state when such information will be available.

(B) If any Request for Admission calls for any information not in your possession or subject to your control, or ascertainable by you upon reasonable inquiry, then, when known, identify the custodian or possessor of such information or document.

(C) The terms "you" or "your" contained in each Request for Admission refer to the Defendants, individually and collectively.

(D) If you refuse to answer any Request for Admission in whole or in part, describe the factual or legal basis for your refusal to answer, including any claim or privilege, in sufficient detail to permit the Court to adjudicate the validity of your refusal to answer.

REQUESTS FOR ADMISSION

1. ADMIT that on or about March 22, 2006, Defendant J.R. Gregory Ventures, LLC, by and through Defendant Marilyn T. Schmitt, executed and delivered to Plaintiff a Note in the original principal amount of \$201,050.00. ("Original Note") A

2. ADMIT that on or about July 10, 2007, Defendant J.R. Gregory Ventures, LLC, by and through Defendant Marilyn T. Schmitt, executed and delivered to Plaintiff it's renewal note in the original principal amount of \$201,050.00 ("Renewal Note #1"). A

3. ADMIT that on or about August 1, 2008, Defendant J.R. Gregory Ventures, LLC, by and through Defendant Marilyn T. Schmitt, executed and delivered to Plaintiff it's renewal note in the original principal amount of \$200,900.00 ("Renewal Note #2"). A

4. ADMIT that on or about September 24, 2012, Defendant J.R. Gregory Ventures, LLC, by and through Defendant Marilyn T. Schmitt, executed and delivered to Plaintiff it's renewal note in the original principal amount of \$200,880.69 ("Renewal Note #3"). A

5. ADMIT that you accepted the loan proceeds from the Notes referenced in Request No. 1-4 above for your use or benefit. A J.R. Gregory

6. ADMIT that on or about March 22, 2006 you executed and delivered to Plaintiff a Real Estate Mortgage, which was recorded on April 4, 2006 in the Office of the RMC for Charleston County, South Carolina, in Book S578, Page 435. 11

7. ADMIT that on or about March 22, 2006 Defendant, Marilyn T. Schmitt executed and delivered to Plaintiff a Guaranty, guaranteeing to Plaintiff the payment and performance of the \$201,050.00 Note referenced in Request No. 1. D

8. ADMIT that under the terms of paragraph 7 of the Guaranty referenced in Request No. 7 above, Defendant, Marilyn T. Schmitt agreed to waive "any and all defenses, D

claims and discharges of Borrower, or any other obligor, pertaining to Indebtedness, except the defense of discharge by payment in full.”

9. ADMIT that you made payments on the loans referenced in Request Nos. 1-4, and 7 above. A JH.

10. ADMIT that you have not made any payments on the loans referenced in Request Nos. 1- 4, and 7 above since on or about March 15, 2013. A JH.

11. ADMIT that the Notes attached to the Complaint in this action as **Exhibit A** are true and accurate copies of the Notes that are the subject of this litigation. A

12. ADMIT that the Notes attached to the Complaint in this action as **Exhibit A** are valid and enforceable. A

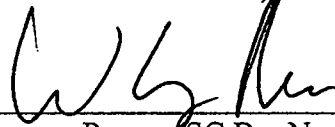
13. ADMIT that the Mortgage attached to the Complaint in this action as **Exhibit B** is a true and accurate copy of the Mortgage that is the subject of this litigation. A

14. ADMIT that the Mortgage attached to the Complaint in this action as **Exhibit B** is valid and enforceable. A

15. ADMIT that the Guaranty attached to the Complaint in this action as **Exhibit C** is a true and accurate copy of the Guaranty that is the subject of this litigation. A

16. ADMIT that the Guaranty attached to the Complaint in this action as **Exhibit C** is valid and enforceable. D

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ATTORNEYS FOR TIDELANDS BANK

CHARLESTON, SC
December 30, 2013

RECEIVED

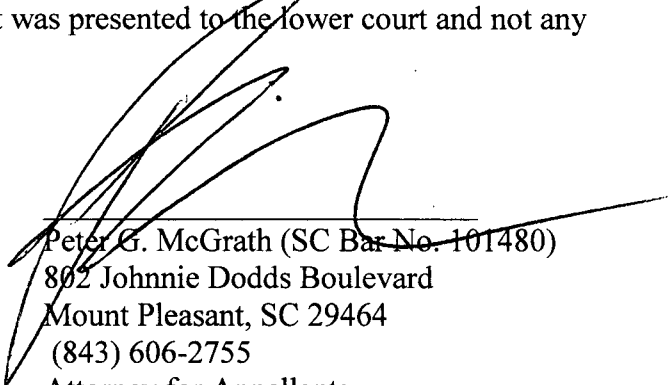
JAN 26 2015

SC Court of Appeals

Certificate of Counsel

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

January 13, 2015



Peter G. McGrath (SC Bar No. 101480)
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(843) 606-2755
Attorney for Appellants