

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM LANCASTER COUNTY
Court of Common Pleas

The Honorable R. Knox McMahon

Case No. 11-CP-29-00873

Appellate Case No. 2014-001505

RECEIVED
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SC Court of Appeals

Wells Fargo Bank, N.A.,
Successor, by merger to Wachovia Bank, N.A., Respondent,

v.

Ronald P. Pappas, a/k/a Ronald Peter Pappas, and
Camine Pappas, Appellants,

And

Ronald P. Pappas, a/k/a Ronald Peter Pappas, and
Camine Pappas, Cross-Plaintiffs,

v.

Wells Fargo Bank, N.A.,
Successor by merger to Wachovia Bank, N.A., and
Cargo Development, LLC,
A North Carolina limited liability Company, Cross-Defendants.

SUPPLEMENTAL RECORD ON APPEAL

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Deposition of Defendant Ronald P. Pappas, dated October 30, 2013, without exhibits	1
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1 P-R-O-C-E-E-D-I-N-G-S
2 It is hereby stipulated by and between Counsel for
3 the respective parties that deposition will be held
4 open for the purposes of inquiries about issues
5 which may be produced at a later time
6 Whereupon,
7 RONALD PAPPAS,
8 having been first duly sworn,
9 was examined and testified as follows
10 DIRECT EXAMINATION
11 BY MR. LANEY:
12 Q. Mr. Pappas, my name is Sterling Laney, and I'm an
13 attorney from Greenville, South Carolina I
14 represent Wells Fargo Bank in this foreclosure
15 action that's been brought in regards to a note and
16 mortgage that you and your wife executed in favor
17 of Wells Fargo Bank concerning Lot 311 at Edgewater
18 subdivision here in Lancaster -- well, not here --
19 but in Lancaster County.
20 A. Wachovia Bank, at the time.
21 Q. Yes. At the time, it was Wachovia Bank. And from
22 time to time, I'll refer to the bank -- I'm
23 referring to the Wachovia Bank loan that you took
24 out --
25 A And I'll remember --

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1 Q. -- by way of merger. It's now Wells Fargo Bank.
2 A. I'm remember to do the same.
3 Q. Okay. Have you ever been deposed before?
4 A. Yes.
5 Q Okay. So you're familiar with what we're doing
6 here today. You've been placed under oath. You're
7 testifying just as if you were at trial in this
8 case. In fact, your testimony can be used at trial
9 should there be a trial in this matter. I'll be
10 asking you a series of questions. I need you to
11 answer out loud to those questions. The court
12 reporter will be taking down everything that we
13 say. I will do my best -- sometimes I'm not as
14 good at it -- I will do my best not to interrupt
15 you or speak at the time that you're speaking I
16 would ask that you do the same thing so that --
17 It's very hard for her to do her job when we have
18 two or more people speaking at the same time. If
19 for any reason I ask you a question that you don't
20 understand or that -- sometimes as lawyers, we just
21 don't ask very well-crafted questions, or well-
22 constructed questions -- please ask me to rephrase
23 it, or if for some reason your mind wanders for
24 whatever reason, just ask me to restate the
25 question.

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1 A. I understand.
2 Q. If you don't, I'll assume you understood my
3 question and that your answer is a response to that
4 question. Are you taking any medications today?
5 A. No, sir.
6 Q. Any reason that you can't sit for your deposition
7 today that you're aware of?
8 A. No, sir.
9 Q. Okay Also, now that the deposition's begun, I
10 would ask that you direct any questions about the
11 deposition to me rather than to your attorney I
12 don't imagine I'm going to get into anything that
13 would be privileged, but if so, Mr. Foster will
14 certainly raise it. And if he instructs you not to
15 speak or raises -- He may raise an objection from
16 time to time, but unless he instructs you not to
17 answer, please go ahead and answer the question
18 after he puts his objection on the record.
19 All right As we mentioned in the beginning,
20 this lawsuit involves a loan that you and your wife
21 took out from Wachovia Bank. The loan that we're
22 here about today is one that you -- the note
23 mortgage that you signed in 2009 But the original
24 impetus for all this went back to around March of
25 2006; is that correct?

Page

1 A. I believe those dates are correct.
2 Q. Okay. And in March 2006, you and your wife became
3 interested in purchasing Lot 311 in Edgewater
4 subdivision in Lancaster, South Carolina?
5 A Yes
6 Q. Okay. Tell me how you came to be aware of
7 Edgewater subdivision and what lead you to decide
8 you wanted to purchase Lot 311 in that subdivision.
9 A There were a series of mailings that came to our
10 house --
11 Q. Okay.
12 A -- and representing offerings by what's now known
13 as Craft, representing what they had to offer down
14 in the Edgewater community.
15 Q Okay
16 A. And so they had several dates and several marketing
17 programs that were held in fairly large venues.
18 Ballantyne Resort was one of them that I attended,
19 and also, two or three of them at the Edgewater
20 community, itself. And what they had offered was
21 something that I was looking for as a waterfront
22 property And we were looking to replace another
23 waterfront that we had once had, so it was a
24 personal purchase. And we liked what they
25 represented. They had several -- the marketing

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1 representatives. It was a big room There might
2 have been 500, 600 people in the room.
3 Q. Okay.
4 A. They had a very well-orchestrated presentation
5 process, showing films on the wall and pictures and
6 graphics on the walls, power-point type of
7 presentations, probably a very well-versed sales
8 and marketing team that they had describing all of
9 the things that they were selling at that property.
10 Q. Okay.
11 A Club houses, docks, buildings, restaurants, an
12 equestrian center, golf course, and all backed up
13 by the large collateral material that they handed
14 out to everybody.
15 Q Okay.
16 A. Again, demonstrating everything that they had It
17 was just a nice property to look at. It seemed
18 like that's something we wanted to do. And so as
19 we started to discuss that with some of the
20 membership of the sales team there, it was brought
21 up by them that they had a program that was
22 endorsed by two or three lenders in that community
23 that would offer programs to close the property
24 before all of the construction activity was
25 completed by the developer.

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1 Q. Okay.
2 A. That was probably one of the key deciding factors
3 that we had. And that representation is that we
4 could purchase and close backed by a pretty large
5 organization. Wachovia was a pretty well-known
6 bank, as is Wells today
7 Q. Okay. Where did this meeting take place? I know
8 you've mentioned Ballantyne and the property
9 Where were you when this meeting took place?
10 A. Well, there was more than one
11 Q. You went to more than one?
12 A. I went to more than one.
13 Q. Okay. Tell me where the locations of those
14 meetings were
15 A. It was at the Ballantyne Resort, one of them.
16 Q. Okay.
17 A. And at least two of them over on the property.
18 Q. Okay.
19 A. They had set up a staging area adjacent to some of
20 the waterfront lots and had helicopters giving
21 tours of the property showing all the amenity
22 locations from the air. The Ballantyne Resort,
23 again, was the other venue. I do know and remember
24 from some of the marketing materials that were
25 mailed out that they had done these presentations

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1 at other venues throughout the Charlotte and
2 Columbia regions
3 Q Okay. And you're using the word they a lot. Tell
4 me who they is?
5 A. Well, why don't we just call it the developer for
6 now
7 Q. Who is the developer?
8 A. As we know it, it's Craft
9 Q. Okay.
10 A. We'll call it Craft.
11 Q. Craft Development?
12 A. We'll call it Craft Development
13 Q And you've filed a cross-claim against Craft
14 Development. Is that who we're referring to? And
15 I'm just trying to make sure we're not referring to
16 anybody else.
17 A. Well, they're the seller. They're the developer of
18 the property. They offered the property. So if we
19 can keep it in that context, then I'll just go with
20 Craft. Is that okay with you?
21 Q. Okay. That's fine Kind of like Wachovia has now
22 become Wells Fargo
23 A. Right
24 Q. I just want to make sure we're talking about the
25 same folks here.

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1 A And I think Craft Development, LLC may be the
2 correct entity.
3 Q. If it is
4 A Okay
5 Q. Okay. After you attended these two and three
6 meetings, what happened next? And tell me where
7 were you living at this time.
8 A. In Waxhaw, North Carolina.
9 Q. All right Do you still live at that location?
10 A. I do not.
11 Q. Where do you live currently?
12 A. I live -- you want an address?
13 Q. Yes, sir
14 A 19217 Mallard, M-a-l-l-a-r-d, Drive, Fort Mill,
15 South Carolina 29707. It's also known as Indian
16 Land.
17 Q. I'm familiar with it Okay. Tell me, do you and
18 your wife have any children?
19 A I have two children. My wife and I together, no
20 Q Okay Do they live here in South Carolina?
21 A. They do not.
22 Q Okay Do you have any other relatives in Lancaster
23 County with the last name other than Pappas?
24 A. Yes
25 Q What are their names?

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1 A. My father-in-law
2 Q. Okay
3 A. Edward Thrasher
4 Q. Thrasher? Okay Anyone else?
5 A. Other than the last name of Pappas, no.
6 Q. Pappas or Thrasher?
7 A. Well, my mother now lives with us today
8 Q. Okay. Okay Do you attend a church in Lancaster?
9 A No
10 Q. Okay. Are you a member of any clubs or social
11 organizations? And I'm just asking for jury
12 purposes if we get to a jury trial.
13 A. I'm on the -- I'm on the Lancaster County Planning
14 Commission
15 Q. Okay. Outside of the being a member of the
16 Planning Commission, are you a member of Rotary or
17 anything like that?
18 A No.
19 Q. Okay Where are you currently employed?
20 A. I'm self-employed.
21 Q Self-employed? What's the name of your business?
22 A. I just do it under my own name
23 Q Okay Just Ronald -- Not under Ronald Pappas, LLC
24 or anything like that?
25 A That's correct.

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1 Q. Okay. What do you do?
2 A. I'm in the real estate development business
3 Q. Tell me about that What do you develop?
4 A. Small residential pieces --
5 Q Okay
6 A. -- that I've purchased
7 Q. When you say purchased, what do you mean by that?
8 A. Sorry. I'm --
9 Q No That's fair I'm just trying to figure out do
10 you buy it, or does someone else buy it and you
11 develop it for them?
12 A. They're my own properties I buy them for myself.
13 Q. Okay And when you say small, how many residential
14 units --
15 A. Sometimes, a single lot at a time Sometimes, up
16 to maybe five acres
17 Q. Okay
18 A Most of my life has been a balance between being in
19 business for myself as a builder and developer or
20 working for some of the larger public home building
21 companies in the country.
22 Q. I saw in your responses to discovery that you'd
23 worked for Jim Walter Homes
24 A I did
25 Q. How long did you work for them?

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1 A Just under a year
2 Q. Okay Okay. What other large home builders did
3 you work for?
4 A D.R. Horton.
5 Q. How long did you work for D.R. Horton?
6 A. About three and a half years, I guess it was.
7 Q. Okay. Can you give me just a time frame for both
8 the different folks?
9 A. Jim Walter Homes was '04 and '05
10 Q. Okay
11 A. D.R. Horton was about, oh, '02 through '05 or '02
12 through '04.
13 Q. Okay
14 A Before that, I worked for Weyerhaeuser Real Estate.
15 I ran one of their homebuilding groups called
16 Quandrck Homes. I was with the real estate entity
17 from '97 to about 2002. I also had a part interest
18 in the real estate brokerage in the Seattle
19 marketplace.
20 Q. Okay I was going to ask you. I saw a Washington
21 address
22 A. The D.R Horton and the Weyerhaeuser were both in
23 Washington.
24 Q. Washington. Okay. And I apologize if I didn't
25 catch it. Did you say there was a name of a real

Page

1 estate entity? What was the name of it?
2 A Yes It was called Windermere Rhiness.
3 Q Windermere. Okay. Was that also in Washington?
4 A. It was in Seattle.
5 Q. Okay. When did you move to Waxhaw?
6 A In 2004 is when I moved to the Charlotte region.
7 Bought the house in Waxhaw in February of 2005.
8 Q Okay. So since 2004, you've lived either in the
9 Charlotte region or Fort Mill? That's really the
10 Charlotte region, but
11 A That's correct.
12 Q. Okay In 2006, the spring of 2006, who were you
13 working for?
14 A Myself
15 Q Okay
16 A Right.
17 Q. Since 2005, have you been self-employed?
18 A. That's correct.
19 Q. Okay Doing the same thing you're doing right now?
20 A. That's correct.
21 Q Okay Just for D R. Horton and Jim Walter Homes,
22 what was your job title and duties?
23 A At Jim Walter Homes, I was Atlantic Region
24 President
25 Q. What does that mean?

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1 A. My --
2 Q. Is that from New Jersey all the way down or so?
3 A. Yes It was a six-state region, basically from
4 Washington D C. through Tampa, and from Memphis to
5 the coast
6 Q. Pretty large region
7 A. It was
8 Q What were your duties as --
9 A As Region President, I had 25 or more small
10 divisions Mine was -- I call it a dirt-to-
11 doorknobs responsibility. I had a full bottom line
12 responsibility, full profitability responsibility,
13 if that helps you I can go through a long
14 dissertation My entire job as a president of the
15 company was to obviously manage that company and
16 grow it and make it profitable
17 Q. Sure. How many employees did you have reporting to
18 you on average?
19 A. At that time, or on average over time?
20 Q Over time, just time.
21 A. I've had as many as 250 report, or that I was
22 responsible for The direct reports would move on,
23 obviously.
24 Q And just tell me a brief -- I know Jim Walter Homes
25 is out of business, went out of business about 2009

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1 or so.
2 A That's correct.
3 Q. Can you just tell us, the court reporter, what they
4 basically did, they're business?
5 A. They were an on-your-lot builder
6 Q. Okay.
7 A. Their primary business model was to provide shelter
8 housing, if you will, --
9 Q. Okay.
10 A -- to those who might have been credit challenged
11 And they would also finance the deal.
12 Q. Okay. Were you involved in any of the financing
13 aspect of the business? I imagine you were as
14 President of the division.
15 A. Just as that.
16 Q Okay. Did you have to approve any loan
17 applications?
18 A. Not necessarily directly.
19 Q. Okay. If it was a one somebody needed to take an
20 exception or something, would they have to come up
21 to you to get approval?
22 A Our sales and marketing group would be responsible
23 for that putting together under the parameters that
24 we had the financing on the property --
25 Q. Okay.

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1 A. -- to guidelines that we already had If there was
2 any exception to anything, it wasn't my decision,
3 necessarily, to approve or disapprove. My sales
4 team or my finance team would usually make that
5 call.
6 Q I gotcha. And then monthly and quarterly, you're
7 probably looking at the reports --
8 A. That's correct.
9 Q. -- to see, and could ask why did we do this or do
10 that?
11 A Yes
12 Q. Okay. So then in the spring of 2006, what was the
13 reason you moved back, or moved to -- I don't know
14 where you're from originally.
15 A It was a job offer at the Jim Walter.
16 Q. The Jim Walter was the reason you moved?
17 A It was.
18 Q Okay And just tell me briefly where you received
19 your education from.
20 A. How far back?
21 Q. High school, college
22 A I went to high school in Villa Park, California,
23 Orange County, California
24 Q All right.
25 A Went to junior college at Orange Coast College in

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1 Costa Mesa, California.
2 Q. Okay.
3 A. Went to Cal State Fullerton
4 Q. What degree did you get from Cal State?
5 A. I left before my degree
6 Q Okay. Have you received any other educational
7 training?
8 A. Real estate licenses
9 Q Okay. What real estate licenses do you hold?
10 A I hold none.
11 Q. Okay. Have you received any training in real
12 estate appraisals?
13 A. No.
14 Q. Okay. You've never performed an appraisal then?
15 A. That would be correct.
16 Q. Okay Okay That brings us to the spring of 2006.
17 After you've attended the couple of meetings that
18 you described, what happened next?
19 A. With dialog with the sales and marketing group that
20 they had hired and the sales gal who was assigned
21 to us, we entered into a Purchase and Sell
22 Agreement.
23 Q. Okay.
24 A And obviously, the involvement of the bank was key
25 to us making that buying decision. And we had then

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1 been referred to one of their representatives, one
2 of the bank's representatives at the time I
3 believe it was actually down either in Columbia or
4 on the coast somewhere, the marketing center. I
5 don't recall his name right now. I want to say his
6 first name was Richard, but I don't recall his name
7 right now. And he explained the program of what
8 they offered; that they were going to allow the
9 developer, Craft, the developer entity, to have us
10 close early, and that they were going to support
11 that by putting together a program that would allow
12 us to close early and they would make the payments
13 for it until the construction was completed.
14 Q. Okay.
15 (Whereupon, Purchase and Sell
16 Agreement was entered as
17 Plaintiff's Exhibit #2)
18 Q. I'm going -- these were pre-marked when we were --
19 he was going to take your deposition a few months
20 ago So this is Plaintiff's Exhibit #2 I'm going
21 to hand that to you. Please take a moment to look
22 it over. Start on the second page. It's the
23 Purchase and Sell Agreement you just referred to,
24 but I'd like you to confirm that
25 A. Looks like the one.

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1 Q. Okay. Now I'm looking at page two of this
2 document. It looks like this agreement's dated
3 March 29, 2006?
4 A. This page two?
5 Q. Yes, sir No. I apologize It's the second page
6 of the document that's entitled Agreement to Buy
7 and Sell Real Estate
8 A. It's page 24?
9 Q. Yes. The bottom says page 24 Yes, sir. Is the
10 date of the contract March 29th, 2006?
11 A. Yes.
12 Q. Okay. And it's between you, Ronald P. Pappas, and
13 Craft Development, LLC as the seller. You're the
14 purchaser?
15 A. Yes.
16 Q. Okay. And this is to purchase Lot 311 in Edgewater
17 subdivision?
18 A. Yes.
19 Q. Okay And the purchase price is \$229,000 00?
20 A. Yes.
21 Q. Okay. And essentially, the terms were you were
22 going to pay \$22,900.00 down in earnest money or as
23 a down deposit, and then receive two-hundred-and-
24 six thousand -- the balance that was due And
25 that's the loan you're referring to with Wachovia -

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1 - \$206,100 00?
2 A That was the original.
3 Q Okay Back in 2006, correct?
4 A That's correct.
5 Q. Okay. And Mr Pappas, Wachovia is not a party to
6 this agreement, are they?
7 A On the Purchase and Sell Agreement?
8 Q. Correct
9 A. The Purchase and Sell Agreement is between me and
10 the seller
11 Q I'm just making sure Wachovia is not a party to
12 this agreement
13 A Okay Yes
14 Q That would be yes, they are not a party?
15 A Yes
16 Q Okay. And flipping back to page 23, the cover page
17 of this Plaintiff's Exhibit #2, on the bottom it
18 says lender information It indicates Ron -- I'm
19 reading Please correct me if I'm wrong. (reading)
20 Ron wants faxed to Wachovia and SunTrust to compare.
21 Do you see that?
22 A I do.
23 Q Okay So at that time you signed the contract and
24 agreed upon the purchase price of \$229,000.00, you
25 did not have an agreement with Wachovia, or had not

Page

1 applied to them yet, to receive a loan from
2 Wachovia; correct?
3 A. The offering -- and there's another part to the
4 collateral material that they had offered -- the
5 offering was this financing package
6 Q. Okay But my question is, you had agreed to this
7 purchase price to buy Lot 311, two-hundred-twenty-
8 nine thousand --
9 A That's correct
10 Q -- before you applied for a loan with Wachovia.
11 A Well, it was actually in conjunction with that.
12 There was not a separate -- wasn't going to go hunt
13 for a loan.
14 Q. I understand, but you could have gone with SunTrust.
15 A. Those were the more than -- it's either SunTrust or
16 Wachovia or actually another lender that was in the
17 offering from the seller.
18 Q. Okay. But my question is, you had not reached an
19 agreement with Wachovia for them to be your lender
20 at the time you signed that Purchase Agreement to
21 Buy and Sell Real Estate
22 A. Well, the Wachovia or SunTrust, the closing on it
23 would be subject to their loan
24 Q That's not my question, Mr. Pappas. I appreciate
25 you trying to answer, but you need to answer my

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1 question. The question is, you didn't have an
2 agreement with Wachovia to fund the purchase of your
3 lot at the time you executed that agreement with
4 Craft Development.
5 A. That would be fair.
6 Q. Okay
7 A. Yes
8 Q. After you signed the Agreement to Buy and Sell Real
9 Estate, you then sent the agreement, pursuant to the
10 cover page of Plaintiff's Exhibit 2, to SunTrust and
11 Wachovia so you could compare their loan packages
12 and decide which one you wanted to go with
13 A. Nothing went to SunTrust.
14 Q. Okay Even though you wanted to fax to SunTrust?
15 A. That isn't my writing, though That's Jennifer's
16 writing. That's the sales agent's writing. Those
17 are her notes on the -- this is her worksheet.
18 Q. Okay. You didn't want to compare loans?
19 A. Wachovia, from what they offered, and again, looking
20 at documents that aren't here, or trying to recall
21 the documents that aren't here, --
22 Q Uh-huh.
23 A -- there was a lending program, which I'm going to
24 be certain that you're aware of. There was a
25 lending program offered by the seller. And there

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1 was a sheet that says here's the program that we are
2 offering for this deal, for this purchase They
3 asked me which one I wanted to chose.
4 Q Okay.
5 A I went to Wachovia.
6 Q. Okay. On March 29th, 2006, you had not yet spoken
7 to Wachovia about being approved for their financing
8 though; correct?
9 A. I had spoken to a representative of Wachovia at the
10 presentation meetings. And that person is the one
11 who described to me the program that they had They
12 had their representatives at each one of the -- I
13 call them dog and pony shows -- but they had their
14 representatives, banking representatives, at each
15 one of the presentation venues, Ballantyne and at
16 the lake front.
17 (Whereupon, Plaintiff's Requests for
18 Admissions was entered as Plaintiff's
19 Exhibit #1)
20 Q. Mr. Pappas, I'm going to show you what's been marked
21 as Plaintiff's Exhibit #1. These were Requests for
22 Admit which were served upon you awhile back in this
23 lawsuit. And in the #11, you were asked to admit
24 that you did not speak with any Wachovia employee
25 prior to agreeing to purchase Lot 311. And you

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1 admitted that as true Do you see that? And these
2 were responded to about a year-and-a-half ago, May
3 2012.
4 A. We did talk to them. I don't know how this is
5 construed or what the question was, saying that
6 Wachovia's agents were on the sites
7 Q. Did they help you negotiate the purchase price?
8 A. No.
9 Q. Okay. Did you discuss the terms of the contract
10 with them in any way?
11 A. They described their program
12 Q But that's not my question. The question is, did
13 you discuss the Agreement to Buy and Sell Real
14 Estate with a Wachovia employee prior to executing
15 it?
16 A. Well, I'm not sure I understand your question.
17 Q Okay.
18 A And maybe we can kind of pick it apart a little bit,
19 which is fine.
20 (Whereupon, Agreement to
21 Buy and Sell Real Estate
22 was entered as Exhibit #2)
23 Q. Sure. What I'm trying to say is when you received
24 this contract that's the Agreement to Buy and Sell
25 Real Estate, Plaintiff's Exhibit #2, did you discuss

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1 this was a Wachovia employee before you executed it?
2 A That part is -- that is correct. I did not.
3 Q Okay. Your discussions and negotiations of the
4 purchase price and everything was solely between you
5 and the seller, Craft Development, LLC?
6 A. Yes
7 Q. Okay. At the time you purchased this, how many
8 other properties had you bought, personally?
9 A. Lifetime things?
10 Q. Yes, sir.
11 A Twenty
12 Q Okay Outside your primary residence that you've
13 lived in, were the rest of them investment
14 properties?
15 A Not all of them
16 Q. Okay.
17 A. Some of them.
18 Q. About how many, roughly, percentage of the 20
19 properties were investment properties?
20 A Five
21 Q. Okay. What were the other 15 for?
22 A Some were properties that we were planning to build
23 on, ourselves.
24 Q. Okay. Where were the five or so investment
25 properties located?

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1 A Over time, some here in the Carolinas, Waxhaw
2 Q. Okay
3 A. Some were in Utah Some were in Washington, Idaho,
4 California
5 Q. The ones that were in the Waxhaw area, about what
6 time frame did you purchase those?
7 A. Same year that I purchased this property
8 Q Okay About 2006?
9 A Yes
10 Q. Okay Do you still own those properties?
11 A. I do.
12 Q. Okay. Where are they located?
13 A One's in Waxhaw and the other one's in Mineral
14 Springs
15 Q Where's Mineral Springs?
16 A. Just east of Waxhaw
17 Q Okay. Thank you What kind of properties? Are they
18 vacant lots? Did they --
19 A They were vacant lots
20 Q. -- have structures on them? Okay. And what were
21 the purchase prices of those in 2006?
22 A. One, the Mineral Springs one, was about eighty-two-
23 thousand, and the Waxhaw one was ninety-five
24 Q Okay Between 2006 and say 2009, what happened to
25 the values of those properties?

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1 A. Well, it depends Some of them were improved. Some
2 of them were not They definitely diminished
3 Q Okay Was that due to the economic bubble burst of
4 2008 that did that to a lot of real estate
5 properties?
6 A Oh, yeah. That's a big question So likely I
7 mean we can point fingers at, you know, anybody in
8 the government or anything on that
9 Q Right
10 A But was there one smoking gun on it? Probably not
11 Q. All right For a variety of reasons, depending on
12 what's your favorite one to point at, the real
13 estate market and real estate values declined
14 between 2006 and 2009.
15 A Generally speaking, yes.
16 Q. And being a real estate developer and builder, I'm
17 sure that you were personally affected more so than
18 say somebody like me as an attorney would be?
19 A. Depends on where you live.
20 Q Fair enough Fair enough. Did you see an impact on
21 your business due to that?
22 A Yes
23 Q. Okay What kind of impact did you have?
24 A. There just wasn't any ability to really move
25 forward, or, you know, with those values on the

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1 properties declining, --
2 Q. Yes.
3 A. -- equity positions had changed. So in some cases,
4 I know you would have foreclosures in neighborhoods
5 around you that affected your ability to, you know,
6 achieve a value on a product if you were going to
7 put it out there
8 Q. Right. Okay. Did you take out a loan or finance
9 the purchase of those two properties?
10 A Did not.
11 Q You did not? You bought those without financing?
12 A. That's correct.
13 Q Okay. Did you contract for and receive an appraisal
14 for those properties?
15 A. No.
16 Q. Okay. So it's fair to say you decided to -- you
17 negotiated the purchase price and decided to buy
18 those properties without the benefit of an appraisal
19 for either one of them?
20 A Based on my own experience, yes.
21 Q. Sure Out of everyone in the room, you probably
22 have more real estate experience than anyone else as
23 far as developing and building properties. I don't
24 know Mr Foster. He may --
25 MR FOSTER Is that a question?

Page

1 MR. LANEY: It's not a question I withdraw
2 the statement
3 BY MR LANEY: (Resuming)
4 Q Okay Just so we stay on the same page before I
5 move on, if you'd go back to Exhibit #1, Mr Pappas,
6 #12, which is on the final page, page four of the
7 document, you were ask to admit that the Defendants
8 did not make any efforts to independently ascertain
9 the value of Lot 311 prior to agreeing to purchase
10 Lot 311 The response that was provided to us was
11 the Defendants admit that they made no effort to
12 independently ascertain the value of the subject
13 real property And you said you were relying on the
14 independent professional opinion of the appraiser to
15 whom you were referred and whom you paid Who was
16 the appraiser for Lot 311?
17 A. I, in fact, just recently saw the appraiser. There
18 is his name
19 MR FOSTER No It's not there?
20 WITNESS No You had it on your --
21 MR. FOSTER Does Counsel mind, or shall we go
22 forward? It's your depo
23 MR. LANEY: I don't mind. I'm not sure what
24 we're looking for, but --
25 WITNESS The appraisal

<p style="text-align: right;">Page 33</p> <p>1 MR. LANEY: Do we have a copy of the appraisal?</p> <p>2 MR. FOSTER: I think we've been sent one, if I</p> <p>3 can find it.</p> <p>4 MR. LANEY: Let's go off the record for a</p> <p>5 second.</p> <p>6 (Off the record)</p> <p>7 (Whereupon, Pigman Appraisal</p> <p>8 Group Document was marked as</p> <p>9 Plaintiff's Exhibit #14)</p> <p>10 BY MR. LANEY: (Resuming)</p> <p>11 Q. All right, Mr. Pappas We're back on the record</p> <p>12 A. Are we talking about the appraisal?</p> <p>13 Q. Yes, sir. Mind you, you're still under oath. There</p> <p>14 is a document which has been marked as Plaintiff's</p> <p>15 Exhibit #14. The top of it says Pigman Appraisal</p> <p>16 Group from Fort Mill, South Carolina. It appears to</p> <p>17 be dated May 10th, 2006, the property description of</p> <p>18 Lot 311 Edgewater, which is the subject property of</p> <p>19 the mortgage foreclosure; is that correct?</p> <p>20 A. It looks that way.</p> <p>21 Q. Okay. Well, Lot 311 is the one you purchased from</p> <p>22 Craft, correct?</p> <p>23 A. Yes.</p> <p>24 Q. Okay. And it appears that this was submitted by</p> <p>25 Eric Pigman and Douglas Pigman, and indicates an</p>	<p style="text-align: right;">Page 35</p> <p>1 A. Provided to them.</p> <p>2 Q. Who's them?</p> <p>3 A. You guys, I guess Wachovia.</p> <p>4 Q. Okay Yes, sir</p> <p>5 A. I mean looking at it from when I just saw it, I'd</p> <p>6 probably start to question a little bit, you know,</p> <p>7 about how there are comparables and where they were</p> <p>8 taken from.</p> <p>9 Q. Okay Well, let's look at the comparables there</p> <p>10 One is like 203 Edgewater. Same subdivision. And</p> <p>11 comparable two is like 209 in the same subdivision.</p> <p>12 And comparable three is like 204 in the same</p> <p>13 subdivision Appear to have sales prices of two-</p> <p>14 twenty-nine, two-forty-nine-nine, and two-zero-nine,</p> <p>15 respectively Do you have an issue with those</p> <p>16 comparables being used?</p> <p>17 A. Based on how he looks like he's done his work, all</p> <p>18 of these properties, if they're all -- and I don't</p> <p>19 know the properties specifically -- but all of them</p> <p>20 were about in the same stage then of construction</p> <p>21 when he did his appraisal, --</p> <p>22 Q. Okay</p> <p>23 A. -- which were incomplete</p> <p>24 Q. Okay And you had visited this property; correct?</p> <p>25 A. That's correct.</p>
<p style="text-align: right;">Page 34</p> <p>1 appraised value, market value as of May 10th, 2006,</p> <p>2 to be \$230,000 00. Do you see that?</p> <p>3 A. I see that</p> <p>4 Q. And when was the first time you saw this appraisal?</p> <p>5 A. When we requested it two months ago, three months</p> <p>6 ago</p> <p>7 Q. Okay. Within the last couple of months was the</p> <p>8 first time you saw this appraisal?</p> <p>9 A. Yes.</p> <p>10 Q. Okay.</p> <p>11 MR. FOSTER: For the record, the Deponent</p> <p>12 turned to me in an interrogatory manner. I,</p> <p>13 obviously, cannot answer</p> <p>14 MR. LANEY: Okay. Fair enough.</p> <p>15 BY MR. LANEY. (Resuming)</p> <p>16 Q. Mr. Pappas, do you have any reason sitting here</p> <p>17 today, October 30, 2013, to say that the value, the</p> <p>18 market value that the appraiser placed on Lott 311</p> <p>19 on May 10th, 2006, was inaccurate?</p> <p>20 A. Do I have any reason to say today that was</p> <p>21 inaccurate?</p> <p>22 Q. Yes, sir. What evidence, if any, do you have that</p> <p>23 the market value which the appraiser placed on Lot</p> <p>24 311 of \$230,000 00 on May 10th, 2006 was inaccurate</p> <p>25 on the day it was provided, May 10th, 2006?</p>	<p style="text-align: right;">Page 36</p> <p>1 Q. So the stage of construction was well known to you</p> <p>2 at the time you signed your Agreement to Buy and</p> <p>3 Sell Real Estate, correct?</p> <p>4 A. That's correct.</p> <p>5 Q. Okay And you were working as a real estate</p> <p>6 developer at the time you signed that Agreement to</p> <p>7 Buy and Sell Real Estate, correct?</p> <p>8 A. I was self-employed Correct</p> <p>9 Q. Okay It appears from the appraisable that all</p> <p>10 those comparables were closed sells They were not</p> <p>11 pending sells, but had actually been closed and were</p> <p>12 taken from the courthouse records. Would you agree</p> <p>13 with that?</p> <p>14 A. Looks that way</p> <p>15 Q. And the loan in 2006 that you requested from</p> <p>16 Wachovia was \$206,100.00; correct?</p> <p>17 A. That was the loan they offered.</p> <p>18 Q. Okay. And that was the loan you accepted?</p> <p>19 A. Yes</p> <p>20 Q. And your purchase price for Lot 311 was \$229,000.00;</p> <p>21 correct?</p> <p>22 A. Yes.</p> <p>23 Q. And the appraised value of Lot 311 came \$1,000 00</p> <p>24 more than your purchase price; correct?</p> <p>25 A. From what this says, yes.</p>

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1 Q Do you have any reason to believe that this isn't --
2 that there's some other document that shows another
3 value of the property?
4 A No.
5 Q. Okay The appraisal report that we have,
6 Plaintiff's Exhibit 14, reflects a market value of
7 \$230,000 00.
8 A. That's what it says
9 Q Right
10 A Fair enough
11 Q. And I'm asking you, outside of you've mentioned the
12 comparables, what other evidence or documentation do
13 you have that would support anything saying that's
14 not accurate, and that being Plaintiff's Exhibit 14?
15 A. If you could rephrase the question. I mean I'm not
16 saying that his work -- There were no other
17 appraisals that I've seen on it I'm not saying
18 that his number doesn't represent what his
19 estimation of value was at the time
20 Q. Okay And he is Eric and Douglas Pigman who have
21 South Carolina Real Estate Appraisal licenses,
22 correct?
23 A. Seems that way
24 Q. Okay You do not have a real estate appraisal
25 license, correct?

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1 A. That's correct.
2 Q. Okay And the reason I'm asking is that we're here
3 on a mortgage foreclosure matter. And you have
4 defenses and allegations against Wachovia saying
5 that the appraisal they received was inaccurate and
6 that the evaluation was not correct. And I'm asking
7 you -- this is my one chance to get to ask you
8 questions -- why are you saying that?
9 A. This appraisal, however he arrived at his numbers,
10 his methodology is one thing This property was not
11 complete --
12 Q Okay
13 A. -- at the time. We all know that. We can check
14 construction documents, records The offering that
15 both the seller and Wachovia offered to finance was
16 for a property to be completed How he
17 substantiated his values with the properties that
18 weren't completed, I'd probably certainly question
19 whether or not that was realistic to expect if the
20 bank then accepted a value on a property at
21 \$230,000.00 that was incomplete. Based on what was
22 going to be complete?
23 Q. Give me just one second, please Okay Thank you.
24 On -- I'm not sure which page of the appraisal
25 One, two, three, four. On page five of the

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1 appraisal, it's the Additional Comment section.
2 A. Okay
3 Q It describes the neighborhood And you see about
4 midway down?
5 A Yes
6 Q. And states that the Edgewater subdivision is being
7 developed by Monroe, North Carolina-based company,
8 Craft Development. It states the first phase is
9 underway with waterfront lots fronting on fishing
10 creek reservoir; smaller interior water view and
11 non-water view lots; indicates that a pete dye golf
12 course There's been a letter of intent to develop
13 the 18-hole golf course, which I believe has
14 actually been put in; hasn't it?
15 A It is in. I don't know to what stage between this
16 and what actually is in place
17 Q. Right But as of today, in October 2013 --
18 A There's a golf course there.
19 Q. All right Okay. The plan also has a clubhouse,
20 community pool and community arena slated for future
21 development So it acknowledges that's in the
22 future No home construction has started So it
23 appears -- and it also, he states that he personally
24 inspected the property So it appears the appraiser
25 was aware of that at the time he made the appraisal

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1 report; correct?
2 A Seems to be
3 Q. Okay Also in the appraiser certification, which is
4 the very last page of this exhibit, see paragraph
5 six, will you please read that paragraph for us?
6 A This is on the last page?
7 Q. Yes, sir. Paragraph six.
8 A. This is the appraiser?
9 Q. Yes. Certification. Have you had a chance to read
10 it?
11 A It's a little wordy, but sure
12 Q Okay Do you mind publishing that for the court
13 reporter what it says in paragraph six? Can you
14 just read it out loud?
15 A. Read it for what the appraiser's speaking?
16 Q Yeah What the appraiser is saying. Yes, sir.
17 A. His statement says he was not required to report a
18 predetermined value or direction that favors the
19 cause of the client, or any related party and any
20 amount of the value estimate, attainment of a
21 specific result or the occurrence of a subsequent
22 event in order to receive my compensation and/or
23 employment for performing an appraisal. I did not
24 base the appraisal report on a requested minimum
25 evaluation, a specific valuation, or that I need to

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1 approve a mortgage loan (as read).
2 Q. Thank you. Okay And now I'm getting back to the
3 crux of my question. And that is you've made some
4 serious allegations as to Wachovia, saying that they
5 should not be entitled to collect on their loan
6 which you and your wife executed in their favor.
7 And the basis for that -- and we'll go through your
8 complaints in just a second -- but roughly, the
9 basis is you felt that the appraisal gave an
10 incorrect value for Lot 311. And my question is,
11 what evidence do you have that the value Mr Pigman
12 placed on Lot 311 on May 10th, 2006 was incorrect?
13 A. I don't think we're questioning the value of the
14 appraisal since I've not seen it until just
15 recently
16 Q Sure.
17 A. Okay. If you want to talk about the crux of the
18 dispute that I have with it, it's simply Wachovia
19 offered a program to all the sellers, not just me,
20 or all the buyers, rather. Not just me Who ever
21 they chose Either SunTrust, Wachovia, or another
22 lender. And I don't recall if there was a third
23 one. I seem to want to recall that there was a
24 third one. You've got to remember this was 2006.
25 Q. I understand

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1 A Okay.
2 Q I understand.
3 A. And offering a program to have financing in place on
4 lots that are unfinished, unfinished lot values that
5 are basically assumed by an appraisal before they're
6 done. The lots are clearly, even in these xeroxed
7 photographs, the lots are clearly not done. They're
8 not completed
9 Q. Right.
10 A. Construction inspection records will determine at
11 what stage each one of the lots were based on.
12 Construction inspection reports that would come over
13 and say where they're done The promise that I
14 relied on, both from the seller and from Wachovia,
15 is all the amenities were going to get in. I'm not
16 talking necessarily today. And again not seeing
17 this 'til recently, we're not talking about this
18 value.
19 Q. Okay
20 A We're talking about -- seems like that the
21 appraiser, in his reports, names off all these
22 things that are going to be completed All the
23 collateral material that was provided to us during
24 this whole process seemed to show what was going to
25 be completed. My conversations with -- and in

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1 difference to what is here may be a mistake as what
2 was done -- their Wachovia representatives at each
3 one of those meetings, they represented you can
4 close this before we put all the amenities in,
5 before we finish the project.
6 Q. Who was?
7 A. Wachovia.
8 Q. Wachovia was going to put all the amenities in?
9 A. No, no, no. I said Wachovia was going to close it.
10 Q. Okay.
11 A. Wachovia was going to close the loan --
12 Q Right.
13 A. -- without those amenities being in place, giving
14 the developer this time, was their statement, giving
15 the developer the time to complete the project.
16 Q Okay.
17 A We probably can both agree that this \$230,000.00
18 value could never be substantiated for an
19 undeveloped lot
20 Q. Well, I don't know if I would agree to that since
21 people such as yourself were buying those lots for
22 that amount.
23 A The same way. They were relying -- they weren't
24 buying raw unfinished land They were buying
25 completed lots, the offering. They were buying

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1 completed lots with the amenities. That's what they
2 bought You ask any one of them, and I'm sure
3 you're going to go through the process
4 Q Whose job was it to finish the amenities?
5 A Craft's
6 Q Okay.
7 A Or their representatives But Craft is the seller
8 We'll just keep it as Craft.
9 Q Okay. So why are you saying Wachovia, and now Wells
10 Fargo, did something wrong and you don't have to pay
11 them back based upon that?
12 A Because they represented that they supported this
13 development. They closed on the loan --
14 Q. Okay.
15 A. -- without having the amenities in place They
16 closed on it based on all of those things being in
17 place
18 Q Okay.
19 A They're not
20 Q I understand that
21 A. They backed the program They supported it They
22 had a reason to close that loan early. They also
23 had the underlying financing
24 Q In March 2006, you had an opportunity to go look at
25 the property on more than one occasion.

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1 A. That's correct
2 Q Okay And you signed the Purchase and Sell
3 Agreement.
4 A. That's correct.
5 Q. Okay. Knowing everything about it being
6 uncompleted?
7 A Knowing that I have a lender who's going to close
8 the loan with a promise from the developer that it's
9 going to be completed and have these values
10 Q. And if it doesn't get completed, why does that mean
11 you don't have to pay Wachovia back?
12 A They didn't give me -- they represented that they
13 were supporting this deal
14 Q. Okay. How did they not support it?
15 A There's no amenities there.
16 Q Okay How was that Wachovia's fault?
17 A. They represented -- they represented the value based
18 on those amenities being there. They did it
19 Q. They who?
20 A. I didn't order the appraisal.
21 Q Right.
22 A. This is Wachovia's appraisal.
23 Q Right
24 A. Okay.
25 Q. You didn't even see it before you closed?

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1 A. Didn't even get to see it before I closed, even
2 though we asked for it
3 Q. And didn't see it before you agreed to pay
4 \$229,000 00 for Lot 311?
5 A Based on what they said was going to be there
6 Q Who is they?
7 A. Wachovia.
8 Q. Wachovia told you that it was going to be there
9 A. Wachovia said that we're going to close this loan
10 early to allow the developer to complete the
11 project. This is the offering that they had It's
12 in writing. I've got the collateral material.
13 Q Can you show me where it says that?
14 A. I don't have it now I've got a box that is as
15 thick as yours.
16 Q. I have what's been produced to us in discovery of
17 this case which is a lot of documentation from
18 Edgewater and from the flyers and things that you
19 went to. Would it be part of that?
20 A. I don't know what you have, so I can't say it is.
21 (Whereupon, 153 Pages of a Group
22 of Documents was marked as
23 Plaintiff's Exhibit #13)
24 Q. This is what has been marked Plaintiff's Exhibit 13
25 I'm happy to let you look through This is

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1 everything I have. So you can show me where
2 Wachovia told you that the amenities were going to
3 be put into place.
4 A. There's -- What I have that I remember is an
5 offering letter of preconstruction financing by
6 Wachovia
7 Q. I apologize.
8 A. That's okay
9 Q I didn't hear that last part.
10 A What I have is an offering letter that was part of
11 this sales package that we all received that
12 described the preconstruction -- preconstruction
13 loan closing from Wachovia.
14 Q Okay.
15 MR FOSTER: Would you like to have the
16 Deponent look through your --
17 MR LANEY. Well, if you don't mind, we can
18 take just a minute, because I'm not familiar with
19 the document that he's referring to And it may be
20 that I've seen it and we're just missing each other.
21 MR. FOSTER: We'll go off the record
22 (Off the record)
23 A. Whatever you have here, and I'm coordinating the
24 two, our documents, your documents, and then there's
25 one, two, three references to what Edgewater offers

Page

1 on special financing, it doesn't seem to be in here,
2 the details of that special financing
3 BY MR. LANEY. (Resuming)
4 Q. Sure
5 A. But certainly in the Wachovia offering, it wasn't
6 just, you know, a ghost document. It says here,
7 we're going to do this and this and this and this
8 and this That's the special offering. I don't see
9 that in your package here, --
10 Q. Okay
11 A -- the descriptive on the special offering.
12 Q Okay.
13 A. It may be in there, but 175 pages --
14 Q. Sure. I understand. And thank you for taking the
15 time to look through all that Okay Who was --
16 MR FOSTER For the record, I believe there's
17 actually 149 pages
18 MR. LANEY Fair enough. They definitely are
19 marked And the last one I see is 153, but -- in
20 addition to the actual responses.
21 BY MR. LANEY: (Resuming)
22 Q. Nonetheless, who was the employee? You say you
23 spoke to a Wachovia employee on the property Did
24 you speak to a Wachovia employee every time that y
25 went to the property?

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1 A. They were there There was a representative at each
2 one of those It seems that the sales organization
3 wanted to have the lender representative there for
4 people to discuss the program
5 Q Do you remember the name of the employee that you
6 spoke with you were there?
7 A. I want to say it was Richard. I think I remember
8 that's the name. I just --
9 Q. Richard Park that I see you identified in your
10 answers to interrogatory?
11 A. Might have been I'd have to --
12 Q. I believe that's who your loan officer was
13 A. Yeah. It was always Richard.
14 Q Was it the same person who was your loan officer as
15 who was on the property, or was it someone
16 different?
17 A. There was more than one team
18 Q. Okay. And there were other banks who were out there
19 as well, correct, SunTrust being one of them?
20 A. There were probably several They seemed to group
21 themselves in almost like a food court.
22 Q. Okay So an area where the lenders were set up and
23 it was more than Wachovia, multiple lenders
24 A. I seem to remember it that way.
25 Q. Okay When you went to look at Lot 311 or the other

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1 lots in the subdivision, was anybody from Wachovia
2 with you?
3 A. To tour the property?
4 Q. Yes, sir. That was just Craft Development
5 personnel?
6 A. That's correct.
7 Q. Okay Or agents of Craft Development. All right.
8 We've talked about the Purchase and Sell Agreement
9 What were the substance of your conversations with
10 Wachovia employees while you were at the property?
11 A. I wanted to understand their program.
12 Q. Okay
13 A. Give me the descriptors, you know, of what the
14 financing is Their whole, we'll call it their
15 whole offering, was to have the luxury, if you will,
16 of being able to close a property early, before the
17 amenities are in, with this program.
18 Q. Outside of discussing the financing program with the
19 Wachovia folks, did ya'll talk about anything else?
20 A. Did I talk about anything else with who? I'm sorry.
21 Q. With the Wachovia employees.
22 A. No. The details were fairly clear from them that
23 they were going to allow the developer to complete
24 the property and close this loan early
25 Q. Okay. What do you mean by allow the developer to

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1 complete the property?
2 A That was their words Actually, they said it in
3 several presentations.
4 Q. They were going to allow the developer to complete
5 the property?
6 A Seemed to be their choice of words
7 Q. Okay Do you know who spoke those words?
8 A Richard was one of them
9 Q Okay And if you're able to recall his last name,
10 will you provide it to your attorney? All right
11 How did you locate Lot 311 or decide upon that lot
12 to purchase?
13 A I was looking for a waterfront lot
14 Q Okay
15 A. And I found it on a map.
16 Q Okay No one from Wachovia helped you locate that
17 lot.
18 A That's correct
19 Q. Okay No one from Wachovia recommended that lot to
20 you.
21 A That's correct
22 Q Okay. Were you banking with Wachovia at the time
23 you took out this loan?
24 A. I don't believe so.
25 Q Okay. So you had no other banking relationship with

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1 them?
2 A. That's correct
3 Q. Okay. Who was your bank of choice at the time,
4 2006?
5 A. Probably Wells
6 Q. Was it? Okay. Prior to the merger?
7 A. Might have been.
8 Q. Okay How about 2009? Was it still Wells, or?
9 A. I don't recall.
10 Q. Outside the Wachovia loan, did you have any other
11 loans with Wachovia between 2006 and 2009?
12 A. I don't believe so
13 Q. Okay Okay We've talked about this a little bit,
14 but just help me. You went out to the property two
15 times prior to purchasing it?
16 A Several times.
17 Q Several times. Okay. To launch events or sales
18 events, as they call it?
19 A. Launch events, sales events, right Their
20 promotional events.
21 Q Okay. Other than those two events, when did you go
22 visit the property?
23 A. Maybe -- maybe two other times just to walk the lot.
24 Q. Okay. Were you with anyone at the time you went
25 out?

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1 A. Not always. Sometimes with -- once, with the
2 salesperson, Jennifer
3 Q. Okay And who does Jennifer work with or for?
4 A She was with a part of the sales team
5 Q. Okay. Not a Wachovia employee?
6 A That's correct.
7 Q. Okay. I'm just trying to keep it all clear
8 A I understand you
9 Q Okay And the purpose of those visits was simply to
10 look at your lot?
11 A. Just to help locate them, because they were not
12 clearly marked at the time.
13 Q Okay.
14 A They were still grading The construction stakes
15 were either missing or knocked down during the
16 grading process.
17 Q. How many lots were being constructed or developed at
18 this time?
19 A I don't know.
20 Q. Okay Paved roads?
21 A. Nothing was in.
22 Q. Okay. What's the condition of the property today?
23 A. Streets and lots
24 Q. So there are paved roads --
25 A There are paved roads

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1 Q. -- on the lots There are some houses out there?
2 A There is a few, only a few.
3 Q. Okay. Zero to ten, ten to 20?
4 A. Fifty, maybe, on the entire property.
5 Q. Okay. It's a pretty large property
6 A. It's a huge property.
7 Q Okay So about 50 houses in there?
8 A. Possibly.
9 Q Okay And the golf course has been completed now?
10 A. The course, itself. I don't know about the
11 clubhouse, you know, what was the offering, what was
12 there today.
13 Q Right Okay. I was going to ask you, is the
14 clubhouse, do you know if it's been completed?
15 A I don't know to what standard it was, comparing it
16 to what was offered and what's there today
17 Q Okay. But is there a clubhouse there today?
18 A There's building there today
19 Q. You would call it a clubhouse?
20 A. Well, it's always been referred to as a temporary
21 building.
22 Q. Okay. What's the purpose of the building? I mean
23 what do people use it for?
24 A. It's a staging area for carts, I guess I've only
25 been out there a couple of times to the clubhouse,

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1 itself
2 Q Okay. So prior to going to play golf, you would
3 come there to get your cart?
4 A Yes. A staging area
5 Q. Restaurant in there at all, or?
6 A I don't even know if they offer food
7 Q. Okay. Fair enough Do you play golf?
8 A You could call it that.
9 Q Okay Have you played that course?
10 A I have not.
11 Q Okay Okay. Why did you buy Lot 311? What was the
12 purpose?
13 A The purpose is for a family home on that lot
14 Q Okay You were planning to live there?
15 A Yes.
16 Q Okay You weren't planning on reselling it?
17 A No I was replacing a waterfront lot that I had
18 sold up in Idaho
19 Q Okay. Did you live on your waterfront lot in Idaho?
20 A. No.
21 Q Okay
22 A We moved here
23 Q. When you purchased the lot, all of the loan proceeds
24 were used to buy the lot, correct?
25 A When I purchased the lot, all the loan proceeds?

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1 Q. Yes.
2 A. Yeah. I never saw them. They went directly to --
3 Q. The seller?
4 A. -- disbursement. Yeah.
5 Q. Okay You weren't intending to use any of the loan
6 proceeds to build your residence?
7 A. That's correct.
8 Q. Okay. And there's never been a structure built on
9 Lot 311, correct?
10 A Today, I guess that's true. I mean I'm saying that
11 a little facetiously, because they've actually built
12 on some lots that were not theirs. Somebody built
13 on the wrong lots I haven't been out there in a
14 little while. So today, my recollection is there's
15 no building on it.
16 Q. The last time you saw Lot 311, it did not have a
17 structure on it?
18 A That's correct.
19 Q. Okay.
20 A. Fair enough.
21 Q. All right. And then you took out a loan from
22 Wachovia for \$206,100.00 in May of 2006,
23 thereabouts, and purchased Lot 311 from Craft
24 Development.
25 A. Yes.

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1 Q. Okay. And you paid on that loan for approximately
2 three years. It was a three-year interest only
3 balloon payment?
4 A. That first loan was a three-year note.
5 Q. Okay. And then in 2009, the balloon payment was
6 coming due.
7 A. That's correct.
8 Q. Were you able to make that balloon payment?
9 A. I had called them to ask if they wanted to extend
10 it.
11 Q. Okay. And what did they say?
12 A. Went through a very long process with them
13 Q. Okay.
14 A. It took like three or four months to go through
15 End result is they extended the loan.
16 Q. Okay. In 2009.
17 A. Yes.
18 Q. Could you have repaid the balloon payment in 2009
19 when it came due?
20 A. Could I have repaid it? Do you mean could I have
21 paid it?
22 Q. Yes. Could you have paid the balloon payment that
23 was due?
24 A. Not easily.
25 Q. Okay. But you could have?

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1 A. I might have.
2 Q. Okay. What is your monthly income today?
3 MR FOSTER: I believe I have to make some
4 noises at this point. Is there relevance to that
5 question?
6 MR. LANEY Yes. He's asked for a rescission
7 of the contract and I'm trying to see if he has an
8 ability to repay it or if he's tendered to an offer
9 to it, which is an element of rescission.
10 MR. FOSTER: Preserving my objections, --
11 MR. LANEY: Sure.
12 MR FOSTER: -- if the gentleman can answer to
13 the best of his ability.
14 WITNESS: Restate.
15 BY MR LANEY. (Resuming)
16 Q. What is your monthly income today?
17 A. Zero
18 Q Okay. Is that because you're not selling any houses
19 or developing any houses, or are you retired? You
20 said you were self-employed, but.
21 A. I am.
22 Q. Okay. Why is it zero?
23 A. Well, I don't have a monthly, regular monthly,
24 income
25 Q. Okay

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1 A. Mine's reliant on selling a parcel of land or an
2 ownership in a property that I have and deriving my
3 income from that
4 Q. Okay. Are you in a position today to repay Wells
5 Fargo on this lot?
6 A. No.
7 Q. Okay.
8 (Whereupon, 2009 Mortgage
9 was marked as Plaintiff's
10 Exhibit #9)
11 (Whereupon, 2009 Note was
12 marked as Plaintiff's
13 Exhibit #10)
14 Q Exhibits 9 and 10, which is the Note and Mortgage
15 from 2009
16 A. Okay This is 9 and 10?
17 Q Yes, sir
18 A. Okay.
19 Q. Do you recognize those documents?
20 A. Vaguely, yes. I do.
21 Q. Okay. Do they represent the Note and Mortgage for
22 the 2009 refinance with Wachovia?
23 A. They seem to.
24 Q Okay. And if you would turn to the signature pages,
25 can you identify your signature on those two

Page 60

1 documents?
2 A. Yes
3 Q Okay. And is that you wife's signature? And you're
4 referring to Exhibit 9 now, right?
5 A I'm on Exhibit 9 on the signature page Yes
6 Q That is your wife's signature, as well?
7 A. Yes
8 Q Okay. And then on Exhibit 10, could you just
9 acknowledge that you and your wife executed the
10 note, as well?
11 A Yes
12 Q. Okay. And my understanding is you made payments for
13 a period of time after you entered into this
14 refinance in 2009; is that correct?
15 A Yes
16 Q. Okay. And then you stopped making payments at some
17 point?
18 A. That's correct
19 Q Okay. And you have not made payments since when? I
20 just need an approximate date.
21 A 2011.
22 Q Okay
23 A In January of 2011, somewhere around there.
24 Q Early 2011, you stopped making payments?
25 A I believe. I'm not exact on it. Look in the

Page 61

1 checkbook.

2 Q. That's fine You have not made any payments on this

3 loan since the early part of 2011.

4 A That's correct

5 Q Okay Have you attempted to make any payments on

6 this loan since then?

7 A. No.

8 Q. Okay. And you understand pursuit to -- and I can

9 show you the default provisions in there One of

10 the remedies if there's a default for nonpayment is

11 Wells Fargo, now the successor to Wachovia, has a

12 right to foreclose on the mortgage and to seek a

13 judgement on the note against you and your wife?

14 A Yes

15 Q. Okay. And you understand that's the subject of this

16 lawsuit. They are foreclosing on the mortgage

17 A Of your side of it, yes

18 Q. Yes. The bank is. Okay. Okay. And you were

19 represented by McMillan and Terry in that closing

20 A Yes

21 Q Who was the --

22 A. They were -- they were just a closing agent that a

23 friend of mine uses up in Charlotte, and so we used

24 them

25 Q Okay.

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1 A The bank --

2 Q I was going to ask you how you chose somebody

3 A -- had asked me to find somebody.

4 Q. Sure. Okay. So you chose McMillan and Terry to

5 represent you.

6 A. Yes

7 Q. Okay. And in 2006, I believe Phil Murdoch was the

8 closing attorney?

9 A. Unfortunately

10 Q Why do you say unfortunately? I do not know Mr

11 Murdoch.

12 A. It was a fiasco.

13 Q. Why was it a fiasco?

14 A I wish I knew.

15 Q. Just the whole closing was a fiasco?

16 A. Yeah.

17 Q. Really?

18 A Yeah

19 Q. Okay Did you know Mr. Murdoch before you had that

20 closing?

21 A No It was set up by the seller

22 Q Okay. Can you elaborate on what made it a fiasco?

23 A Documents weren't ready As you can see and is

24 still evidence today, my name is the only one on the

25 property

Page 63

1 Q Right

2 A We asked them to correct that several times They

3 just washed their hands of it.

4 Q Okay. I have not looked at the deed Is the deed

5 just in your name?

6 A Uh-huh

7 Q Okay Did you have any trouble understanding the

8 loan documents or knowing what you were executing --

9 A No, as far as the loan documents

10 Q -- given your background?

11 A The loan documents, no

12 Q. Okay. And so you understood that you were being

13 asked to make 35 payments starting in August 2009,

14 and there was going to be a balloon payment of

15 \$203,120.00 due in July of 2012?

16 A. Yes

17 Q You were aware of that?

18 A. Yes.

19 Q Okay. Why did you stop making payments, Mr Pappas?

20 A We got a notification from what was called the

21 Edgewater Settlement Administrator And that notice

22 referred to a violation of Federal law with respect

23 to the offerings of this property. And in it was

24 discovered one document that was fairly interesting

25 And in referring back to all of the marketing

Page

1 efforts that were put forth on the property at the

2 time that I acquired it originally, 2006, looked at

3 it originally, one of the most interesting documents

4 that's in there is a statement by the seller that

5 they had only agreed to put in the streets and

6 utilities That was it. This was their Federal

7 filing that was probably put into place, I want to

8 say, sometime in 2010, or even -- I take that back

9 I'll say 2010. I just don't remember the exact date

10 of that document

11 Q Right And when you say the seller, are you

12 referring to Craft?

13 A. I'd be referring to Craft as far as the identity.

14 (Whereupon, Notice of Right

15 To Cure was marked as

16 Plaintiff's Exhibit #11)

17 Q Okay. I apologize I'm going to skip out of line

18 I want to come back to what you just said, but I

19 meant to show you this. This is Plaintiff's Exhibit

20 #11. It's a Notice of a Right to Cure. I just want

21 to -- I can refer back to the request I've already

22 introduced. I think we've discussed it. You

23 acknowledged receiving that, but I just want to make

24 sure that you have and that is accurate.

25 A. I believe so.

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1 Q. Okay. And it's dated February 2011, which would be
2 about the time you indicated you stopped making
3 payments?
4 A. Right. I had sent -- to continue the dialog, I
5 guess, I sent two registered letters when we
6 received the information from the Settlement
7 Administrator group. And I had sent two registered
8 letters to outside of -- well, I guess even backing
9 up further, I had called the lender several times to
10 talk about some of the information that we had been
11 hearing about and receiving. Got no response. In
12 fact, several phone calls that I've had from them,
13 unfortunately, they're phone calls, and not recorded
14 phone calls, with we'll have somebody call you right
15 away. No I've certainly got my outbound calls to
16 to a Wells number during those time periods to show
17 how many times I've called them and it was an
18 attempt to call. Having not got any response from
19 them saying that they'll call me back, we're going
20 to talk about this, we're going to do whatever we're
21 going to do, in frustration, I sent out two
22 registered letters later on after that. March,
23 probably
24 Q. 2011?
25 A. I believe so.

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1 Q. There about?
2 A. I saw them in your documents in there again.
3 Q. There in the 153 pages?
4 A. They're in there.
5 Q. Okay.
6 A. And you know, described the problem to them I said
7 we need to have discussion about this.
8 Q. Okay Do you recall any of the individuals that you
9 spoke with at Wachovia?
10 A. I probably have some notes on some, but I don't
11 recall them. And there was calls from -- I was
12 going to say -- I can't remember who it is, how
13 many. I'd have to look to see, you know, what I
14 have, notes on who I talked to, --
15 Q. Sure
16 A. -- things like that Mostly, I would have some
17 notes on that, very fragmented, just some notebook
18 notes. When I then got the letter, then I addressed
19 the letter to the sender of the letter
20 Q. Does the letter essentially convey all of your
21 concerns and what you would have said in any oral
22 conversation?
23 A. The letter would put them on notice that we had some
24 concerns and we had received these. I gave them
25 copies of the documents that we received from this

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1 group called the Settlement Administrator Group.
2 (Whereupon, Letter of Delinquent
3 Account was marked as
4 Plaintiff's Exhibit #12)
5 Q. Okay. We'll come back to that, but I have to show
6 you one last -- this is Exhibit #12, which is
7 another letter indicating that your account is
8 delinquent and putting you on notice that they may
9 refer --
10 A. I used to get these standard letters all the time,
11 even when I was talking to them
12 Q. Okay
13 A. Sorry.
14 Q. No That's fair enough
15 A. I mean I asked them several times, I said why do you
16 keep sending me letters when we're talking?
17 Q. But you did receive the --
18 A. I did.
19 Q. -- Right to Cure and the Notice of Default and --
20 MS. HUNT: What is the date of Exhibit 12?
21 MR. LANEY: Exhibit 12 is February 22nd, 2011
22 and Exhibit 12 is May 26th, 2011.
23 MS. HUNT Thank you
24 BY MR. LANEY: (Resuming)
25 Q. And you do not deny at that time you were not making

Page 68

1 payments on the loan?
2 A. That would be correct.
3 Q. Okay All right Okay. Now you've been telling me
4 why you stopped making payments And did you see in
5 the documents that have been produced to us,
6 Plaintiff's Exhibit #13, the 153-or-so page set,
7 that Edgewater Settlement, I think you said,
8 Administrator sent to you -- did you see that
9 document in here?
10 A. I don't know if it was in there or another document.
11 Q. Okay
12 A. There's several There's several documents in
13 there. Which one are you referring to?
14 Q. I'll show you I think it is in here and I just
15 want to make sure we're talking apples to apples.
16 Okay. I'll try not to lose these here. I'm
17 referring -- it starts on page 79 of the production
18 set in the bottom right corner. It's entitled
19 Settlement Agreement. It was a Settlement
20 Agreement And then right behind that on page 83 is
21 a letter dated January 28th, 2011 addressed to
22 Property Owner, that is from Edgewater Settlement
23 Administrator
24 A. What page are you on? I'll look at a copy, unless
25 you want to hand me that one.

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1 Q. Eight-tee. Seventy-nine is where the Settlement
2 Agreement starts, and then the 83 is the letter from
3 the Edgewater Settlement Administrator
4 A. Uh-huh.
5 Q. And my question is, is that the document you were
6 referring to that you received in early 2011 that
7 led you to stop making payments on your Wachovia
8 loan?
9 A. I'm trying to remember the date, --
10 Q. Sure.
11 A. -- if that was the first letter. It may have been
12 the first letter.
13 Q. Okay. So is it fair to say this is the document you
14 were referring to earlier in your testimony?
15 A. I gave a copy of this to the bank when I finally
16 contacted them. I sent the letters in the mail.
17 Q. Okay. On page 79 right before that letter, the
18 document entitled Settlement Agreement --
19 A. This is page 79?
20 Q. Page 79 of the production Yes, sir. See that
21 document, Mr. Pappas?
22 A. On page 79?
23 Q. Yes. That agreement. And given your positions
24 prior in life as a president and being a real estate
25 developer and having seen, I'm sure, plenty of

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1 agreements, I'm asking you if you could look and
2 tell me who the parties to that agreement are? And
3 I think they're defined in the first paragraph.
4 A. They are between -- that Settlement Agreement is the
5 HUD and Craft.
6 Q. Okay. It doesn't appear to me, and I want to make
7 sure you agree with me, that Wachovia/Wells Fargo
8 are a party to this Settlement Agreement. Would you
9 agree with that?
10 A. That statement would be accurate
11 Q. Okay Now I'm going down to one, two, three, four,
12 five, the fifth whereas clause on page 79. Do you
13 see that. It states (reading) Whereas Craft
14 Development is the developer of the Edgewater
15 subdivision.
16 A. Yes. I see it.
17 Q. Okay. Do you agree with that statement?
18 A. As it's written here, yes
19 Q. Okay. And nowhere in here -- and please take your
20 time to look through -- I do not see any reference
21 to Wachovia or any other lender. And the letter
22 that we refer to, page 83, indicates that there was
23 a sales agent for Edgewater subdivision for Craft
24 Development -- was Edgewater Sales, which handled
25 the marketing. Do you see that? It's the last

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1 sentence in the first paragraph -- Edgewater Sales
2 handled the marketing for Edgewater for Craft. And
3 the last sentence of the second paragraph states
4 that there was an unintentional violation of ILSA by
5 Craft's agent, Edgewater Sales. Do you see that?
6 A. I'm familiar with it.
7 Q. Okay. And that's a letter written by Edgewater
8 Settlement Administrator?
9 A. And you know who that is
10 Q. I do not. Who is that?
11 A. The address is Craft's attorneys.
12 Q. Okay. I was not familiar with that address That's
13 Craft's attorneys? Okay Do you know this Davis,
14 Frawley, Anderson?
15 A. I don't remember the name, quite frankly, right now.
16 Q. Okay. Fair enough. They appear to have an address
17 in Lexington, South Carolina, that I saw, so. Okay.
18 Nonetheless, in the letter, Wachovia is not
19 mentioned at all; are they?
20 A. In this letter, they're not.
21 Q. Okay. Turning over to page 88 of these documents is
22 a Modified Settlement Agreement. The reason I'm
23 asking about that is because in the letter on page
24 83, it refers to the Modified Settlement Agreement.
25 On the second page, it says HUD is required,

Page

1 pursuant to the terms of the Modified Settlement
2 Agreement entered into between Craft and HUD, that
3 you are to be provided with a property report.
4 A. Second page?
5 Q. Second page of that letter I apologize.
6 A. I've got three pages. So, let's see
7 MR. FOSTER. You're on the letter, I believe
8 BY MR. LANEY (Resuming)
9 Q. I'm on the letter, page 83. I'm sorry. It refers
10 to a Modified Settlement Agreement which I believe
11 starts on page 88, but that's what I was trying to -
12 - if you will, look at the second page, the personal
13 paragraph.
14 A. All right.
15 Q. Let's see. Turn over one page, page 84.
16 A. Okay
17 Q. It's referring to the terms of a Modified Settlement
18 Agreement entered into between Craft and HUD that
19 indicates you're to be provided with a HUD Property
20 Report.
21 A. It does refer to that, yes.
22 Q. Okay And you were provided with a HUD Property
23 Report; correct?
24 A. In 2011?
25 Q. Yes, sir. The date of this is January 2011.

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1 A. Right. We were not provided a Property Report at
2 the time of the purchase.
3 Q. Okay. Do you know the date you received that
4 Property Report?
5 A. On this letter
6 Q. Okay.
7 A. It came in the package with that letter
8 Q. Okay. Came with that letter?
9 A Right.
10 Q. Okay. Thank you And the Modified Settlement
11 Agreement was included in that, as well?
12 A. Well, I've got to remember which one is, because in
13 that package, or maybe in one of the packages, we
14 ended up seeing -- we, being some of the owners that
15 received this -- we noticed that there were two
16 agreements between HUD and Craft; one in '07 or '08,
17 and this other one in 2010, if I remember the dates
18 correctly. And that's the first time we'd ever seen
19 those or were even aware of them.
20 Q. Sure It appears to me that on page 79, the
21 Settlement Agreement that we were referring to there
22 was dated 2008.
23 A You're on 78 or '9?
24 Q Seventy-nine, the second page, the signature page,
25 is dated '08

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1 MR. FOSTER: One over -- if I may be allowed.
2 MR. LANEY: You are
3 MR FOSTER: You went too far.
4 A. Which page are we on? I'm sorry.
5 BY MR. LANEY (Resuming)
6 Q. I'm looking at 80.
7 A. You're looking at 80?
8 Q. Eighty-two, actually.
9 A. All right. Hand on a minute, as you're killing me.
10 Q. Sorry.
11 A. Okay. The signature page.
12 Q Yes, sir. That indicates that agreement was entered
13 into in 2008?
14 A. That particular one, probably. Yes.
15 Q. Okay. And then if we look at the Modified
16 Settlement Agreement where it starts on page 88 and
17 has signature pages on page 91, that appears to have
18 the date of December 22, 2010, which that would be
19 my birthday, so great things happen that day,
20 including the Settlement Agreement. So those are
21 the two agreements that you're referring to?
22 A. Those are the, I think, the two agreements that I'm
23 referring to.
24 Q All right. Okay: I'd ask that you'd just look at
25 this Modified Settle Agreement and tell me if

Page 75

1 Wachovia or Wells Fargo was a party to the 2010
2 Modified Settlement Agreement.
3 A Doesn't seem to be
4 Q Okay. And on page 88, the very first page of the
5 Modified Settlement Agreement, the very first
6 whereas clause, that indicates that Craft
7 Development is the developer of the Edgewater
8 subdivision; correct?
9 A. That's what it states.
10 Q. Okay. Do you disagree with that statement?
11 A. I'm just saying that's what it states.
12 Q. Okay
13 A I'm reading it like you are
14 Q. Okay And then beginning on page 94, you have the
15 Property Report, the HUD Property Report that was
16 referenced?
17 A. Right.
18 Q And it goes for quite some time.
19 A. That's correct.
20 Q Okay. On page five of that, which is page 98 in the
21 bottom right-hand corner, type of general
22 information, it states the developer of the
23 subdivision as Craft Development, LLC. Do you see
24 that?
25 A. I see it

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1 Q Okay Mr Pappas, are you aware of Wachovia selling
2 any lots in Edgewater subdivision?
3 A. Not specifically Only from what I've heard, county
4 records, things like that
5 Q Okay In 2006 when you purchased Lot 311, were you
6 aware of Wachovia selling any lots in Edgewater
7 subdivision?
8 A. I'm not sure I understand your question of Wachovia
9 selling the lots
10 Q Okay
11 A In 2006?
12 Q. Yes, sir
13 A. I didn't think they owned any lots there.
14 Q That was my question. Were you aware of them owning
15 any lots that they could sell?
16 A I'm not aware of it It doesn't mean that it didn't
17 happen.
18 Q. Okay. I'm asking of your personal knowledge
19 A My personal knowledge is not
20 Q Okay. And you just referred that you heard that
21 they sold some lots, or --
22 A I was trying to clarify your date
23 Q. Okay. And that's sitting as of October 2013, you're
24 aware that Wachovia may have come into possession
25 maybe through foreclosure or other means of lots and

Page 77

1 have sold them that way?

2 A That's what I'm understanding.

3 Q. Okay. At the rolling time period we're talking

4 about when you purchased Lot 311 and took out the

5 loan with Wachovia and then refinanced it, were you

6 aware at any point in time that they were selling

7 any lots in Edgewater subdivision?

8 A. No personal knowledge of it.

9 Q. Okay

10 A. It's not that it didn't exist I just don't have

11 the personal knowledge they did by that time

12 Q You can't sit here today and tell me yes, I know

13 Wachovia was selling any lots.

14 A. That's correct. I'd have to do the same research

15 you would.

16 Q. Sure. How about leasing any lots?

17 A. Not a word.

18 Q. Okay. I'm going to show you -- if you could look at

19 page 147, is it a letter dated February 8th, 2011

20 from the law firm of Davis, Frawley, Anderson,

21 McCauley, Ayer, Fisher & Smith from Lexington, South

22 Carolina.

23 A. Yes

24 Q. And it's dated -- excuse me. It's addressed to you

25 and your wife?

Page 78

1 A. That's correct.

2 Q. And it's a P O Box in Charlotte, North Carolina.

3 Were you living -- you just had a P O Box?

4 A. I just had a P.O Box at the time.

5 Q. All right. What is this letter?

6 A Let me read this to be sure

7 Q. Sure Take your time. I'm not trying to ...

8 A Okay I think I can remember what the letter is

9 Q. Okay.

10 A What's the question?

11 Q. What is the letter? Please tell us what it is

12 A. The letter -- there was a group of us owners that

13 had some issues with the HOA at the time down there.

14 And one of the owners had engaged this firm,

15 probably because he lives down there And we were

16 working at that time with that -- the Davis law

17 firm, trying to understand our remedies on some HOA

18 issues. It was in the middle of these dialogs --

19 not this letter -- in the middle of the dialogs on

20 the HOA -- that we received the package from the

21 Special Administrator from the HUD --

22 Q The Edgewater Settlement Administrator?

23 A. Yes, the Edgewater Settlement Administrator This

24 firm then -- we gave it to them, let them look at

25 it. They came back to all of us with this same

Page 79

1 letter, a proposal on, you know, their -- outlining

2 their services and structure. I didn't do it. I

3 didn't engage with them on it This was the end of

4 it. And I don't believe that -- maybe there might

5 have been one out of probably 50 that engaged with

6 them

7 Q. That makes sense about securities, how all that -- I

8 understand now And that's why when you -- that

9 cleared that up for me Thank you

10 The first paragraph of that letter, the second

11 sentence, it states that in the Settlement

12 Administrator Package, you were notified of Craft

13 Development's violation of the Interstate Land Sales

14 Act, ILSA?

15 A. That's what the author wrote.

16 Q. Yes Have you seen anything in writing in all these

17 packages or subsequent to those packages that

18 indicate that Wachovia violated the Interstate Land

19 Sales Act in any way, shape or form?

20 A They didn't write it that way It isn't in it

21 Q. That wasn't my question, though. Are you aware of

22 anything that indicates that Wachovia violated the

23 Interstate Land Sales Act?

24 A. No

25 MR FOSTER: I probably need to make a comment

Page

1 at this point that Mr Pappas is not an attorney

2 MR. LANEY I understand

3 MR. FOSTER But with that caveat, sir, to the

4 extent you can answer a legal question.

5 A Again, you've got to remember that this writing was

6 from an attorney dealing with the -- basically

7 responding to that first letter.

8 BY MR LANEY: (Resuming)

9 Q Okay

10 A There was no further investigation or any

11 allegations towards any connections between anybody,

12 quite frankly, except what's written in here.

13 Q. And so just so I'm clear, you have not seen anything

14 in writing from anyone indicating that Wachovia or

15 Wells Fargo violated the Interstate Land Sales Act?

16 A. I have not seen anything in writing.

17 Q. Do you have any personal knowledge that Wachovia

18 violated the Interstate Land Sales Act?

19 MR. FOSTER: With the same caveat.

20 A. I haven't seen anything I don't have any personal

21 knowledge, any records or anything that's been

22 provided to me.

23 BY MR. LANEY. (Resuming)

24 Q Okay. Do you have any reason to believe that

25 Wachovia could be considered the developer of

Page 81

1 Edgewater subdivision?
2 A. No.
3 Q. Okay
4 A. But I don't know that, given that I don't know what
5 the agreement was between the developer and the
6 lender
7 Q. Okay. But as we sit here today, you're not aware of
8 anything?
9 A. I'm not aware of any today.
10 Q. Okay.
11 A. Was there one that existed?
12 Q. The beauty of a deposition is, only I get to ask the
13 questions.
14 MR. FOSTER: Mr. Laney is not being deposed.
15 MR. LANEY: Yes.
16 WITNESS: Sorry.
17 MR. FOSTER: As much as that might be
18 interesting.
19 MR. LANEY: Or not interesting.
20 WITNESS: Well, I thought he was going to come
21 up with another document and show me.
22 MR. LANEY: Not today.
23 BY MR. LANEY: (Resuming)
24 Q. Okay Can we take just a couple minutes break and
25 let me reorganize where I am? And then I'll come

Page 82

1 back and try to shorten this up
2 (Off the record)
3 BY MR LANEY: (Resuming)
4 Q. Okay, Mr. Pappas. We're back on the record. And I
5 should have told you this at the beginning. I
6 apologized to your attorney, but I'll apologize to
7 you directly. At any time you need to take a break
8 for any reason whatsoever, please, just let me know
9 A. Sure.
10 Q. It's not an endurance contest by any means You've
11 been very good about that, but don't hesitate to ask
12 if you need to take a break for any reason.
13 All right. I did want to go back through a
14 couple of documents that's in Exhibit 13 A couple
15 of things I had questions about. Again, on page 16
16 of that document production, there's a document
17 entitled Edgewater Inventory Prcesheet.
18 A. Yes.
19 Q. It looks like it's date April 2nd, 2006 at 10.05
20 a.m. Do you see that document?
21 A. Yes.
22 Q. And April 2nd, 2006 would have been approximately
23 three days after you executed your Agreement to Buy
24 and Sell Real Estate.
25 A. Uh-huh.

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1 Q Okay. You need to --
2 A. Yes. Sorry
3 Q Thank you That's okay It appears that Inventory
4 Prcesheet is comprised of one, two, three pages.
5 And the first page starts with Lot 44 and the last
6 page ends with Lot 384 Do you agree with that?
7 A Yes.
8 Q Okay And in the far left-hand column besides some
9 of the lots, several of the lots, it indicates that
10 they were sold. Do you see where that's indicated?
11 A. I see that.
12 Q Okay. And on page three, actually Lot 311, is
13 indicated as being sold, which is your lot that you
14 purchased.
15 A Yes
16 Q Okay. And it has a list price of two-eight-six-two-
17 fifty, but then an event price of two-twenty-nine,
18 which is, in fact, the sales price that was listed
19 in your Agreement to Buy and Sell Real Estate;
20 correct?
21 A. Yes.
22 Q. Okay Did you actually execute the Agreement to Buy
23 and Sell at one of the events, or is it because
24 you've attended one of the events you were able to
25 get the event price?

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1 A. I signed the Purchase and Sale Agreement at their
2 off-site offices which were just outside -- it was
3 on Lancaster Highway, --
4 Q. Okay.
5 A. -- but I had attended, obviously, the events
6 Q. Was it the same day as one of the events that you
7 executed the agreement?
8 A. I don't recall right now
9 Q. Okay With regards to the lots that are listed as
10 being sold, especially on page two starting with Lot
11 269, there appear to be several that have a list
12 price and event price which are greater than Lot
13 311 Would you agree with that? For instance, Lot
14 269 has a list price of three-sixty-two-three,
15 seventy-five and event price of two-eighty-nine-
16 nine. And it says sold beside it.
17 A. I see that
18 Q. Okay Do you have any reason to disagree with the
19 indication that there were many lots sold at the
20 time that you had agreed to buy Lot 311 for a
21 greater value than what you were paying for Lot 311?
22 A. Different lots?
23 Q. Yes, sir Yeah, the lots in reference.
24 A. They're all different lots
25 Q. A little larger, perhaps, in acreage, and obviously

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1 located in different locations of the subdivision.
2 This is just a summary of what they've had to offer
3 and what they show on their sales records I don't
4 know, you know, what of these actually closed or
5 anything like that.
6 Q. Okay But they would indicate the lots which had a
7 sales price greater than two-twenty-nine were sold?
8 A. This is a --
9 Q. It's accurate?
10 A. Yeah. This is an Inventory Pricesheet that the
11 sales team was passing out.
12 Q. Right.
13 A. I don't have any knowledge beyond that.
14 Q. Okay. Do you have any knowledge or reason to
15 disagree with what's stated therein?
16 A. I'll smile and say I might today, but you know, at
17 the time, no It was a marketing tool
18 Q. Okay. If we go down to Lancaster County's other
19 records and pull the deeds back in 2006 for Lot 269,
20 for instance, you wouldn't be surprised to see that
21 the sales price was what the list price is, --
22 A. Then?
23 Q. -- the event price?
24 A. Then?
25 Q. Yes In 2006 Same as with your deed

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1 A. Right.
2 Q. Okay. Okay. You indicated after you received the
3 Edgewater Settlement Agreement that you stopped, you
4 ceased to make any payments on your Wachovia loan,
5 and that you had a series of phone calls with them,
6 but you also wrote them at least two certified
7 letters, you think
8 A. That's correct
9 Q. And I apologize. I was unable to get the exact
10 number, but do you have those letters in this
11 production? I think they are
12 A. They're in the back of the --
13 Q. The very back?
14 A. Uh-huh. I just saw them --
15 Q. Okay.
16 A. -- when we were having the last discussion
17 Q. Okay.
18 A. So 150-ish
19 Q. Yeah You're correct Good memory Looks like on
20 page 150 there's a letter dated March 19th, 2011
21 A. Yes
22 Q. Is that the letter you were referring to?
23 A. That's one of two
24 Q. Okay Who is Gerald McNaught who is copied on that
25 letter?

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1 A. He was one of my attorneys at the time
2 Q. Where's he located?
3 A. Charlotte
4 Q. Okay. Now you say there's a second letter. I have
5 not seen any second letter.
6 A. I have in my files, and you should have in yours.
7 There was one sent to Portland and one sent to
8 Montana, actually.
9 Q. Okay Would you provide that to Mr. Foster?
10 A. I think they're the same letter
11 Q. Oh, they were --
12 A. Their addresses are on --
13 Q. Oh, okay. So there was one letter sent to two
14 different places.
15 A. Two letters sent to two different places Same
16 letter sent to two different places, because the
17 mailing that I got from the bank, one was from
18 Portland, Oregon, one was from Billings, Montana
19 So I want to make sure since I wasn't able to get
20 them to communicate to me, that I responded to the
21 addresses that they provided us to respond to.
22 Q. Okay. The contents of the two letters that were
23 sent are identical to what we have --
24 A. I believe so
25 Q. -- starting on page 150?

Page

1 A. I believe so.
2 Q. That's what I was trying to get at. Okay Have you
3 sent anything else in writing, other than what we
4 see on page 150, to Wachovia or Wells Fargo?
5 A. I don't think so I think by that time we'd engaged
6 with Mr. Foster
7 Q. Okay So anything would have been received from Mr.
8 Foster
9 A. Yes
10 Q. Okay All right. One thing I failed to follow up
11 on earlier, you indicated you'd been deposed before
12 How many times have you been deposed?
13 A. Five
14 Q. Five? Okay. Were you a party like you are here to
15 those lawsuits, or were you a witness?
16 A. Witness, usually
17 Q. Okay Have you been a party to a lawsuit other than
18 this one?
19 A. Not that I remember I don't think so
20 Q. Okay Okay. What did those other lawsuits have to
21 deal with?
22 A. Construction defect issues or something like that,
23 companies that I had represented.
24 Q. Okay
25 A. Or had worked for

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1 Q. Okay. And I apologize. This is part of the
2 background information I ask everybody. Do you have
3 a -- been charged with any criminal indictments in
4 the last ten years?
5 A. No.
6 Q. Okay. My apologies, but --
7 A. That's okay.
8 Q. -- I'm required to ask. What was the reason that
9 you left D R Horton?
10 A To take this job here.
11 Q. Okay. Jim Walter?
12 A. That's correct
13 Q. What was the reason you left Jim Walter?
14 A. We just didn't have an agreement on what we were
15 going to focus on. The leadership had changed,
16 significantly. And I elected not to stay.
17 Q. Okay. All right.
18 MR. LANEY Can I get another Exhibit sticker?
19 I somehow managed to get two 13s, and that's not
20 going to work. You can make this 15.
21 (Whereupon, Complaint and Amended
22 Answers was marked as Plaintiff's
23 Exhibit #15)
24 Q. This is a -- it's bound together --
25 MR. LANEY Martin, this is just our Complaint,

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1 your Amended Answer and Counterclaim, and our reply
2 to it. I just put it all together. I'm not going
3 to go through all of it, but I think you have
4 copies
5 MS. HUNT. Do you have one?
6 MR. LANEY I've got them somewhere
7 MS. HUNT. Are they all in that stack?
8 MR. LANEY. There were three, but I thought I
9 had --
10 MS. HUNT: That's okay Don't worry about it
11 MR. LANEY. I'm sorry. That's just my one
12 copy. I apologize.
13 BY MR. LANEY. (Resuming)
14 Q As we talked about, the first document that's
15 stapled here is the Complaint for Foreclosure of
16 Real Estate brought against you and your wife for
17 foreclosing the mortgage on Lot 311. And I failed
18 to mention, but when you refinanced the loan in
19 2009, you got a rate of 5.5 percent, which was
20 actually a percentage or so better than what you had
21 in 2006; correct?
22 A. Seems that way.
23 Q. Okay So you actually got a little bit better deal.
24 The principal increased from two-oh-six to two-ten-
25 nine-fifty-four-sixty-nine So that went up by

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1 about \$4,000.00, but --
2 A. That, I didn't like
3 Q Yeah. Understood. No one likes to have to pay
4 more. But the interest rate was reduced?
5 A. It was the terms that they put on the table
6 Q Okay. But you negotiated and they agreed?
7 A. I agreed to it.
8 Q. Yes. Okay And going back to 2006, you actually
9 reached out to Wachovia They didn't approach you
10 with their loan?
11 A. That's wrong
12 Q They call called you and said we'd like to make you
13 a loan for --
14 A They were -- they didn't cold call me
15 Q. Okay
16 A They were at each one of the events --
17 Q. Okay
18 A -- offering their programs
19 Q. Okay.
20 A That's how I got connected with them.
21 Q. Did they walk up to you and say --
22 A They did
23 Q. -- introduced themselves and we'd like to make you a
24 loan?
25 A They actually did.

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1 Q. Who did that?
2 A I believe it was Richard at the time
3 Q. Okay Did anyone from SunTrust do the same thing?
4 A. Didn't really have any good dialog with them, so we
5 didn't pursue it.
6 Q Okay. Were they there?
7 A I believe so
8 Q Other lenders were there, as well?
9 A. Other lenders were there.
10 Q Okay
11 A. There were, if I remember the number, I think there
12 were three what they called preferred lenders in
13 this program. It was Wachovia, SunTrust and maybe
14 somebody else, but I don't remember
15 Q. Okay. And you had discussions with all three of
16 them?
17 A. No. I only had discussions with SunTrust and
18 Wachovia.
19 Q Okay. Okay. Why didn't you go with SunTrust?
20 A. I seemed to like the LO at Wachovia, so it was just
21 an easier --
22 Q. LO being loan officer?
23 A Yes.
24 Q Okay. Were the terms that Wachovia offered better?
25 A I think they were the same Both parties offered

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1 the same. But I couldn't quote that for sure
2 Q. Gotcha If Wachovia hadn't offered you this loan,
3 would you have gone to SunTrust or another bank to
4 get it to purchase Lot 311?
5 A. I don't know that I would have, you know I wasn't
6 seeking it as far as SunTrust And you asked --
7 well, you asked other lenders. The lending program
8 was one of the main and significant drivers on me
9 being able to purchase the property and closing on
10 it at that time
11 Q. Right. But there were at least two other lenders
12 offering loans in this subdivision
13 A. I remember only the one, SunTrust I don't remember
14 the third, if there was one.
15 Q. Okay Well, why wouldn't you have gone with
16 SunTrust if Wachovia, for whatever reason, had said,
17 you know, we just don't want to make you a loan?
18 A. Well, if you could, ask the question a little bit
19 different, if you could rephrase that, or what was
20 your question? I want to make sure that I answered
21 correctly
22 Q. If Wachovia for any reason had said Mr Pappas,
23 we're not going to make you a loan to help you
24 purchase Lot 311, why wouldn't you have gone to
25 SunTrust to get a loan?

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1 A. Never considered that. That didn't come up so we
2 never had to address that
3 Q. You could have.
4 A I don't know. I mean I don't I mean as far as --
5 Q You could have gone to anyone --
6 A -- the marketing --
7 Q. You weren't required to use Wachovia or SunTrust
8 A To get this program, we were.
9 Q. Right. But to get a loan, any loan, you weren't
10 required to just go with them.
11 A. I wasn't seeking any loan.
12 Q. Okay
13 A. I was seeking the program that they offered.
14 Q Did you attempt to get a loan from any other
15 institution that was along the same terms?
16 A No.
17 Q. Okay. There's no reason you couldn't have at least
18 attempted to do so if you had wanted to?
19 A. I could make a choice if I wanted to, just like
20 going to one store or another.
21 Q Sure.
22 A. But if one store doesn't have what I'm looking for,
23 then why go in that store, if that's fair.
24 Q. If you know that store doesn't have what you're
25 looking for?

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1 A Right
2 Q Really, the point I'm making is you weren't
3 prohibited from talking to any other lender if you'd
4 wanted to do so
5 A That would be correct
6 Q Okay Okay. Outside of Richard, who I believe may
7 be identified in the interrogatories we'll get to in
8 a second, as Richard Parks, did you speak with
9 anyone else at Wachovia? I know you had some phone
10 calls and some notes, which I'm going to ask you to
11 give to Mr. Foster But outside of those, prior to
12 your getting the loan from Wachovia --
13 A. There may have been some other processor that worked
14 in that office.
15 Q Okay
16 A I don't recall the name or contacts with Richard.
17 Q. Okay At the events, did you speak to anybody else
18 at Wachovia other than Richard?
19 A. There were more than one representative at the
20 table, so I'm not sure if they were assistance or
21 whatever, much like this whole table is
22 (indicating)
23 Q. Sure Did you have any substantive conversations
24 with anybody outside of Richard?
25 A No

Page

1 Q Okay. Would it be fair to characterize that your
2 conversations with Wachovia after you stopped
3 paying, you didn't have any substantive
4 conversations with people at Wachovia?
5 A. Yes.
6 Q I thought I heard your testimony, but I want to make
7 sure I'm right. Okay So your notes wouldn't
8 reflect a substantive conversation that you had with
9 Wachovia?
10 A. After this --
11 Q After you stopped paying
12 A. After all this started happening, yes That's
13 correct.
14 Q Okay. They would not I just kind of got confused,
15 myself But they would not reflect any substantive
16 conversation
17 A That's correct.
18 Q. Okay. Okay. And just to summarize, we're here.
19 Wachovia/Wells Fargo is suing to foreclose on the
20 mortgage loan that you and your wife took out, the
21 \$210,000.00 that you refinanced in 2009. And you
22 have filed an Answer and Counterclaim and Cross
23 Claims to that complaint, which is part of
24 Plaintiff's Exhibit 15, setting forth causes of
25 action of why they should pay you damages in this

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1 case And principally, I'm concerned about what
2 you're asking about my client, Wachovia So I
3 wanted to ask you some questions about that just so
4 I understand what you're alleging they did wrong
5 If you could, before we walk through this, would you
6 just tell me in your own words what are you alleging
7 that Wachovia, now Wells Fargo, did wrong to you?
8 MR. FOSTER. I need to put in my caveat about
9 his ability to state the legal principles. And my
10 objection would be considered as continuing
11 throughout this line of questioning.
12 MR LANEY. Sure.
13 MR FOSTER Go ahead, sir, as far as you can
14 A. Now that he said that, can you repeat the question
15 again so we can get back on track?
16 BY MR. LANEY. (Resuming)
17 Q. Sure. Tell me in your own words what you believe
18 Wachovia did wrong and why you shouldn't pay them on
19 this loan.
20 A I think that Wachovia had the responsibility, since
21 they were certainly the underlying lender, as
22 evidenced by the closing statements, that they were
23 the underlying lenders; that they had a
24 responsibility to disclose their position at the
25 time, that they were going to get pay off from this

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1 loan; that at the time that they were making
2 representations that we're going to close,
3 quote/unquote, we're going to close these loans
4 early to allow Craft to complete all the facilities
5 they represent. We're going to do that
6 Q Okay
7 A. That's a simple side.
8 Q. Anything else?
9 A. I'll stop there I'll just stop right there, I
10 guess.
11 Q. Okay Who made that statement to you?
12 A. Certainly Richard would have.
13 Q. Okay
14 A. The sales team there supported that, even though
15 yes, I know that they don't represent Wachovia. But
16 they also represented a union together that they
17 were providing this kind of financing tool as a
18 sales tool for that property. They were in concert
19 with the offering. It wasn't unilateral.
20 Q. Describe that. I don't understand that
21 A. In concert?
22 Q. Yes, sir.
23 A. If I were a builder and I was offering financing on
24 my property -- but I'm not the lender. I'm the
25 builder -- and I partner with Wells Fargo Bank to be

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1 my preferred lender, that's a partnership.
2 Q Okay
3 A. Always has been. I've had those partnerships with
4 Wells Fargo Bank, actually.
5 Q. Okay
6 A I know what they look like. I know what they
7 represent It is a union
8 Q Do you have any documents that show that there was a
9 partnership between Wells Fargo and Craft
10 Development?
11 A. I don't have any documents to that
12 Q Okay Outside of what you just stated, do you have
13 any other evidence that would support your assertion
14 that there was a partnership or a union or a concert
15 between Wachovia --
16 A I think the offering will demonstrate their
17 relationship
18 Q Okay Can you show me where -- This is my one
19 chance to ask you questions
20 A Sure.
21 Q I don't mean to belabor the point, but I would like
22 to see -- do we have what you're referring to and
23 what we've looked at in Plaintiff's Exhibit 13?
24 A I didn't see it in the 150-some-odd pages, the
25 offering.

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1 Q You didn't? Okay.
2 A. I remember seeing, you know, the structure of this
3 I don't remember the exact language of it sitting
4 here talking with you today. But it certainly was a
5 descriptive of the program. The program wasn't
6 without a descriptor
7 Q. Sure Do you have possession of that document?
8 A I might I think that we've provided it all. I'm
9 not sure that there's one missing in here or not. I
10 don't know.
11 Q. I'm going to represent for purposes of today that
12 that is everything we've been provided by Mr.
13 Foster. That's not to say -- We're all humans,
14 but --
15 A \Yeah, when we've had to comb through 150 pages of
16 events laying in here for what I'm looking for
17 Q Okay.
18 A. I remember it might be even with all my collateral
19 material. The collateral material is not part of
20 this
21 Q. When you say collateral material, you're referring
22 to the Note and Mortgage?
23 A. No. I'm talking about the -- that's an interesting
24 statement. You say collateral material, collateral
25 material would be the marketing material --

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1 Q. Oh, Okay.
2 A. -- that was used.
3 Q. You didn't see that in there, as well?
4 A. No That's correct.
5 Q Okay. Okay. I'm going to ask, if you would, please
6 search for that, and if you find it, if you can,
7 provide it to Mr Foster.
8 MR. LANEY: Then, Martin, if I could, I'd like
9 to just hold the deposition open for the purposes of
10 asking questions about anything that gets produced
11 later.
12 MR. FOSTER: I will state on the record that,
13 Mr. Pappas, if I'm allowed to say this, you have the
14 obligation to supply me with those documents. I
15 have the obligation to supply them to the attorney,
16 barring some objection which I have not seen any
17 possibility of right now.
18 MR. LANEY Okay Thank you
19 WITNESS: A question for me. Does this leaving
20 it open preclude he and I having any conversations
21 like we were talking about earlier?
22 MR. LANEY To discuss those documents, yes
23 You cannot have discussions about those documents
24 with him until I've had an opportunity to ask you
25 about them

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1 WITNESS: But after providing them to him?
2 MR. LANEY. Yes.
3 WITNESS: So you're saying --
4 MR. LANEY: You can say here are the documents
5 that were requested at the deposition. That's fine.
6 MR. FOSTER. I just want to make sure that
7 Counsel would inform me if he intends to reconvene
8 the deposition --
9 MR. LANEY: Absolutely, if I have the
10 documents --
11 MR. FOSTER. -- in a timely fashion.
12 MR. LANEY: Very much so. I'm not going to
13 prohibit and deprive you of your ability to talk to
14 Counsel.
15 WITNESS: We were talking about that earlier.
16 We were kind of joking about it.
17 MR. LANEY: I'm not going to attempt to do that
18 by any stretch.
19 WITNESS. So you're telling me that you don't
20 have any marketing materials in your possession?
21 MR. LANEY: You have what I have.
22 MR. FOSTER: He is not --
23 WITNESS. Sorry
24 BY MR. LANEY. (Resuming)
25 Q. Okay. Now I think we've established -- and I just

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1 want to make sure I'm right -- outside of Richard,
2 we don't have -- you did not have any substantive
3 conversation with anybody else.
4 A. Since then?
5 Q No, sir At the time -- I'm talking about prior to
6 you getting the initial loan in 2006.
7 A. Richard was my go-to person at the time.
8 (Whereupon, Answers To
9 Interrogatories was marked as
10 Plaintiff's Exhibit #7)
11 Q. And I'm going to -- This is Plaintiff's Exhibit 7.
12 These are your Answers to Interrogatories. I think
13 we've been referring to a Richard. How about would
14 it be Robert Park? I'll show you.
15 A. I don't think it's Robert. It's Richard.
16 Q. Oh, okay
17 A. I happened to come across it when I was flipping
18 pages.
19 Q. Page two of that document identifies him as Robert
20 Park.
21 A. I think that just may be a typo.
22 Q. You think it should be Richard Park?
23 A I believe it is As a matter of fact, I saw it,
24 because I flipped through these documents in here.
25 If you just want to take the time for a minute and

Page 1

1 I'll see if I can quickly put my hands back on it.
2 Q. Please.
3 A. And it's actually my notes to myself. Looks to be
4 richardpark@wachovia.com, is what it was. He was a
5 financial specialist at Wachovia at the time.
6 Q. Okay What's the page number?
7 A Seventy-six
8 Q Seventy-six Okay. So throughout your deposition
9 when you've been referring to Richard, that is the
10 person that you've been referring to?
11 A Yes.
12 Q Okay. And there were no other individuals,
13 employees or agents of Wachovia who you spoke to
14 substantively about your loan outside of Richard, is
15 that correct?
16 A I can't say that for certain because there may have
17 been one of his associates along the way, but it's
18 certainly under the guidance of the LO.
19 Q. Okay. Okay. And again, LO stands for loan officer?
20 A. Uh-huh.
21 Q Okay. Okay. Mr. Pappas, before we talk about that
22 -- and thank you for that explanation -- we were
23 looking at Plaintiff's Exhibit #15, on your Amended
24 answer and counterclaim in that matter -- and I
25 think I only have one copy, so I apologize, and I

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1 apologize for standing up and leaning over the
2 table. I don't mean to be rude, or In your second
3 Defense and Counterclaim, you're alleging a
4 violation to the Unfair Trade Practices Act And
5 this, of course, is subject to Mr. Foster's
6 previously made objection Paragraph 19, you
7 indicated that Wachovia has the following unfair
8 deceptive acts or practices. And there's a list of
9 these given. Knowingly misrepresenting the value of
10 the subject real estate in the appraisal furnished
11 to the Defense. In fact, we've established no
12 appraisal was furnished to you until two or three
13 months ago; correct?
14 A. That's correct.
15 Q. Okay. Do you still contend that Wachovia
16 misrepresented the value of the real estate to you?
17 A. I'm sorry. I was reading this, as well. Hang on a
18 second.
19 Q. Not a problem.
20 A. Okay. Go back to your question, please.
21 Q. Okay. Do you still contend that Wachovia knowingly
22 misrepresented the value of the real estate to you?
23 A. If you're including Wachovia and all of their
24 affiliates and partnerships and people that they
25 hired, yes

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1 Q Who are their partnerships, affiliates and people
2 they --
3 A. They hired the appraiser. I didn't
4 Q. Okay. Now I think we talked about the appraisal
5 earlier and you indicated to me, I thought, that you
6 didn't have a problem with his value, you put on
7 there.
8 A. I didn't say that I didn't have a problem with his
9 value. I said I don't think that how he arrived at
10 his value is correct.
11 Q. Okay. You believe that that was a knowing
12 misrepresentation of the value to you?
13 A. I don't know that I could say what he did.
14 Q Okay. You weren't furnished the appraisal; correct?
15 A. That's correct.
16 Q. Okay. So how did Wachovia knowingly misrepresent
17 the value to you?
18 A. I didn't --
19 Q. No. I understand. And I'm asking for your words.
20 A. I really can't answer your question, and I don't
21 have -- I didn't write this, specifically.
22 Q. I understand. I understand it was drafted by your
23 attorney. But I need to know what did Wachovia say
24 or do that was a misrepresentation to you?
25 A. Well, trying to answer your question and trying to

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1 get to the -- I think I understand what you're
2 asking I'm not sure I can answer the question the
3 way you've asked it. I think that Wachovia was
4 negligent in the entire process of their appraisals
5 and closings and how they arrived at it and how they
6 established the value at one time, at that time. So
7 if they really felt that that property in its
8 unfinished state in 2006 was worth \$230,000.00, yes
9 I have a problem with that
10 Q. Okay. They gave you \$206,000 00 to buy it; correct?
11 A. We're talking about that value; right?
12 Q. Right. But I'm asking, they provided you
13 \$206,000.00 to purchase Lot 311
14 A. Okay.
15 Q. And we've seen an appraisal indicating the value of
16 the Lot 311 was \$230,000.00.
17 A. At that time?
18 Q. Yes In May 10th, 2006.
19 A Okay.
20 Q. Okay.
21 A. I'm not sure I'm understanding where you're going.
22 Q. That both of those things are true statements,
23 correct?
24 A. Yes.
25 Q. Okay And in 2006, you signed a promissory note

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1 promising to repay Wachovia \$206,100.00 for loaning
2 the money to buy Lot 311; correct?
3 A That would be correct.
4 Q. Okay. And my question is, in 2006, what did
5 Wachovia state to you in any form, verbally or in
6 writing, that was untrue?
7 A. You're looking at my position today or my position
8 then?
9 Q. I'm asking you what, sitting here today, October
10 30th, 2013, what do you know was untrue that
11 Wachovia represented to you?
12 A I'm still not sure. I'm, again, trying to give you
13 a direct answer I don't mean to be evasive on it,
14 but what I'm trying to --
15 Q. They promised to make you a loan for \$206,000 00; --
16 A Right
17 Q -- roughly, one-hundred; charge an interest rate of
18 six and some-odd percentage points; --
19 A. I got that
20 Q. -- interest only payments for 35 months with balloon
21 payment due sometime in 2009. It would be roughly -
22 - it was May -- so it would be roughly May, 2009.
23 And any of that not happen?
24 A. All of that happened.
25 Q. Okay. So they didn't misrepresent the terms of the

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1 loan to you.
2 A. They didn't misrepresent the terms of the loan.
3 Q. Okay You've indicated they misrepresented the
4 value How did they misrepresent the value? You
5 weren't provided the appraisal
6 A We're talking about -- you're talking about in
7 '06 --
8 Q Yes, sir
9 A -- and I'm talking about my claim today
10 Q. Yes
11 A. Are those two different things in your mind?
12 Q. Yes, they are
13 A. I'm asking -- Sorry
14 Q No, no, no. That's fine But to clarify, I need to
15 know what was not true at the time the
16 representation was made in 2006 or in 2009 when it
17 was made? At the time of statement or
18 representation from Wachovia was made to you, which
19 statement or representation was not true?
20 A I guess -- and forgive me for kind of belaboring
21 this, because -- as you do the same thing -- if I
22 look at now in 2006 what that value was
23 representative of, --
24 Q Uh-huh
25 A -- it wasn't there

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1 Q Okay
2 A That lot was not a finished lot.
3 Q Okay.
4 A There were no amenities on the property.
5 Q. And you negotiated the purchase price with the
6 seller --
7 A. That's correct.
8 Q -- without Wachovia's input
9 A. That's not true.
10 Q They weren't a party to that Purchase and Sell
11 Agreement
12 A They weren't a party to that Purchase Agreement, but
13 they were certainly along side of them in offering
14 what they did I didn't seek out Wachovia I
15 didn't go to them for a loan This is not an off-
16 the-shelf --
17 Q You didn't fill out a loan application for Wachovia?
18 A. That's not what I said
19 Q Okay
20 A. I said they were there with the offering. They were
21 a part of the offering They were a part and parcel
22 of my decision-making process to purchase that lot
23 at a value that I would think would be
24 representative of something that was a finished lot
25 Q. That you knew was not finished, --

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1 A. We both knew --
2 Q. -- that the developer knew was not finished, --
3 A. We both knew it was not finished
4 Q. -- and knew exactly what the pitfalls were for the
5 developer to finish.
6 A. Well, that's not necessarily true. Here's what I'm
7 going to tell you again, is that what they
8 represented what was going to be is what I was
9 buying.
10 Q. Okay. What did they represent to you?
11 A. They represented to have a fully established
12 community.
13 Q. Wachovia did?
14 A They acknowledged that we are making this loan --
15 Q. I need to see where they represented that to you,
16 Mr. Pappas.
17 A. I understand what you're asking
18 Q. Okay. Can you show that to me?
19 A. In these documents, I don't see that you have it in
20 here I don't know what it is
21 Q. Okay.
22 A. But look at the terms, even in your own. You've got
23 a document in here in this pile of documents that
24 says Special Financing Offer.
25 Q. Okay.

Page 1

1 A Okay. That just doesn't come out of the sky, you
2 know. The lender would be the one to outline those
3 special terms, wouldn't they?
4 Q. I understand, and you just said that we honored all
5 the terms of the financing.
6 A What I'm telling you now is, they have guidelines.
7 They offered we're going to close this loan under
8 these conditions.
9 Q. Okay. What guidelines are you referring to?
10 A. Their offering. They offered this special financing
11 package.
12 Q. The documents we don't have?
13 A Well, you can say that all you want, but I'm sure
14 that they're somewhere.
15 Q I'm not trying to be cute or anything. I'm trying
16 to say is there anything you can point to me that
17 shows they violated a representation they made to
18 you?
19 A. Well, yes.
20 Q. What?
21 A. They represented -- you don't -- They represented
22 special preconstruction financing. That is in these
23 documents that you provided to me.
24 Q Okay.
25 A Okay. Find that offering, if that's what we're

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1 looking for, for both of us I mean I'm sure I have
2 it in the collateral material that outlines it a
3 little bit more.
4 Q. Preconstruction?
5 A. That's what it said
6 Q. Okay. And there was no construction It was a
7 vacant lot.
8 A It wasn't even a vacant lot yet
9 Q. Well, it was graded.
10 A. Well, that doesn't mean it's a finished lot. I mean
11 let's get into semantics about what's a finished
12 lot. Finished lot is a blue top lot.
13 Q. Okay. It was a vacant lot There was no structure
14 on it. Might have been some trees. Had water to
15 the side.
16 A Maybe.
17 Q. Well, it's in the pictures.
18 A. Well, I know it is, in that picture.
19 Q. Wachovia wasn't responsible for finishing the
20 amenities
21 MR. FOSTER: Once again, I believe you're
22 asking to --
23 MR. LANEY: You can object to the form, Martin,
24 but I don't think it's --
25 MR. FOSTER: Well, my objection is that I think

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1 you're asking him to take a position as to the legal
2 position you're taking.
3 MR LANEY: But that's objecting to the form.
4 Otherwise, it wouldn't be -- I mean that's the only,
5 you know, that's --
6 MR. FOSTER Fine.
7 MR. LANEY: Then I could ask --
8 MR. FOSTER: I won't dispute that, but I'm
9 making my -- I'm not telling him not to answer as
10 far as he can, but I feel that I needed to say that
11 So I said it.
12 MR. LANEY: Thank you
13 WITNESS: As we're talking here, I'm trying to
14 find some of the articles that were part of the
15 offering. It may take me a bit to find it. They're
16 in your package here. And it refers to the special
17 financing offered.
18 BY MR. LANEY. (Resuming)
19 Q. Sure. And I think we've established that they
20 honored all the financing terms they offered to you.
21 A. They honored the terms of it, if that's what you're
22 saying.
23 Q. Sure.
24 A. What did they close the loan based on?
25 Q. Who was the developer of Edgewater subdivision?

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1 A. Sir, we already answered that question. We know
2 that. You don't have to get cute about it I
3 understand that
4 Q It says Craft Development.
5 A Right
6 Q. So was Wachovia responsible for finishing the
7 development?
8 MR. FOSTER. Same objection.
9 A. I don't have that answer.
10 BY MR. LANEY: (Resuming)
11 Q I need you to answer
12 A. No. I don't have that answer I don't know that
13 they weren't a part of the development agreement
14 with the developer I don't know.
15 Q. How would the bank be responsible? Just help me
16 out I don't understand how the bank could be
17 responsible for putting the infrastructure into the
18 subdivision. Okay. He would tell you not to
19 answer
20 A. I'm listening. There may or may not have been an
21 agreement. Wachovia was clearly the underlying
22 lender on the construction operations
23 Q. Okay.
24 A. So is that in -- even the closing statement?
25 Q. You're referring to the HUD on the closing?

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1 A. Yeah. They had a position in the property.
2 Q. Okay.
3 A. Okay. So I don't know what their relationship was.
4 Q. Okay.
5 A That's as far as I can be able to say
6 Q. Okay. That's fine. But sitting here today -- and
7 this is my chance to ask you questions -- sitting
8 here today, you cannot point me to a document or to
9 some other representation that would evidence that
10 Wachovia had a duty to finish the amenities in
11 that --
12 A The way you ask it, no.
13 Q. Okay. You've also alleged in your complaint that --
14 and you may not know the legal term of this and I'm
15 not going to hold you to knowing legal terms -- but
16 that they had made what is called a Qualified
17 Written Request upon -- you know that from your -- I
18 believe you had some prior banking experience as
19 well.
20 A. I'm not sure what you're referring to, so keep going
21 and I'll try to catch up.
22 Q. Okay. Did you work at Sun West, some bank?
23 A. Sun Bank
24 Q. What was that?
25 A. It was a development company.

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1 Q. Oh, okay. Have you ever worked for a financial
2 institution?
3 A. I have.
4 Q. Which financial institution?
5 A. It was called Butterfield Savings and Loan
6 Butterfield. It was in the '80s They had a
7 development arm and I ran part of that development
8 arm as a construction VP.
9 Q. Okay. Were you ever in charge of offering loans as
10 part of that?
11 A. Not in charge.
12 Q. Okay Would you ever --
13 A. I was a construction VP.
14 Q. Okay. And where was Butterfield located --
15 California?
16 A. Santa Anna, California
17 Q. How long were you employed with them?
18 A. About a year. They got seized by the Feds.
19 Q. Gotcha Makes sense in the '80s Okay
20 A. Uh-huh
21 Q. Okay. But in your third defense counterclaim,
22 you're indicating that -- I think the proper term is
23 qualified written request, was made -- it was not
24 responded to. And my question is, we've looked at a
25 letter dated -- I don't know the date, but the page

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1 number is 150 in the documents produced -- is that
2 the letter you're referring to, the writing that
3 you're referring to?
4 A. If that's what you're referring to as a qualified
5 written request.
6 Q. Well, you're good at that. You have been in several
7 depositions, but I'm asking you are there any other
8 writings outside of that that you're aware of that
9 went to Wachovia?
10 A. Not since this.
11 Q. Okay. Not since that one?
12 A. Yeah.
13 MR. FOSTER: This, again, is referring to 150?
14 MR. LANEY: Yes, sir. Page 150.
15 MR. FOSTER: Just to clarify.
16 MR LANEY: Yes.
17 A. Answering your question -- Did we finish up?
18 BY MR LANEY: (Resuming)
19 Q. Yes In paragraph --
20 A. Is that what we were referring to?
21 Q. Paragraph 28, you indicated that Wells Fargo has
22 never responded to the Qualified Written Request
23 that you made And I just want to know if that's
24 the Qualified Written Request that you made to them?
25 A. I would say that would refer to this document.

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1 Q. Okay. And you did not receive any response to the
2 letter?
3 A. I did not.
4 Q. Okay Did you have any conversations with anybody
5 from Wachovia or Wells Fargo after you wrote them
6 that letter?
7 A. Nothing
8 Q. Okay
9 A. Absolutely nothing. No response from some months
10 before trying to contact them by telephone, have
11 them tell me we'll get back to you. Never have. I
12 got frustrated at not hearing it. Sent the letter
13 out
14 Q. Okay Then again, no response from Wachovia
15 whatsoever, or Wells Fargo?
16 A. Nothing
17 Q. Okay. And at that point in time, somewhere there
18 about -- I don't want to know any discussion with
19 Dr Foster -- but you retained the services of an
20 attorney, and we are where we are.
21 A. Yes
22 Q. Okay. Fair enough. Okay. On page six in your
23 fourth defense, Counterclaim and Cross Claim, you're
24 bringing an Interstate Land and Sales Act claim
25 against Wells Fargo We've talked about this a fair

Page 1

1 bit already, but do you have any documents or other
2 evidence to support your statement in paragraph 35
3 that Wells Fargo is the developer, personally, to
4 the Interstate Land Sales Act?
5 A. Again, when we're leaving it up to the author of
6 this, I don't know how those claims would be
7 necessarily tied in. Obviously, he did the homework
8 on that
9 Q. Sure
10 A. But that's about as close as I can answer to it.
11 Q. The only document you've been able to refer me to or
12 we've looked at or seen indicated that Craft
13 Development's the developer of the Edgewater
14 subdivision, correct?
15 A. As far as I can tell right now
16 Q. Okay. Do you have any documents or other evidence
17 that support a statement that Wachovia is a
18 developer of Edgewater subdivision?
19 A. I don't
20 Q. Okay. Okay. Going to your fifth defense -- fifth
21 and sixth are kind of one and the same. They're for
22 fraud and misrepresentation, Mr. Pappas. And we've
23 talked a fair bit about, a little bit in the unfair
24 trade practices, but please tell me what actions
25 Wells Fargo or Wachovia made or took that

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1 constituted misrepresentations or concealment of
 2 true facts to you, which is what you state in
 3 paragraph 47 on page eight.
 4 A. Again, not being an attorney, we're looking at
 5 47 --
 6 Q. Yes, sir.
 7 A. -- and we're looking at that the -- if I'm
 8 remembering what this is referring to, is a failure
 9 to provide the documents that we requested, the
 10 appraisal.
 11 Q. The appraisal. Okay. Outside of failing to provide
 12 the appraisal to you, which I guess is a concealment
 13 of facts, Wachovia -- you have in here again that
 14 they misrepresented the value of Lot 311 to you.
 15 A. Again, as we stated before, we think that they did.
 16 Q. Okay. Subparagraph B, you say that the value was
 17 negligently appraised. What evidence do you have
 18 that the appraisal done by Mr. Pigman was negligent?
 19 A. I think it's the assertion of his methodology on
 20 properties that are not even completed and using
 21 those values as completed properties.
 22 Q. Okay. Anything else?
 23 A. I think that's what we've stated
 24 Q. Okay. Have you spoken or shown that appraisal to
 25 any other real estate appraiser?

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1 A. No.
 2 Q. Okay. Has anyone else told you that that appraisal
 3 was negligently performed? I'm not talking about
 4 any discussions you've had with your attorney.
 5 A. No.
 6 Q. Okay. And you have received no real estate
 7 appraisal training; correct?
 8 A. That's correct.
 9 Q. Okay. Do you have, outside of what we've discussed
 10 already today, do you have anything else that would
 11 indicate that the value of Lot 311 on May 10th, 2006
 12 when it was appraised was not \$230,000.00?
 13 A. Say it again, please
 14 Q. Okay. We've talked a bit, and feel free to go
 15 through it, --
 16 A. That's okay I just need you to repeat it.
 17 Q. -- but do you have -- I'm asking what evidence you
 18 have that would support an allegation that the value
 19 of Lot 311 was not \$230,000.00 on May 10th, 2006?
 20 A. I would again restate that an appraisal that's based
 21 on a value as a completed property certainly
 22 wouldn't have been acceptable by any lender in any
 23 standard in a normal situation as \$230,000.00 for
 24 essentially a paper lot.
 25 Q. Okay. And what lending standards are you referring

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1 to?
 2 A. In most cases, if I went to Wells Fargo today, they
 3 would tell me that we wouldn't be able to loan on it
 4 unless it's a fully completed lot, an entitled lot
 5 Q. Okay. Are you saying that financial institutions,
 6 don't provide loans on vacant lots in 2013?
 7 A. Well, describe vacant lots versus vacant land.
 8 Q. Doesn't have a structure on it?
 9 A. That's not true.
 10 Q. Why not?
 11 A. Vacant lot -- a vacant piece of land could be
 12 subdividable land
 13 Q. Sure. I'm talking about a vacant lot that's already
 14 been subdivided --
 15 A. This was --
 16 Q. -- like Lot 311.
 17 A. This was a paper lot at the time. It wasn't a
 18 completed lot. There's a difference between your
 19 question and a completed lot, streets, utilities,
 20 monuments in place, and a legal lot at the time
 21 versus a paper lot
 22 Q. And I'm asking you, is it your testimony that I, if
 23 I wanted to go get a loan to buy a vacant lot,
 24 subdivision was very similar to what Edgewater was
 25 in 2006, I couldn't get a loan for that?

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1 A. That isn't what I said.
 2 Q. Okay. What were you saying? I misunderstood you.
 3 A. What I said is you can buy a vacant lot --
 4 Q. Okay.
 5 A. -- if it's an entitled legal lot
 6 Q. You mean if somebody had a deed and was able to
 7 transfer the property to you?
 8 A. That it was a completed lot
 9 Q. That's not what I'm asking.
 10 A. A completed lot?
 11 Q. I don't want a completed lot. I want a vacant lot.
 12 A. I was buying a completed lot.
 13 Q. That's not what your contract says.
 14 A. Well, it does.
 15 Q. Where does it say in your Purchase Agreement that
 16 you're buying a completed lot? Let's look at it. I
 17 don't think it does. If it does, I'd like to know
 18 where it does. I think it's right there.
 19 A. We're breaking up semantics here.
 20 Q. Okay
 21 A. It talks about it as a lot.
 22 Q. Right
 23 A. Okay. We're not talking about an unfinished lot.
 24 We're not talking about a raw piece of ground.
 25 We're talking about a lot

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1 Q. Okay.
2 A. So we're talking about the definition of a lot.
3 Q. Okay. Where in there does it say that the market
4 value of Lot 311 has to equal the purchase price?
5 A. Where does it say it has to equal the purchase
6 price?
7 Q. Yes, sir.
8 A. I don't know that any of it does on -- This is the
9 Edgewater community's document.
10 Q. Right -- that you signed.
11 A. It's not Wachovia's document
12 Q. I agree with that.
13 A. So I'm not sure I understand your question.
14 Q. Well, you agreed to buy Lot 311 from Craft
15 Development Company for \$229,000 00
16 A. I agreed to buy from the seller a finished lot
17 Q. Where does it say that?
18 A. Let's make the assumption, if you will, continue
19 that lot to the unfinished lot. I didn't agree to
20 buy a raw piece of dirt with four stakes in it
21 Q. That's what it was on March 2006 when you signed
22 that contract though, correct?
23 A. That is correct.
24 Q. And you saw it personally several times
25 A. That is correct

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1 Q. And you were a real estate developer --
2 A. I agreed to close on a --
3 Q. -- at the time you signed those; correct?
4 A. I agreed to close on this lot early, preconstruction
5 pricing.
6 Q. Okay. Okay.
7 A. Remember?
8 Q. Okay. And who was responsible for finishing the
9 amenities?
10 A. As far as I know right now in our discussions
11 without any other documents, certainly the seller
12 Q. Okay. Craft Developer. That's the seller
13 A. That's to my knowledge today.
14 Q. Okay. And we've established at least some of the
15 amenities were finished; the road, the golf course,
16 and a temporary building which serves as a
17 clubhouse.
18 A. Yes. One of maybe ten.
19 Q. And about 50 houses are out there?
20 A. Individual lot sells, they didn't do them,
21 obviously. They did some of them in some of the
22 properties, which they held
23 Q. Why didn't you build a house out there?
24 A. I'm not ready to yet.
25 Q. Okay. Did you ever apply for a construction loan or

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1 anything to try to build or talk to an architect or
2 builder?
3 A. I wasn't ready to build yet. There was no
4 requirement on the build time and it was a lot for
5 us to hold for our future use
6 Q. Okay. But you were going to build it to live out
7 there?
8 A. Yes.
9 Q. Okay. It wasn't for investment purposes to sell?
10 A. No
11 Q. Okay. Okay. Any other ways that Wells Fargo
12 misrepresented the value of the lot to you?
13 A. I think we've stated it.
14 Q. Okay. Nothing in addition to what you've already
15 said?
16 A. Not that I can think of right now from that. We've
17 already had the long dialog about it.
18 Q. We have. And I appreciate your patience, but this
19 is my one opportunity to ask you questions.
20 A. You can say it again.
21 Q. I just want to make sure there's nothing else that
22 you may come up with afterwards. So I need to make
23 sure. Okay. Outside of the -- you've looked at
24 what was listed and you can reference paragraph 58
25 in addition to 47 and 58, I believe, and 57 as well.

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1 I think they all state pretty much the same thing
2 about misrepresentations and concealment of fact,
3 which constitutes your fraud and negligent
4 misrepresentation claim. Outside of those
5 subparagraphs, was there any other misrepresentation
6 that you're complaining of that was made by
7 Wachovia?
8 A. Not that we haven't already stated
9 Q. Okay. In your -- going to number seven, this is
10 your answers to interrogatory, paragraph five, you
11 list your damages. Here. Here it is right here
12 You're stating as of the time being from May that
13 you'd suffered damages of \$105,712.47, which are
14 broken down into the mortgage interest you paid, the
15 property taxes you paid, HOA fees you paid; your
16 down payment for buying the lot \$22,900.00; your
17 closing costs and refinancing costs. Tell me why
18 Wells Fargo, you contend, Wells Fargo should pay you
19 \$105,712.47
20 MR FOSTER. I presume my objection is
21 continuing?
22 MR LANEY. Okay. You can go ahead and answer
23 A. I know
24 BY MR. LANEY. (Resuming)
25 Q. Okay.

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1 A. You keep asking the same question in a different
2 way, which is your job. These obviously represent
3 what I paid out on the property, as you know.
4 Q. Yes, sir.
5 A. Your client, Wells Fargo now, stated before,
6 represented to us, obviously Wachovia at the time,
7 that we were going to have the completed property.
8 We were going to have a completed property, being
9 the community, the Edgewater community. What they
10 represented for sale at that time, what they
11 represented and what they were lending on. That
12 didn't happen
13 Q. Okay
14 A. They represented and were party to it that they were
15 closing, preconstruction closing, and representing
16 that all of these amenities would be in. And they
17 weren't.
18 Q. Okay. Just for the record, those representations
19 came from Mr. Park?
20 A. Yes.
21 Q. Okay. And we don't have anything in writing to
22 support those representations.
23 A. Outside of the collateral material and the
24 guidelines that Wachovia, at the time, had put in,
25 those are --

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1 Q. What guidelines?
2 A. Well, the conditions of the loan The conditions on
3 why --
4 Q. The terms.
5 A -- why they were going to loan this money
6 Q. Okay. Nothing else outside of this we don't have?
7 A. That's what I have
8 Q. Okay. Do you believe you should repay Wachovia the
9 money it loaned you?
10 A. No.
11 Q. Not a cent?
12 A. No.
13 Q. Not even \$210,000.00 minus \$105,000.00?
14 A. No.
15 Q. Why not? I mean I don't want you to rehash what you
16 said, but outside of what you told me --
17 MR. FOSTER: That's fairly common, so as
18 Counsel gestured at me, same objection. Go ahead,
19 sir
20 MR. LANEY: Yeah. Sorry
21 BY MR. LANEY: (Resuming)
22 Q. I don't want to rehash everything, but outside of
23 what you've told me, are there any other reasons you
24 don't believe you own Wells Fargo the money it
25 loaned you?

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1 A. Those are the reasons I stated
2 Q. Okay It did loan you the money.
3 A. That's correct
4 Q. The money went to Craft Development so you could own
5 Lot 311
6 A. And them
7 Q. Well, the deed's in your name
8 A. They got paid off. Wachovia got paid off
9 Q. Okay You keep referring to that. I think it's
10 in --
11 A. It's in the closing statement
12 Q. Yeah, 13, I think You're referring to the 2006
13 closing statement?
14 MR. FOSTER The large set of documents. For
15 the record, I straightened out and handed him the
16 copy of Plaintiff's 13 that you gave him.
17 MR. LANEY. Thank you
18 BY MR. LANEY (Resuming)
19 Q. I want to show you This might make it easier
20 (Whereupon, Settlement Statement
21 was marked as Plaintiff's
22 Exhibit #4)
23 Q. It's Plaintiff's Exhibit 4. Is this what you're
24 referring to, Mr. Pappas, when you say the closing
25 statement shows they were paid off?

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1 A. I think so Let's see I think so, yes.
2 Q. Okay. Line 504 shows a payoff first mortgage to
3 Wachovia \$30,000 00
4 A. Yes
5 Q. Okay
6 A. That's all I was referring to when you were --
7 Q. I just want to make sure we're talking about the
8 same thing
9 A. I think so
10 Q. However, the deed that was issued was issued from
11 Craft Development, LLC to Ronald Pappas; correct?
12 A. Okay
13 Q. Well, that's what's recorded in the courthouse,
14 correct?
15 A. Right
16 Q. So you have legal title to Lot 311?
17 A. That's correct.
18 Q. Wachovia does not?
19 A. That's correct
20 Q. Wachovia has a mortgage lien against Lot 311.
21 A. Yes.
22 Q. In the principle amount of two-hundred-ten-thousand-
23 and some hundred dollars.
24 A. Yes
25 Q. Okay. They did sign \$206,000.00 to Craft

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1 Development pursuant to your agreement to pay them
2 back.
3 A. Okay. Yes
4 Q Okay So they haven't been repaid that money yet
5 A. I'm sorry?
6 Q. Wachovia has not been repaid that money They're
7 still owed \$210,000.00 and whatever interest has
8 accrued since the loan was instituted, refinanced in
9 2009.
10 A. I'm just answering your question on the
11 distribution
12 Q. Right Well, you indicated that you and Wachovia
13 owned the property together.
14 A. I didn't indicate that
15 Q Oh, I misunderstood you then I thought you were
16 indicating that.
17 A I don't think so.
18 Q Okay. You own the property
19 A. Right.
20 Q Wachovia loaned the money on the property.
21 A. Right
22 Q. And Wachovia --
23 A I was just making a statement that they got the
24 payoff and they were the underlying lender.
25 Q Okay. And Wachovia hasn't been repaid its money.

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1 A. Yes.
2 Q. Okay So you do not believe that Wachovia should
3 get its loan proceeds back.
4 MR. FOSTER: Perhaps at this point, I should
5 say asked and answered
6 MR. LANEY: Okay Well, that's different than
7 what I've asked. He said he wasn't going to pay it
8 back
9 BY MR LANEY: (Resuming)
10 Q. You don't believe Wachovia should get its loan
11 proceeds back? That will be my last question.
12 A. Not from me
13 Q. Okay Now as part of the settlement that was
14 offered to me, I believe you indicated you wanted to
15 rescind your contract with Craft, is that correct?
16 A. That was what came from the Settlement
17 Administrator.
18 Q. Okay And I believe the property was marketed for
19 some time by Craft; is that correct?
20 A. It was marketed by one of their associates, which
21 was Keller Williams affiliate.
22 Q. Okay. But there were no offers, apparently, on the
23 property, to your knowledge.
24 A That's correct
25 Q. Okay. If someone made an offer of say \$210,000.00

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1 on the property, do you believe that Wachovia should
2 receive those proceeds to pay off its loan, this
3 coming from a third party?
4 A. Sir, you're asking a different question, but --
5 Q. Right. Tried to.
6 A I appreciate it.
7 Q. You would be okay with that?
8 A. If they wanted to accept that offer from a third
9 party, I don't have any objection to that
10 Q. Okay.
11 A. And I've never said that, you know, they should walk
12 away and give the property to the county or to the
13 state or anything
14 Q. Okay
15 A Never said that.
16 Q. Okay Well, that's what I was trying to understand
17 when you said --
18 A I know.
19 Q. -- they shouldn't get their money.
20 A. I know. I just want to make sure that we're clear.
21 You ask questions because of the way you ask
22 questions I'm trying to answer them, as well.
23 Q Thank you. I appreciate that. Other than the other
24 two lots that we've talked about, do you own any
25 other real estate in South Carolina outside of your

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1 residence?
2 A. Outside of my residence, no
3 Q. Okay. I think we established this, but in 2006,
4 outside of the pricing sheet we've looked at, did
5 you do anything else to determine what lots were
6 selling for in Edgewater?
7 A No, not necessarily
8 Q I've misunderstood you a couple of times today, and
9 I apologize for that. I don't think you were trying
10 to mislead me or anything. I think it's just my
11 inability to understand what you were saying. But
12 just so I'm clear, do you not believe that you bear
13 any responsibility for the purchase of Lot 311,
14 because that's what it seems like you're telling me,
15 is that even though you signed the Purchase
16 Agreement and signed the Promissory Note, you
17 shouldn't have to bear the responsibility for those
18 decisions.
19 A. I believe I should get what I paid for.
20 Q. Okay And you believe you paid for what you call a
21 completed lot.
22 A. Yes
23 Q And you did not receive that
24 A. Yes
25 Q Okay. And you do not believe it's a completed lot

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1 as of today, October 30th, 2013.
2 A. We're talking about the representation of the
3 community versus now you're stating the completed
4 lot, which are two different things.
5 Q. You lost me
6 A. Part of anybody's purchase in a master plan
7 community like that would be their proportionate
8 share of the ownership of the amenities, clubhouse,
9 golf course, equestrian center, lake house, water
10 park, anything else.
11 Q. Okay.
12 A. It's certainly represented that way in the HOA
13 documents, that they own a proportionate share of
14 the amenity or the community property.
15 Q. Okay.
16 A. You keep referring to the one lot like it's a stand
17 alone lot, and it's not
18 Q. I guess what I'm hearing you say is that when you
19 buy -- when any purchaser -- buys a lot in a
20 community such as Edgewater subdivision, and it's in
21 its construction phase and it's not completely
22 finished where you know there's a clubhouse and golf
23 course, and say you're not the last person buying a
24 lot where 840 of the other lots have been sold at
25 the beginning, that if you buy and it's subsequent

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1 to you purchasing what you believed was going to
2 happen, meaning all the golf course, clubhouse and
3 amenities, and the other lots sell and there's
4 construction so that you have a community of 800-
5 some-odd homeowners, that the buyer can walk away
6 from that because they didn't get what they
7 bargained for? Is that pretty much what you're
8 saying?
9 A. That isn't what I said.
10 Q. Okay. What are you saying? Again, I'm
11 misunderstanding you, because that doesn't make
12 sense to me. What I'm taking from what you're
13 telling me is what I just told you.
14 A. From what you've asked, the question is I should get
15 what I paid for.
16 Q. Okay.
17 A. And if the lender, again, was part of that program
18 to finance this property, stating that we're doing
19 this early, then yes. Should today on a finished
20 lot make sure all that stuff goes in, I'm okay with
21 the loan.
22 Q. Okay. And if you found those documents or things we
23 referred to, you'll give them to Mr. Foster --
24 A. And I think that --
25 Q. -- that would support that?

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1 A. And I think that most of them are in this set here
2 (indicating) already
3 MR. FOSTER: Referring again to Plaintiff's 13.
4 A. Thirteen I have, as a lot of the owners have, a
5 lot more collateral material that we collected. I
6 think it's all part of this, but I'm not sure.
7 BY MR. LANEY: (Resuming)
8 Q. You're telling me there's documentation in
9 Plaintiff's Exhibit 13 that shows that Wachovia and
10 Craft Development are a partnership?
11 A. No. You asked me a specific question. I'm showing
12 you that I have collateral material. I'm telling
13 you that there is collateral material, collateral
14 being marketing material --
15 Q. Right
16 A. -- that described the offering
17 Q. Okay. Does it indicate that Wachovia and Craft
18 Development are in partnership to make sure the
19 development is completed?
20 A. I don't remember what it says, you know, not looking
21 at it, but the few pieces that are in here don't
22 mention any lender at all in this case.
23 Q. I'll represent to you I did not see any lender
24 mentioned -- SunTrust, Wachovia, anybody else in any
25 of that

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1 A. You mean every? Now I'm asking you the question to
2 clarify mine.
3 Q. Like Mr. Foster said, I'm not being deposed
4 A. Yeah, I know
5 Q. But I cannot ask you any other questions after today
6 about what we have here, so I would like before we
7 leave for you to just to take a minute and look
8 through the collateral documents that you referred
9 to. And if you see any that show that Wachovia or
10 Craft are partners or are in unison or partnership
11 together, we can discuss those.
12 A. Right. I don't think that's anything other than
13 describing the program. And I don't have Richard's
14 offering or anything. I might have it in my files,
15 but I don't know that I do or not. There were
16 certainly the guidelines that they had to follow at
17 the time. When you're signing this up at the time,
18 you know, you're following their lead. You're
19 following the LO's lead. I need this. I need this.
20 And this is what our offering is. We're going to
21 close this this way. We all knew that the lots
22 weren't finished at that time. There's no getting
23 around that.
24 Q. Yeah.
25 A. Look at the permits. Look at the inspection

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1 reports. They were not finished the day we closed
2 Q Just walking out on the property you could see that,
3 open and obvious to anyone. The guideline,
4 guidelines mean different things to me
5 A. Okay.
6 Q You're referring to the lending --
7 A Wachovia would certainly have to follow -- certainly
8 an LO or loan officer has got to follow guidelines
9 that are set by his company.
10 Q. Okay You're talking about the terms of the loan
11 financing for Edgewater subdivision?
12 A. I'm talking about the terms of the offering.
13 Certainly they had a program. It isn't a mystery
14 that the program for this wasn't in place
15 Q. Okay
16 A. I think we can both agree that there was a program
17 there.
18 Q. I'm not sure we're talking about the same thing
19 The loan program?
20 A. Yes
21 Q. Okay. Well, you got the loan they offered And we
22 all agree that the terms of the loan were at least
23 adhered to; correct?
24 A. And I'm just saying there was a process to go
25 through

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1 Q Okay.
2 A. And there was an offering They weren't going to
3 say -- the loan process didn't say hey, Ron, we'll
4 pay you five-million dollars if you close this loan
5 Obviously, that wasn't there And so I'm just,
6 again, restating that there was a process that we
7 followed that Wachovia led
8 Q Okay. And again, there's nothing that would show
9 that it was Wachovia's responsibility to finish the
10 amenities.
11 A. We'll grant you that
12 Q. Okay Have you attempted to rescind your Note and
13 Mortgage with Wachovia at any time, offered to give
14 them back the loan proceeds and be done with it?
15 A. No.
16 Q. Let's take a short break I think I'm just
17 literally, I'm at that one question stage I just
18 want to make sure I didn't miss anything. And then
19 I'll probably be done and turn it over. Thank you
20 for your patience
21 (Off the record)
22 BY MR LANEY: (Resuming)
23 Q. Mr Pappas, you indicated that you had -- we know
24 the two investment lots you have that you had
25 purchased part of 20 properties, at least five of

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1 which were investment properties in the past.
2 A. Okay.
3 Q. Did you sell those other investment properties? Did
4 you make a profit on those?
5 A Not all of them
6 Q. Okay. Have you ever defaulted on any other loan?
7 A No
8 Q. Okay. This is the only loan you've ever not repaid?
9 A Yes
10 Q. Okay.
11 A. I think so. I can't remember. I don't think
12 there's any.
13 Q. Okay. Fair enough. We've talked at length about
14 the allegations in your counterclaim. Are there any
15 other acts or statements or representations that
16 Wells Fargo/Wachovia made to you that you're
17 complaining of that we have not discussed already
18 today?
19 A I'm sure there's going to be some after I leave this
20 room, but not that I could think of right now.
21 Q. Okay. This is my one opportunity and I just want to
22 make sure we cover all of your grievances as to
23 Wells Fargo and Wachovia. Have we discussed all of
24 them as you sit here right now?
25 A. As far as I can remember, yes.

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1 Q Okay All right I appreciate your time and your
2 patience and your courtesy, and I will relinquish.
3 I'll turn it over
4 MS HUNT May I just clarify? I have
5 Exhibits 3, 5, 6 and 8 that we didn't --
6 MR. FOSTER Well, I was going to ask
7 MS HUNT: Would you like to introduce that?
8 MR LANEY I'm not going to make any other
9 than that I've already introduced.
10 MS. HUNT Okay. I just want to make sure. I
11 was just trying to keep track.
12 (Off the record)
13 CROSS-EXAMINATION
14 BY MS. HUNT.
15 Q Mr Pappas, I'm Any Hunt We've spent some time in
16 this room together this morning. And I'm here on
17 behalf of Craft. And I just have a few questions
18 for you. Exhibit 2, which has been previously
19 marked, which I believe is the Agreement to Buy and
20 Sell Read Estate from March 29th of 2006, if you're
21 looking at the fax number at the bottom, on page 28
22 of that exhibit where it has the Purchaser line, is
23 that your signature on that line?
24 A Yes.
25 Q. To the best of your knowledge, is Exhibit 2, does it

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1 appear to be a genuine copy of the contract you
 2 signed in March 2006?
 3 A I think so.
 4 Q. You're not aware of a different version of this
 5 contract floating around out there, are you?
 6 A I don't think so
 7 Q. And I believe the closing for this property took
 8 place in May of 2006; is that correct?
 9 A. Yes.
 10 Q. When were you delivered with title to Lot 311?
 11 A The closing date or the --
 12 Q. Did you receive title to the lot on the closing day
 13 of May 30, 2006?
 14 A. Just after.
 15 Q. Just after. But you are the current record owner of
 16 Lot 311, Edgewater?
 17 A. Yes.
 18 Q You mentioned previously, I believe at the time the
 19 original Edgewater Settlement Administration letter
 20 came, you had had communication with other owners in
 21 Edgewater; is that true?
 22 A That's correct.
 23 Q. Have you had communications with other owners in
 24 Edgewater or former owners in Edgewater about
 25 rescinding their contracts with Craft?

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1 A. As a group in a legal -- in an attorney's office,
 2 yes.
 3 Q Was it in the attorney's office who was representing
 4 you at the time?
 5 A As we had shared earlier, the Davis Law Firm was a
 6 law firm that one of the owners had engaged with,
 7 and we had joined that group for some dialog on what
 8 was the former matter of the HOA. And that law firm
 9 then was made aware of the letter that we got from
 10 the Settlement Administrator. And that's hence the
 11 -- there was lots of dialog, obviously, before their
 12 Fee Agreement letter came to us.
 13 Q. Were you a client of the Davis Law Firm at the time
 14 you were discussing the rescision option?
 15 A. I believe that we were acting as a group. And I'm
 16 trying to remember, just for your question, I'm
 17 trying to remember if there was a Fee Agreement
 18 signed or it never got there.
 19 Q. I'm just trying to be careful. I want to ask about
 20 your communications with other owners, but if
 21 they're privileged, I do not want to get into that
 22 territory. So I'm trying to determine if it was in
 23 a privileged setting or did you have communication
 24 with owners outside of the attorney's office?
 25 A. There were both.

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1 Q Okay Let's focus on the communications with owners
 2 outside of the attorney's office so we don't tread
 3 on any privilege Tell me the nature of those
 4 conversations with other owners What were you
 5 talking about?
 6 A The original conversation stemmed around some
 7 discussion about the HOA, and I manage. And so
 8 there was a lot of dialog on that.
 9 Q. Did those discussions ultimately turn into
 10 discussions about the rescision option after
 11 receiving the Settlement Administration letter?
 12 A They were probably in parallel with some of those
 13 discussions I mean that letter from the Settlement
 14 Administrator, as you know, came almost at the same
 15 time we were having the dialog with the Davis Law
 16 Firm And we had given them a copy of it and asked
 17 them an opinion at the time
 18 Q Have you had any communications with other owners
 19 who have rescinded or attempted to rescind their
 20 contracts with Craft?
 21 A Yes.
 22 Q Have you had any communications with owners who have
 23 successfully rescinded contracts with Craft?
 24 A. No.
 25 Q Of those owners who have attempted to rescind and

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1 who have not been able to rescind, do you have an
 2 understanding of the reason their rescision wasn't
 3 completed?
 4 A I'm thinking of the conversations
 5 Q. Sure
 6 A I don't know that I have an opinion as to why they
 7 may or may not have engaged in it
 8 Q. As we sit here today, can you deliver clear title to
 9 Craft Development?
 10 A No
 11 Q. When you stopped making the payments to Wells Fargo,
 12 I believe you said it was early 2011 Correct me if
 13 I'm wrong Did you stop solely because of the
 14 Edgewater Settlement Administration letter? Let me
 15 rephrase that. Did you have the ability to pay
 16 otherwise in early 2011?
 17 A Might have
 18 Q If you will, look briefly at Exhibit 15, which
 19 should be over there in front of you somewhere. In
 20 particular, I'm trying to get to your Answer
 21 Counterclaim and Cross Claim It's a big stack but
 22 not the biggest one, I believe
 23 MR. FOSTER: I'm handing, Counsel, Mr. Pappas
 24 back the --
 25 MR LANEY I stole 15. That's the one we only

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1 had one copy. So there you go.
2 MS. HUNT: That's okay. I've got one
3 BY MS. HUNT: (Resuming)
4 Q Looking at the answer, I am looking at page 12. At
5 the top of that page it says as to the fourth
6 defense we're seeking under file SFDA.
7 A. Yes.
8 Q. And I want to talk specifically about paragraph 1
9 under that I want to talk about all sums paid to
10 Craft Development that you, in this claim, indicate
11 you're entitled to have returned to you Are there
12 any sums you've paid to Craft Development, other
13 than those listed in I on page 12, which is
14 interest, court costs, reasonable fees, independent
15 appraiser fees, and travel to and from the property?
16 A I don't believe so.
17 Q. When you say interest, is there -- I understand
18 you're not an attorney -- but is there a particular
19 rate of interest you have in mind when you're
20 seeking interest back?
21 MR FOSTER: I believe I need to say something
22 because I think that is a legal question as to what
23 interest rate would apply. He, of course, can say
24 what interest he's got in his head.
25 MS. HUNT: That's exactly what I'm looking for

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1 BY MS. HUNT. (Resuming)
2 Q. I understand there may be a legal interest that
3 applies But is there something you have in mind,
4 specifically, when you're seeking interest on what's
5 been paid to Craft?
6 A I think from the standpoint of answering your
7 question correctly, what is fair and equitable.
8 Q Independent appraisers' fees Have you hired an
9 independent appraiser with respect to Lot 311?
10 A. Have not
11 Q. And travel to and from the property Approximately
12 how many trips have you made to and from the
13 property?
14 A A hundred
15 Q Approximately how many miles from your residence to
16 the property are we talking about?
17 A. Over what period of time?
18 Q. Well, has your primary residence changed?
19 A Yes
20 Q. Okay When did that change?
21 A. 2009
22 Q. Okay. So from 2006 to 2009, approximately how far
23 away was your residence from Edgewater?
24 A Forty-five miles
25 Q. And from 2009 to the present, approximately how far

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1 away was your residence to Edgewater?
2 A. Forty.
3 Q. Okay. Other than the rescission of the contract and
4 the amounts paid to Craft as set forth in I of page
5 12 of Exhibit -- I think it's 4 --
6 A. Two.
7 Q. Okay.
8 A. The contract.
9 Q No The -- 15 I'm sorry Page 12 of the answer
10 in Exhibit 15, other than the costs set forth in the
11 I there, are there any other monies you're seeking
12 to recover from Craft?
13 A I'll have to back up now to what this thing is.
14 Q. I intend to be talking about your initial Cross
15 Claim against Craft.
16 A I know. There is a lot to read. So just to try to
17 answer your question, you're asking me for
18 clarification, you're asking me what my expectation
19 would be to recover from Craft?
20 Q That's right. If you're successful, I just want to
21 know everything that you would like to recover from
22 Craft. And based on this, I understand it to be a
23 rescission of the contract plus the return of all
24 terms paid to Craft as set forth in paragraph five
25 of the fourth defense.

Page 1

1 A Yes
2 Q Anything else?
3 A. Not that I can think of right now that wouldn't --
4 unless there's anything else allowable
5 Q Did you make a demand to Craft to rescind your
6 contract prior to this cross claim?
7 A Through the Settlement Administrator
8 Q Which lead to the marketing of your property with
9 Keller Williams; is that correct?
10 A. Yes.
11 Q. Do you have the approximate date you made that of
12 the Settlement Administrator?
13 A. The Settlement Administrator, we had to respond to
14 them I think in the 30-day period. So it had to be
15 in February, probably of 2011.
16 Q Okay I do not have any other questions. I
17 appreciate your time
18 MR. LANEY: I have one question that she
19 raised.
20 MR FOSTER If you want to go now, go ahead.
21 MR LANEY: Yeah.
22 REDIRECT EXAMINATION
23 BY MR LANEY:
24 Q. When you answered that you could not deliver cl
25 title to Craft, is that because of the mortgage lien

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1 which is on the property?
2 A. Yes.
3 Q. No other reason that you couldn't deliver clear
4 title, other than the mortgage lien, to Wells Fargo?
5 A. That's correct.
6 Q. I was just wondering. Just wanted to make sure.
7 That's all I have.
8 A. Okay
9 Q Thank you.
10 CROSS-EXAMINATION
11 BY MR. FOSTER:
12 Q. Okay, sir. I'll try to be brief. Sir, I'm showing
13 you Plaintiff's 4, which I believe is your HUD
14 statement from the closing in 2006 to purchase the
15 property?
16 A. Yes.
17 Q. Could you turn to the second page. Sir, I'm
18 pointing at the -- I believe I'm pointing -- at the
19 fee charged for an appraisal of the property Do
20 you see that?
21 A. Yes. I do.
22 Q. To whom is that fee paid?
23 A. Wachovia.
24 Q. Sir, who chose the appraisers of this property
25 pursuant to that loan?

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1 A. Wachovia.
2 Q. And that is the document that we have been
3 discussing as the appraisal Has that been placed
4 into evidence in this matter?
5 MR. LANEY: The appraisal?
6 MR. FOSTER: Yeah
7 MR. LANEY: I believe it is.
8 MS. HUNT: I believe it is 14.
9 MR. LANEY: Fourteen.
10 MR. FOSTER: Then someone's paying attention.
11 BY MR FOSTER: (Resuming)
12 Q. The monies were paid out of your funds to that HUD,
13 sir, I believe.
14 A. Yes
15 Q. I believe we've established that Mr Park, the
16 representative or agent or employee of Wachovia was
17 Richard, to the best of your recollection.
18 A. Best of my recollection and my notes.
19 Q. Okay. Sir, you were describing to Counsel what has
20 actually been done in the subdivision. You
21 indicated, I believe, the road's been put in, --
22 A Yes.
23 Q. -- to your knowledge.
24 A. Yes.
25 Q. Has there been water put in, water piping?

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1 A. To the lots that were in the offering, I believe
2 that is true.
3 Q Is that true to your lot, sir, to your knowledge?
4 A. To my knowledge, it's there
5 Q How about electricity?
6 A. Electricity is stubbed up to the lot.
7 Q How about gas?
8 A. Gas is also there
9 Q. Anything else that you're aware of that's been put
10 in that might normally be referred to as utilities?
11 A. The cable system, fiber optics.
12 Q. Okay. Anything else, sir?
13 A No
14 Q. Sir, is there anything to you knowledge, either in
15 the contract with Craft to, which I believe is
16 Plaintiff's Exhibit 2, or otherwise in which the
17 term utilities is defined? If you need to look at
18 it to answer that question, please do so
19 A. Restate your question.
20 Q. I'm asking whether that contract, which is, I
21 believe, Plaintiff's Exhibit 2, or any other
22 documents that you are aware of, to your knowledge,
23 defines the term utilities?
24 A. Not that I see here.
25 Q You're referring to Plaintiff's 2?

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1 A To Plaintiff's 2. I guess I'm not clear on what
2 you're referring to as utilities I don't see the
3 word utilities in it
4 Q Well, that's what I'm asking. Let me show you.
5 A. I haven't read it in awhile
6 Q In the contract under 11, Condition of a Property, I
7 am reading this, but I believe Counsel would agree,
8 (reading) it is agreed the purchaser purchases and
9 seller sells the property in a "as is" position --
10 condition Pardon me. And neither the seller nor
11 its agents has made any commitments or accepted any
12 obligations for further work on the property or in
13 the neighborhood of the property other than
14 completion of the roadways and utilities within the
15 Project, capital P, except as may be expressed and
16 set forth in this, capital C, Contract Would you
17 look at that and see if that is what it says, sir,
18 there up at the top? And I will add to repeat my
19 question, have you been supplied, either in that
20 document or otherwise, with anything that defines
21 the term utilities?
22 A No.
23 Q. Have you, sir, been supplied with anything in this
24 contract or otherwise that defines the term the
25 project, if you know?

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1 A. Let me read the fine print now
2 Q. Please take your time, sir.
3 A. The only reference that I see in here is in the
4 description, being a portion of the development on
5 this Edgewater communities.
6 Q. Is the term project used?
7 A. It is
8 Q. And where does it say it, sir?
9 A. At the end of -- at the end of the property
10 description
11 Q. Okay, sir. Other than that, are you aware of any
12 description, of any definition of the term?
13 A. No.
14 Q. My apologies. I'm attempting to find something in
15 these 153 pages. Let me go ahead in the extent that
16 I can. Sir, you refinanced this property, as you
17 testified, in 2009; is that correct?
18 A. Yes.
19 Q. Sir, at that time, there was, I believe, if you can
20 answer this by memory, another appraisal?
21 A. I was charged for one.
22 Q. Have you been supplied with that other appraisal?
23 A. Have not
24 Q. Have you requested a copy of that other appraisal?
25 A. I did.

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1 Q. When did you request it, sir, to your memory, or
2 based upon any documents that you may have?
3 A. Memory serves me as at the time of the -- at the
4 time of the refinance we requested it. And also, I
5 think I referred to it in my letter in 2011
6 Q. Do you recall the amount of the refinance, sir?
7 Again, I apologize. I am still flipping to try to
8 find the document in question
9 A. The amount of the refinance, I was reminded of it in
10 this document. It was about two-hundred-and-ten-
11 thousand, and that's with fees attached to it
12 Q. In fact, I am showing you page 78 of the documents,
13 which that is a charge to you, I believe, for \$75 00
14 for appraisal
15 A. That's correct
16 Q. Payable to --
17 A. Wachovia bank
18 Q. Again, sir, in 2009, did you obtain this appraisal?
19 A. I did not.
20 Q. Were you asked for any input as to who the appraisal
21 would be done by?
22 A. None.
23 Q. Do you have any knowledge of who it, in fact, was
24 done by?
25 A. I do not.

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1 Q. Were you given any indication, sir, in either 2006
2 or 2009 that the lot did not have the worth of the
3 amount that you were borrowing thereon from Wachovia
4 or from anybody else? If that's not English, I'll
5 repeat it
6 A. Go again. I have to follow that
7 Q. Let me say it again. In 2006 or 2009, did the bank
8 or anyone on its behalf, tell you that the lot was
9 not worth what you were borrowing?
10 A. No
11 Q. And to reiterate the question I believe Counsel has
12 asked several times, in both occasions, the bank
13 make the loan?
14 A. That's correct.
15 Q. In your complaint, you're asking for the remedy of
16 rescission; is that correct?
17 A. Yes.
18 Q. You asked, I believe earlier, for rescission against
19 Craft, is that correct?
20 A. They offered
21 Q. Was that accepted?
22 A. The start of it was, yes.
23 Q. And what was the start of it?
24 A. As we discussed, there's a process that had
25 been outlined without our involvement, and some

Page 1

1 negotiations between the seller, Craft, and HUD
2 Q. Did you make any attempt to obtain documentation as
3 to your feelings of negotiations between HUD and
4 Craft?
5 A. As a group, one of the group members made a direct
6 contact, had emails and telephone conversations with
7 the then officer at HUD
8 Q. Did you have any such contact?
9 A. I did not have any direct contact with HUD
10 Q. Did those contacts, sir, or that contact -- it's
11 singular -- result in documentation as to those
12 negotiations or dealings being supplied to you or to
13 your group?
14 A. They refused to give them to us
15 Q. Who is they?
16 A. HUD
17 Q. Okay.
18 A. They refused to give us the documents we were
19 requesting.
20 Q. And what was the basis, if I may ask, of that
21 refusal, if you know?
22 A. The only statement -- and I'll say it as it was told
23 to me -- has been --
24 Q. So this is repeated to you from someone else?
25 A. That's correct

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1 Q Go ahead, sir.
2 A. That we asked for financials and we wanted to
3 understand the capability of Craft to be able to
4 perform on this offering that they have. The person
5 at HUD told us that we could not have those
6 documents And if we tried to get them through the
7 Freedom of Information Act, that they would block
8 it.
9 Q. Have you been supplied any of those documents, sir,
10 in response to our Discovery Request to Craft?
11 A. No.
12 Q. Sir, I'm going to ask you some questions about these
13 documents which represent the emailed response last
14 received by me from Mr. Shelton, which I will give
15 you both copies of.
16 MR. FOSTER. What will this be -- Defendant's
17 1? I need to make copies of this for ya'll.
18 MR. LANEY: Okay.
19 (Whereupon, Edgewater Settlement
20 Administrator Letter date 6/15/2012
21 was marked as Defendant's Exhibit #1)
22 (Off the record)
23 BY MR. FOSTER: (Resuming)
24 Q. Sir, you have a copy of this Let me ask you some
25 questions about this. First of all, there is a

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1 letter dated on this page, June 15th, 2012. Do you
2 observe that?
3 A Yes.
4 Q Sir, I will pose to you what I believe is
5 undisputed, that on Amended Answer Counterclaims and
6 Cross Claims in this case was stamped by the clerk
7 of court in Lancaster September 29th, 2011.
8 Therefore, I presume by the operation of the
9 calendar, that this matter was already in litigation
10 when this letter was purportedly dated and sent. To
11 your knowledge, sir, was a copy of this letter sent
12 to your Counsel?
13 A. Not that I know of.
14 Q. Did you receive a copy of this letter, sir?
15 A I did.
16 Q Is this your signature on the green card, or the
17 copy of the green card?
18 A. It is.
19 Q The offer of this letter, sir, if I could summarize
20 it correctly, is that you were asked to pay the
21 mortgage, to the sign the land in question over to
22 Craft, and that they would try to sell it. Am I
23 stating that correctly?
24 A. That's essentially it.
25 Q. Did you respond, sir?

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1 A. I did not.
2 Q. Later, sir, in this document, there is a one-page
3 document. I am unsure as to what it's attached, but
4 this is the way you received it. It has what
5 purports to be your signature dated May 15, 2011 and
6 a green card thereon.
7 A. Yes.
8 Q. Is this your signature, sir?
9 A. It is
10 Q. It purports to give authority to Amy Overcash,
11 Realtor of Allen Tate Realty to this lot at
12 \$229,000.00. Is that what you signed, sir?
13 A. That transaction never happened.
14 Q. Okay. Why is that, sir?
15 A. Allen Tate dropped out of the -- off the list of
16 Realtors, and that's where R W. Price came in.
17 Q What is the list of Realtors?
18 A The sellers, through the Settlement Administrator,
19 said that originally it was going to be Amy Overcash
20 at Allen Tate. And then she declined to take the
21 listing.
22 Q Was the property in fact listed?
23 A Not with Amy.
24 Q But it was listed?
25 A. Yes It was

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1 Q. Pursuant to this signed document, I presume.
2 A Well, pursuant to an agreement with another realtor
3 Q Okay So this document, I presume, came to you from
4 the Settlement Administrator?
5 A I believe so.
6 Q It states in the second paragraph that you have the
7 right to opt out of the Edgewater Homeowners
8 Association
9 A. Yes
10 Q It has what purports to be an initial next to it
11 Is that your initial, sir?
12 A Yes.
13 Q. Have you since that time -- did you send this in,
14 sir?
15 A This was sent in. I believe it was.
16 Q. Have you since that time been contacted by the
17 Homeowners Association?
18 A Recently, yes.
19 Q For what purpose?
20 A. For payment of Homeowners Association dues
21 Q So they are not recognizing that you have opted out
22 of any Homeowners Association?
23 A Probably not.
24 Q. Have you received, sir, any explanation of why you
25 were told you had the option to opt out of that HOA

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1 when apparently, there is a dispute over your
2 ability to do so?
3 A. I have not.
4 Q. You mentioned, sir, that Mr. Murdoch and his people
5 at Constitution Law Partners, whose name I believe
6 is in fact shown on the contract --
7 A. It is
8 Q. -- as the escrow agent. In your opinion, produced -
9 - I'm using your term -- a fiasco of a closing Am
10 I stating that correctly, sir?
11 A. You are
12 Q. Beyond their inability, sir, to put the proper names
13 on the deeds, do you recall any other aspects of the
14 closing that gave rise to that description?
15 A. It was, as we would affectionately refer to it
16 today, as almost like a robo-signing. There were
17 several clients in there at the time, just signing
18 documents, people running back and forth, statements
19 made that well, just sign these now. We'll make
20 sure we get the corrected copies to you. That was a
21 problem, even, as fact, on the Settlement Statement,
22 and we noted this awhile back, not only is my name
23 the only name on title, and having obviously my wife
24 there signing all these documents with us, but my
25 old address. And I called them to just straighten

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1 this out, too. The old address in Washington was
2 used on the Settlement Statement. It was a
3 continuum that kind of inefficiency and
4 ineffectiveness. The attorneys, when we asked them
5 to correct it after the closing, go back and correct
6 the documents, they said the one attorney, the
7 closing attorney at the time, had already left the
8 firm. And that they were going to charge us to
9 correct the documents
10 Q. Do you recall the name of the attorney, other than
11 who is indicated on the HUD, which I believe is --
12 Well, no name is indicated on the HUD
13 A. No name on it.
14 Q. There's just a law associates.
15 A. I don't recall his name right now.
16 Q. It wouldn't be Mr. Murdoch?
17 A. It wasn't him, directly.
18 Q. You indicated, I believe, in your deposition that
19 this property was intended to be your residence?
20 A. Yes
21 Q. Was that fact communicated to Craft?
22 A. The selling agents had asked me what I wanted to
23 use the property for. We had long dialog and
24 discussion about myself coming out of a property that I
25 had up in Idaho. And they asked me if I wanted to do

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1 a 1031 exchange on it. I did see that today in that
2 bunch of documents, a little bit of dialog.
3 Q. Was this, in fact, a 1031 exchange?
4 A. It ended up not being a 1031.
5 Q. Okay. Did you, in fact, inform to your knowledge --
6 Well, let's take it one thing at a time. Did you
7 have any discussions with anyone at Wachovia
8 indicating that you intended this to be a
9 residential closing, if you recall, sir?
10 A. I don't remember
11 Q. Were you, sir, given any notice of your right to
12 pick an attorney on this closing?
13 A. There's always a form to do that, but the form was
14 prepared by and given to us by Craft
15 Q. When was that?
16 A. Before closing
17 Q. How long before closing?
18 A. Maybe a few weeks
19 Q. Okay.
20 A. I did not know Mr. Murdoch at all, didn't know his
21 firm. In fact an all check on records to that most
22 all the closing were with his firm, or a good
23 portion of them
24 Q. Are you aware from the appraisal done in 2009
25 according to HUD, which I believe you established is

Page 1

1 page 78 of Plaintiff's 13, was that also the same
2 appraiser, the Pigmans, if you know?
3 A. I don't know anything about the second appraisal
4 except that I paid for it.
5 Q. Okay
6 MR. FOSTER: And I assume that Counsel can
7 supply that to us?
8 MR. LANEY: An appraisal? The 2009?
9 MR. FOSTER: Yes.
10 MR. LANEY: I'll inquire, and if we have it
11 we'll certainly --
12 MR. FOSTER: Okay. I have nothing further
13 FURTHER DIRECT EXAMINATION
14 BY MR. LANEY:
15 Q. I just have a quick -- one quick follow-up. You
16 indicated about Nydnor Fill Marat in the attorney of
17 preference --
18 MR. LANEY: Do you have any objection if I --
19 MR. FOSTER: No. Let him see it.
20 WITNESS: What attorney is this?
21 MR. LANEY: That's the attorney of preference
22 for 2006.
23 MR. FOSTER: Well, he did say he'd executed it.
24 MR. LANEY: Yes. I was going to refer to it. --
25 (Whereupon, Attorney/Insurance

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1 Preference Checklist was entered
2 as Plaintiff's Exhibit #3)
3 BY MR LANEY: (Resuming)
4 Q It appears the date of April 6, 2006 -- is that your
5 signature on that, Mr Pappas?
6 A. That's the one
7 Q. Okay Didn't you close, I think at the end of May?
8 A. I think May 30th
9 Q. Okay The second closing, the 2009 refinance, you
10 chose the attorney who handled that
11 A. I did on that one.
12 Q Do you have any complaints about that closing, the
13 refinance in 2009?
14 A Just signing documents
15 Q. Okay Did you raise any objection to Wachovia in
16 2006 about the closing or about the documents or
17 anything?
18 A We did have some dialog. Nothing noted
19 Q. Was anybody at Wachovia present at that closing?
20 A. I don't think so
21 Q. Okay. The dialog that you had, do you remember who
22 that was with?
23 A. It was the closing attorney, because we were calling
24 out some of the mistakes We wanted to make sure
25 that my wife's name was added onto it

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1 Q. Sure.
2 A. He said yeah, okay. We got it.
3 Q. Outside of the closing attorney, did you have any
4 dialog with anyone else?
5 A. The sales agent --
6 Q. Okay.
7 A. -- after I was telling her of my displeasure
8 Q. Jennifer?
9 A. Jennifer.
10 Q. And she was with Edgewater Sales?
11 A. Yes, I think so.
12 Q. Anybody with Wachovia?
13 A. Not that I can recall.
14 Q. Okay. That's all the questions I have. Thank you
15 MS. HUNT: Nothing further.
16 MR. FOSTER: For the record, --
17 MR. LANEY: Yes?
18 MR. FOSTER -- I am assuming I am warned to be
19 careful about the other documents that he is
20 supposed to produce, --
21 MR. LANEY: Yes.
22 MR. FOSTER: -- which, sir, you are again asked
23 to produce. I am assuming that is not to prevent me
24 from having conversation with him as to other
25 related matters.

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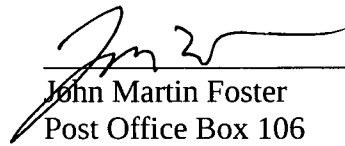
1 MR LANEY No The other related matters,
2 absolutely not. I would like to keep the deposition
3 open as far as any documents he's able to produce,
4 just so we'll make a decision timely whether we need
5 to reconvene or not
6 MR. FOSTER: And, ma'am, I'm sure we want a
7 copy to read and sign
8 WITNESS All of the things that I'm referring
9 to in the marketing collateral stuff, obviously,
10 we've made copies of and given, certainly to our
11 attorney to make sure, you know, whatever's included
12 should be included, whatever
13 MR. LANEY Sure You provide to him and
14 he'll --
15 WITNESS We've got a stack of the documents
16 I'm sure they're all copies.
17 MR FOSTER. Anything we haven't gotten, we'll
18 certainly turn over, --
19 MR LANEY I appreciate that.
20 MR. FOSTER -- barring some things that are
21 privileged, which I doubt
22 MR. LANEY: Thank you.
23 (Whereupon, the deposition concluded at 2 30 p m.)
24
25

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1 STATE OF SOUTH CAROLINA
2 CERTIFICATE
3
4 Be it known that I, Cynthia L Weathers, a
5 Professional Court Reporter and Notary Public, did have
6 Ronald P Pappas appear before me on October 30, 2013 at
7 the office of J Martin Foster, Esq , 223 East Main,
8 Suite 520, Rock Hill, South Carolina,
9 That the witness was duly sworn under
10 pains and penalties of perjury to testify the truth, the
11 whole truth, and nothing but the truth,
12
13 That the foregoing pages constitute a true
14 and accurate transcription of the testimony given at that
15 time and place aforesaid to the best of my skill and
16 ability,
17
18 I further certify that I am not counsel or
19 kin to any of the parties to this cause of action, nor am
20 I interested in any matter of its outcome
21
22 In Witness whereof, I have hereunto set my
23 hand and seal this 9th Day of November, 2013
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CRTIFICATE OF COUNSEL

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



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April 21, 2015

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM LANCASTER COUNTY
Court of Common Pleas

The Honorable R. Knox McMahon

Case No. 11-CP-29-00873\

Appellate Case No. 2014-001505

RECEIVED
APR 24 2015
SC Court of Appeals

Wells Fargo Bank, N.A.,
Successor by merger to Wachovia Bank, N.A., Respondent,

v.

Ronald P. Pappas, a/k/a Ronald Peter Pappas, and
Camine Pappas, Appellants,

And

Ronald P. Pappas, a/k/a Ronald Peter Pappas, and
Camine Pappas, Cross-Plaintiffs,

v.

Wells Fargo Bank, N.A.,
Successor by merger to Wachovia Bank, N.A., and
Cargo Development, LLC,
A North Carolina limited liability Company, Cross-Defendants.

PROOF OF SERVICE


I certify that I have served one (1) copy of the Supplemental Record on Appeal, on the following party of record:

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by depositing the same with the United States mail, with sufficient first class postage attached, properly addressed to the clerk of the Court, and with a copy also directed to the

respective last known address(es) of those attorney(s) and/or persons set out below; or

by hand delivering copies of the same to the following persons, or by leaving the same at that person's office with that person's clerk or some other person in charge thereof, or by leaving it in a conspicuous place therein; of if the office was closed or the person to be served has no office, by leaving a copy at that person's dwelling place or usual place of abode with some person of suitable age and discretion then residing therein, all pursuant to Rule 233(b), S.C.A.C.R.



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