

IN THE STATE OF SOUTH CAROLINA
In The Court of Appeals

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SC Court of Appeals

APPEAL FROM NEWBERRY COUNTY
Court of Common Pleas

Frank R. Addy, Jr., Circuit Court Judge

Case No. 2014-002410

Raymond D. Hobby Respondent

vs.

Mary T. Hobby Appellant

vs.

Frances B.B. Knowlton, individually and as Trustee Respondent

RECORD ON APPEAL
Volume II

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FOR A FIRST CAUSE OF ACTION

40. Plaintiff repeats and realleges the allegations set forth above as if restated verbatim here to the extent required by, but not inconsistent with, the following allegations.

41. Certain terms in the Trust agreement established a "rental agreement," as defined by statute, pursuant to which Defendant was entitled to occupy the Property to the exclusion of all others until the Property was "sold, or until vacated by her."

42. The rental agreement, therefore, expired and terminated when the Trustee sold the Property to Plaintiff, pursuant to the Divorce Decree.

43. Defendant received notice in writing that the Property was sold, but she refused to move out.

44. Upon purchasing the Property, Plaintiff became the "landlord," as defined by statute, because he owns the Property.

45. Plaintiff and Defendant did not enter into a new rental agreement or any other agreement allowing Defendant to continued living on the Property.

46. Instead, Plaintiff requested in writing that Defendant vacate the Property.

47. However, Defendant has refused to move out and has remained in possession of the Property without Plaintiff's consent.

48. Defendant's holdover is not in good faith and constitutes a willful violation of Title 27, Chapter 40 of the South Carolina Code of Laws (Law Co-op 1976, as amended).

49. Accordingly, Plaintiff is entitled to an order directing Defendant to vacate the Property and entering judgment against her for reasonable rent, for the greater of three months periodic rent or double Plaintiff's damages, for reasonable attorneys fees pursuant to S.C. Code Ann. §§ 27-40-750 and 770, and for prejudgment interest and costs as allowed by law.

FOR SECOND CAUSE OF ACTION

50. Plaintiff repeats and realleges the allegations above as if restated verbatim here to the extent required by, but not inconsistent with, the following.

51. Plaintiff is the sole and exclusive legal owner of the Property.

52. Plaintiff has never given Defendant permission or consent to use or live on the Property after April 19, 2012.

53. Defendant has voluntarily and intentionally invaded the Plaintiff's interest in the exclusive use of his Property, and she continues to do so today.

54. Defendant knew or should have known her use of the Property invaded Plaintiff's right to exclusive use of it.

55. Defendant's trespass is causing Plaintiff permanent and recurring damage by interfering with his right to exclusive possession and enjoyment of his Property.

56. Defendant is a continuous trespasser who should be enjoined to protect the Plaintiff's property rights from hurt or destruction.

57. Furthermore, Plaintiff is informed and believes Defendant has sold, transferred, removed, or has attempted to sell, transfer or remove, personal property that was awarded to him pursuant to the Divorce Decree, to wit: four gun safes and antiques inherited from Plaintiff's grandmother.

58. Plaintiff will suffer irreparable harm without an injunction.

59. Plaintiff is likely to succeed on the merits of his claims in this matter.

60. Plaintiff has no adequate remedy at law.

61. The equities of this matter support an injunction to preserve Plaintiff's property rights and to prevent future harm to Plaintiff.

62. Accordingly, Plaintiff is entitled to an Order directing Defendant to vacate the Property and enjoining her from any continued or future trespass. Plaintiff is further entitled to judgment against the Defendant in excess of \$21,000, punitive damages, other damages as may be incurred and discovered in this action, attorney's fees, and costs as allowed by law.

FOR A THIRD CAUSE OF ACTION

63. Plaintiff repeats and realleges the allegations set forth above as if restated verbatim here to the extent required by, but not inconsistent with, the following allegations.

64. A material term to the Trust, which the parties negotiated and received court approval, was Defendant's promise to move out of the Property when the Trustee sold it.

65. Defendant breached the terms of the Trust by refusing to move out after the Property was sold.

66. As a result, the Plaintiff is entitled to judgment against Defendant for actual damages in excess of \$21,000, incidental and consequential damages, attorney's fees, prejudgment interest and costs as allowed by law.

FOR A FOURTH CAUSE OF ACTION

67. Plaintiff repeats and realleges the allegations set forth above as if restated verbatim here to the extent required by, but not inconsistent with, the following allegations.

68. Defendant unequivocally promised to move out when the Property was sold.

69. Plaintiff reasonably relied on Defendant's promise by agreeing to the terms of the Trust, by performing his obligations under the Trust, and by purchasing the Property.

70. Plaintiff's reliance was expected and foreseeable by the Defendant because she made it so he would agree to allow her to continue living on the Property. Furthermore,

Defendant knew and did foresee that anyone would purchased the Property while she was living on it would rely on her promise to move out when the Property was sold.

71. As a result of his reliance on Defendant's promise to move out, Plaintiff has suffered damages in an amount in excess of \$21,000, prejudgment interest, costs and other damages as may be discovered during the course of this case and as allowed by law.

FOR A FIFTH CAUSE OF ACTION

72. Plaintiff repeats and realleges the allegations set forth above as if restated verbatim here to the extent required by, but not inconsistent with, the following allegations.

73. Defendant has received and retained the benefit of living on Plaintiff's Property since April 19, 2012 without paying any rent or giving any other valuable consideration to Plaintiff.

74. It would be inequitable for Defendant to retain that benefit without paying for it.

75. The reasonable value Defendant has received and continues to receive is \$1,750 per month, from April 19, 2012.

76. Accordingly, Plaintiff is entitled to judgment against Defendant for an amount in excess of \$21,000, plus prejudgment interest and costs as allowed by law.

WHEREFORE, Plaintiff prays for relief as follows:

- (1) For an Order that the Defendant shall vacate the Property, and if Defendant fails to voluntarily vacate the Sheriff of Newberry County shall to enter the Property and eject the Defendant, using force as may be necessary;
- (2) For judgment against the Defendant for reasonable rent in excess of \$21,000; for the greater of three months periodic rent or double Plaintiff's damages and reasonable attorneys fees, pursuant to S.C. Code Ann. §§ 27-40-750 and 770 and as otherwise allowed by law; for incidental, consequential and punitive damages and other damages as may be discovered during the course of this action; and for prejudgment interest and costs as allowed by law; and

(3) Such other relief as the Court may deem proper.



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June 12, 2013

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Exhibit B

STATE OF SOUTH CAROLINA

COUNTY OF NEWBERRY

Mary Tripp Hobby,

Plaintiff,

vs.

Raymond D. Hobby,

Defendant.

IN THE FAMILY COURT
EIGHTH JUDICIAL CIRCUIT

FINAL ORDER AND DIVORCE
DECREE

Docket No. 2005-DR-36-56

Hearing Dates:

November 30, 2009

December 1-3 and 23, 2009

September 27, 2010

Judge:

Joseph W. McGowan, III

Court Reporter:

Lisa A. Amick

Plaintiff's Attorneys:

John O. McDougall

Pete Currence:

Defendant's Attorneys:

James E. Bryan, Jr.

Timothy E. Madden

JACKIE S. BOWENS
CLERK OF COURT

2010 OCT -8 P 3:14

FILED
NEWBERRY COUNTY

INTRODUCTION

This document is a Final Order and Divorce Decree in this civil action, issued as a result of the trial which commenced on November 30, 2009, was conducted over several days (identified above), and ended on September 27, 2010.

Based on the pleadings, financial declarations, evidence, orders previously issued, stipulations of the parties, and applicable law, this Court makes the following findings of fact and conclusions of law and enters this order.

JURISDICTION AND VENUE

Plaintiff and Defendant are citizens and residents of Newberry County, South Carolina, and have so resided for many years. The parties were married to each other on June 24, 1978.



During their marriage they had four children. These children are Landon Riner Hobby, whose date of birth is April 21, 1981; Grayson Tyler Hobby, whose date of birth was April 11, 1984, and who died on October 24, 1999; Patrick Reid Hobby, whose date of birth is August 21, 1985; and Michael Kenneth Hobby, whose date of birth is April 22, 1987. Plaintiff and Defendant live separate and apart, and have so resided since June 15, 2005. This civil action commenced by Plaintiff filing a Summons and Complaint on February 17, 2005. Thereafter, the parties attempted reconciliation and Plaintiff filed a Summons and Supplemental Complaint on October 19, 2005. In this matter, Plaintiff seeks a divorce from Defendant, equitable apportionment of marital property, alimony and related relief. Defendant does not oppose Plaintiff's action for divorce, joins in her request for an equitable apportionment of marital property, and seeks similar relief incident to the dissolution of a marriage. This Court maintains personal jurisdiction over the parties. The issues presented are within the exclusive jurisdiction of this Court (See S.C. Code §63-3-530 (1976, as amended)). This Court is the appropriate venue for the determination of the issues raised by the pleadings and addressed in this order.

ISSUES

The issues for determination are:

1. Is Plaintiff entitled to a divorce from Defendant on the grounds of adultery?
2. What are the marital assets and debts and how should these assets and debts be apportioned between the parties?
3. Is Plaintiff entitled to alimony from Defendant, and if so, what type and in what amount?

4. Should Defendant be required to contribute to Plaintiff's attorney's fees and costs and if so in what amount?

FACTS RELEVANT TO MULTIPLE ISSUES

In every divorce action such as this one, the Family Court must make findings of fact to support the conclusions of law and order issued. See Rule 26(a) SCRFC. Because of the equitable nature of the Family Court, many of the facts which this Court is required to find relate to more than one issue. In this section of this order, the Court details findings of fact relevant to multiple issues.

The length of the parties' marriage is twenty-seven (27) years to the date of separation, and thirty-two (32) years to the date of the issuance of this order.

The parties' living children (identified above), while now over the age of eighteen, were not fully emancipated at the commencement of this litigation and were economically dependent on the parties for some time during the pendency of this civil action.

Plaintiff's date of birth is October 22, 1952. At the time of marriage she was twenty-five (25) years old. When she initially filed this civil action she was fifty-two (52). She is now fifty-seven (57). She is in reasonably good health. She has a college degree. For a period of time early in the marriage she taught in the public school system, and accrued some benefits in a retirement plan sponsored by the State of South Carolina, which benefits continue to exist, and which are awarded to her by this Order. She has not worked outside the marital home for many years, and is not presently employed and does not have earned income.

Defendant's date of birth is March 31, 1954. At the time of marriage he was twenty-four (24) years old. When Plaintiff initially filed this civil action Defendant was forty-nine (49) years old. He is now fifty-six (56). He is in reasonably good health. He has a college

degree. He operates Hobby Construction Company, Inc., a corporation which is a marital asset and which builds water and sewer systems and installs pipeline associated with these systems. He also works with and owns a majority interest in several affiliated and related entities; Hobby Construction Co., Long Utility Corporation, Seaside Utilities, Inc., Seaside Environmental Constructors, Inc., West/Hobby LLC, Utility Supply, Inc., and South Atlantic Construction, Inc., known collectively as the "Hobby Entities." Some of the stock in these entities is marital property (and other stock is owned by third parties). His earned income varies based on the business opportunities and performance of the companies. His current earned income is uncertain due to a number of challenges faced by these businesses. He has retirement benefits which were earned and accrued during the marriage, all of which are being equitably apportioned by this Order.

Although inquiry and efforts were made, there is no possibility of reconciliation of the marriage.

Defendant committed adultery during the marriage. His actions were independently corroborated, and not condoned. There is no collusion between the parties for purposes of obtaining a divorce.

**FACTS AND CONCLUSIONS SPECIFICALLY RELATED
TO EQUITABLE APPORTIONMENT**

During the marriage the parties accumulated significant assets and incurred certain debts. By statute each party holds a vested special equity and ownership right in all marital property, which equity and ownership right are subject to apportionment as of the date of the commencement of this litigation. See South Carolina Code § 20-3-610 (1976, as amended). This action commenced on February 17, 2005. The parties dispute the value of many assets

and debts. Valuation of assets and debts of the type owned by these parties is challenging, particularly in recessionary economic times and when litigation transcends several years. It is appropriate to consider fluctuations in value which occur during the pendency of the action. See, e.g., Fields vs. Fields, 342 S.C.182, 536 S. E.2d 684 (Ct. App. 2000). It is also appropriate for the Court to value marital assets at date of filing. See, e.g., Dixon vs. Dixon, 334 S.C. 222, 512 S.E.2d 539 (Ct. App. 1999).

Each party contributed to the acquisition, preservation and maintenance of the marital property in various ways. Plaintiff contributed directly through earnings made early in the marriage, and indirectly as a homemaker and parent in the later years of the marriage. Defendant contributed directly throughout the marriage, and during the pendency of the action. Defendant also contributed indirectly through active involvement in the lives of the children and indirect contributions to the acquisition, preservation, maintenance and improvement to marital assets.

Most of the assets and debts of the parties constitute marital property, although the parties dispute the character of some items.

The parties own several hundred acres of land in Newberry County, South Carolina, on which they both reside. Both desire, and it is appropriate, to continue to reside on this property for a reasonable period of time. By previous order of this Court the parties are afforded use and possession of other real estate they own located in Edisto Beach, South Carolina. It is appropriate for each of them to have use of this real estate until it is sold, or otherwise distributed.

Given the complexity of the financial holdings of the parties, there are tax issues which will arise and/or which follow the assets. These taxes may be mitigated by some of the losses which occurred during the pendency of the action.

Many of the assets owned as of the date of filing were encumbered, or have become encumbered in the support of other assets during the pendency of the action. The debts, liens and encumbrances follow the assets, and are being apportioned by the terms of this order.

This Court is required to make a final equitable apportionment of the parties' marital property. See S.C. Code § 20-3-620 (A) (1976, as amended). This Court has the authority to direct a party to execute and deliver any deed, bill of sale, note, mortgage or other document necessary to carry out the order equitably apportioning the marital property. See S.C. Code § 20-3-660 (A) (1976, as amended). This Court also has the authority and discretion to order a public or private sale of marital property and the terms of such a sale. See S.C. Code § 20-3-660 (A) (1976, as amended). Moreover, this Court may use any reasonable means to achieve equity between the parties. See S.C. Code § 20-3-660 (B) (1976, as amended).

FACTS AND CONCLUSIONS SPECIFICALLY RELATED TO ALIMONY

The parties enjoyed a comfortable standard of living commensurate with others similarly situated in higher income brackets and of significant net worth. They owned and enjoyed resort property at the coast and in the mountains, together with associated amenities. They educated children in public and private schools. They own collectibles and recreational vehicles and items.

Because of economic challenges presented by the economy and related to investments, the current and reasonably anticipated income of each party and/or from their assets is difficult to determine at this time.

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APPROVAL OF AGREEMENT

Settlements between litigants are encouraged. In determining whether or not to approve a settlement this Court must find (1) the existence of an agreement; (2) the agreement was entered into freely and voluntarily; and (3) the agreement is fair and equitable from procedural and substantive perspectives.

After many years of litigation and several days of trial, the parties reached an agreement to resolve the financial issues presented by this litigation. The terms of this agreement were presented to the Court on September 27, 2010.

There is no indication that either party was forced or under any duress or coercion at the time he or she reached and entered the terms of the agreement or at the hearing on September 27, 2010. Each party entered the terms and participated in the hearing seeking approval of the terms free of any mind-altering or judgment-impairing substances. The parties entered the terms freely and voluntarily.

The parties negotiated and entered the terms of their agreement with benefit and advice of independent experienced counsel. Each party is satisfied with the representation provided to him or her by his or her attorney.

There was extensive and exhaustive discovery conducted during the pendency of this civil action. Each party fully disclosed all assets and debts to the other. Each party is familiar with the assets, debts, income and expenses of the other party.

The parties' agreement reflects a resolution of the legal issues which is within the range of fairness given this Court's experience. This agreement is the product of compromise and negotiation. Upon review of the Equitable Apportionment Act (*S.C. Code §20-3-620, et. seq.*

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(1976, as amended)), the Alimony Statute (S.C. Code §20-3-130, et. seq. (1976, as amended)), and other applicable law, the parties' agreement is fair and equitable.

Therefore, the terms of the parties' agreement are fair and equitable from both procedural and substantive perspectives.

The terms of the parties' agreement, identified at the hearing, should, therefore, be adopted, approved and are hereby incorporated into, merged and made the Order of this Court.

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED:

1. Plaintiff is granted an absolute divorce from Defendant on the statutory grounds of adultery.

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2. To effectuate this Final Order and Divorce Decree, additional documents including but not limited to a trust or trusts, deeds, bills of sale, assignments, and similar transfer instruments must be prepared. Each party shall act reasonably and cooperate in the preparation and timely execution of the documents necessary to effectuate these terms and the intent of this Order.

3. To effectuate a complete, fair and equitable apportionment of marital assets and debts, the parties shall create a trust. The following terms shall govern the parties in the creation and operation of this trust and/or are relevant regarding each party's interest in this trust and the assets and debts to be placed in it.

- a. This trust is created pursuant to this Order. To the extent necessary, the parties are the Transferors of the assets and debts into trust.
- b. This trust shall be created pursuant to and under South Carolina law.
- c. This trust shall be a liquidating trust, so that the trustee is required, in a commercially reasonable and orderly fashion, to manage and sell the

assets and debts held by the trust and, over a reasonable period of time, to distribute all of the net proceeds from liquidation to the parties as provided in these terms.

- d. The Trustee shall be a person or entity mutually agreeable to the parties. If the parties are unable to agree on a single person or entity to serve as trustee, then each party shall name a trustee, and the two trustees named by the parties shall select a third, co-trustee, and the three co-trustees shall administer the trust.
- e. The Trustee shall act in a fiduciary capacity with respect to both parties.
- f. Either party may purchase any asset from the trust, provided the sale and terms are reasonable, fair, and reflect fair market value or other terms mutually agreeable to the parties. The purchase of an asset from the trust may be accomplished in any reasonable means directed by the trustee, including a like-kind distribution to the other party in recognition of an asset purchased by one party.
- g. Except as otherwise detailed in this Order, Defendant shall be the beneficiary of fifty-seven and $\frac{1}{2}$ percent (57.5%) of the trust.
- h. Except as otherwise detailed in this Order, Plaintiff shall be the beneficiary of forty-two and $\frac{1}{2}$ percent (42.5%) of the trust.
- i. For the first year of existence, the trust shall make minimum monthly distributions to Plaintiff in the amount of Seven Thousand Five Hundred and 00/100 Dollars (\$7,500.00). These distributions represent a special

interest in the trust held by Plaintiff and are not taxable to her or charged against her proportionate/beneficial share of the trust.

- j. The trust shall distribute Two Hundred Twenty Five Thousand and 00/100 Dollars (\$225,000.00) to Plaintiff and Two Hundred Thousand and 00/100 Dollars (\$200,000) to Defendant as a special interest in the trust, which is not part of his or her proportionate share, for each party's attorney's fees and litigation expenses related to this civil action. If practical, and subject to discretion of the Trustee, the payments of \$225,000 to Plaintiff and \$200,000 to Defendant shall be paid in a manner in which the payments are non-taxable to each of the parties with the payments being paid from the corpus of the trust rather than income, or partly income, of the trust.
- k. For so long as the trust owns the Hobby Construction Company, Inc., or the related construction and utility companies¹, Defendant shall not compete in business with the entities owned by the trust, except and unless permitted to do so by the Trustee. It is the intent of the parties that Defendant shall continue to work and participate in each of the Hobby construction and utility companies throughout the period that the trust owns these entities in the manner in which he was working and participating in these entities at the date of filing of this action (February 17, 2005) and at the date of the signing of this document.

¹ Hobby Construction Co., Long Utility Corporation, Seaside Utilities, Inc., Seaside Environmental Constructors, Inc., West/Hobby LLC, Utility Supply, Inc., South Atlantic Construction, Inc.

- l. The trust shall pay the reasonable attorney's fees, accountant's fees, and costs incurred to prepare the trust instrument, any and all transfer documents related to it, and similar expenses.
- m. The assets to be transferred into the trust shall consist of those detailed on the schedule attached as Schedule A, as such assets exist as of the date of transfer, regardless of the manner in which a party or the parties currently hold title ownership.
- n. The trust is created pursuant to the *S.C. Code* and other authority which empowers the Family Court to use any means or methods reasonable necessary to effectuate an equitable apportionment of marital property. Each party contributed, directly and indirectly, to the acquisition, preservation, maintenance, and other obligations associated with the marital estate which is becoming the property of the trust, and each party holds an equitable interest in each of the assets placed into the trust in the same percentage as he or she is a beneficiary of the trust. This equitable ownership exists irrespective of the current title ownership of any asset.
- o. Defendant shall be reasonably compensated for his services in connection with the Hobby Construction Company, Inc., and the related construction utilities². His compensation and benefits of employment shall be reasonable in scope and amount. The trustee shall determine reasonable compensation, benefits of employment and the scope and terms of employment of Defendant.

² Hobby Construction Co., Long Utility Corporation, Seaside Utilities, Inc., Seaside Environmental Constructors, Inc., West/Hobby LLC, Utility Supply, Inc., South Atlantic Construction, Inc.

- p. The trustee shall have the discretion to employ Plaintiff in a consulting capacity or otherwise so that Plaintiff may be eligible for health insurance coverage provided by Hobby Construction Company, Inc.
- q. The company entities, i.e., Hobby Construction Company, Inc. (HCC), Long Utility Corporation (LUC), Seaside Environmental Constructors, Inc. (SEC), Seaside Utilities Inc. (SU), and South Atlantic Construction, Inc. (SAC) currently have a bonding relationship with Travelers Bond and Financial Company (Travelers). These companies are currently being monitored by Travelers and monthly combined P&L statements are being generated for Travelers. When the entities bid a project and request a bond from Travelers, they also provide a work in progress report. The Trustee will cooperate with each of the parties, the companies, and Travelers in order to facilitate the companies receiving maximum bonding capacity from Travelers. The Trustee will be granted absolute authority to have direct contact with Travelers and CPA Steve Sealey if necessary regarding the combined P&L statements, bids, work in progress reports, compensation of officers, and for any other purpose. The companies and Defendant will provide the Trustee with copies of all communications exchanged between the companies and Travelers to include bids, requests for bonds, work in progress reports, and other written communications (including emails).
- r. The parties own 737 acres of land in Newberry County, South Carolina, which is being placed in the trust. The parties have previously received

proposed contracts on certain portions of the 737 acres for the cutting of timber. The Trustee shall accept appropriate bids to have the previously-identified timber cut on this property within the next twelve (12) months. The funds derived from the sale of this timber shall be equally distributed to the parties. The Trustee shall determine if any other timber should be cut and if so the proceeds generated therefrom shall be the property of the Trust.

- s. The Trustee shall provide Plaintiff sole and exclusive use of the property known as the marital home of the parties together with the surrounding three (3) acres of land until such property is sold, or until vacated by her. The Trustee shall provide Defendant sole and exclusive use of the property known as the Smith House and the immediate surrounding acreage until such property is sold or until vacated by him. The Trustee shall provide Defendant access to and use of the farm acreage and amenities until sold or restricted by the Trustee. During the period of time that each party occupies the respective residence, the trust shall pay the taxes, insurance, and general maintenance of these properties, general maintenance to be defined as any reasonable and necessary repair or maintenance to the residence on each of these properties which exceeds a cost of \$500. Neither party shall incur an expense for which he or she expects reimbursement or payment by the trust which exceeds \$500, except in case of emergency, without written authorization (email is sufficient) of the Trustee to incur such expense. Each party shall be

responsible for his/her own utility bills, i.e., electricity, cable, telephone, etc.

t. The corporate entities, Hobby Construction Co., Inc., Long Utility Corporation, Seaside Utilities, Inc., Seaside Environmental Constructors, Inc., West/Hobby LLC, Utility Supply, Inc., South Atlantic Construction, Inc., shall not pay for the personal expenses of Defendant and Defendant shall only be reimbursed for verifiable business expenses as determined or directed by the Trustee.

u. By the temporary order the parties have use of one of the Edisto properties (3709 Village Court). For so long as this property and 3711 Village Court is owned directly or indirectly by the trust, Plaintiff shall have the reasonable right to use 3709 and Defendant the reasonable right to use 3711, under terms and conditions directed by the Trustee. If one of these properties is sold and one remains, the Trustee shall provide for the equal right of use to the parties of the remaining property as long as it is controlled by the trust.

2. Outside of the trust, by way of equitable apportionment, Defendant shall receive the assets detailed on Schedule B. With respect to these assets, the parties are further bound as follows:

a. Colonial Real Estate Investments, Inc. has filed a civil action in the United States District Court, *Colonial Real Estate Investments, Inc., Plaintiff, vs. Raymond D. Hobby, Defendant*, Civil Action File No. 8:10-CV-01653-RBH, filed in the United States District Court, District of South Carolina,

Greenwood Division. Defendant denies he has any obligation to Colonial Real Estate Investments, Inc., or any other entity regarding the issues raised in the Complaint filed by Colonial Real Estate Investments, Inc. Defendant acknowledges that if there is any debt to Colonial Real Estate Investments, Inc. which arose after February 17, 2005, such debt was incurred without Plaintiff's specific or direct knowledge, and Plaintiff shall not be responsible for any such debt or obligation if it exists. Even if such debt exists, the parties dispute whether the debt is marital and/or divisible by the Family Court.

b. There are entities known as Maggie Valley Resort, LLC, Maggie Valley Development Company, LLC, and Maggie Valley Resort Management, LLC. Defendant, Raymond D. Hobby, shall receive any interest that he may have in such entities, free and clear of any claim and/or interest from Plaintiff, Mary T. Hobby. Plaintiff shall not be responsible for any debts regarding these entities.

3. Outside of the trust, by way of equitable apportionment of marital assets, Plaintiff shall receive the assets detailed on Schedule C.

4. Recognizing the minimum monthly distributions to Plaintiff for the first year of the trust are being paid in lieu of alimony or spousal support from Defendant, the amount of Defendant's permanent alimony or spousal support shall be determined after the first year of the existence of the trust by the Family Court. Plaintiff's entitlement to permanent alimony or spousal support is as though it was ordered by the Court and this alimony is modifiable and terminable in accordance with South Carolina law. The alimony payments shall be taxable

income to Plaintiff and tax-deductible to Defendant. Plaintiff may seek a temporary order regarding the amount of alimony which is to be paid after the expiration of the Seven Thousand Five Hundred and 00/100 Dollars (\$7,500.00) minimum monthly trust distributions required by this Order. Plaintiff may seek this relief prior to the expiration of one year from the commencement of the required minimum monthly trust distributions of Seven Thousand Five Hundred and 00/100 Dollars (\$7,500.00). As to the \$7,500 minimum monthly trust distributions to Plaintiff, if practical, the payments shall be paid from the corpus of the trust, rather than income, or partly income, of the trust, subject to the discretion of the Trustee.

5. Each party represents and warrants to the other that he or she fully disclosed to the other each and every asset in which he or she held a legal, equitable, or other economic interest as of the date of the filing of this civil action, and/or as of September 27, 2010. If it is subsequently determined that either party owned any asset as of the date of the filing of this civil action, or as of the date the parties entered these terms, which asset was not disclosed to the other party and apportioned either to the trust or one of the parties by the terms stated hereinabove, then such asset shall become the property of the trust and liquidated and distributed between parties in the same manner as all of the other assets on Schedule A.

6. Neither party shall pay or contribute to the other party's attorney's fees or costs incident to this civil action other than the required distribution by the trust as detailed above.

7. The parties shall be bound by the temporary order and stipulations previously entered until such time as the Trust is created and begins the distributions to Plaintiff as required by these terms.

8. This Court retains jurisdiction for the interpretation, enforcement, and, to the extent necessary to effectuate these terms, the issuance of subsequent orders regarding this Final Order and Divorce Decree.

AND IT IS SO ORDERED.



Joseph W. McGowan, III
Judge of the Family Court
Eighth Judicial Circuit

Lauren, South Carolina

10/8, 2010

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SCHEDULE A

1. All stock in Hobby Construction Company, Inc.
2. All stock in Long Utility Corporation
3. All stock in Seaside Utilities Incorporation
4. All stock in Seaside Environmental Constructors Inc.
5. All interest in West/Hobby LLC
6. Any interest in Utility Supply Incorporated
7. Any interest in South Atlantic Construction Inc.
8. Any interest in Edisto Pipe Dreams LLC
9. Any interest in RDH LLC
10. Any interest in Shuho LLC
11. Any interest in Good Golfer LLC
12. Any interest in the residence and 740 acres located at 544 Crowder Road, Kinards, South Carolina and/or any adjacent acreage.
13. Any interest in the building and land located on Highway 34 in Newberry County (the Hobby Construction Office).
14. Any interest in the building and land for Long Utility Office in Simpsonville, South Carolina.
15. Any interest in the building and land for the Seaside Utilities Office in Moncks Corner and/or Murrells Inlet, South Carolina.
16. The real property located on Highway 76 in Kinards, South Carolina.
17. The real property known as lots 54 and 55 in Laurens County, South Carolina.
18. 3711 Village Court, Edisto, South Carolina.

19. 231 Highlands Loop, Maggie Valley, North Carolina.
20. Mountain Chase Condos (units 4040 and 4046), Maggie Valley, North Carolina.
21. Almond Station Property, Swain County, North Carolina.
22. Highway 34 land
23. 317 Hwy 221 South, Greenwood, South Carolina real property with improvements
24. Highway 34/Garmany Road land
25. The real property in downtown Newberry, South Carolina located on Main Street (1008, 1010-1012, 1014, 1016, and 1018).
26. 3114 Myrtle Street, Edisto Beach.
27. 3116 Myrtle Street, Edisto Beach.
28. Crowder Road (108 acres)
29. 4 acres across the street from Smith house
30. Any real estate remaining (if any) from 213 acres in Kinards sold 10/19/2005
31. 11795 Bush River Road ("Smith House")
32. The furnishings and personal property located in any Edisto property or Mountain Chase Condos.
33. Any loans receivable from Hobby Construction Company, Inc. or related entities and/or loans payable to this company and these entities.
34. The Edisto Yacht Club membership.
35. Any interest in the building located at 1326 College Street, Newberry (Helig Myers).

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SCHEDULE B

1. Any money in any checking, savings or depository account in his name which is not on Schedule A, including but not limited to the accounts at Newberry Federal Bank, Carolina First Bank, and First Community Bank as reflected on exhibits filed during this civil action.
2. The remaining in his interest in the Principal Financial 401k after the apportionment of fifty percent of this asset to Plaintiff as detailed on Schedule C.
3. Fifty percent of the cash surrender value (including passive changes in value during the pendency of the action) of the Fidelity life insurance policy on Defendant's life, which Plaintiff shall pay directly to Defendant.
4. Any interest in Maggie Valley Resort, LLC, Maggie Valley Development Co., LLC, and Maggie Valley Resort Management, LLC.
5. Any interest he has, if any exists, in Timber Resource Group, Inc.
6. Any interest he has, if any exists, in Cellular Systems of Newberry.
7. Any interest he has, if any exists, in JTI of Lynches River.
8. Any interest he has, if any exists, in EDHO, LLC.
9. Any interest he has, if any exists, in In-Site Support Services, Inc.
10. Any interest he has in the Lake Marion house and property.
11. Any interest he has in the Spring Creek land.
12. Any funds received by him, if any, from the sale of any real property owned by him at the date of filing which was sold during the pendency of this civil action, and which

Defendant represents was invested in the preservation or maintenance of other assets during the pendency of this civil action.

13. Any furniture, furnishings or personal property in his possession or control and/or received by him through gift or inheritance, subject to the claims of Plaintiff which shall be resolved in arbitration if necessary as detailed below.
14. His tools and tool boxes.
15. Any vehicles or watercraft titled in his name which are not the property of Hobby Construction Company, Inc.
16. His guns.
17. His coins and currency collection.
18. His Rolex watches.
19. His personal items located at the Edisto property and/or mountain condos.

ARBITRATION PROVISION: IN THE EVENT THE PARTIES ARE UNABLE TO RESOLVE CLAIMS EACH MAKES TO THE FURNITURE AND PERSONAL PROPERTY IN THE POSSESSION OR CONTROL OF THE OTHER OR IN THE EDISTO OR MOUNTAIN CONDOS THEN THEY SHALL SUBMIT THEIR DISPUTE TO BINDING ARBITRATION WITH FORMER FAMILY COURT JUDGE STEVE BARTLETT OR ANOTHER MUTUALLY AGREEABLE ARBITRATOR. IN SUCH EVENT THE ARBITRATION SHALL BE CONDUCTED WITHOUT LAWYERS. THE ARBITRATOR SHALL RESOLVE THE CLAIMS OF EACH PARTY IN A MANNER WHICH IS FAIR, EQUITABLE AND CONSISTENT WITH SOUTH CAROLINA LAW. EACH PARTY SHALL PAY FIFTY PERCENT OF ANY FEES CHARGED BY THE ARBITRATOR.

SCHEDULE C

1. Any money in any checking, savings or depository account in her name which is not on Schedule A, including but not limited to the accounts at Bank of America and First Community Bank as reflected on exhibits filed during this civil action.
2. Fifty percent of Defendant's interest in the Principal Group 401k, as such interest existed on the date of filing of this civil action, together with any passive increases or decreases in value through and including the date of apportionment. Plaintiff shall receive her interest pursuant to a Qualified Domestic Relations Order or similar instrument which does not create an immediate taxable event to either party.
3. Her interest in retirement plan(s) sponsored by the State of South Carolina.
4. The Horace Mann life insurance policy on her life.
5. The Fidelity life insurance policy and any cash value remaining in this asset after the apportionment of fifty percent of the cash surrender value to Defendant as detailed on Schedule B.
6. The Lee County real estate, as detailed on the Stipulations dated September 20, 2010.
7. Any furniture, furnishings or personal property in her possession or control and/or received by her through gift or inheritance, subject to the claims of Defendant, which shall be resolved in arbitration if necessary, as detailed on Schedule B, and the shotgun she won at auction.
8. The 2005 Cadillac she drives.
9. Her jewelry.
10. Her personal items at the Edisto property and/or mountain condos.

Exhibit A

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2013 OCT 23 PM 12:04
CLERK OF COURT
JUDGE
U.S.C.

THE HOBBY FAMILY
LIQUIDATING TRUST AGREEMENT

11-13-13
EXHIBIT NO. 3
Hobby
G. Smith

- #4312-0916-0399 v.11 -

Frank

[Handwritten signature]

EXHIBIT
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**THE HOBBY FAMILY
LIQUIDATING TRUST AGREEMENT**

THIS LIQUIDATING TRUST AGREEMENT (this "Agreement") is effective as of this _____ day of _____, 2010 (the "Effective Date"). Frank B. B. Knowlton is the initial trustee (the "Trustee"). All references to the Trustee shall be deemed to refer to the initial trustee and any successor trustee appointed pursuant to Article X.

BACKGROUND

WHEREAS, an action (Docket No. 2005-DR-36-56) has been initiated by Mary T. Hobby in the Newberry County Family Court for the Eighth Judicial Circuit seeking, among other relief, a divorce from Raymond Deneke Hobby pursuant to S.C. Code Ann. § 20-3-10 (2010), and in conjunction with such relief, the equitable apportionment of the marital assets;

WHEREAS, in connection with the equitable apportionment of the marital assets, Raymond Deneke Hobby ("RDH") and Mary T. Hobby ("MTH") (individually, RDH and MTH are sometimes each referred to as "Transferor"; collectively, RDH and MTH are referred to as "Transferors"), each of whom are citizens and residents of Newberry County, South Carolina, have agreed and are required to transfer the various items of real and personal property, as encumbered, and as set forth on Schedule A hereto (collectively, the "Trust Assets") to The Hobby Family Liquidating Trust (the "Liquidating Trust" or the "Trust") created pursuant to the Final Order and Divorce Decree described below;

WHEREAS, this Liquidating Trust provides for the orderly liquidation and distribution of the Trust Assets to the Beneficiaries (as defined herein) of the Liquidating Trust as more fully set forth herein; and

WHEREAS, the Trustee has agreed to oversee and supervise the liquidation process as the Trustee of the Liquidating Trust and has agreed to act in a manner consistent with the terms set forth in this Agreement.

NOW THEREFORE, based on the above, the Liquidating Trust is subject to the following terms and conditions:

**ARTICLE I
PARTIES/TERM/PURPOSE/IRS QUALIFICATION**

(a) Name; Creation; Parties. The Liquidating Trust, which shall be formally known as the "The Hobby Family Liquidating Trust", was created pursuant to the Final Order and Divorce Decree, dated October 8, 2010, of the Honorable Joseph W. McGowan, III, Judge of the Family Court for the Eighth Judicial Circuit. The Liquidating Trust is created pursuant to South Carolina law which empowers the Family Court to use any means or methods reasonably necessary to effectuate an equitable apportionment of marital property. Each Transferor recognizes and stipulates the other Transferor contributed, directly and indirectly, to the

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acquisition, preservation, maintenance, and other obligations associated with the marital estate which is becoming the property of the Liquidating Trust, and each Transferor holds an equitable interest in each of the Trust Assets placed into the Liquidating Trust in the same Distribution Percentage as he or she is a beneficiary of the Liquidating Trust. The Transferors recognize this equitable ownership irrespective of the current title ownership of any asset.

(b) Term. The term of this Liquidating Trust shall terminate on the earlier of (i) the date on which all of the Trust Assets of the Liquidating Trust have been liquidated and the proceeds distributed to the Beneficiaries as set forth in this Agreement; (ii) five years after the Transfer Date (defined below), unless extended by written consent of the Transferors and the Trustee or by order of the Family Court; or (iii) the date the Liquidating Trust is terminated by the agreement of the Beneficiaries as provided in Article XIII(g).

(c) Purpose. The Liquidating Trust is established for the sole purpose of liquidating various marital assets belonging to the Transferors in the most fair, objective, and impartial manner available and in a manner that maximizes the value of such marital assets and satisfies the debts associated with those assets to the extent reasonably possible. In effecting the purpose of this Liquidating Trust, the Trustee shall be mindful of the desire of the parties to divest the Trust Assets for amounts approximately equal to the fair market value of such properties and the Trustee shall liquidate the Trust Assets in an orderly fashion while being mindful of prevailing market conditions and the term of the Trust. For the avoidance of doubt, although the Trustee shall have the right to exercise and all rights, powers and privileges set forth herein, such powers shall be exercised in the furtherance of the purposes of the Trust, specifically selling Trust Assets in a timely, prudent and efficient manner and distributing proceeds as provided herein. The Trustee shall make timely distributions to the Beneficiaries and required payments with respect to the Liabilities (defined below) and will not unreasonably prolong the duration of the Liquidating Trust. The Liquidating Trust will not hold itself out as an investment company or as an entity engaged in the active conduct of a trade or business.

(d) Qualification. The Liquidating Trust is intended to qualify as a liquidating trust for federal income tax purposes within the meaning of Treasury Regulation Section 301.7701-4(d). In the event that the Liquidating Trust shall fail or cease to qualify as a liquidating trust in accordance with Treasury Regulation Section 301.7701-4(d), the Trustee shall, in its sole discretion, make other arrangements for the Trust Assets in the best interests of the collective Beneficiaries. For all federal income tax purposes, the transfer of the Trust Assets to the Liquidating Trust shall be treated as a transfer by the respective Transferor to the Liquidating Trust in exchange for a beneficial interest in the Liquidating Trust. The Transferors shall be treated as grantors and Beneficiaries of the Liquidating Trust. It is also the intent of the Transferors and the Trustee that the Liquidating Trust be a "grantor trust" under subpart E of Part I of subchapter J of subtitle A of the Code such that the Trust Assets will be deemed owned, for federal income tax purposes, by the Transferor who transferred such Trust Assets to the Liquidating Trust.

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ARTICLE II
TRUST CORPUS

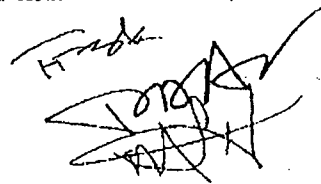
(a) **Initial Property.** The Liquidating Trust shall be funded with the assets described below at such time as directed by the Trustee after consultation with the Transferors and their respective legal and tax advisors (the "Transfer Date"). On the Transfer Date, the Transferors shall transfer to the Liquidating Trust the Trust Assets set forth on Schedule A attached hereto and made a part hereof (the "Trust Assets") including any assets transferred pursuant to paragraph (b) below. RDH, as of the Transfer Date, does hereby grant, assign, transfer and deliver the property described on Schedule A-1 unto the Trustee, together with all of his right, title, and interest in and to such Trust Assets. MTH, as of the Transfer Date, does hereby grant, assign, transfer and deliver the property described on Schedule A-2 unto the Trustee, together with all of her right, title, and interest in and to such Trust Assets. In the event that the Trustee shall determine that the transfer of the Trust Assets to the Liquidating Trust shall require the execution of certain documents or require action on the part of one or more of the Transferors, the Transferors agree to take all actions necessary to effectuate the transfer of the Trust Assets and effectuate the objectives of the Liquidating Trust as set forth in this Agreement. The term "Liability" means all debts, liabilities, and obligations (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to be come due) and including all costs and expenses. All Liabilities relating to the Trust Assets, including Liabilities relating to an entity that is owned, in whole or in part, by the Trust that arise or accrue following the Transfer Date (collectively, the "Trust Liabilities") are to be paid by the Trust. To the Knowledge (defined below) of the Transferors, the Liabilities relating to the Trust as of the Transfer Date are listed or described on Schedule A-3 attached hereto. Copies of any loan documents, indemnity documents, or similar documents relating to the Trust Assets or the Liabilities shall be provided to each of the Beneficiaries and the Trustee.

(b) **Additional Property.** If additional marital property belonging to the Transferors that the Transferors desire to be liquidated is subsequently identified and is not detailed in the Final Order dated October 8, 2010, then such property shall also be transferred to the Liquidating Trust to be held by the Trustee under the terms set forth in this Agreement.

(c) **Acceptance of Property.** The Trustee hereby accepts, as of the Transfer Date, delivery of the Trust Assets set forth on Schedule A. The Trustee shall hold the Trust Assets, as part of the Liquidating Trust estate, to be held, invested, reinvested, administered and distributed according to the provisions set forth in this Agreement. The Trustee further agrees to accept such other property as may hereafter be transferred to this Liquidating Trust by the Transferors.

ARTICLE III
BENEFICIARIES

This Liquidating Trust is established for the benefit of Raymond Dencke Hobby and Mary T. Hobby (individually, a "Beneficiary" and collectively, the "Beneficiaries"), under the terms and conditions contained herein, in the percentage distribution interest for each Beneficiary set forth on Schedule B attached hereto (the "Distribution Percentage"), which sets forth each Beneficiary's



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share of a distribution of income, principal or other distribution from the Trust. Such Distribution Percentage may only be modified or changed with the express written consent of said Beneficiary.

ARTICLE IV
REPRESENTATIONS

Each of the Transferors represents to the Trustee that, to his or her Knowledge, (1) the Trust Assets to be transferred to the Liquidating Trust by the respective Transferors as of the Transfer Date are as set forth in Schedule A attached hereto and made a part hereof, and (2) except as set forth thereon or on Schedule A-3, there are no liabilities of the Transferor or their affiliates relating to the Trust Assets which have not been paid or discharged, and no unsatisfied claims which have been made against the Transferor for alleged Liabilities relating to the Trust Assets. For purposes of this Agreement, "Knowledge" shall mean the actual or direct knowledge of the Transferor after due inquiry.

ARTICLE V
PAYMENT OF LIABILITIES

(a) The Trustee shall have the power, in his absolute discretion, to satisfy out of the Trust Assets and, to the extent necessary, any income derived thereon or the proceeds of any liquidation or sale of Trust Assets, any and all of the Liabilities at such time as they become due, or at any other such time as Trustee may deem advisable considering the respective interest of the Beneficiaries and the goals and purposes of this Trust. The Trustee's power to satisfy the Liabilities shall include the right to adjust, arbitrate, compromise, sue, defend, settle, abandon and otherwise deal with any and all of the Liabilities upon such terms as it deems advisable under the circumstances.

(b) The Personal Liabilities of the Transferors shall not be paid from the Trust Assets. The Personal Liabilities of RDH are listed on Schedule A-5, and the Personal Liabilities of MTH are listed on Schedule A-6. The Trustee shall determine in its reasonable discretion if any Liability is a Trust Liability and/or Personal Liability. Any Transferor may dispute such a determination by the Trustee and such determination may be appealed to the Family Court in Newberry County.

ARTICLE VI
DISTRIBUTION OF TRUST ASSETS

Subject only to the applicable restrictions in the loan documents, indemnity documents, or similar documents relating to the Trust Assets or the Liabilities, the Trustee shall make payment or distributions of available cash relating to the Trust Assets in the following order of priority or as otherwise specifically provided herein:

(a) Trust Agreement Preparation Expenses. The Trustee shall pay the reasonable attorney's fees, accountant's fees, and costs incurred to prepare this Agreement, any and all transfer documents related to it, and similar expenses. Payment of such fees and costs under this paragraph are not charged against a Transferor's Distribution Percentage.

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(b) Litigation Expenses. The Trustee shall distribute \$225,000 to MTH and \$200,000 to RDH as a special interest in the Trust, which is not part of his or her Distribution Percentage, for each party's attorney's fees and litigation expenses related to the above-referenced Family Court civil action. Payment of such fees and expenses under this paragraph are not charged against a Transferor's Distribution Percentage of income or principal.

(c) Tax Distributions.

(A) Within thirty (30) days after the end of each calendar quarter, and as permitted by applicable law and consistent with the cash flow needs and purposes of the Trust, the Trustee shall use his best efforts to distribute to whomever is determined to be the owner of the Trust Assets for tax purposes cash in an amount sufficient to enable such person to discharge any Federal, state and local tax liability for such taxable year (excluding penalties) arising as a result of such person's deemed ownership, for tax purposes, of the Trust Assets. Such amount shall be equal to such person's actual Federal, state and local income tax liability to be reported on any tax returns with respect to income derived from the Trust Assets. Tax distributions made under this paragraph shall not be charged against a Transferor's Distribution Percentage of income or principal.

(B) To the extent that there are adjustments in the tax liability of a Transferor arising from an audit, review, adjustment or an amendment of a tax return, the Trustee is further authorized to make such additional distributions or to withhold from future distributions of a Transferor so that each Transferor shall bear his or her own tax liability arising from the operations of the Trust and disposition of Trust Assets.

(d) Periodic Distributions. Following the above distributions, the Trustee shall make the following periodic distributions in the order of priority set forth:

(i) The Trustee shall make a determination of all of the existing and contingent Liabilities and the minimum amount of Trust Assets necessary to satisfy the Liabilities as such Liabilities may become due and shall be entitled to make such payments in accordance with Article V of this Agreement;

(ii) Until the earlier of i) the one year anniversary of the Effective Date, or ii) the death of MTH, the Trustee shall make minimum monthly distributions to MTH in the amount of \$7,500. These distributions represent a special interest in the Trust held by Plaintiff and are not taxable to her or charged against her Distribution Percentage of amounts to be distributed from the Trust; and

(iii) To the extent that the Trust Assets exceed those needed to satisfy the Liabilities and the minimum monthly distributions to MTH as previously set forth in Article VI(d)(ii) above and as permitted by applicable law and consistent with the cash flow needs and purposes of the Trust the Trustee may distribute to the Beneficiaries in accordance with the Distribution Percentages, all liquidation proceeds, investment income, and all trust corpus in excess of the Trust Assets needed to satisfy the Liabilities

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and minimum monthly distributions.

(e) Final Distribution. At end of the Term of the Trust, the Trustee shall distribute to the Beneficiaries in accordance with their respective Distribution Percentages all of the Trust Assets then remaining in the Liquidating Trust.

ARTICLE VII

GENERAL POWER OF APPOINTMENT IN SURVIVING BENEFICIARY

Upon the death of either Beneficiary, the deceased Beneficiary's share of the Trust Estate, together with any accrued and undistributed income therefrom, shall be paid over, conveyed, and distributed to or in trust for such appointee or appointees (including the estate of the Beneficiary), in such manner and in such proportions as the deceased Beneficiary may appoint in and by the Last Will of the deceased Beneficiary, making specific reference to the power of appointment herein conferred upon him or her, as applicable. In default of the exercise of such power of appointment by the Beneficiary, or insofar as any part of such share of the Trust Estate shall not be effectively appointed, upon the death of the Beneficiary, the entire remaining share of the Trust Estate, or the part of such Trust Estate not effectively appointed, shall be distributed to the deceased Beneficiary's issue in equal shares, per stirpes. In disposing of such share, the Trustee shall be protected in relying upon an instrument admitted to probate in any jurisdiction as the Last Will of the Beneficiary or in acting upon the assumption that the Beneficiary died intestate in case the Trustee has no notice of the existence of a Will of the deceased Beneficiary within six (6) months after the death of the deceased Beneficiary.

ARTICLE VIII

ACCOUNTING

(a) Books and Records. The Trustee shall have the entire care and custody of all of the Trust Assets comprising the Liquidating Trust estate and shall maintain full and accurate books of account and records of receipts and disbursements and other financial transactions relative to the Liquidating Trust estate, all of which shall be available for inspection at any reasonable time by any Beneficiary, or their legal representative.

(b) Trustee Accountings and Settlement. The Trustee shall report on Trust activities and account to the beneficiaries, as follows:

(i) Trustee Accountings. If there are more than nominal assets in the Trust, the Trustee shall render an accounting of the Trust's receipts and disbursements and a statement of the assets and liability of the Trust at least quarterly to each Beneficiary. The Trustee may, but shall not be required to, file such accountings with the court having jurisdiction of the Trust. The Beneficiaries specifically waive any requirement for formal or court approved accounting. If the Trustee provides an accounting to each Beneficiary and those Beneficiaries do not notify the Trustee in writing of an objection to such accounting within ninety (90) days of the receipt of such accounting, then the accounting shall be deemed accepted and approved by such beneficiary.

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(ii) Settlement of Trustee Accounting by Beneficiaries. The Trustee may at any time settle its account with respect to the Trust Estate, or any separate share of the Trust Estate, by a written agreement. The written agreement shall be between the Trustee and all appropriate living income beneficiaries and remainder beneficiaries for the Trust Estate, or separate Trust share as appropriate. If a beneficiary is either a minor or incompetent, then the guardian for such person may represent such individual. Such agreement shall bind all persons then or thereafter entitled to such share of the Trust Estate for which the Trustee and beneficiaries reached written agreement. Such agreement shall constitute a complete release and discharge of the Trustee for the acts of the Trustee covered in the accounting and the period covered by the agreement.

(iii) Settlement of Trustee Accounting Upon Termination of Trust. Prior to either delivering the Trust Estate to a successor Trustee or making a complete distribution of all or a separate share of the Trust Estate, the Trustee shall prepare and deliver its accounting of the Trust or the applicable Trust share, as appropriate, to the appropriate beneficiaries. The Beneficiaries and/or applicable beneficiaries may waive such requirements for such accounting.

ARTICLE IX

POWERS AND DUTIES OF TRUSTEES

(a) Powers for Trustee. Consistent with the purposes of the Trust as a liquidating Trust and the purposes as further described in Article I (c), the Trustee is authorized in its fiduciary discretion (which shall be subject to the standard of reasonableness and good faith to all beneficiaries) with respect to any property, real or personal, at any time held under any provision of this Trust Agreement and without authorization by any court and in addition to any other rights, powers, authority, and privileges granted by any other provision of this Trust Agreement or by statute or general rules of law:

(i) To collect Trust property and accept additions to the Trust Estate from a Beneficiary or any other person.

(ii) To retain in the form received any property or undivided interests in property donated to, or otherwise acquired as a part of the Trust Estate, including residential property and shares of the Trustee's own stock, regardless of any lack of diversification, risk, or nonproductivity, as long as it deems advisable, and to exchange any such security or property for other securities or properties and to retain such items received in exchange, although such property represents a material percentage of the total property of the Trust Estate or even the entirety thereof.

(iii) To deposit assets of the Trust in accounts of all types, including margin accounts, in all types of regulated financial service institutions.

(iv) To invest and reinvest all or any part of the Trust Estate or any Trust share created hereunder in any property and undivided interests in property, wherever located, including bonds, debentures, notes, secured or unsecured, stocks of corporations regardless of class, interests in limited partnerships, limited liability companies or similar entities, real estate

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or any interest in real estate whether or not productive at the time of investment, interests in trusts, investment trusts, whether of the open and/or closed fund types, and participation in common, collective, or pooled trust funds of the Trustee, insurance contracts on the life of any beneficiary, or annuity contracts for any beneficiary, without being limited by any statute or rule of law concerning investments by fiduciaries. References to powers herein related to shares of stock shall include such powers over other types of securities, including interests in partnerships, limited liability companies, and other similar entities.

(v) To abandon or decline to administer property of no value or of insufficient value to justify its collection or continued administration.

(vi) To sell or dispose of or grant options to purchase any property, real or personal, constituting a part of the Trust Estate or any Trust share created hereunder, for cash or on credit, at public or private sale, or to exchange any property of the Trust Estate for other property, at such times and upon such terms and conditions as it may deem best, and no person dealing with it shall be bound to see to the application of any monies paid.

(vii) To hold any securities or other property in its own name as Trustee, in its own name, in the name of a nominee (with or without disclosure of any fiduciary relationship), or in bearer form.

(viii) To keep, at any time and from time to time, all or any portion of the Trust Estate in cash and uninvested for such period or periods of time as it may deem advisable, without liability for any loss in income by reason thereof.

(ix) To sell or exercise stock option, subscription, or conversion rights.

(x) To refrain from voting or to vote shares of stock which are a part of the Trust Estate or any Trust share created hereunder at shareholders' meetings in person or by special, limited, or general proxy and in general to exercise all the rights, powers, and privileges of an owner in respect to any securities constituting a part of the Trust Estate or Trust share.

(xi) To participate in any plan of reorganization or consolidation or merger involving any company or companies whose stock or other securities shall be part of the Trust Estate, and to deposit such stock or other securities under any plan of reorganization or with any protective committee and to delegate to such committee discretionary power with relation thereto, to pay a proportionate part of the expenses of such committee and any assessments levied under any such plan, to accept and retain new securities received by the Trustee pursuant to any such plan, to exercise all conversion, subscription, voting, and other rights of whatsoever nature pertaining to such property, and to pay any amount or amounts of money as it may deem advisable in connection therewith.

(xii) To borrow money with or without security and to encumber, mortgage, or pledge any asset of the Trust Estate provided however such borrowings may not extend beyond the term of the Trust, in connection with the exercise of any power vested in the Trustee. If money is borrowed from the Trustee, the Trustee may charge interest thereon at a prevailing rate.

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In no event shall any mortgagee be under any obligation to verify the proper application of the loaned proceeds.

(xiii) To pledge the Trust Estate and to cause this Trust to guarantee loans made by others to a beneficiary or any business owned by the Trust.

(xiv) To enter for any purpose into a lease as lessor or lessee, including a lease or other arrangement for exploration and removal of natural resources, with or without option to purchase or renew for a term within or extending beyond the term of the Trust.

(xv) To subdivide, develop, or dedicate real property to public use or to make or obtain the vacation of plats and adjust boundaries, to adjust differences in valuation on exchange or partition by giving or receiving consideration, and to dedicate public or private easements to private or public use without consideration, including by way of example qualified conservation and facade easements.

(xvi) To make ordinary or extraordinary repairs or alterations in buildings or other structures, to demolish any improvements, and to raze existing or erect new party walls or buildings.

(xvii) To continue and operate any business or other enterprise owned by the Beneficiaries or either of them, whether an interest in a proprietorship, partnership, limited liability company, business trust, corporation, or other form of business or enterprise, and to do any and all things deemed needful or appropriate by the Trustee, including the power to incorporate the business and to put additional capital into the business, for such time as it shall deem advisable by shareholders, members, or property owners, without liability for loss resulting from the continuance or operation of the business except for its own bad faith, gross negligence, and/or willful misconduct; and to merge or otherwise change the form of business organization or contribute additional capital, close out, liquidate, or sell the business at such time and upon such terms as it shall deem best.

(xviii) To collect, receive, and issue receipt for rents, issues, profits, and income of the Trust Estate.

(xix) To insure the assets of the Trust Estate against damage or loss and to insure the Trustee, the Trustee's agents, and beneficiaries against liability arising from the administration of the Trust.

(xx) To select a mode of payment under any employee benefit or retirement plan, annuity, or life insurance payable to the Trustee, exercise rights thereunder, including exercise of the right to indemnification for expenses and against liabilities, and take appropriate action to collect the proceeds.

(xxi) In buying and selling assets, in lending and borrowing money, and in all other transactions, irrespective of the occupancy by the same person of dual positions, to deal with itself in its separate, or any fiduciary capacity.

Handwritten signature and initials, possibly reading 'Frank' and 'MAH'.

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(xxii) To compromise, extend, assign, adjust or give partial release from, arbitrate, sue on, discharge, foreclose, or otherwise defend, abandon or decline to administer property of no value or of insufficient value to justify its collection or continued administration, or otherwise deal with and settle claims in favor of or against the Trust Estate or to prosecute or defend an action, claim, or judicial proceeding in any jurisdiction to protect the Trust Estate and the Trustee in the performance of the Trustee's duties, as the Trustee shall deem best.

(xxiii) To exercise elections with respect to federal, state, and local taxes.

(xxiv) To employ and compensate agents, accountants, investment advisors, brokers, attorneys-in-fact, attorneys-at-law, tax specialists, realtors, appraisers, and other assistants and advisors deemed by the Trustee needful for the proper administration of the Trust Estate, and to do so without liability for any neglect, omission, misconduct, or default of any such agent or professional representative provided such person was selected and retained with reasonable care. A Trustee may employ any firm with which the Trustee is affiliated to provide services for and on behalf of the Trust for the proper administration of the Trust.

(xxv) To appoint a Trustee to act in another jurisdiction with respect to the Trust Estate located in the other jurisdiction, confer upon the appointed Trustee all of the powers and duties of the appointing Trustee, require that the appointed Trustee furnish security, and remove any Trustee so appointed.

(xxvi) To determine what shall be fairly and equitably charged or credited to income and what to principal, including the power and authority in the exercise of its fiduciary responsibilities and in accordance with state law to credit realized capital gains to income and to charge income expenses to principal.

(xxvii) To resolve a dispute concerning the interpretation of the Trust or its administration by mediation, arbitration, or other procedure for alternative dispute resolution.

(xxviii) To consolidate, hold, and retain the principal of the Trust Estate undivided until actual division shall become necessary in order to make distributions; to hold, manage, invest, and account for the several shares or parts thereof by appropriate entries on the Trustee's books of account; and to allocate to each share or part of share its proportionate part of all receipts and expenses; provided, however, the carrying of several trusts as one shall not defer the vesting in title or in possession of any share or part of share thereof.

(xxix) To make payment in cash or in kind, or partly in cash and partly in kind upon any division or distribution of the Trust Estate (including the satisfaction of any pecuniary distribution) and to value and appraise any asset and to distribute such asset in kind at its appraised value; and when dividing fractional interests in property among several beneficiaries to allocate entire interests in some property to one beneficiary and entire interests in other property to another beneficiary or beneficiaries.

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(xxx) In general, to exercise all powers in the management of the Trust Estate which any individual could exercise in his or her own right, upon such terms and conditions as it may reasonably deem best, and to do all acts which it may deem reasonably necessary or proper to carry out the purposes of this Trust Agreement.

(xxxii) To operate and continue any and all businesses, including proprietorships and partnerships which may become a part of the principal of this Liquidating Trust and to acquire additional interests in any such businesses; to liquidate or join in the liquidation of any such businesses; to sell or otherwise dispose of the same as going concerns; to incorporate, organize or form or cause to be incorporated, organized or formed as it shall see fit and to retain stock or equity interests in any such businesses so incorporated, organized or formed without liability for depreciation in value; to become or remain a shareholder, member, manager, owner, general or limited partner in any now or continuing corporations, limited liability companies, limited partnerships, or other entities and to take such other action as it may deem necessary or proper for the purpose of beginning or continuing the operation or liquidation of such businesses; and to act as directors, officers, agents or employees of any such businesses.

(xxxiii) To sell, convey or otherwise deal with or dispose of any and all Trust Assets forming a part of the Liquidating Trust estate, at such time or times and in such manner and upon such terms as, in the absolute and uncontrolled discretion of the Trustee may deem expedient and proper, provided, however, that i) Trustee shall have an obligation to exercise appropriate and reasonable due diligence with respect to the sale of any Trust Asset such that Trustee is reasonably satisfied that any sale has occurred on an arms-length basis and has maximized the value of the Trust Asset being divested, and ii) Trustee may sell any Trust Asset to a Transferor provided the sale and terms of sale are reasonable, fair, and reflect fair market value and any other terms mutually agreeable by the parties.

(xxxiii) To pay any applicable expenses of administration, as well as federal, state and local taxes and fees attributable to the operation of the Liquidating Trust, and to make any distributions to creditors, Beneficiaries or otherwise as may be required under this Agreement.

(xxxiv) To open and to close checking or savings accounts, in banks or similar financial institutions, in the name of the Liquidating Trust to deposit cash in and withdraw cash from such accounts.

(xxxv) To give general or special proxies or powers of attorney which may be discretionary and with power of substitution.

(xxxiv) To keep any or all of the Liquidating Trust estate at any place or places in South Carolina or elsewhere within the United States or abroad or with a depository or custodian at such place or places.

(xxxv) To pay over to the Beneficiaries the entire principal of the Liquidating Trust, thereby terminating the Liquidating Trust, when in the discretion of the Trustee it might become expedient or advisable to do so for the following reasons or any other reason whatsoever

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which the Trustee may deem sufficient: (i) changes in the political, economic, or social order in the United States; (ii) legislation, regulation, or court decisions detrimental to the Liquidating Trust or any Beneficiary thereof; (iii) insufficient principal to justify the expense of continuing the Liquidating Trust's existence; or (iv) other events which do or may tend to greatly impair the intent and purpose of this Agreement.

(b) Fiduciary Power. All powers given to the Trustee by this are exercisable by the Trustee only in a fiduciary capacity. Notwithstanding any other provisions of this Agreement, the powers vested in the Trustee under this Article IX or under any other Article in this Agreement shall be effective only so long as their existence will not cause the Liquidating Trust estate or any part thereof to be included in the estate of the person holding such power.

(c) Power to Delegate. The Trustee may delegate to other persons at any time, and/or for any time period(s), any or all of such Trustee's rights, powers, duties and authority, whether or not discretionary, by an instrument in writing signed by the delegating Trustee and delivered to the delegatee. Any such delegating instrument shall be revocable at any time by a similarly delivered instrument and shall be revoked at the resignation, total disability or death of the Trustee or delegatee. The Trustee's authority to delegate under this Agreement shall include, but in no event shall be limited to, the Trustee's authority to vest in a Beneficiary the authority to divest of or manage certain of the Liquidating Trust estate under the supervision and direction of the Trustee, provided, however, that such Beneficiary shall in no event be entitled to compensation for such services that exceeds the fair market value of the services provided. In the event that Trustee delegates any rights powers and duties for a period longer than 30 days over assets comprising more than 5% of the Trust, the Trustee shall notify the Beneficiaries in writing of such delegation.

(d) Provision for Trustee to Continue Farming Operation. In addition to any other powers granted to the Trustee, the Trustee may in its discretion continue any farming operation received by the Trustee as a part of the Trust Estate for a period of time as the Trustee shall determine and to do any and all things deemed advisable by the Trustee in the management and maintenance of such farm and the production and marketing of crops and dairy, poultry, livestock, orchard, and forest products including, but not limited to, the following powers:

- (i) To operate the farm with hired labor, tenants, or sharecroppers;
- (ii) To lease or rent the farm for cash, for a share of the crops, or for a combination thereof;
- (iii) To purchase or otherwise acquire farm machinery and equipment and livestock;
- (iv) To construct, repair, and improve farm buildings of all kinds needed in the Trustee's judgment for the operation of the farm;

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(v) To make and obtain loans or advances at the prevailing rate of interest for farm purposes such as for the construction, repair, or improvement of farm buildings or for the purchase of farm machinery or equipment or livestock;

(vi) To employ approved soil conservation practices to conserve, improve, and maintain the fertility and productivity of the soil;

(vii) To protect, manage, and improve the timber and forest on the farm and to sell the timber and forest products when it is in the best interest of the Trust;

(viii) to ditch, dam, and drain damp or wet fields and areas of the farm when needed;

(ix) To engage in the production of livestock, poultry, or dairy products and to construct such fences and buildings and to plant such pastures and crops as may be necessary to carry on such operations;

(x) To market the products of the farm;

(xi) To employ, in general, good husbandry in the management of the farm.

(e) Trustee Authority to Deal with Oil, Gas, and Mineral Interests. In addition to any other powers granted to the Trustee, the Trustee may acquire, maintain, develop, improve, sell, or otherwise deal with oil, gas, coal, mineral, or other natural resource interests whether alone or in conjunction with others. The Trustee is empowered to drill, test, explore, extract, mine, develop, manage, store, sell, or exchange any such mineral rights or interests in such rights on such terms and conditions as the Trustee deems prudent. The Trustee may enter into leases, pooling, and other types of agreements for such oil, gas, coal, mineral, or other types of natural resources. The Trustee may execute transfers, assignment, division orders, and other instruments that the Trustee deems proper. The Trustee may employ the services of engineers, consultants, or specialists to advise the Trustee in the management, development, and disposition of such mineral or natural resource interests.

(f) Trustee's Discretion to Allow Beneficiary or Beneficiaries to Occupy Residential Real Estate. The Trustee in its sole discretion may permit any beneficiary or beneficiaries to occupy rent free any residence constituting a part of the Trust assets for such beneficiary or beneficiaries and to pay the real estate taxes thereon, expenses of maintaining the residence in suitable repair and condition, and hazard insurance premiums on the residence.

(g) Provisions Regarding Retirement Account Payable to the Trust. If one or more qualified pension, profit sharing, and 401K, plans, individual retirement accounts ("IRAs"), Roth IRAs, annuity or mutual fund custodial accounts under section 403(b), or other types of qualified plans (referred to as a "retirement account") are, or may be, distributed to any share of this Trust, then the following provisions shall apply:

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(i) Distributions During Beneficiaries' Lifetimes. If any distributions shall be made to this Trust during either of the Beneficiaries' lifetimes, the Trustee shall hold such distributions solely for the benefit of the respective Beneficiary. The Trustee shall transfer and distribute to the respective Beneficiary such portion of the retirement account distributions as the Beneficiary may from time to time request. In the event that the Beneficiary is incapacitated, then the Beneficiary's agent under a durable power of attorney or guardian under any guardianship may make such direction on behalf of the Beneficiary. During the respective Beneficiary's lifetime all of the provisions dealing with the retirement accounts of this Trust shall be fully revocable. Notwithstanding anything else contained in this Trust Agreement, at the respective Beneficiary's death, all of the provisions dealing with the retirement accounts of the deceased Beneficiary and the dispositive provisions relating thereto shall become irrevocable.

(ii) Retirement Plan Beneficiary Elections. Upon either of the Beneficiaries' deaths, the Trustee shall have the right, in the Trustee's discretion, to elect to receive any retirement plan death proceeds, whether under any retirement account, in any manner permitted by the plan. The Trustee shall not be liable to any beneficiary for such decision.

(iii) Provisions Applicable to Distributions to a Marital Trust. If one or more retirement accounts are distributed to a trust, which qualifies for the marital deduction, then the distributions applicable to that trust share shall be made in accordance with these provisions. The Trustee shall direct the trustee or custodian, as appropriate, of the retirement account to make distributions to the marital trust at least annually of an amount equal to the greater of: (a) all the net income earned by the share of the retirement account allocated to the marital trust, or (b) the amount required to be distributed from such retirement account as the required Minimum Required Distribution, as required by the Internal Revenue Code. The Trustee shall take all necessary action to cause the retirement account to distribute to this Trust the amount required to be distributed to the Surviving Beneficiary under this paragraph. The Surviving Beneficiary shall have the right, in the Surviving Beneficiary's discretion, to compel the Trustee to demand such distributions and to compel the retirement plan trustee to convert any nonproductive property to productive property. The Trustee shall take all necessary action to assure that the interest of the Surviving Beneficiary in this Trust and in the retirement account qualifies as a qualifying income interest for life pursuant to Internal Revenue Code section 2056.

(iv) Trust Designated Beneficiary. The Trust shall run for the benefit of the Surviving Beneficiary, who shall be the "Designated Beneficiary" for each such retirement account.

(v) Restriction on Non-Individuals and Creditor's Claims. Commencing on the September 30th after the year of the Beneficiary's death (herein referred to as the "Designation Date"), no portion of any retirement plan account may be distributed to any charity or other non-individual beneficiary. It is the Beneficiary's intent that after the Designation Date any such distribution shall be paid only to the individual beneficiaries of this Trust. After the Designation Date no portion of any retirement plan distribution may be used to pay any creditor claim or debt of the Beneficiary, nor any administration expense of the estate or this Trust, nor any estate, inheritance, or similar taxes.

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(vi) Accounting Provisions. Any retirement account made payable to this Trust shall be deemed to be an asset of the Trust and allocated to principal of the applicable Trust share. In cases where the Trustee receives reporting information from the retirement plan to enable the Trustee to determine the annual income earned by that retirement account on an annual basis, then the Trustee shall use normal accounting principles to allocate income and principal for the retirement account allocated to the applicable Trust share. In cases where the Trustee does not receive reporting information from the retirement account, the Trustee has the discretion to allocate changes in the retirement account value from the original account value on a reasonable basis between income and principal. When distributions are made from the retirement account, accrued income shall be deemed to be distributed first. The Trustee shall allocate to the net income of this Trust all the net income earned by the retirement account and paid to this Trust regardless of whether the retirement account is allocated to principal for Trust accounting purposes. The Trustee shall allocate to principal of this Trust all other distributions from the retirement account. In calculating the income earned by the retirement account, the Trustee shall allocate all retirement account expenses, including income tax and retirement plan trustee fees, that are attributable to principal distributions so that all income distributions from the retirement plan are not reduced. If a retirement account becomes an asset of this Trust (or one or more of the Trust shares) the fair market value of the retirement account at the date of the Beneficiary's death shall be deemed to be the "inventory value" for fiduciary accounting purposes.

ARTICLE X
TRUSTEES

(a) Resignation. The Trustee may resign at any time by delivering thirty (30) days prior written notice to that effect to the Beneficiaries. A successor shall be appointed in writing by a unanimous vote of the Beneficiaries, and each of the Beneficiaries agrees to negotiate in good faith with one another to select a Successor Trustee. In the event that the Beneficiaries cannot agree upon a Successor Trustee during the time period between the Trustee's notice of resignation and the actual date on which the Trustee will resign, then each Beneficiary shall name a Successor Co-Trustee and the two Successor Co-Trustees named shall select a third Successor Co-Trustee, and the three Successor Co-Trustees shall administer the Liquidating Trust.

(b) Successor Trustee. References herein to a Trustee include any Successor Trustee. A Successor Trustee shall succeed to all of the title, powers, rights, discretion, obligations and immunities of the original Trustee; provided, however, that the Successor Trustee shall not be obligated to accept, ratify or approve of any of the acts, omissions, or defaults of the Trustee, nor shall the Successor Trustee be required to audit or verify the records of the Trustee. Moreover, the fact that the Successor Trustee has assumed and carried out its duties without protest or exception shall not be deemed such an acceptance, ratification or approval. The Successor Trustee shall be entitled to rely upon any statements and records (which may come into the Successor Trustee's possession after a reasonable search) of the Trustee as to the Trust Assets of the Liquidating Trust and shall have no responsibility or liability hereunder to any person for the Trust Assets of this Liquidating Trust until reduced to the possession of the Successor Trustee.

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(c) Trustee Power. No one dealing with a Trustee need inquire concerning the validity of anything such Trustee purports to do, or need see to the application of any money paid or any property transferred to or upon the order of a Trustee.

(d) Acts and Omissions. The Trustee shall be responsible only for its acts or omissions. The Successor Trustee shall not be liable for any action taken by the Trustee prior to the time such Successor Trustee becomes a Trustee.

(e) Reasonable Expenses; Compensation. The Liquidating Trust estate and the income therefrom shall be chargeable with the reasonable expenses of the Trustee in the administration of the Liquidating Trust. In addition to the payment of all expenses incurred by the Trustee in connection with the liquidation of the Liquidating Trust estate, Trustee shall be entitled to compensation in the amount and under such terms as set forth on Schedule C.

(f) Bond Requirement. No bond shall be required of any Trustee hereunder irrespective of any bond that may be otherwise required under the South Carolina Uniform Trust Code or any other relevant provision of law.

(g) Appointment of Independent Special Trustee. If a Trustee is unable or unwilling for any reason to act with regard to any property comprising the Trust Estate, the Trustee may appoint an Independent Special Trustee to act with regard to such property. Such Independent Special Trustee may be either an individual or a corporate Trustee. If the Independent Special Trustee is an individual, such individual shall not be related to or subordinate to any beneficiary of this Trust as defined by section 672(c) of the Internal Revenue Code. If appointed, the Independent Special Trustee shall act with respect to such property of the Trust Estate in accordance with the provisions of this Trust. The Trustee may revoke the appointment of any such Independent Special Trustee at any time. Any Independent Special Trustee shall exercise all of the fiduciary powers granted to the Trustee, unless specifically limited by the Trustee. The Independent Special Trustee may resign at any time.

(h) Limitations on Trustees. No person who at any time is acting as Trustee hereunder shall have any power or obligation to participate in any discretionary authority which the Beneficiaries have given to the Trustee to pay principal or income to such person, or for his or her benefit or in relief of his or her legal obligations.

(i) Determination of Incapacity of Individual Trustee. If any serving individual Trustee either is adjudicated to be incompetent or in the event that the individual Trustee is not adjudicated incompetent, but by reason of illness or mental or physical disability is, in the opinion of two licensed physicians, unable to properly handle the fiduciary responsibilities of the trusteeship, then and in that event the Trustee next designated herein shall serve as the successor Trustee. The disqualified Trustee may regain the position as Trustee, if and when such incompetency is removed, as determined by two licensed physicians in the same manner as was followed to initially establish the Trustee's incapacity. Third parties may rely on an affidavit by the Trustee stating that the successor Trustee is now acting as Trustee hereunder.

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(j) Limitation of Liability and Duties of Successor Trustee for Acts of Prior Trustee.

No successor Trustee shall have any liability or responsibility for any acts or omissions of any prior Trustee. The Trust shall indemnify and hold harmless any currently serving Trustee for the acts or omissions of any such prior Trustee. A current Trustee may, but shall not have the obligation to, audit or investigate the accounts or administration of any prior Trustee. In the event that any present or future beneficiary shall request in writing that the Trustee investigate or take any action against a prior Trustee, the current Trustee may, but not be required to, either: i) determine if such action is either inappropriate or unlikely to result in a favorable conclusion for the Trust and therefore decline to take such action, or ii) require that the beneficiary requesting such action indemnify the Trust and Trustee and fund all the expenses of such action to the extent that the Trustee deems appropriate. The Trustee shall have the sole discretion to act with regard to these decisions.

ARTICLE XI

RESTRICTIONS ON ALIENATION

No interest of any Beneficiary in the principal or income of the Liquidating Trust shall be subject to assignment, alienation, pledge, attachment or claims of creditors of such Beneficiary and may not otherwise be voluntarily or involuntarily alienated or encumbered by such Beneficiary. If the Trustee believes that the interest of a Beneficiary is threatened to be diverted in any manner, the Trustee has the discretion to withhold any distributions and shall apply payment in any manner which will contribute to the health, education, maintenance and support of the Beneficiary. Whenever the Trustee is satisfied that a diversion is no longer threatened, resumption of distribution is authorized. This spendthrift provision is intended for the personal protection and welfare of a Beneficiary and shall not be construed to automatically extend the term of the Liquidating Trust.

ARTICLE XII

SPECIAL PROVISIONS RELATED TO CERTAIN TRUST ASSETS

(a) Noncompetition. For so long as the Liquidating Trust owns an interest in Hobby Construction Company, Inc. ("HCC"), Long Utility Corporation ("LUC"), Seaside Utilities, Inc. ("SU"), Seaside Environmental Constructors, Inc. ("SEC"), West/Hobby LLC ("WH"), Utility Supply, Inc. ("US"), or South Atlantic Construction, Inc. ("SAC") (collectively, the "Business Entities"), RDH shall not compete in business with the Business Entities, except and unless permitted to do so by the Trustee. It is the intent of the parties that RDH shall continue to work and participate in each of the Business Entities throughout the period that the Liquidating Trust owns these entities in the manner in which he was working and participating in these entities at the date of filing of the Family Court civil action (February 17, 2005) and as of the Effective Date.

(b) Reasonable Compensation. RDH shall be reasonably compensated for his services in connection with the Business Entities. His compensation and benefits of employment shall be reasonable in scope and amount. The Trustee shall determine reasonable compensation, benefits of employment and the scope and terms of employment of RDH.

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(c) Consultant. The Trustee shall have the discretion to cause or allow one or more of the Business Entities to employ MTH in a consulting capacity or otherwise so that she may be eligible for health insurance coverage.

(d) Bonding Contracts. HCC, LUC, SEC, SU, and SAC (collectively, the "Bonded Entities") currently have a bonding relationship with Travelers Bond and Financial Company ("Travelers"). The Bonded Entities are currently being monitored by Travelers and monthly combined P&L statements are being generated for Travelers. When the entities bid a project and request a bond from Travelers, they also provide a work in progress report. The Trustee will cooperate with each Transferor, the Bonded Entities, and Travelers in order to facilitate the Bonded Entities receiving maximum bonding capacity from Travelers. The Trustee will be granted absolute authority to have direct contact with Travelers and CPA Steve Sealey if necessary regarding the combined P&L statements, bids, work in progress reports, compensation of officers, and for any other purpose relating to bonding. The Bonded Entities and RDH will provide the Trustee with copies of all communications exchanged between the Bonded Entities and Travelers to include bids, requests for bonds, work in progress reports, and other written communications (including emails).

(e) Timber Property. The Trust Assets include approximately 737 acres of land in Newberry County, South Carolina. The Transferor(s) have previously received proposed contracts on certain portions of the 737 acres for the cutting of timber. The Transferors specifically agree and acknowledge that the Trustee may accept appropriate bids to have the timber for these previously identified sections cut on this property within the next twelve (12) months and for the net proceeds derived from the sale of this timber from these cuts to be equally divided and distributed to the Transferors, notwithstanding any other provision of this Trust. The Trustee shall determine if any other timber should be cut and if so the proceeds generated therefrom shall be the property of the Trust.

(f) Residences. MTH shall have sole and exclusive, rent-free use of the property known as the marital home of MTH and RDH together with the surrounding three (3) acres of land until such property is sold, or until vacated by her. RDH shall have sole and exclusive, rent-free use of the property known as the Smith House and the immediate surrounding acreage until such property is sold or until vacated by him. RDH shall have access to and use of the farm acreage and amenities until sold or restricted by the Trustee. During the period of time that each party occupies the respective residence, the Trust shall pay the taxes, insurance, and general maintenance of these properties, general maintenance to be defined as any repair or maintenance to the residence on each of these properties which exceeds a cost of \$500. Neither party shall incur an expense for which he or she expects reimbursement or payment by the Trust which exceeds \$500, except in case of emergency, without the first written authorization of the Trustee to incur such expense. Each party shall be responsible for his/her own utility bills, i.e., electricity, cable, telephone, etc.

(g) No Personal Expenses Paid by Business Entities. The Trustee shall cause the Business Entities to not pay the personal expenses of RDH. RDH shall only be reimbursed by the Business Entities for verifiable business expenses as determined or directed by the Trustee.

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(h) 3709 and 3711 Village Court. Pursuant to a Temporary Order of the Family Court for the Eighth Judicial Circuit, RDH and MTH have use of one of the Edisto properties (3709 Village Court). For so long as such property and 3711 Village Court is owned, directly or indirectly, by the Liquidating Trust, MTH shall have the reasonable right to use 3709 Village Court and RDH shall have the reasonable right to use 3711 Village Court, both of which uses shall be under such terms and conditions as directed by the Trustee. If one of such properties is sold and one remains, the Trustee shall provide RDH and MTH with the equal right to use the remaining property.

(g) Special Provisions for "S Corporation" Stock. If, for any reason, the Trust is not a "grantor trust" as described in Article I (d), this Article XII (g) shall apply. Any "S Corporation shares" held in this Trust, or any share of this Trust, shall be held in accordance with the following terms. Although this Trust Agreement may create a single trust share for one (1) or more beneficiaries, the Trustee shall instead hold all shares of S Corporation stock in a separate sub-share for the appropriate beneficiary. The Trustee shall apportion expenses of the several shares in a manner that is not inconsistent with the Internal Revenue Code and regulations. No person shall be a beneficiary of an S Corporation Trust share unless that person is either a citizen of the United States or a resident of the United States for federal income tax purposes. Notwithstanding any other provision in this Trust Agreement to the contrary, the Trustee shall annually distribute all of the trust share's "net income" (as defined in Internal Revenue Code section 643(b)) from the S Corporation shares to the beneficiary, together with as much of that trust's principal as is appropriate under the standard contained in the trust in which such S Corporation shares would otherwise have been held. The Trustee shall not distribute S Corporation income or principal to anyone other than the beneficiary. The Trustee shall assist the beneficiary in electing under section 1361 of the Internal Revenue Code to cause the trust to be treated as a Qualified Subchapter S Trust for federal income tax purposes. The Trustee shall administer the trust to be a Qualified Subchapter S Trust, as defined in section 1361 of the Internal Revenue Code.

ARTICLE XIII
MISCELLANEOUS PROVISIONS

(a) Governing Law. This Agreement along with all matters pertaining to the Liquidating Trust shall be interpreted and adjudicated under the laws of the State of South Carolina, without respect to any conflict of law principles.

(b) Forum. The parties to this Agreement hereby acknowledge and agree that the exclusive jurisdiction for matters involving this Trust or any matters related thereto is the Family Court for the Eighth Judicial Circuit Newberry County, South Carolina and waive any right to object or otherwise take issue with the convenience of such forum.

(c) Severability. If any provisions of this Agreement or any other document relating to the Liquidating Trust should be deemed invalid or unenforceable, the remaining provisions of the Agreement or other document shall continue in full force and effect.

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(d) Registration. This Agreement need not and shall not be registered with any Court unless the Trustee, in its sole discretion, deems it advisable to do so, or the laws of the State of South Carolina or any other state having jurisdiction do not permit the Liquidating Trust to be exempted from registration.

(e) Certified Copy. Anyone may rely upon a copy certified by a notary public to be a true copy of this Agreement (and of the writings, if any, endorsed thereon or attached thereto) to the same effect as if it were the original. Any one may rely upon any statement of fact certified by a Trustee or one who appears from the original document, or a certified copy thereof, to be a Trustee.

(f) Beneficiaries. This Liquidating Trust shall inure to the benefit of and be binding on the Beneficiaries and their respective heirs, personal representatives, successors and assigns. No provisions of this Liquidating Trust shall inure to the benefit of or may be enforced by any creditor of the Beneficiaries or any other third party not a party hereto.

(g) Revocation. This Liquidating Trust shall only be revocable by the express agreement of all of the Beneficiaries and the Trustee.

(h) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become a binding agreement when one or more counterparts have been executed by all parties and delivered by the parties, including by delivery of signature pages by facsimile transmission.

(i) Definition of Trustee. Whenever the word "Trustee" or any modifying or substituted pronoun therefor is used in this Trust, such words and respective pronouns shall include both the singular and the plural, the masculine, feminine, and neuter gender thereof, and shall apply equally to the Trustee named herein and to any successor or substitute Trustee acting hereunder, and such successor or substitute Trustee shall have all the rights, powers and duties, authority, and responsibility conferred upon the Trustee originally named herein.

IN WITNESS WHEREOF, the parties to this Agreement have executed the Agreement effective as of the Effective Date.

[Execution Pages to Follow]

Final Execution Version

WITNESSES:

TRUSTEE:

Isma L. Baland

Frank B. B. Knowlton
Frank B. B. Knowlton

Jada L. Kemmen

STATE OF SOUTH CAROLINA)

ACKNOWLEDGMENT

COUNTY OF Richland)

Subscribed, sworn to and acknowledged before me by Frank B. B. Knowlton and
subscribed and sworn to before me by Jada BANNEN, witness, this
6th day of December, 2010.

Isma L. Baland (L.S.)
Notary Public of South Carolina
My Commission Expires: Oct. 18, 2020

Frank
B. B. Knowlton

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WITNESSES:

TRANSFEROR:

Charles Verdin
April S. Kersh

[Signature]
 Raymond Deneke Hobby

STATE OF SOUTH CAROLINA)

COUNTY OF GREENVILLE)

ACKNOWLEDGMENT

Subscribed, sworn to and acknowledged before me by Raymond Deneke Hobby, and
 subscribed and sworn to before me by Charles S. Verdin, II, witness, this
6th day of December, 2010.

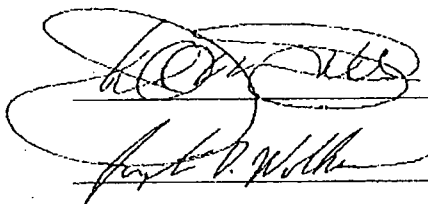
[Signature] (L.S.)
 Notary Public of South Carolina
 My Commission Expires: 08-08-2013

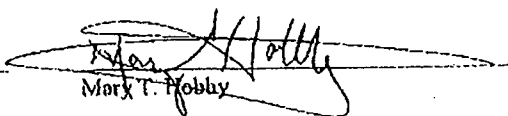
[Signature]

Final Execution Version

WITNESSES:

TRANSFEROR:


Joseph D. Walker

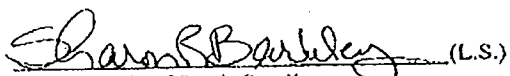

Mary T. Hobby

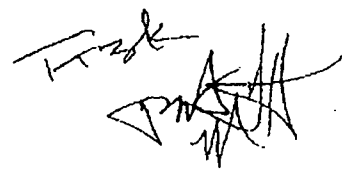
STATE OF SOUTH CAROLINA)

ACKNOWLEDGMENT

COUNTY OF Richland)

Subscribed, sworn to and acknowledged before me by Mary T. Hobby, and subscribed and sworn to before me by Joseph D. Walker, witness, this 9th day of November, 2010.

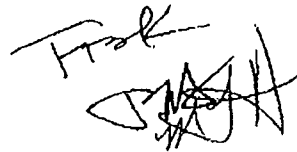
 (L.S.)
Notary Public of South Carolina
My Commission Expires: 1/16/17



Final Execution Version

SCHEDULE A
TRUST ASSETS

1. All stock in Hobby Construction Company, Inc.
2. All stock in Long Utility Corporation
3. All stock in Seaside Utilities Incorporation
4. All stock in Seaside Environmental Constructors Inc.
5. All interest in West/Hobby LLC
6. Any interest in Utility Supply Incorporated
7. Any interest in South Atlantic Construction Inc.
8. Any interest in Edisto Pipe Dreams LLC
9. Any interest in RDH LLC
10. Any interest in Shulo LLC
11. Any interest in Good Golfer LLC
12. Any interest in the residence and 740 acres located at 544 Crowder Road, Kinards, South Carolina and/or any adjacent acreage.
13. Any interest in the building and land located on Highway 34 in Newberry County (the Hobby Construction Office).
14. Any interest in the building and land for Long Utility Office in Simpsonville, South Carolina.
15. Any interest in the building and land for the Seaside Utilities Office in Moncks Corner and/or Murrells Inlet, South Carolina.
16. The real property located on Highway 76 in Kinards, South Carolina.
17. The real property known as lots 54 and 55 in Laurens County, South Carolina.

Handwritten signature and initials, possibly "Frank" and "CASH".

Final Execution Version

18. 3711 Village Court, Edisto, South Carolina. This is consistent with order but are there two properties?
19. 231 Highlands Loop, Maggie Valley, North Carolina.
20. Mountain Chase Condos (units 4040 and 4046), Maggie Valley, North Carolina.
21. Almond Station Property, Swain County, North Carolina.
22. Highway 34 land
23. 317 Hwy 221 South, Greenwood, South Carolina real property with improvements
24. Highway 34/Garmany Road land
25. The real property in downtown Newberry, South Carolina located on Main Street (1008, 1010-1012, 1014, 1016, and 1018).
26. 3114 Myrtle Street, Edisto Beach.
27. 3116 Myrtle Street, Edisto Beach.
28. Crowder Road (108 acres)
29. 4 acres across the street from Smith house
30. Any real estate remaining (if any) from 213 acres in Kinards sold 10/19/2005
31. 11795 Bush River Road ("Smith House")
32. The furnishings and personal property located in any Edisto property or Mountain Chase Condos.
33. Any loans receivable from Hobby Construction Company, Inc. or related entities and/or loans payable to this company and these entities.
34. The Edisto Yacht Club membership.
35. Any interest in the building located at 1326 College Street, Newberry (Helig Myers).

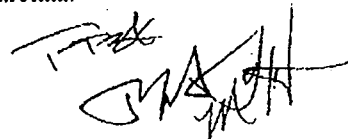


Final Execution Version

SCHEDULE A-1

TRUST ASSETS
TRANSFERRED BY RDH

1. All stock in Hobby Construction Company, Inc.
2. All stock in Long Utility Corporation
3. All stock in Seaside Utilities Incorporation
4. All stock in Seaside Environmental Constructors Inc.
5. All interest in West/Hobby LLC
6. Any interest in Utility Supply Incorporated
7. Any interest in South Atlantic Construction Inc.
8. Any interest in Edisto Pipe Dreams LLC
9. Any interest in RDH LLC
10. Any interest in Shuho LLC
11. Any interest in Good Golfer LLC
12. Any interest in the residence and 740 acres located at 544 Crowder Road, Kinards, South Carolina and/or any adjacent acreage.
13. Any interest in the building and land located on Highway 34 in Newberry County (the Hobby Construction Office).
14. Any interest in the building and land for Long Utility Office in Simpsonville, South Carolina.
15. Any interest in the building and land for the Seaside Utilities Office in Moncks Corner and/or Murrells Inlet, South Carolina.
16. The real property located on Highway 76 in Kinards, South Carolina.



Final Execution Version

17. The real property known as lots 54 and 55 in Laurens County, South Carolina.
18. 3711 Village Court, Edisto, South Carolina. This is consistent with order but are there two properties?
19. 231 Highlands Loop, Maggie Valley, North Carolina.
20. Mountain Chase Condos (units 4040 and 4046), Maggie Valley, North Carolina.
21. Almond Station Property, Swain County, North Carolina.
22. Highway 34 land
23. 317 Hwy 221 South, Greenwood, South Carolina real property with improvements
24. Highway 34/Garmany Road land
25. The real property in downtown Newberry, South Carolina located on Main Street (1008, 1010-1012, 1014, 1016, and 1018).
26. 3114 Myrtle Street, Edisto Beach.
27. 3116 Myrtle Street, Edisto Beach.
28. Crowder Road (108 acres)
29. 4 acres across the street from Smith house
30. Any real estate remaining (if any) from 213 acres in Kinards sold 10/19/2005
31. 11795 Bush River Road ("Smith House")
32. The furnishings and personal property located in any Edisto property or Mountain Chase Condos.
33. Any loans receivable from Hobby Construction Company, Inc. or related entities and/or loans payable to this company and these entities.
34. The Edisto Yacht Club membership.

Handwritten signature and initials, possibly 'RAC' and 'GMA'.

Final Execution Version

35. Any interest in the building located at 1326 College Street, Newberry (Helig Myers).

Handwritten signature/initials.

Final Execution Version

SCHEDULE A-2
TRUST ASSETS
TRANSFERRED BY MTH

- #4872-3916-3359 v.11 -

Track


STATE OF SOUTH CAROLINA)

COUNTY OF NEWBERRY)

Raymond D. Hobby)

Plaintiff,)

vs.)

Mary T. Hobby)

Defendant/Third Party)

Plaintiff,)

vs.)

Frances B. Knowlton, Individually)
and as Trustee,)

Third Party Defendant.)

IN THE COURT OF COMMON PLEAS

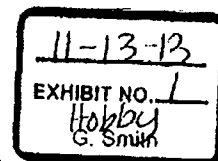
Civil Action No. 2013-CP-36-193

ANSWER TO AMENDED COMPLAINT,
COUNTERCLAIM AND THIRD PARTY
COMPLAINT

The Defendant answers the Amended Complaint herein as follows:

FOR A FIRST DEFENSE

1. That the Defendant denies each and every allegation of the Amended Complaint not hereinafter specifically admitted.
2. That the allegations of paragraphs 1, 2, 3, 4, 5, 6, 7 and 8 are admitted.
3. That the allegations of paragraph 9 are denied.
4. That the allegations of paragraph 10 are admitted.
5. That the allegations of paragraphs 11, 12 and 13 are denied.
6. That the allegations of paragraph 14 are admitted and that the Plaintiff's offer dated January 3, 2012, is attached as Exhibit No. 1.
7. That the allegations of paragraphs 15 and 16 are denied.
8. That the allegations of paragraph 17 are admitted.



9. That the allegations of paragraphs 18, 19 and 20 are denied.
10. That the allegations of paragraph 21 are admitted.
11. That the allegations of paragraphs 22 and 23 are denied.
12. That the allegations of paragraph 24 are admitted.
13. That the allegations of paragraphs 25 and 26 are denied.
14. That the defendant craves reference to the Family Court file and Magistrate Court file in response to paragraphs 27, 28, 29, 30, 31, 32, 33, 34, 35, 36 and 37.
15. That the allegations of paragraphs 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75 and 76 and the remaining allegations of the Amended Complaint are denied.

FOR A SECOND DEFENSE

16. That the offer made by the Plaintiff which was accepted by the trust included the offer to leave the marital residence in the Trust, which would allow Defendant to live there rent free had the transaction been handled by a contract of sale with a deed being given only upon payment in full, and as a result, the defendant is not liable to the plaintiff for any amount.

FOR A THIRD DEFENSE

17. That the plaintiff has failed to leave the marital residence in trust in accordance with his offer and has unclean hands and is therefore not entitled to any equitable relief.

FOR A FOURTH DEFENSE

18. That the trustee, after accepting the plaintiff's cash offer and offer to leave the property in trust, gave the plaintiff a quitclaim deed to the property and allowed the plaintiff to finance a substantial portion of the purchase price rather than accept the superior offer of the defendant and the terms of the sale were not reasonable and fair and did not reflect fair market value and the terms of the sale were not mutually agreed upon by the parties and as a result the trustee lacked the authority to sell the property and the quitclaim deed given to the plaintiff is void and a nullity.

**FOR A FIFTH DEFENSE
AND BY WAY OF COUNTERCLAIM**

19. That a real and substantial case or controversy exists as to the rights and duties of the parties regarding the marital residence, including Defendant's right to live in the marital residence rent free, and the Court should declare such rights and duties of the parties regarding the sale of the marital residence.

**FOR A SIXTH DEFENSE
AND BY WAY OF THIRD PARTY COMPLAINT**

20. That Frances B. Knowlton, the Third Party Defendant, is the Trustee of the Liquidating Trust.

21. That when the plaintiff offered to purchase the marital residence, he offered to leave it in the trust and pay the purchase price in cash.

22. That upon information and belief, if the marital residence was left in the trust, defendant would be entitled to continue to live in it rent free pursuant to the terms of the Trust.

23. That the Third Party Defendant did not retain the marital residence in trust but conveyed the property to the plaintiff by a quitclaim deed and breached his fiduciary duty to the Defendant and Third Party Plaintiff.

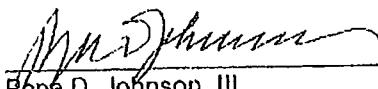
24. That in addition, the Third Party Defendant sold the property, allowing the plaintiff to finance a portion of the purchase price even though the plaintiff had proposed to pay cash.

25. That the Third Party Defendant wrongfully declined to accept the Defendant and Third Party Plaintiff's superior offer.

26. That the Third Party Defendant has favored one beneficiary, the plaintiff, over the Defendant and Third Party Plaintiff, in selling the marital residence and in failing to determine and protect her right to continue to live in the residence rent free and has breached his fiduciary duty to the Defendant and Third Party Plaintiff, with whom he has a special relationship, as set forth above, and has exposed the Defendant and Third Party Plaintiff to the claims by the plaintiff.

27. That if the Defendant owes the Plaintiff any amount, which is denied, the Defendant and Third Party Plaintiff is entitled to indemnification from the Third Party Defendant.

WHEREFORE, having answered, the Defendant demands that this Complaint be dismissed and for a declaratory judgment of the rights and duties of the parties under contract for the sale of the marital residence, including Defendant's right to live in it rent free and if any recovery is made against her by the Plaintiff, a judgment against the Third Party Defendant by way of indemnification, including attorney's fees and for such other and further relief as may be just and proper.


R. D. Johnson, III
Johnson & Barnette, LLP
P.O. Drawer 11209
Columbia, SC 29211
803-799-9791
803-253-6084 (Fax)
pdjohnson@johnsonbarnette.com
Attorney for the Defendant and Third
Party Plaintiff

Columbia, South Carolina
September 6, 2013

Frank B. Knowlton
Nelson, Mullins, Riley & Scarborough L.L.P.
Post Office Box 11070
Columbia, SC 29211

January 3, 2012

Re: Hobby vs. Hobby 544 Crowder Road (with surrounding 3 acres)

Dear Frank,

I greatly appreciate the opportunity to make an offer to purchase the property in Kinards, SC, 544 Crowder Road and surrounding acreage. It is my opinion that this property is essential to the value of the overall property holdings that surround it and being extracted from the farm will drastically damage the total value of the property. Therefore I would extend an offer to the trust to purchase Ms. Hobby's interest of 42 ½ % to maintain the most value and marketable position for the overall property.

I am offering to purchase this property for \$138,126.00 as is where is. This is based on the 42 ½ % of the full \$325,000.00 appraisal that was used in the evaluation of material assets at the time of divorce and was agreed on by both parties. No broker discounts, no commissions, no reductions for any reasons.

I am further offering to leave this asset in the Trust to maximize the properties value for any future sale opportunities and receive no distributions until the property is sold and all trust liabilities are satisfied.

According to Ms. Hobby's appraisal it contends the property isn't worth that amount. I, as stated above disagree not only for the overall value of the total farm but feel the size, quality and location of the home keeps it at the former numbers.

As to reimbursements for expenses to Ms. Hobby for taxes, maintenance and repairs, these should be denied. If there is any devaluation or cost to maintain this property it should be borne by Ms. Hobby for failure to comply with the final divorce order to convey this property into the trust. As you know I personally have not asked to date for any reimbursements for funds I have advanced on behalf of trust assets, taxes, maintenance, repairs, mortgage payments, interest or any other cost associated. This will be accounted for when the trust is solvent and has adequate cash flows.



Knowing the Trust is still struggling and has urgent needs for cash flow, I propose this transaction take place as immediate as possible. I can close in a matter of days should you find this proposal acceptable.

I respect your consideration and request to reserve the right to counter offer if any additional offers are presented that exceed this proposal.

Sincerely,
Raymond D. Hobby

STATE OF SOUTH CAROLINA)

COUNTY OF NEWBERRY)

Raymond D. Hobby)

Plaintiff,)

vs.)

Mary T. Hobby)

Defendant/Third Party
Plaintiff,)

vs.)

Frances B. Knowlton, Individually
and as Trustee,)

Third Party Defendant.)

IN THE COURT OF COMMON PLEAS

Civil Action No. 2013-CP-36-193

CERTIFICATE OF SERVICE

I, Sherry W. Wise, of Johnson & Barnette, LLP, hereby certify that I have served Benjamin C. Bruner, attorney for the Plaintiff, and R. Davis Howser, attorney for the Third Party Defendant, with the following pleadings by mailing a copy of same, postage prepaid and return address clearly indicated, to them at the following addresses on the 6th day of September, 2013.

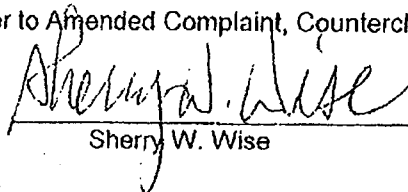
COUNSEL SERVED:

Benjamin C. Bruner
Bruner Powell Wall & Mullins, LLC
P.O. Box 61110
Columbia, SC 29260-1110

R. Davis Howser, Esquire
Howser Newman & Besley, LLC
P.O. Box 12009
Columbia, SC 29211

PLEADINGS:

Civil Action Coversheet, Summons and Answer to Amended Complaint, Counterclaim and Third Party Complaint


Sherry W. Wise

~1~

STATE OF SOUTH CAROLINA)

IN THE COURT OF COMMON PLEAS

COUNTY OF NEWBERRY)

Civil Action No 2013-CP-36-193

Raymond D. Hobby,)

Plaintiff,)

vs)

Mary T. Hobby,)

Defendant/Third
Party Plaintiff,)

vs)

Frances B. Knowlton, Individually
and as Trustee,)

Third Party Defendant)

AFFIDAVIT OF TERRY WILLIAMS

PERSONALLY APPEARED BEFORE ME, Terry Williams, after being duly sworn, deposes and states:

1. I am a citizen and resident of Richland County, South Carolina
2. I am over the age of eighteen years, and I am competent to make these statements
3. I am a certified public accountant and a partner in the firm, Williams, Gee & Company, PA, located at 1931 Bull St, Columbia, SC 29201
4. Prior to entering private practice as an accountant, I worked for the IRS from 1977 to 1986.
5. Attached to this Affidavit as Exhibit A is my current *Curriculum Vitae*
6. On or about January 2011, I was hired to perform accounting services for the Hobby Family Liquidating Trust ("Trust") As of the date of this affidavit, I continue to serve as the independent accountant for the Trust.



7. As the independent accountant for the Trust, I prepare their financial statements and tax returns. I also consulted and advised Mr. Knowlton from time to time with respect to financial decisions he had to make concerning the Trust and the Trust's assets.
8. In January 2012, Knowlton informed me that both Mary Hobby and Ray Hobby had made competing offers on the residence (and surrounding 3 acres) located at 544 Crowder Road in Newberry, SC ("Crowder Property"). After reviewing both offers, I advised Knowlton that Ray Hobby's offer was the superior offer and would maximize the value of this Trust asset for the Trust.
9. Around the time Mr. Knowlton accepted Ray Hobby's offer, the Trust was in dire need of an infusion of cash. Nearly all of the Trust's financial obligations for the month of February 2012 were past due or about to be past due. Thus, not only is it my opinion that Ray's offer was the best offer presented at the time because it maximized the value of the Trust asset, but I also believe that, given the immediate cash flow needs of the Trust at that time, had Mr. Knowlton not accepted Ray's offer the Trust could have defaulted on the mortgages of other Trust assets. This default would have resulted in potential foreclosure proceedings and a loss of Trust assets.
10. I have also reviewed Mary Hobby's subsequent March 20, 2012 offer on the Crowder Property (Attached hereto as Exhibit B). Even if Knowlton had been in the position to accept Mary Hobby's March 20, 2012, offer, this offer did not represent an increased value of the Crowder Property. The purchase price Mary Hobby offered to pay (\$325,000) was equal to the purchase price Knowlton received from Ray Hobby for the Crowder Property.

(Signature block on next page)

Terry Williams

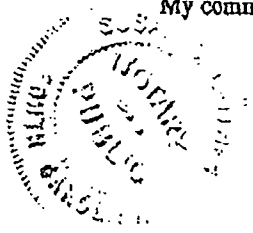
Sworn to before me this

10th day of March 2014

Susan S. Gertner (L.S.)

Notary Public of South Carolina

My commission expires: 4/21/2021



TERRY WILLIAMS

EDUCATION

Graduated from Francis Marion University (FMU) in 1977 where he received degrees in Business Administration and Mathematics

EMPLOYMENT

After leaving Francis Marion University, Terry was employed with the Internal Revenue Service for nine years. His experience ranged from an Internal Revenue Agent to an Audit Group Manager. His last three years were spent training newly hired IRS agents and working with the U.S. Justice Department on criminal tax trials as an expert witness.

Upon leaving the IRS in 1986, Terry formed the CPA firm of Williams, Gee & Company, PA in Columbia, South Carolina. In addition to his CPA practice, in 2000, Terry and two other partners formed the sports management firm of Vortex Sports and Entertainment, Inc.

PROFESSIONAL LICENSES

In addition to being a Certified Public Accountant, Terry is also licensed as a Stock Broker and as a Registered Sports Agent with the National Football League.

ORGANIZATIONS, BOARDS AND AWARDS

He is currently a member of the American Institute of Certified Public Accountants, South Carolina Association of Certified Public Accountants and the South Carolina Tax Council. He also serves on the Board of Directors of Birthright of Columbia and as a corporate director of US Coating Company, a manufacturing company in Lexington.

In the past he has served on the Board of Directors of the Greater Columbia Home Builders Association Charitable Foundation, Francis Marion University Alumni Advisory Board and the School of Business Advisory Board.

In 1995 he was named FMU Alumni of the Year

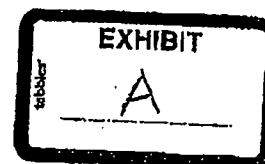


EXHIBIT I
McDougall & Self, L.L.P.

Attorneys at Law
781 Greenlawn Drive, Suite 4
P. O. Box 80880
Columbia, South Carolina 29290
Telephone: (803) 778-3130 - Telecopier: (803) 778-7748

Reply to Columbia

March 20, 2012

John O. McDougall
Michael W. Self
Peter G. Currenco
Ryan A. McLeod*

Alyssa H. Richardson

E-mail: jom@mcDougallandSelf.com

Sumter Office:
21 East Calhoun Street
P.O. Box 2187
Sumter, South Carolina 29151-2187
Telephone: (803) 778-5082
Telecopier: (803) 778-5808
Website: www.mcdougallandSelf.com

VIA E-MAIL ONLY

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby
544 Crowder Road Home

Dear Frank:

I have been advised that Mary Hobby is willing to purchase the 544 Crowder Road property which is titled in her name by making a cash payment to the trust in the amount of \$186,875 with her reserving the right to determine what, if anything, is due to her for the expenses that she has paid regarding this property from October 8, 2010, to present, at a later date. This offer is based upon the property having a \$325,000 value and she paying the trust 57.5% of the value of the property. The \$186,875 will be paid immediately to the trust upon confirmation that the property will be released to Mary Hobby free and clear of any claim and/or interest from the trust.

After you have had an opportunity to review the above, please advise as to whether we can consummate the above transaction at this time.

With kind regards,

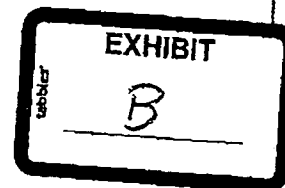
Sincerely,

JOHN O. McDOUGALL

JOM:srb

cc: Mr. James E. Bryan, Jr. (via e-mail only)
Mrs. Mary T. Hobby (via e-mail only)

DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRAIL LAWYERS
FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS



McDougall & Self, L.L.P.

Attorneys at Law
791 Greentown Drive, Suite 4
P. O. Box 80860
Columbia, South Carolina 29290
Telephone: (803) 776-3130 - Telecopier: (803) 776-7748

John O. McDougall*†
Michael W. Self*
Peter G. Currence
Ryan A. McLeod

Benjamin J. Baldwin

E-mail: jom@mcdougallandself.com

Reply to Columbia

September 28, 2010

Sumter Office:
21 East Calhoun Street
P.O. Box 2197
Sumter, South Carolina 29151-2197
Telephone: (803) 778-5062
Telecopier: (803) 778-6908

VIA E-MAIL AND U.S. MAIL

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Mary T. Hobby vs. Raymond D. Hobby

Dear Frank:

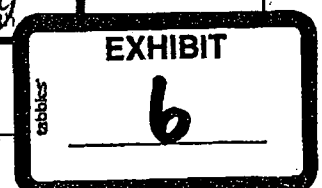
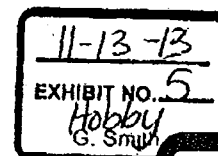
I represent Ms. Mary T. Hobby in regard to a matter in the Family Court of the Eighth Judicial Circuit, Newberry County. Her husband, Mr. Raymond D. Hobby, is represented by James (Jimmy) E. Bryan, Jr., from Laurens, and Tim Madden. We reached an agreement regarding the settlement of this case on yesterday's date, we presented a document entitled "Terms of Settlement" to the Court for approval, and an oral Order approving the settlement and granting a divorce between the parties has been issued. Tim Madden and Jimmy Bryan and I will be working on the Final Decree of Divorce to be presented to the Court.

For your information, I am enclosing a copy of the document entitled Terms of Settlement, with attachments, which was presented to the Court on yesterday's date. I am also enclosing a document entitled "The Hobby Family Liquidating Trust Agreement" which is nothing more than an extremely rough draft of a document which is to be fine-tuned by a tax attorney selected by Mr. Hobby and his attorneys and a tax attorney selected by Ms. Hobby and her attorneys.

I am also enclosing a copy of the Financial Declaration which was filed by Ms. Hobby dated November 30, 2009, and the Financial Declaration filed by Mr. Hobby dated June 18, 2010.

I have recommended to Ms. Hobby that you be considered as the Trustee in this matter. I have called it to her attention that Tim Madden and you are partners in the Nelson Mullins Law Firm and she is willing to waive any conflict that might create. I have also advised her that I have previously represented you.

†DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
†FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS



Mr. Francis B. B. Knowlton
September 28, 2010
Page 2

I have also advised Jimmy Bryan and Tim Madden that I would recommend you to be Trustee in this matter and I have informed them that I have previously represented you. Of course, if you were the Trustee in this matter, then Mr. Hobby would have to waive any conflict that my representation of you would create.

With the above in mind, do you have any interest in serving as Trustee in this matter? If so, what would be your suggested fee arrangement?

After you have had an opportunity to review the above and discuss same with whomever you believe to be necessary, to include Jimmy Bryan and Tim Madden, please contact me so we can further discuss same.

With kind regards.

Sincerely,

JOHN O. McDOUGALL

JOM:srb

Enclosures

cc: Mr. James E. Bryan, Jr. (via e-mail and U.S. Mail w/o encl.)
Mr. Timothy E. Madden (via e-mail and U.S. Mail w/o encl.)
Raymond E. McKay, Jr., JD, CPA (via e-mail only w/o encl.)
Mrs. Mary T. Hobby (via e-mail and U.S. Mail w/o encl.)

1 A. Yes, I did.

2 Q. And the trustee says, first and to
3 clarify, this is not Mary's house. Wasn't that
4 true?

5 A. No, it was still in my name.

6 Q. It was not trust property at this time?

7 A. No.

8 Q. Then the trustee says, she was ordered by
9 the Court over a year ago to transfer this asset
10 into the -- I think that's supposed to say trust,
11 but there's a hole punch through it, and
12 continuing, and willfully failed and refused to
13 comply with the Court order and my repeated
14 requests for her to do so.

15 Isn't it true that the trustee repeatedly
16 asked you to transfer the house into the trust?

17 A. Yes, and I repeatedly told me -- told him
18 that he had to take care of the taxes and the
19 insurance, and I repeatedly told him there was no
20 date in that trust saying I had to do it.

21 Q. So you're telling me that if in
22 November of 2011 the trustee had reimbursed all the
23 costs for taxes and insurance you would have then
24 deeded the property into the trust?

25 A. Yeah, there was too much going on that was



Mary Hobby

From: Frank Knowlton [frank.knowlton@nelsonmullins.com]
Sent: Tuesday, November 08, 2011 1:38 PM
To: John McDougall; Tim Madden
Subject: Ray; mthobby
 Mary's Newberry house

Follow Up Flag: Follow up
Flag Status: Flagged

Categories: Red Category LEGAL/ATTORNEY

John and Tim, please advise as to the status of your efforts to convey the title to this house into the Trust. Thanks, Frank

Nelson Mullins

Frank B. B. Knowlton
 Partner
frank.knowlton@nelsonmullins.com

Nelson Mullins Riley & Scarborough LLP

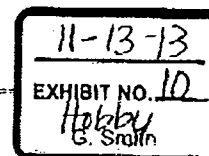
Meridian, 17th Floor
 1320 Main Street, Columbia, SC 29201
 Tel: 803.255.9588 Fax: 803.256.7500
www.nelsonmullins.com
 (View Bio)

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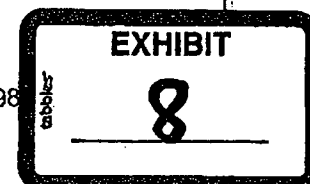
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MH 00198



1 piece of property out and it will be divided, the
2 money from it that's received will be divided,
3 unless there is debt that's part your debt. In
4 other words, if I had debt on something, then I
5 couldn't do that. You can't have personal debt to
6 be used by trust money.

7 Q. Okay. So the purpose of the trust was to
8 put all the marital assets in there and to sell
9 them, right?

10 A. It was supposed to be -- it was supposed
11 to be for equitable division.

12 Q. Right. And the house --

13 A. For a divorce. It wasn't a normal trust
14 that you would sell off assets.

15 Q. Okay. And the Crowder Road house was part
16 of the trust property that was supposed to be in
17 there, right?

18 A. Yes, to my knowledge, yes.

19 Q. Okay. Well, I'm asking what you believe
20 because you eventually conveyed the house into the
21 trust?

22 A. I was forced to put it in the trust.

23 Q. Okay. Do you believe that the Crowder
24 Road house was part of the trust property and part
25 of the initial property that went into the trust

EXHIBIT**9**

1 Q. Okay. And even though your attorney
2 recommended Mr. Knowlton and said he would do a
3 good job, right?

4 A. Yeah, he recommended him, and I didn't
5 know him, so I really didn't have any background in
6 trustees.

7 Q. All right. So the trust was created,
8 right?

9 A. Yes.

10 Q. And you signed off on the trust agreement,
11 right?

12 A. Yes.

13 Q. Which you now say is under -- was under
14 duress, right?

15 A. Oh, it was huge duress, but I signed it
16 because I did not want to be a part of a 5 million
17 dollar debt. And I wanted -- I didn't know any
18 solution to the equitable division.

19 Q. Okay. And you were represented by an
20 attorney at the time, right?

21 A. Yeah.

22 Q. Okay. And as part of the trust agreement,
23 you were supposed to transfer the Crowder Road
24 house to the trustee, correct?

25 A. Yes, we've been over that, yes.

1 do it if there wasn't a date?

2 A. When most of the assets were sold and I --
3 and the house was repaired and I knew I had an
4 enough money to pay for it.

5 Q. So your plan was to not transfer the house
6 into the --

7 A. I didn't have a plan.

8 Q. Well, you certainly had an intent at the
9 time, right?

10 A. No. There was no intent. I don't
11 understand what you're asking me.

12 Q. Well, you didn't transfer the house into
13 the trust because you didn't want to, correct?

14 A. What do you mean, I personally didn't want
15 to? I don't understand what you're asking me.

16 Q. You didn't -- you didn't transfer --

17 A. I've already --

18 Q. You didn't transfer the house into the
19 trust when you were Court ordered to do, correct?

20 A. That's not the way it reads -- that's not
21 the way it reads.

22 Q. Well, the divorce decree was October of
23 2010, right?

24 A. Yes.

25 Q. And you didn't transfer it until --

EXHIBIT

10

1 transfer the property into the trust until April of
2 2012, right?

3 A. Yes.

4 Q. Okay. And you didn't do that because --

5 A. I explained to you why already.

6 Q. You were waiting until the trustee gave
7 you money for you to buy the house?

8 A. You're being redundant. No, I've already
9 told you that the reason I didn't transfer it was
10 the trustee never had the money to either pay me my
11 Court-ordered money. He didn't have that for six
12 months. Actually, I didn't get any money from him
13 until more than a year after the trust was formed.
14 And he didn't pay the taxes or insurance on the
15 house, and there was no money to do upkeep and
16 repair it.

17 Q. Okay. And you mentioned some repairs.
18 Who -- you owned that house from 2005 to when you
19 conveyed it into the trust, right?

20 A. Yes, I did.

21 Q. All right. And I think you've represented
22 in some of the other proceedings we've had that the
23 house is falling into disrepair?

24 A. Yes.

25 Q. Okay. So your testimony is those -- the

STATE OF SOUTH CAROLINA)
COUNTY OF NEWBERRY)

IN THE COURT OF COMMON PLEAS

Raymond D. Hobby,)
Plaintiff,)

Civil Action No. 2013-CP-36-193

vs.)

Mary T. Hobby,)
Defendant/Third)
Party Plaintiff,)

AFFIDAVIT OF JOHN O. MCDUGALL

vs.)

Frances B. Knowlton, Individually)
and as Trustee,)
Third Party Defendant.)

PERSONALLY APPEARED BEFORE ME, John O. McDougall, who being duly sworn, deposes and says:

1. I am John O. McDougall. I am a licensed attorney. Attached hereto is my curriculum vitae. I have represented Mary T. Hobby ("Mary") in her divorce action and various related litigation. I represented her in connection with the Liquidating Trust Agreement, and I represented her in the communications and negotiations regarding the purported sale of the 544 Crowder Road property, with surrounding 3 acres ("marital residence"). I make this affidavit based upon personal knowledge. The opinions I express hereinbelow are my opinions to a reasonable degree of certainty.

2. Article 12(a)(xxxii) provides for the trustee's authority to sell trust assets to third parties and to sell trust assets to a transferor, either Mary or Raymond D. Hobby ("Ray"). Article 12(a)(xxxii) provides as follows:

"To sell, convey or otherwise deal with or dispose of any and all Trust Assets forming a part of the Liquidating Trust estate, at such time or times and in such manner and upon such terms as, in the absolute and uncontrolled discretion of the Trustee may deem expedient and proper, provided, however, that i) Trustee shall have an obligation to exercise appropriate and reasonable due diligence with respect to the sale of any Trust Asset such that Trustee is reasonably satisfied that any sale has occurred on an arms-length basis and has maximized the value of the Trust Asset being divested, and ii) Trustee may sell any Trust Asset to a Transferor provide the sale and terms of sale

are reasonable, fair, and reflect fair market value and any other terms mutually agreeable by the parties." Emphasis supplied.

This language regarding sales to a transferor was included to protect the rights of the non-buying transferor. The trustee can only sell trust assets to a transferor if the sale is reasonable and fair and reflects fair market value and any other terms mutually agreeable by the parties.

3. On December 1, 2011, I sent the trustee a letter stating that Mary wanted to purchase the marital residence. See Exhibit A.

4. On December 8, 2011, I transmitted Mary's initial offer to purchase the marital property. See Exhibit B.

5. I heard nothing from the trustee regarding Mary's offer until January 20, 2012 when the trustee emailed me Ray's offer. Ray's offer was dated January 3, 2012. See Exhibit C.

6. On January 23, 2012, I responded and advised that I had sent Ray's offer to Mary and would be in touch. The trustee responded that he would have to act quickly because of cash needs to service the "debt for February and beyond". See Exhibit D.

7. On January 27, 2012, the trustee advised that unless he received a better offer, he intended to close on Ray's offer on January 31, 2012. I responded and protested. See Exhibit E.

8. Exhibit F is a series of letters and emails between me and the trust from February 3, 2012 to April 4, 2012. Included is a copy of my letter dated March 20, 2012 offering to purchase based upon a value of \$325,000.00 with a cash payment of \$116,875.00 representing Ray's interest. Also included is the trustee's email of April 4, 2012, that he had already accepted Ray's offer and Ray had paid the closing proceeds in advance (which had allowed the trust to remain solvent in February and March).

9. Exhibit G are a series of communications from 4/12/12 to 4/13/12.

10. As the exhibits show, the trustee initially set a deadline of January 31, 2012 for Mary to respond. When I submitted her offer on March 20, 2012, the trustee responded that he had already accepted Ray's offer. However, this was not correct. Exhibit H are the purchase agreement, note, quitclaim deed and the mortgage. Ray did not pay \$138,125.00 per his January 3, 2012 offer. See Exhibit C. Ray paid \$56,000.00 in cash and gave a note and mortgage for \$186,875.00. Ray paid far less in cash (\$56,000.00) than Mary had offered to pay (\$187,875.00) per my letter dated 3/20/12. See Exhibit F.

11. In my opinion, the trustee did not have the authority to sell the marital property to Ray. Under Article 12(a)(xxxii), the trustee has an obligation to exercise appropriate and reasonable due diligence with respect to the sale of any trust asset such that the trustee is reasonably satisfied that any sale has occurred at arms length and has maximized the value of the trust asset divested. The trustee here failed to maximize the value of the trust asset being divested. He knew that Mary intended to make a further offer. Mary made a further and better

offer prior to the contract with Ray. Although the trustee asserted that there were mortgage payments which were due, any such payments would not have likely triggered a foreclosure action in the period of time Mary sought an order to make her second offer. All the trustee had to do was wait or at least communicate further regarding a deadline. The trustee failed to do so and failed to maximize the value of the trust asset being divested.

12. A trustee by statute has a duty of impartiality. Here, there was a dispute over which offer should be accepted. I asked the trustee to seek the court's direction and approval as to which offer should be accepted. In my opinion, the trustee had a fiduciary duty to seek court approval and breached his duty by failing to do so.

13. In my opinion, Mary's offer was clearly superior to the offer made by Ray, \$186,875.00 in cash as compared to \$56,000.00 and a note from Ray who has serious financial problems. See Ray's Confession of Judgment for \$5,000,000.00, Exhibit I.

14. The trustee did not seek Mary's approval of the terms of the sale to Ray, which, in my opinion, is required under Article 12(a)(xxxii). Furthermore, he did not act to protect her by insisting that Ray close pursuant to the terms of his original offer. Under Ray's offer, Ray proposed to leave the marital property in the trust. If the trustee was going to sell the marital property to him on the basis of the offer he made, the trustee should have insisted upon doing so under a contract of sale where title would not be transferred until the entire debt was paid. I had written the trustee and asked him to confer with Ray regarding the terms of Mary's offer in an effort to obtain his consent and approval. No such effort was made to obtain Mary's consent or approval and no court order was entered authorizing the sale to Ray.

15. In my opinion, the trustee acted outside the scope of his authority and breached his fiduciary duty to Mary and the transfer should be deemed a nullity since he had no authority under the trust to make the transfer.

SWORN TO AND SUBSCRIBED BEFORE ME

this 11 day of September, 2013

By: [Signature]
Notary Public for South Carolina

My Commission Expires: _____

[Signature]
John O. McDougall

McDougall & Self, L.L.P.

Attorneys at Law
791 Greenlawn Drive, Suite 4
P. O. Box 90860
Columbia, South Carolina 29290
Telephone: (803) 776-3130 - Telecopier: (803) 776-7748

John O. McDougall*†
Michael W. Self*
Peter G. Currence
Ryan A. McLeod*

Alyssa H. Richardson

E-mail: jom@mcdougallandself.com

Reply to Columbia

December 8, 2011

Sumter Office:
21 East Calhoun Street
P.O. Box 2107
Sumter, South Carolina 29151-2107
Telephone: (803) 778-5082
Telecopier: (803) 778-6908

Website: www.mcdougallandself.com

VIA E-MAIL AND U.S. MAIL

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby
544 Crowder Road (with surrounding 3 acres)

Dear Frank:

This is to advise and confirm that Mary Hobby would like to purchase the 544 Crowder Road property, with surrounding 3 acres, (her home) from the Liquidating Trust.

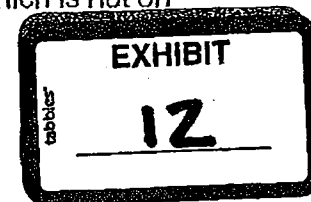
I believe that Mary has previously provided you with a complete copy of the Summary Appraisal Report of Hubert M. Bedenbaugh, Jr., provided as of November 23, 2011, which reflects that he appraised this property at \$300,000. Since you have previously been provided with a complete copy of his appraisal, I am attaching only the first three pages of his report with this letter.

I am enclosing a copy of page 4 of 9 of the Marital Assets Addendum dated November 29, 2009, and you will note in Item 9(a)(1) that it confirms that both CPA McKay and CPA Sealey valued this property at that time at \$325,000.

I am enclosing copies of the summary I have received from Mary Hobby regarding the taxes and homeowner's insurance that she has paid on this property, this year, which total \$3,729.19, along with verification of these payments.

Although Mary Hobby believes that the home is worth substantially less than \$300,000, she is willing to base her offer of purchase of this property on that appraised value. For your information, a well needs to be added to the house because the deeded property to Mary does not include an existing well. The cost of digging a new 6" pipe well is approximately \$5,000. The bills Mary previously paid for repairing the existing well amount to \$1,104.21. The power to Mary's property is attached to the red barn behind the house which is not on

†DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
‡FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS



Mr. Francis B. B. Knowlton
December 8, 2011
Page 2

her deeded property. This line needs to be detached and separate meters put in place. The estimated cost will be \$2,000.

As we have determined from the attempted sale of a number of properties since the Liquidating Trust was established, the likelihood that the property could be sold at this time for its appraised value is remote. Therefore, taking into consideration that there will be no cost of sale, that the sale will be immediately consummated, Mary proposes that the \$300,000 value of the property be discounted by 25% or \$75,000 leaving a balance of \$225,000.

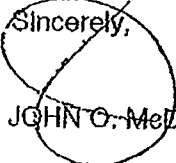
Considering that she is entitled to distributions from the Liquidating Trust in the amount of 42.5% and Ray Hobby is entitled to distributions from the Trust in the amount of 57.5%, if the \$225,000 were in the Liquidating Trust to be distributed at this time, of the \$225,000, \$95,625 would be distributed to Mary Hobby and \$129,375 would be distributed to Ray Hobby. Of the \$3,729.19 which Mary has paid toward taxes and insurance on this property, 57.5% should be attributed to Ray (\$2,144) and 42.5% to Mary (\$1,585), thereby reducing the amount due to Ray to \$127,231.

Based upon the above and the enclosures, Mary is willing to immediately pay into the Trust \$127,231 and consent to these funds being immediately distributed to Ray Hobby for his interest in this property.

The above agreement would not affect the distributions from the Liquidating Trust for legal fees to each of the parties (\$225,000 to Mary T. Hobby and \$200,000 to RDH) as provided in the Liquidating Trust.

After you have had an opportunity to review the above and the attachments, please advise as to whether it is suitable to you as Trustee of the Hobby Family Liquidating Trust and Raymond D. Hobby for Mary T. Hobby to purchase the 544 Crowder Road property as proposed.

With kind regards.

Sincerely,

JOHN C. McDOUGALL

JOM:srb

Enclosures

cc: Mrs. Mary T. Hobby (via e-mail only)

Sharon Barkley

From: John McDougall [jom@mcDougallandself.com]
Sent: Monday, January 23, 2012 3:59 PM
To: 'Frank Knowlton'
Cc: 'mthobby'; 'Sharon Barkley'
Subject: RE: Offer to Purchase 544
Attachments: image001.gif

Frank, I have forwarded this email to Mary for her response. As soon as I hear from her I will advise. JOM

From: Frank Knowlton [mailto:frank.knowlton@nelsonmullins.com]
Sent: Friday, January 20, 2012 5:12 PM
To: John McDougall
Cc: mthobby
Subject: FW: Offer to Purchase 544

John, Ray has provided a counter-offer for the 544 Crowder house. Please review and let's discuss. This offer appears substantially more beneficial to the Trust but I wanted you to have the opportunity to review and respond. Thanks,
Frank

Nelson Mullins

Frank B. B. Knowlton
Partner
frank.knowlton@nelsonmullins.com

Nelson Mullins Riley & Scarborough LLP

Meridian, 17th Floor
1320 Main Street, Columbia, SC 29201
Tel: 803.255.9588 Fax: 803.256.7500

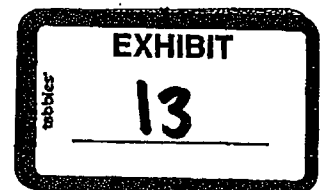
www.nelsonmullins.com
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the purpose of (a) avoiding penalties under the Internal Revenue Code or (b) promoting, marketing or recommending to another party any transaction or tax-related matter[s]. To provide you with a communication that could be used to avoid penalties under the Internal Revenue Code will necessarily entail additional investigations, analysis and conclusions on our part.

=====

Frank B. Knowlton
Nelson, Mullins, Riley & Scarborough L.L.P.
Post Office Box 11070
Columbia, SC 29211

January 3, 2012

Re: Hobby vs. Hobby 544 Crowder Road (with surrounding 3 acres)

Dear Frank,

I greatly appreciate the opportunity to make an offer to purchase the property in Kinards, SC, 544 Crowder Road and surrounding acreage. It is my opinion that this property is essential to the value of the overall property holdings that surround it and being extracted from the farm will drastically damage the total value of the property. Therefore I would extend an offer to the trust to purchase Ms. Hobby's interest of 42 ½ % to maintain the most value and marketable position for the overall property.

I am offering to purchase this property for \$138,125.00 as is where is. This is based on the 42 ½ % of the full \$325,000.00 appraisal that was used in the evaluation of material assets at the time of divorce and was agreed on by both parties. No broker discounts, no commissions, no reductions for any reasons.

I am further offering to leave this asset in the Trust to maximize the properties value for any future sale opportunities and receive no distributions until the property is sold and all trust liabilities are satisfied.

According to Ms. Hobby's appraisal it contends the property isn't worth that amount. I, as stated above disagree not only for the overall value of the total farm but feel the size, quality and location of the home keeps it at the former numbers.

As to reimbursements for expenses to Ms. Hobby for taxes, maintenance and repairs, these should be denied. If there is any devaluation or cost to maintain this property it should be borne by Ms. Hobby for failure to comply with the final divorce order to convey this property into the trust. As you know I personally have not asked to date for any reimbursements for funds I have advanced on behalf of trust assets, taxes, maintenance, repairs, mortgage payments, interest or any other cost associated. This will be accounted for when the trust is solvent and has adequate cash flows.

Knowing the Trust is still struggling and has urgent needs for cash flow, I propose this transaction take place as immediate as possible. I can close in a matter of days should you find this proposal acceptable.

I respect your consideration and request to reserve the right to counter offer if any additional offers are presented that exceed this proposal.

Sincerely,
Raymond D. Hobby

STATE OF SOUTH CAROLINA)
COUNTY OF NEWBERRY)

IN THE COURT OF COMMON PLEAS

Raymond D. Hobby,)
Plaintiff,)

Civil Action No. 2013-CP-36-193

vs.)

Mary T. Hobby,)
Defendant/Third)
Party Plaintiff,)

AFFIDAVIT

vs.)

Frances B. Knowlton, Individually)
and as Trustee,)
Third Party Defendant.)

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

IN THE PROBATE COURT

Mary T. Hobby,)
Plaintiff,)

Calendar No. 2013-GC-40-169

vs.)

Frank B.B. Knowlton, as Trustee)
Of the Hobby Family Liquidating)
Trust U/A/D December 6, 2010; and)
Raymond D. Hobby,)
Defendants.)

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)



Personally appeared before me, Francis B.B. Knowlton, who first being duly sworn deposes and says that:

1. I am a Third Party Defendant and Defendant in each of the above captioned actions.

2. I graduated from Washington & Lee University with a Bachelor of Arts degree in 1981 and from the University of South Carolina School of Law with a J.D. degree in 1984.

3. I was admitted to practice law in South Carolina in 1984. I am admitted to practice in the United States District Court for the District of South Carolina, the United States Court of Appeals for the Fourth Circuit and the United States Supreme Court.

4. I am a member of the Richland County Bar where I served as President in 2008. I am also a member of the American Bar Association where I served as a member of the House of Delegates from 2002-2004. I am a member of the American Bankruptcy Institute. I have been active in the practice of law since my admission in South Carolina in 1984.

5. I was asked to serve a Trustee of the Hobby Family Liquidating Trust and I continue to act in that capacity. Attached hereto as Exhibit A is a copy of the Hobby Family Liquidating Trust.

6. The record in this case shows that the Hobby Family Liquidating Trust was created under the terms of the Final Order and Divorce Decree issued by Honorable Joseph W. McGowan, III, Judge of the Family Court of the Eighth Judicial Circuit, dated and filed October 8, 2010, a copy of which is attached hereto as Exhibit B. The Order of Judge McGowan provides in pertinent part in paragraph 3 the following:

To effectuate a complete, fair and equitable apportionment of marital assets and debts, the parties shall create a trust. The following terms shall govern the parties in the creation and operation of the trust and the assets to be placed in it.

- a. This trust is created pursuant to this Order.

* * *

- f. Either party may purchase any asset from the trust, provided the sale and terms are reasonable, fair and reflect fair market value or other terms mutually agreeable to the parties.

7. Subsequently, the Honorable Deborah Neese, Judge of the Family Court for Newberry County issued an Order filed on April 26, 2013, which found that "There is no challenge presented by Plaintiff [Mary T. Hobby] that the Trust is in fact the product of the Family Court Order or that the Trust contains terms or provisions different from those required by the Divorce Decree." A copy of the Order of Judge Neese is attached hereto as Exhibit C.

8. The Trust Agreement provides among its many terms the following:

Trustee may sell any Trust Asset to a Transferor [as defined in the Order and Trust Agreement] provided the sale and terms of sale are reasonable, fair and reflect fair market value and any other terms mutually agreeable by the parties.

9. On December 8, 2011, Mary T. Hobby by letter from and through her attorney advised me as Trustee that "Mary Hobby would like to purchase the 544 Crowder Road property, with surrounding 3 acres, (her home) from the Liquidating Trust." This letter, a copy of which is attached as Exhibit D, contains the terms of the offer. As trustee I conveyed the fact that Mary T. Hobby desired to purchase the property and the terms of her offer to Raymond D. Hobby.

10. Subsequently, by letter dated January 3, 2012, Raymond D. Hobby made a counteroffer to purchase the property. A copy of the counteroffer of Raymond D. Hobby is attached hereto as Exhibit E. As trustee I conveyed the fact to Mary T. Hobby through her attorney that Raymond D. Hobby had made a counteroffer and I made the terms of that counteroffer known to Mary T. Hobby.

11. At the point in time when the initial offer was made by Mary T. Hobby and the counteroffer was made by Raymond D. Hobby, assets that had been transferred to the Trust were heavily encumbered with debt and I needed between \$50,000 and \$60,000 per month to service the debt and keep the properties out of foreclosure proceedings.

12. I discussed the proposals to purchase the 544 Crowder Road property with the accountant for the trust and we both agreed that the offer by Raymond D. Hobby was the better offer.

13. I considered the counteroffer of Raymond D. Hobby to be financially superior to the offer of Mary T. Hobby, and in addition, Raymond D. Hobby's proposal gave me flexibility to sell the home to a third party if that would interest a prospective buyer of the large acreage of farm property that adjoined the 544 Crowder Road property and was an asset of the trust.

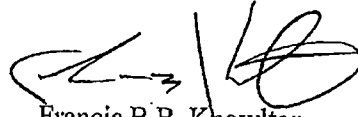
14. I made an effort on numerous times to obtain a follow-up counteroffer from Mary T. Hobby but was unable to obtain a timely counteroffer from her.

15. The terms of the offer by Raymond D. Hobby in my opinion were reasonable, fair and reflected fair market value of the property and that offer was accepted by me in my capacity as Trustee.

16. My belief is that I, as Trustee acting as a reasonably prudent trustee, had the power under the terms of the Trust and under Article IX (a) (xxxii) (ii) could sell property to a Transferor [Mary T. Hobby or Raymond D. Hobby] without the consent of a beneficiary of the Trust where the sale and terms of the sale are reasonable, fair and reflect market value. My belief is that the parties are free to agree to any other terms mutually agreeable which means, as an example, that the parties can mutually agree to a sale of a trust asset to a Transferor for less than market value. To construe the language of this provision of the Trust to mean that a

Transferor has a power of veto over a sale to a Transferor that is otherwise reasonable, fair and reflects market value would in my opinion defeat and frustrate the very purpose of this Trust, that is to be a liquidating trust of marital assets.

17. In my duties as Trustee I furnished financial and other information to the beneficiaries of Trustee on a timely and periodic basis. Article XII of the Trust provided that Raymond D. Hobby would continue to work and participate in each of the businesses in which the Trust had an interest. In connection with my duties as Trustee it was necessary for me to consult with Raymond D. Hobby about the operations of those business, including but not limited to, issues with the bonding company for the various construction entities. I have also consulted with Raymond D. Hobby regarding the negotiation and sale of Trust assets to third parties. Other than conferring with Raymond D. Hobby about these business matters, I never furnished financial or other pertinent information to Mary T. Hobby or her attorney that I did not furnish to Raymond D. Hobby or his attorney at the same time, nor did I furnish this type of information to Raymond D. Hobby or his attorney that I did not furnish to Mary T. Hobby or her attorney at the same time.


Francis B.B. Knowlton

Sworn to before me this

23 day of December 2013.

 (L.S.)
Notary Public of South Carolina
My commission expires: 9-18-2017

Sharon Barkley

From: Frank Knowlton [frank.knowlton@nelsonmullins.com]
Sent: Monday, January 23, 2012 4:03 PM
To: John McDougall
Cc: mthobby; Sharon Barkley
Subject: RE: Offer to Purchase 544
Attachments: image001.gif

Thanks John. I will need to move fairly fast on this as the Trust needs an immediate infusion of cash to service the debt for February and beyond.

Also, I had a fairly positive conversation with Travelers counsel on Friday and I will send you a summary of the conversation shortly.

Nelson Mullins

Frank B. B. Knowlton
Partner
frank.knowlton@nelsonmullins.com

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Meridian, 17th Floor
1320 Main Street, Columbia, SC 29201
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www.nelsonmullins.com
(View Bio)

From: John McDougall [mailto:jom@mcdougallandself.com]
Sent: Monday, January 23, 2012 3:59 PM
To: Frank Knowlton
Cc: 'mthobby'; 'Sharon Barkley'
Subject: RE: Offer to Purchase 544

Frank, I have forwarded this email to Mary for her response. As soon as I hear from her I will advise. JOM

From: Frank Knowlton [mailto:frank.knowlton@nelsonmullins.com]
Sent: Friday, January 20, 2012 5:12 PM
To: John McDougall
Cc: mthobby
Subject: FW: Offer to Purchase 544

John, Ray has provided a counter-offer for the 544 Crowder house. Please review and let's discuss. This offer appears substantially more beneficial to the Trust but I wanted you to have the opportunity to review and respond. Thanks,
Frank

Nelson Mullins

Frank B. B. Knowlton
Partner
frank.knowlton@nelsonmullins.com



Nelson Mullins Riley & Scarborough LLP

Meridian, 17th Floor
1320 Main Street, Columbia, SC 29201
Tel: 803.255.9588 Fax: 803.256.7500

www.nelsonmullins.com

(View Bio)

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1 Q. Okay. I understand.

2 A. All right.

3 Q. Do you know whether this offer would have
4 triggered a distribution from the trust?

5 A. Yeah, because it -- I get -- I don't know.
6 I don't know because I didn't know he had emptied
7 out the trust.

8 (DEPO. EXH. 20, 1/3/12 Letter, was marked
9 for identification.)

10 BY MR. BRUNER:

11 Q. Okay. Ms. Hobby, I've handed you
12 Exhibit 20. You've seen this document before,
13 haven't you?

14 A. Yes.

15 Q. And this is Mr. Hobby's counteroffer,
16 right?

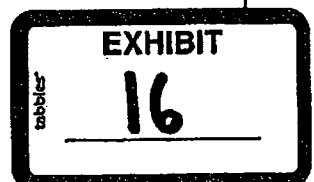
17 A. Yes.

18 Q. To buy the house based on a value of
19 \$325,000, right?

20 A. Yes.

21 Q. Okay. And this is -- this is the document
22 you say that contains a term where Mr. Hobby agreed
23 to let you continue living in the house rent free?

24 A. I didn't say that. I said what it says
25 is -- yes, because what it says is that he'll put



1 it back in the trust, and the trustee never deeded
2 it back in the trust.

3 Q. Okay. And the trust says you have
4 exclusive --

5 A. I mean, technically, if he put it back in
6 the trust, then I could buy it back out of the
7 trust.

8 Q. So --

9 A. You can put something in and out.

10 Q. So it's your belief that Mr. -- let me ask
11 you this. Strike that.

12 What was he buying? If you're right and
13 he should have left the house in the trust and you
14 would have then had a right to buy it out of the
15 trust, what was he paying for?

16 A. He was -- he was paying his debts in my
17 opinion. All these debts were his. They weren't
18 mine.

19 Q. He was paying the trust money to pay his
20 debts?

21 A. Yeah, they were all loans he had done,
22 mortgages he had done. I had nothing to do with
23 any of them.

24 Q. He wouldn't have paid those directly?

25 A. No, not if he could get the trust to pay

1 for them. Why should he?

2 Q. Okay. And this is -- this is the
3 agreement, this sets out the terms of the sale,
4 right?

5 A. Yeah, but you don't understand, I never
6 saw this agreement during the time when I was
7 injured and he took his bid. I never saw this till
8 months later, never saw this agreement, never knew
9 he made an offer.

10 Q. You never knew he made this offer until
11 months later?

12 A. Uh-uh, never had seen this document.
13 Really.

14 Q. That would have been when you -- when your
15 neck injury subsided and you were off all the pain
16 meds?

17 A. Oh, I was on the pain meds when they took
18 me to court for contempt.

19 Q. Okay.

20 A. I was still taking them. It was horrible.

21 Q. That was in --

22 A. And I was still hurting.

23 Q. Was that in May or April?

24 A. Monthwise I don't know.

25 Q. Okay. But you didn't see -- you didn't

Mary Hobby

From: Mary Hobby [mthobby@yahoo.com]
Sent: Tuesday, January 24, 2012 9:41 AM
To: Burke Watson (wbwjr@sc.rr.com)
Cc: 'Tori Stewart'
Subject: FW: Offer to Purchase 544
Attachments: Offer to Purchase 544.doc
Importance: High

Burke, I would deeply appreciate your opinion on this matter. Please call me at 803-276-3993 or 803-924-9989. Thanks Mary

From: John McDougall [mailto:jom@mcDougallandSelf.com]
Sent: Monday, January 23, 2012 4:22 PM
To: 'mthobby'
Cc: 'Sharon Barkley'
Subject: FW: Offer to Purchase 544
Importance: High

[REDACTED] JOM

From: Frank Knowlton [mailto:frank.knowlton@nelsonmullins.com]
Sent: Friday, January 20, 2012 5:12 PM
To: John McDougall
Cc: mthobby
Subject: FW: Offer to Purchase 544

John, Ray has provided a counter-offer for the S44 Crowder house. Please review and let's discuss. This offer appears substantially more beneficial to the Trust but I wanted you to have the opportunity to review and respond. Thanks, Frank

Nelson Mullins

Frank B. B. Knowlton

Partner

frank.knowlton@nelsonmullins.com

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11-13-13 EXHIBIT NO. 25 Hobby G. Smith	tabbies EXHIBIT 17

MH 00291

Sharon Barkley

From: Frank Knowlton [frank.knowlton@nelsonmullins.com]
Sent: Monday, January 30, 2012 10:36 AM
To: John McDougall
Cc: mthobby ; Sharon Barkley
Subject: RE: Offer to Purchase 544
Attachments: image001.gif

John, I am not opposed to giving her some time to respond but the mortgages will go into default if I cannot get funds in pretty quickly. Any delays in responding to her are purely my fault as a result of year end business so I apologize for the inconvenience. In any event, 43 days won't work as all of the loans will be defaulted by that time. Frank

Nelson Mullins

Frank B. B. Knowlton
Partner
frank.knowlton@nelsonmullins.com

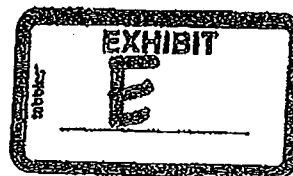
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(View Bio)

From: John McDougall [mailto:jom@mcdougallandself.com]
Sent: Monday, January 30, 2012 10:14 AM
To: Frank Knowlton
Cc: 'mthobby'; 'Sharon Barkley'
Subject: RE: Offer to Purchase 544

Frank, As you are aware our office closes @ 5:00pm each day, to include Fridays. Since your email was sent after our office was closed this past Friday, I have not had a chance to review your email of 1/27/12 @ 5:20pm until this time. I do not know whether Ms Hobby has had an opportunity to review it at all since your email was not sent to her when you sent it to me. As you are aware Ms Hobby made an offer to purchase this property on 12/8/11. Ms Hobby did not receive a response to her offer until 1/20/12 (which was sent at 5:12pm on Friday afternoon after our office was closed for the weekend) some 43 days after she made her proposal. I would think that you would extend to her the same courtesy that was extended in behalf of Mr Hobby and the trust and provide her with a 43 day period to respond to Mr Hobby's proposal. She may not need that long, however, she certainly needs more than 1 week to do so. John

From: Frank Knowlton [mailto:frank.knowlton@nelsonmullins.com]
Sent: Friday, January 27, 2012 5:20 PM
To: John McDougall
Cc: mthobby ; Sharon Barkley
Subject: RE: Offer to Purchase 544

John, at this time, the Trust does not have sufficient funds to pay the expenses of the Trust in February and beyond. Unless a better offer is received, I have no other choice than to accept this offer to purchase 544 Crowder Road. Due to the timing of the obligations to pay the mortgage payments in February, I intend to close on this offer by January 31, 2012. Please let me know if you have any questions. Thanks, Frank



Crowder

Sharon Barkley

From: Frank Knowlton [frank.knowlton@nelsonmullins.com]
Sent: Friday, February 03, 2012 1:28 PM
To: John McDougall
Cc: mthobby@yahoo.com; Sharon Barkley
Subject: RE: Hobby - Balance Sheet you requested for February 2012
Attachments: Image001.gif

Well -- that puts me in a bind. I understand she has been fairly active and is not housebound so I don't understand the need for more time. We are within days of defaulting on the mortgages and Ray has mailed me a check as an advance on the purchase to cover the month of February.

Nelson Mullins

Frank B. B. Knowlton
Partner
frank.knowlton@nelsonmullins.com

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1320 Main Street, Columbia, SC 29201
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www.nelsonmullins.com

(View Bio)

From: John McDougall [mailto:tom@mcdougallandself.com]
Sent: Friday, February 03, 2012 12:13 PM
To: Frank Knowlton
Cc: 'mthobby@yahoo.com'; 'Sharon Barkley'
Subject: RE: Hobby - Balance Sheet you requested for February 2012

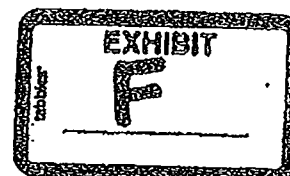
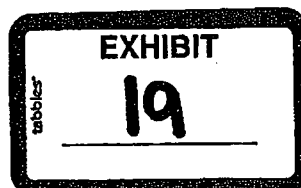
I understand that Mary does desire to purchase her home from the Trust & does object to the home being sold to Ray Hobby. I assume that we would have already had a counter offer from Mary but for her current medical issues. As soon as I hear from Mary on this issue I will advise you asap. In the meantime if you want to discuss I will be available to do so. John

From: Frank Knowlton [mailto:frank.knowlton@nelsonmullins.com]
Sent: Thursday, February 02, 2012 10:52 AM
To: John McDougall
Cc: mthobby@yahoo.com
Subject: FW: Hobby - Balance Sheet you requested for February 2012

John -- the Trust is short by \$56,000 for this month's bills. Ray is agreeing to advance these monies as an advance under his offer to buy 544 Crowder Rd. Please let me know if you would like to discuss. Thanks, Frank

Nelson Mullins

Frank B. B. Knowlton
Partner
frank.knowlton@nelsonmullins.com



Nelson Mullins Riley & Scarborough LLP

Meridian, 17th Floor
1320 Main Street, Columbia, SC 29201
Tel: 803.255.9588 Fax: 803.256.7500

www.nelsonmullins.com
(View Bio)

From: April Kryston
Sent: Thursday, February 02, 2012 9:40 AM
To: Frank Knowlton
Subject: Hobby - Balance Sheet you requested for February 2012

Frank:

We need at least \$55,970.83 to pay everything for February.....please see breakdown below,

Balance in Trust Account		\$12,314.65
AgSouth Farm Credit	Farm	(\$12,500.00)
Edisto Pipe Dreams	Bill Payment for the 2201 Point St and 3037 Condo in Maggle Valley	(\$3,200.00)
Wells Fargo Home Mortgage	4046 Condo	(\$1,219.00)
Mountain First Bank and Trust	Soco Road Motel	(\$1,443.88)
Southern First Bank, NA	Hwy 34 (2 payments due)	(\$13,300.20)
First Reliance Bank	Downtown Properties	(\$10,614.88)
Mary Hobby	Support Payment	(\$7,500.00)
Arthur State Bank	3709 Village Court	(\$12,462.52)
Capital Crossing	3711 Village Court Maggie Valley	(\$6,045.00)
	Negative Balance =	(\$55,970.83)

Thank you,
April

=====
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=====

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Attorneys at Law
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John O. McDougall††
Michael W. Self*
Peter G. Currence
Ryan A. McLeod*

Alyssa H. Richardson

E-mail: jom@mcdougallandself.com

Reply to Columbia

February 7, 2012

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21 East Calhoun Street
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Telecopier: (803) 778-6908

Website: www.mcdougallandself.com

VIA E-MAIL ONLY

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby

Dear Frank:

In follow up to our telephone conversation of today's date, this is to advise and confirm that I have been unable to communicate with Mary Hobby throughout the day on yesterday's date and today's date. I do not know whether she has had an opportunity to see your email of today's date regarding the 544 Crowder Road property, I do not know whether she is in town or out of town, and I do not know whether she is hospitalized or not. I do know that when I spoke with her on Friday, February 3, she was in a great deal of pain, and she was not able to make a decision regarding a counterproposal regarding the 544 Crowder Road property due to pain, medication, etc. I will continue to attempt to communicate with Mary Hobby regarding this matter, I realize that time is of the essence, and I will be back in touch with you on this matter by tomorrow, February 8. I do request that you not finalize any proposals regarding the sale of this property with Mr. Hobby until I have had an opportunity to communicate with Ms. Hobby regarding same.

With kind regards.

Sincerely,

JOHN O. McDOUGALL

JOM:srb

cc: Mrs. Mary T. Hobby (via e-mail only)

†DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
*FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS

McDougall & Self, L.L.P.

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John O. McDougall†
Michael W. Self*
Peter G. Currence
Ryan A. McLeod*

Alyssa H. Richardson

E-mail: jom@mcdougallandself.com

Reply to Columbia

February 8, 2012

Sumter Office:
21 East Calhoun Street
P.O. Box 2197
Sumter, South Carolina 29161-2197
Telephone: (803) 778-5062
Telecopier: (803) 778-8908

Website: www.mcdougallandself.com

VIA E-MAIL ONLY

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby

Dear Frank:

I am enclosing a copy of the fax transmittal which I have received from Moore Orthopaedics, John Clavet, MD, regarding Mary Hobby. Please note that Mary is under his medical care and it is his opinion that she is not fit to participate in any court-related duties at this time, which, as I understand it, includes making a decision on the counterproposal that she intends to make regarding the purchase of 544 Crowder Road.

I have just spoken with Mary and she assures me that she is quite interested in purchasing this property out of the trust, that she does intend to submit a viable counterproposal to purchase this property, and that she would object to the property being sold to Ray Hobby at this time.

As I have previously advised you, Mary Hobby has been in extreme pain during recent weeks and has been heavily medicated for that pain. This has interfered with her being able to respond to the counterproposal received from you/Ray Hobby, which was sent to her, me, at 5:12 p.m. on Friday, January 20, after our office was closed, which I did not review until Monday, January 23, at which time I forwarded it to Mary Hobby for her review.

To reiterate the above, Mary Hobby does intend to make a counterproposal regarding the purchase of the 544 Crowder Road property from the trust, and she intends to do so as soon as she is medically fit to do so. We would request, demand, that no action be taken on the sale of this property prior to Mary Hobby being able to respond to the counterproposal which she received on or about January 23, only 16 days ago.

With kind regards.

Sincerely,

JOHN O. McDOUGALL

JOM:srb
Enclosure

cc: Mrs. Mary T. Hobby (via e-mail only)

†DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
*FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS



April
Assistant to Dr. John Clavet
14 Medical Park, #200
Columbia, South Carolina 29203
Phone 803-227-8127
Fax 803-227-8227
Email: April.Lawrence@mooreclinic.com

To: <i>Law Office of John McDougall</i>	From: <i>April Lawrence, R.T.(R)</i>
Fax: <i>803-776-7748</i>	Pages: <i>2 (including cover)</i>
Phone: <i>803-776-9201</i>	Date: <i>2/8/2012</i>
Re: <i>Mary Hobby - DOB: 10/10/52</i>	
<i>Please Review... Letter attached</i>	

☐ Urgent ☒ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

● Comments: *Please if you get this fax in error, please call me at (803)227-8127.*

Have a good day. ☺

mooreortho.com



Primary Care Sports Medicine
Craig M. Burnworth, M.D.

Hip and Knee Replacement
Kim J. Chlilag, M.D.

*Musculoskeletal Medicine and
Electrodiagnostics*
John Clavet, M.D.

Spine Surgery
William T. Felmy, M.D.

Hand, Upper Extremity Surgery
David B. Fulton, M.D.

Sports Medicine and Arthroscopy
Cartilage Repair
S. Wendell Holmes, Jr., M.D.

Children's Orthopaedics
Christopher R. Hyndorn, M.D.

Children's Orthopaedics
Mark D. Locke, M.D.

Shoulder Surgery, Hand & Microsurgery
Earl B. McFadden, Jr., M.D.

Sports Medicine, Arthroscopy
Shoulder and Knee Surgery
Frank K. Noojin, M.D.

Hip and Knee Replacement
Bradley P. Presnal, M.D.

Primary Care Sports Medicine
David A. Scott, M.D.

Orthopaedic Foot and Ankle
W. Bret Smith, D.O., MS

*Musculoskeletal Medicine and
Electrodiagnostics*
W. Alaric Van Dam, M.D.

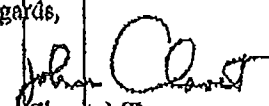
02/07/2012

Re: MARY HOBBY

To Whom It May Concern:

This letter is being dictated today to serve the purposes of establishing that Mary Hobby, who is under my medical care, is currently undergoing treatments for an undisclosed issue and is not fit to participate in any court related duties at this time.

Regards,


John Clavet, MD
JC:ats28
174512

This document was electronically authenticated by John Clavet,
MD on 02/08/2012 13:34:27.

14 Medical Park, Suite 200
Columbia, SC 29203
T: 803 227 8000

4721 Sunset Boulevard, Suite A
Lexington, SC 29072
T: 803 227 8007

104 Saluda Pointe Drive
Lexington, SC 29072
T: 803 227 8000

Crowder

Sharon Barkley

From: Frank Knowlton [frank.knowlton@nelsonmullins.com]
Sent: Thursday, February 09, 2012 9:53 AM
To: Sharon Barkley; John McDougall
Cc: mthobby
Subject: RE: Hobby vs. Hobby

John, thanks for your letter yesterday. Unfortunately time is not on our side and, in my opinion, Mary has had plenty of time to come up with a counter-offer. She has apparently had Ray's counter since January 23 (18 days). The Trust is now past due in most or all of the loan payments which it is required to service. Therefore, I have no choice but to accept what is clearly the superior offer and use the cash advance to service the loans for February. Thanks, Frank

-----Original Message-----

From: Sharon Barkley [mailto:sbarkley@mcDougallandself.com]
Sent: Wednesday, February 08, 2012 4:22 PM
To: Frank Knowlton
Cc: 'mthobby'
Subject: Hobby vs. Hobby

Mr. Knowlton,

Please see attached correspondence from John McDougall, with enclosure, in regard to the above referenced matter.

Sharon

Sharon R. Barkley
Legal Assistant to John O. McDougall
McDougall & Self, L.L.P.
Post Office Box 90860
Columbia, SC 29290
Telephone: 803.776.3130
Facsimile: 803.776.7748

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=====

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Telephone: (803) 776-3130 - Telecopier: (803) 776-7748

Reply to Columbia

February 9, 2012

John O. McDougall††
Michael W. Self*
Peter G. Currence
Ryan A. McLeod†

Alyssa H. Richardson

E-mail: jom@mcdougallandself.com

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P.O. Box 2197

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Telecopier: (803) 778-8908

Website: www.mcdougallandself.com

VIA E-MAIL AND U.S. MAIL

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby

Dear Frank:

This will acknowledge receipt of your email of today's date, which was forwarded to me at 9:53 a.m., regarding your decision to accept Ray Hobby's proposal regarding the sale of the 544 Crowder Road property. For the record, Mary does object to this sale at this time, she believes that it is unfair, and she does not believe that it is a wise fiduciary decision which has been made which substantially negatively affects her. She does not understand why, out of all the assets of the Hobby Trust and all the funds which have flowed into the trust and out of the trust as of this time, the one piece of property where she is living is being forced for sale at this time, in this manner, and especially considering the fact that she is under doctor's care, heavily medicated, and that she has provided you with a document from her physician confirming that she is unfit to engage in any court proceedings at this time.

With kind regards.

Sincerely,

JOHN O. McDOUGALL

JOM:srb

cc: Mrs. Mary T. Hobby (via e-mail only)

†DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
†FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS

Sharon Barkley

Crowder

From: Frank Knowlton (frank.knowlton@nelsonmullins.com)
Sent: Thursday, February 09, 2012 2:08 PM
To: Sharon Barkley
Cc: mthobby
Subject: RE: Hobby vs. Hobby

John - your letter suggests that Mary is raising fiduciary duty concerns. First and to clarify, this is not Mary's house. She was ordered by the court over a year ago to transfer this asset into the Trust and willfully failed and refused to comply with a court order and my repeated requests for her to do so. Second, the bidding was competitive between Ray and Mary and not a complex transaction. She has had almost three weeks and could have easily outbid him if she thought it was worth the additional monies. Third, the Trust assets are heavily encumbered and require an enormous monthly capital commitment. I had hoped we might reach a resolution with Travelers sooner which would have taken some pressure off. However, with Travelers sitting on most of the liquid assets available, I would encourage Mary to find a better solution by liquidating some other unencumbered Trust asset which could bring immediate funds into the estate. I will assume by her silence that there are no better alternatives available. I believe it is in the best interests of the Trust to sell this asset for a reasonable value and thereby enable the Trust to stay solvent for the time being. As I have mentioned several times, the Trust is already past due for the February monthly payments on almost all of the loans.

Finally, as to all of the monies that have flowed through the Trust, I have provided you and the Beneficiaries with records of the income and expenses through at least December 31, 2011 with no objections or questions from anyone. As you can see, the Trust spends approximately \$60,000 per month on debt service. We have managed to sell assets to reduce the TD Bank loan from \$2 million to about \$500,000 and to pay off and/or reduce the balance of other loans. This is the first time anyone has raised a question about the propriety of selling off a Trust asset.

If Mary has any basis to suggest that the selling price is not fair (which would surprise me since it was more than she was willing to pay) or that there is some other impropriety, I would like to hear them immediately.

-----Original Message-----

From: Sharon Barkley [mailto:sbarkley@mcDougallandself.com]
Sent: Thursday, February 09, 2012 12:27 PM
To: Frank Knowlton
Cc: 'mthobby'
Subject: Hobby vs. Hobby

Mr. Knowlton,

Please see attached letter from John McDougall in regard to the above referenced matter.

Sharon

Sharon R. Barkley
Legal Assistant to John O. McDougall
McDougall & Self, L.L.P.
Post Office Box 90860
Columbia, SC 29290

Telephone: 803.776.3130
Facsimile: 803.776.7748

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=====

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To ensure compliance with the requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including the attachments) is not intended or written to be used, for the purpose of (a) avoiding penalties under the Internal Revenue Code or (b) promoting, marketing or recommending to another party any transaction or tax-related matter[s]. To provide you with a communication that could be used to avoid penalties under the Internal Revenue Code will necessarily entail additional investigations, analysis and conclusions on our part.

=====

EXHIBIT I
McDougall & Self, L.L.P.

Attorneys at Law
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Telephone: (803) 776-3130 - Telecopier: (803) 776-7748

John O. McDougall*†
Michael W. Self*
Peter G. Currence
Ryan A. McLeod*

Alyssa H. Richardson

E-mail: jom@mcdougallandself.com

Reply to Columbia

March 20, 2012

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VIA E-MAIL ONLY

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby
544 Crowder Road Home

Dear Frank:

I have been advised that Mary Hobby is willing to purchase the 544 Crowder Road property which is titled in her name by making a cash payment to the trust in the amount of \$186,875 with her reserving the right to determine what, if anything, is due to her for the expenses that she has paid regarding this property from October 8, 2010, to present, at a later date. This offer is based upon the property having a \$325,000 value and she paying the trust 57.5% of the value of the property. The \$186,875 will be paid immediately to the trust upon confirmation that the property will be released to Mary Hobby free and clear of any claim and/or interest from the trust.

After you have had an opportunity to review the above, please advise as to whether we can consummate the above transaction at this time.

With kind regards,

Sincerely,

JOHN O. McDOUGALL

JOM:srb

cc: Mr. James E. Bryan, Jr. (via e-mail only)
Mrs. Mary T. Hobby (via e-mail only)

*DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
†FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS

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COPY

John O. McDougall*†
Michael W. Self*
Peter G. Currence
Ryan A. McLeod*

Alyssa H. Richardson

E-mail: jom@mcDougallandself.com

Reply to Columbia

March 21, 2012

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VIA E-MAIL ONLY

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby
544 Crowder Road Home

Dear Frank:

This will acknowledge receipt of your email of today's date in regard to the above referenced matter. I am quite perplexed by your email for the following reasons:

1. You did not have the courtesy to call me to discuss this with me as I requested you to do so in my email to you of last evening.
2. I do not understand your assertion that "Her proposal is also not superior to Mr. Hobby's and it would trigger a distribution to Mary of approximately \$138,000 which the Trust presently does not have." I do not understand why you believe that Mary's offer to purchase this property for the payment to the Trust of \$186,875 automatically triggers a distribution to her of approximately \$138,000. That was never the intent and I do not understand that conclusion. Mary does not anticipate any distribution to her from this payment. Millions of dollars have passed through the Trust without there ever being an assertion that the flow of money through the Trust has triggered a distribution to either party and I certainly do not understand how or why you consider this transaction would do.
3. I am perplexed by your assertion that "Moreover, Mr. Hobby has not sought to deduct unknown expense items from his offer." The reason that Mr. Hobby has not sought to deduct unknown expense items from his offer to purchase this property is because he has not paid any expenses toward the maintenance of the 544 Crowder Road home since the Trust was created and the Trust has paid all of Mr. Hobby's expenses as it relates to his occupation of the Smith house since the Trust

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Mr. Francis B. B. Knowlton
March 21, 2012
Page 2

was created. You are well aware that Ms. Hobby has taken the position that the Trust should reimburse her for the taxes, insurance, etc., which she has paid on her home as the Trust paid these expenses on the Smith house occupied by Mr. Hobby. You have refused to do this taking the position that since the property had not been transferred to the Trust, that the Trust had no obligation to pay/reimburse these expenses. Ms. Hobby disagrees with that position and she has sought to reserve the right to seek reimbursement for those expenses at a later date.

4. You have indicated that Mr. Hobby has advanced over \$100,000 of the purchase price which has allowed the Trust to operate for the last 2 months. From the \$186,875 which Ms. Hobby intends to pay the Trust (without any anticipation of reimbursement), Mr. Hobby can be reimbursed for his advancements and there are additional funds in the Trust to pay expenses for another month or two.
5. Ms. Hobby was clearly provided the right to purchase property from the Trust, she has made a very fair offer to purchase the property and she insists upon having the right to do so. I would recommend that this property not be sold without an Order of the Family Court in that Ms. Hobby believes that if it is sold to Mr. Hobby as proposed, that the Trust has violated the prior Order of the Family Court.
6. Ms. Hobby puts the Trust on notice that she does intend to enforce her right to purchase this property through the Family Court if her offer continues to be rejected.

With kind regards,

Sincerely,

JOHN O. McDOUGALL

JOM:srb

cc: Mr. James E. Bryan, Jr. (via e-mail only)
Mrs. Mary T. Hobby (via e-mail only)

McDougall & Self, L.L.P.

Attorneys at Law
791 Greenlawn Drive, Suite 4
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John D. McDougall†
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E-mail: jom@mcDougallandSelf.com

Reply to Columbia

April 4, 2012
(Dictated April 2, 2012)

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VIA E-MAIL ONLY

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby - 544 Crowder Road

Dear Frank:

In follow up to our telephone conversation of March 26, 2012, please advise as to whether you have had an opportunity to discuss my items of correspondence of March 20 and 21 with Ray Hobby to determine whether he will acquiesce in this property being released to Mary Hobby as proposed in these items of correspondence. If so, Ms. Hobby is prepared to immediately deliver to your office a check in the amount of \$188,875 to purchase this property from the Trust. As to that payment, she does not expect to be reimbursed any funds from the Trust regarding her purchase of the property, and it is suitable to her for the funds to be used by the Trust, or released to Ray Hobby for his interest in this property.

Your immediate attention to the above will be appreciated in that if the offer to purchase the property by Mary Hobby is denied, she needs to make appropriate Motions before the Court for the Court to determine whether the property should in fact be transferred to her as proposed.

With kind regards.

Sincerely,

JOHN Q. McDOUGALL

JOM:srb

cc: Mrs. Mary T. Hobby (via e-mail only)

†DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRUST LAWYERS
†FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS

Sharon Barkley

From: Frank Knowlton [frank.knowlton@nelsonmullins.com]
Sent: Wednesday, April 04, 2012 10:59 AM
To: Sharon Barkley; John McDougall
Cc: mthobby@yahoo.com
Subject: RE: Hobby vs. Hobby
Attachments: Image001.gif

John, thanks for your letters. Responding to your letters by e-mail is faster and saves the Trust money so I will not be sending letter responses.

1. 544 Crowder Rd -- As I mentioned to you in our conversation last week, I have already accepted Ray's offer on the house and he has paid the closing proceeds in advance (which allowed the Trust to remain solvent in February and March). I am sorry this did not work out to Mary's satisfaction.
2. Alimony -- there not sufficient funds in the Trust to pay the alimony this month. I am hopeful that we can resolve the Travelers issues very soon and get a fresh injection of much needed cash into the Trust to continue to service the mortgage debt and pay the other Trust expenses.

Nelson Mullins

Frank B. B. Knowlton
Partner
frank.knowlton@nelsonmullins.com

Nelson Mullins Riley & Scarborough LLP
Meridian, 17th Floor
1320 Main Street, Columbia, SC 29201
Tel: 803.255.9588 Fax: 803.256.7500
www.nelsonmullins.com
(View Bjo)

From: Sharon Barkley [mailto:sbarkley@mcDougallandself.com]
Sent: Wednesday, April 04, 2012 9:27 AM
To: Frank Knowlton
Cc: 'mthobby@yahoo.com'
Subject: Hobby vs. Hobby

Mr. Knowlton,

Please see attached letters from John McDougall in regard to the above referenced matter.

Sharon

Sharon R. Barkley
Legal Assistant to John O. McDougall
McDougall & Self, L.L.P.
Post Office Box 90860
Columbia, SC 29200
Telephone: 803.776.3130
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John O. McDougall†
Michael W. Self†
Peter G. Curran†
Ryan A. McLeod†

Alyssa H. Richardson

E-mail: jom@mcDougallandself.com

Reply to Columbia

April 5, 2012

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VIA E-MAIL ONLY

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

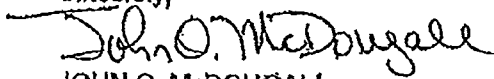
Re: Hobby vs. Hobby

Dear Frank:

In follow of to my correspondence to you of April 4, 2012, and your email response of April 4 (copies enclosed), in regard to the above referenced matter, I inquired in my letter that you "please advise as to whether you have had an opportunity to discuss my terms of correspondence of March 20 and 21 with Ray Hobby to determine whether he will acquiesce in this property being released to Mary Hobby as proposed in these terms of correspondence." I ask that you respond to that inquiry and advise me as to when you discussed this with Mr. Hobby and his response to that inquiry.

With kind regards.

Sincerely,


JOHN O. McDOUGALL

JOM:stb
Enclosure

cc: Mrs. Mary T. Hobby (via e-mail only)

†DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
†FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS

Mary Hobby

From: Frank Knowlton (frank.knowlton@nelsonmullins.com)
 Sent: Tuesday, February 07, 2012 11:18 AM
 To: John McDougall
 mthobby@yahoo.com
 Subject: 544 Crowder property

John, I have received a check from Ray Hobby in the amount of \$56,000 as an advance on his purchase of the above referenced property. Unless I receive a materially better offer by the close of business today, I will accept Mr. Hobby's proposal and the advance. All of the mortgages are now or soon will soon be in default without this infusion of cash. Thanks, Frank

Nelson Mullins

Frank B. B. Knowlton
 Partner

frank.knowlton@nelsonmullins.com

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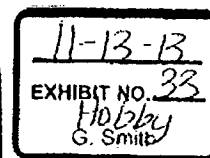
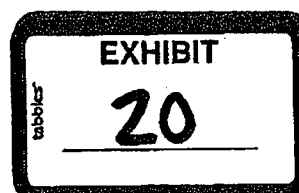
(View Bio)

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MH 00321

Mary Hobby

From: Frank Knowlton [frank.knowlton@nelsonmullins.com]
 Sent: Thursday, February 09, 2012 9:53 AM
 To: Sharon Barkley; John McDougall
 Cc: mthobby
 Subject: RE: Hobby vs. Hobby

John, thanks for your letter yesterday. Unfortunately time is not on our side and, in my opinion, Mary has had plenty of time to come up with a counter-offer. She has apparently had Ray's counter since January 23 (18 days). The Trust is now past due in most or all of the loan payments which it is required to service. Therefore, I have no choice but to accept what is clearly the superior offer and use the cash advance to service the loans for February. Thanks, Frank

-----Original Message-----

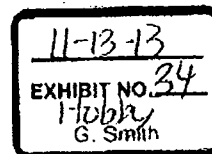
From: Sharon Barkley [mailto:sharkley@mcDougallandself.com]
 Sent: Wednesday, February 08, 2012 4:22 PM
 To: Frank Knowlton
 Cc: 'mthobby'
 Subject: Hobby vs. Hobby

Mr. Knowlton,

Please see attached correspondence from John McDougall, with enclosure, in regard to the above referenced matter.

Sharon

Sharon R. Barkley
 Legal Assistant to John O. McDougall
 McDougall & Self, L.L.P.
 Post Office Box 90860
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=====

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MH 00323

1 Q. Well, that's what the document says, isn't
2 it?

3 A. Yes.

4 Q. And you don't believe that the terms of
5 the sale to Mr. Hobby were reasonable and fair?
6 Isn't that what you're saying?

7 A. No, they weren't reasonable and fair.

8 Q. And they didn't reflect the fair market
9 value of the house. Isn't that what you're saying?

10 A. Well, let me explain. What happened was I
11 made the offer and the trustee waited, and I kept
12 trying to contact him that I wanted to know -- I
13 thought he had accepted my offer, and I was waiting
14 on him on what he was going to do to act on it.

15 And I didn't hear from him, and I
16 contacted my lawyer that I hadn't, and I believe he
17 e-mailed him. If I recall, he e-mailed him. But I
18 was injured -- I had a pinched nerve in my neck. I
19 don't know how I did it, but on January the 3rd,
20 and I went to emergency care because I was in a lot
21 of pain and ended up getting medication for that.

22 I went to a chiropractor, which put me in
23 worse pain. Went back to emergency care, and then
24 I went -- then I called Dr. Noojin who had done the
25 surgery on my arm and asked him to refer me, which

EXHIBIT

22

1 the doctor at emergency care Lexington -- Chapin
2 emergency care said I needed to go to Moore Clinic
3 and get seen by a specialist.

4 So I went to -- I called Dr. Noojin
5 because he had done my surgery, and he referred me
6 to Dr. -- I think I went through two doctors, but I
7 ended up with Dr. Clavet. They did x-rays.

8 And at the time all this went down, I was
9 actually -- I think it was the day that some of
10 these e-mails went through, I was in a MRI machine
11 having my neck x-rayed or checked.

12 Q. What day were those x-rays? Do you
13 remember?

14 A. I don't know. They're in the
15 documentation from Dr. Clavet. But it was similar
16 to right after that time. It may have been a
17 couple weeks.

18 So I was under heavy painkillers. I
19 didn't take the -- most of the big painkillers. I
20 didn't drive and take them, but I'd take Advil and
21 then go and Tylenol.

22 But they were giving me steroids and
23 muscle relaxers, and I just would go home and sit
24 in the chair to be honest with you. I was in so
25 much pain. So -- and I'd take most of the

1 painkillers when I was home at night.

2 Q. Okay. When did -- how long did that
3 condition last?

4 A. Oh, I was in pain probably -- I was in a
5 lot of pain for about four months. It was probably
6 at least six months. I had two shots in my neck
7 done, if I recall.

8 Q. And the pain in your neck is what
9 prevented you from making a counteroffer. Is that
10 right?

11 A. Oh, I couldn't. I couldn't remember -- it
12 affects your short-term memory, and when you're
13 taking hydrocodeine at night, I mean, you -- I
14 called my doctor and he said, absolutely not. You
15 can't -- you won't remember what you do. You'll
16 think you will, but you won't remember whether
17 you've signed something -- do not do anything
18 legally, do not buy anything, sell anything, just
19 don't do anything till you're off these painkillers
20 and I've gotten you where you're out of pain,
21 because when you're in pain you make decisions you
22 wouldn't make. So I took his advice.

23 Q. Okay. You mentioned that you thought the
24 trustee had accepted your offer?

25 A. Yes, I did.

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John O. McDougall†
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E-mail: jom@mcdougallandself.com

Reply to Columbia

February 8, 2012

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VIA E-MAIL ONLY

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby

Dear Frank:

I am enclosing a copy of the fax transmittal which I have received from Moore Orthopaedics, John Clavet, MD, regarding Mary Hobby. Please note that Mary is under his medical care and it is his opinion that she is not fit to participate in any court-related duties at this time, which, as I understand it, includes making a decision on the counterproposal that she intends to make regarding the purchase of 544 Crowder Road.

I have just spoken with Mary and she assures me that she is quite interested in purchasing this property out of the trust, that she does intend to submit a viable counterproposal to purchase this property, and that she would object to the property being sold to Ray Hobby at this time.

As I have previously advised you, Mary Hobby has been in extreme pain during recent weeks and has been heavily medicated for that pain. This has interfered with her being able to respond to the counterproposal received from you/Ray Hobby, which was sent to her, me, at 5:12 p.m. on Friday, January 20, after our office was closed, which I did not review until Monday, January 23, at which time I forwarded it to Mary Hobby for her review.

To reiterate the above, Mary Hobby does intend to make a counterproposal regarding the purchase of the 544 Crowder Road property from the trust, and she intends to do so as soon as she is medically fit to do so. We would request, demand, that no action be taken on the sale of this property prior to Mary Hobby being able to respond to the counterproposal which she received on or about January 23, only 16 days ago.

With kind regards.

Sincerely,

JOHN O. McDOUGALL

JOM:srb

Enclosure

cc: Mrs. Mary T. Hobby (via e-mail only)

†DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
†FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS



1 Tori Stewart on January 24, 2012, asking for
2 Mr. Watson's help in connection with Ray's
3 counteroffer, correct?

4 A. No, it's with an offer on the house.

5 Q. And you see the attachment is offer to
6 purchase 544.doc, right?

7 A. Yeah.

8 Q. And that's the same attachment that was in
9 Ray's counteroffer, right?

10 A. Okay. I'm going to tell you one more
11 time. I'm being very nice about this. I was
12 taking a lot of medication. I was trying to read
13 e-mails and respond the best I could. I couldn't
14 tell you right now when I did this and what I said.

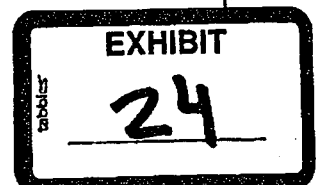
15 Q. Isn't it true, though, that you had the --
16 you had the sense of mind to contact --

17 A. Well, my mind wasn't gone. I just
18 wouldn't remember. It affects your short-term
19 memory when you take painkillers and you don't
20 remember.

21 Q. Isn't it true that you had the presence of
22 mind on January 24, 2012, to contact Mr. Watson and
23 seek his counsel about the offer?

24 A. Have you ever had a pinched nerve?

25 MR. JOHNSON: Mary, let him finish. Let's



1 take a break.

2 (A recess transpired.)

3 BY MR. BRUNER:

4 Q. We were on --

5 MR. JOHNSON: 25.

6 MR. BRUNER: I was getting ready to go to
7 26.

8 BY MR. BRUNER:

9 Q. Ms. Hobby, I'm handing you what's been
10 marked as Exhibit 26. Did you receive this e-mail?

11 A. I don't remember.

12 Q. This was January 27, 2012?

13 A. I really don't remember.

14 Q. And Ms. Barkley says, please respond to
15 John's recommendation below as soon as practical so
16 this issue can be resolved. This needs to be
17 addressed ASAP. Isn't that what it says?

18 A. It looks like what it says to me.

19 Q. And under the attachments up top, it says
20 one of -- the attachment is offer to purchase
21 544.doc, correct?

22 A. Yes.

23 Q. Okay. I'm going to hand you what's been
24 marked as Exhibit 27. In the middle of Exhibit 27,
25 it appears there was an e-mail from Mr. McDougall

1 Q. Okay.

2 A. But --

3 Q. So this e-mail to -- Mr. Knowlton sent
4 this e-mail to your attorney and to you about a
5 week after the January 31st deadline he gave,
6 right?

7 A. What are you trying to point out?

8 MR. JOHNSON: Mary, answer -- just answer
9 the question.

10 THE WITNESS: Yes.

11 BY MR. BRUNER:

12 Q. And he says that he has in hand a check
13 from Mr. Hobby in the amount of \$56,000 as an
14 advance on his purchase of the house, right?

15 A. Yes.

16 Q. And he again stresses that unless he
17 receives a materially better offer by the close of
18 business that day, he will accept Mr. Hobby's
19 proposal and the advance, right?

20 A. Yes.

21 Q. Did you make a materially better offer by
22 the close of business that day?

23 A. I don't remember. I really do not.

24 Q. You don't remember whether you made a
25 better offer by the close of business that day?

1 A. I don't remember seeing this e-mail
2 either.

3 Q. Did you ever make a materially better
4 offer?

5 A. I don't -- tell you the truth, I'm not
6 sure what happened after that. I think I sent an
7 e-mail of 5,000 more than what I had -- or 3,000
8 more than what I'd originally sent.

9 Q. Okay.

10 A. And I don't know whether that got to
11 Mr. Knowlton or not, but I don't remember a lot of
12 this because what I was taking.

13 Q. But the trustee did end up accepting
14 Mr. Hobby's offer, right?

15 A. I don't know. I never got documentation
16 that he had done anything. And he never called me,
17 never sent me hard copy of anything.

18 Q. He never told you he'd accepted
19 Mr. Hobby's offer?

20 A. No. He never picked up the phone and
21 called me. He never verbally -- I mean, this is a
22 house I was living in. He never verbally told me
23 anything.

24 Q. Okay. I'm going to hand you what's been
25 marked as Exhibit 34. This is two days later, an

1 e-mail from the trustee to Mr. McDougall, his
2 assistant and to you, right?

3 A. Yes.

4 Q. And he says -- the trustee says in the
5 second sentence, unfortunately time is not on our
6 side and in my opinion Mary has had plenty of time
7 to come up with a counteroffer. She has apparently
8 had Ray's counteroffer since January 23rd, 18 days.
9 The trust is now past due in most or all of the
10 loan payments which it is required to service.
11 Therefore, I have no choice but to accept what is
12 clearly the superior offer and use the cash advance
13 to service the loans for February. Isn't that what
14 this e-mail says?

15 A. It does.

16 Q. And you received this on February 9th,
17 didn't you?

18 A. I really don't remember this.

19 Q. Do you deny that the trustee sent this
20 e-mail to you and to your attorney?

21 A. I don't deny anything. I just don't
22 remember it.

23 Q. I'm going to show you --

24 A. The trustee was well aware that I was
25 under medication and so was Mr. McDougall.

McDougall & Self, L.L.P.
Attorneys at Law
781 Greenlawn Drive, Suite 4
P. O. Box 90860
Columbia, South Carolina 29290
Telephone: (803) 776-3130 • Telecopier: (803) 776-7748

John O. McDougall†
Michael W. Self†
Peter G. Currence
Ryan A. McLeod

Alyssa H. Richardson

E-mail: jom@mcDougallandself.com

Reply to Columbia

March 20, 2012

Sumter Office:
21 East Cathoun Street
P.O. Box 2197
Sumter, South Carolina 29151-2197
Telephone: (803) 776-5062
Telecopier: (803) 776-6908

Website: www.mcdougallandself.com

VIA E-MAIL ONLY

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby
544 Crowder Road Home

Dear Frank:

I have been advised that Mary Hobby is willing to purchase the 544 Crowder Road property which is titled in her name by making a cash payment to the trust in the amount of \$186,875 with her reserving the right to determine what, if anything, is due to her for the expenses that she has paid regarding this property from October 8, 2010, to present, at a later date. This offer is based upon the property having a \$325,000 value and she paying the trust 57.5% of the value of the property. The \$186,875 will be paid immediately to the trust upon confirmation that the property will be released to Mary Hobby free and clear of any claim and/or interest from the trust.

After you have had an opportunity to review the above, please advise as to whether we can consummate the above transaction at this time.

With kind regards,

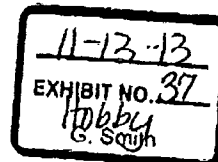
Sincerely,

JOHN O. McDOUGALL

JOM:srb

cc: Mr. James E. Bryan, Jr. (via e-mail only)
Mrs. Mary T. Hobby (via e-mail only)

100 PLONATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS



MH 00037



Sharon Barkley

From: Frank Knowlton [frank.knowlton@nelsonmullins.com]
Sent: Wednesday, April 04, 2012 10:59 AM
To: Sharon Barkley; John McDougall
Cc: mthobby@yahoo.com
Subject: RE: Hobby vs. Hobby
Attachments: Image001.gif

John, thanks for your letters. Responding to your letters by e-mail is faster and saves the Trust money so I will not be sending letter responses.

1. 544 Crowder Rd – As I mentioned to you in our conversation last week, I have already accepted Ray's offer on the house and he has paid the closing proceeds in advance (which allowed the Trust to remain solvent in February and March). I am sorry this did not work out to Mary's satisfaction.
2. Allmony – there not sufficient funds in the Trust to pay the allmony this month. I am hopeful that we can resolve the Travelers Issues very soon and get a fresh injection of much needed cash into the Trust to continue to service the mortgage debt and pay the other Trust expenses.

Nelson Mullins

Frank B. B. Knowlton
Partner
frank.knowlton@nelsonmullins.com
Nelson Mullins Riley & Scarborough LLP
Meridian, 17th Floor
1320 Main Street, Columbia, SC 29201
Tel: 803.255.9588 Fax: 803.256.7500
www.nelsonmullins.com
(View Bio)

From: Sharon Barkley [mailto:sbarkley@mcDougallandSelf.com]
Sent: Wednesday, April 04, 2012 9:27 AM
To: Frank Knowlton
Cc: 'mthobby@yahoo.com'
Subject: Hobby vs. Hobby

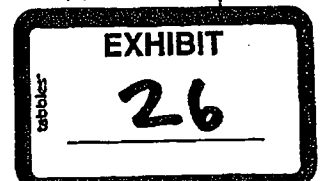
Mr. Knowlton,

Please see attached letters from John McDougall in regard to the above referenced matter.

Sharon

Sharon R. Barkley
Legal Assistant to John O. McDougall
McDougall & Self, L.L.P.
Post Office Box 90860
Columbia, SC 29290
Telephone: 803.776.3130
Facsimile: 803-776-7748

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PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this "*Purchase Agreement*") is made and entered into this 19th day of April, 2012, by and between Frank B. B. Knowlton, as Trustee of The Hobby Family Liquidating Trust ("*Seller*") and Raymond D. Hobby ("*Purchaser*").

WITNESSETH:

WHEREAS, Seller has offered to sell certain improved real property to Purchaser and Purchaser has offered to purchase such property from Seller.

NOW, THEREFORE, for and in consideration of the foregoing premises, the mutual covenants and agreements set forth herein and other good and valuable consideration, all of which each party respectively agrees constitutes sufficient consideration received at or before the execution hereof, the parties hereto do hereby agree as follows:

1. Sale and Purchase. Seller agrees to sell that certain tract of land together with the building and improvements thereon, with an address of 544 Crowder Road, Newberry, South Carolina, containing 2.75 acres, more or less, (hereinafter referred to as the "*Property*"), which is more particularly described in Exhibit "A" attached hereto and incorporated herein to Purchaser on the terms and conditions contained in this Purchase Agreement, and Purchaser agrees to purchase the Property from Seller on the terms and conditions contained in this Purchase Agreement.

2. Purchase Price.

2.1 Amount and Payment of Purchase Price.

2.1.1 Subject to adjustment and credits as otherwise specified in this Section 2 and elsewhere in this Purchase Agreement, the purchase price (the "*Purchase Price*") to be paid by Purchaser to Seller for the Property shall be Three Hundred Twenty-Five Thousand and 00/100 Dollars (\$325,000.00). The Purchase Price shall be paid by Purchaser to Seller at the time when the purchase and sale are consummated (the "*Closing*") by cashier's check or by wire transfer of immediately available federal funds, less the amount (i) of Earnest Money and (ii) the Note (as defined in Subsection 2.1.3 below), and subject to prorations, adjustments, and credits as otherwise specified in this Purchase Agreement.

2.1.2 Prior to the parties entering into this Purchase Agreement, Purchaser delivered to Seller a non-refundable payment in the amount of Fifty-Six Thousand and no/100 Dollars (\$56,000.00) (the "*Earnest Money*") in connection with the purchase of the Property.



2.1.3 Upon delivery of the deed as hereinafter provided, Purchaser shall execute and deliver to Seller a note in the principal amount of One Hundred Eighty-Six Thousand Eight Hundred Seventy-Five and 00/100 Dollars (\$186,875.00) with interest compounded annually at an interest rate of Three and 25/100 Percent (3.25%) per annum payable on demand of Seller (the "Note"). Purchaser shall execute and deliver to Seller a purchase money mortgage to secure the Note. The Note and mortgage shall be satisfactory in form and substance to Seller's attorney. Purchaser shall obtain fire and extended coverage insurance in amounts and companies satisfactory to Seller with Seller listed thereon as mortgagee and additional insured and shall present evidence thereof together with evidence of premium payment at the Closing. Seller agrees to release the Property from the lien of the purchase money mortgage and record a satisfaction of the mortgage upon Purchaser's full payment of all principal and interest due under the note.

3. Representations and Warranties.

3.1 Seller's Representations and Warranties. Seller represents and warrants to Purchaser as follows:

3.1.1 The Property is sold "AS IS, WHERE IS, AND WITH ALL FAULTS." SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE PROPERTY OR ANY PART THEREOF OR THE USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION, OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, OR (EXCEPT AS EXPRESSLY SET FORTH IN THIS PURCHASE AGREEMENT) TITLE THERETO, OR OTHERWISE, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY PURCHASER. PURCHASER HEREBY WAIVES ALL REPRESENTATIONS AND WARRANTIES EXPRESSED OR IMPLIED EXCEPT AS EXPRESSLY SET FORTH HEREIN.

3.2 Purchaser's Representations and Warranties. Purchaser represents and warrants that:

3.2.1 The execution and entry into this Purchase Agreement, the execution and delivery of the documents and instruments to be executed and delivered by Purchaser on the Closing Date and the performance by Purchaser of Purchaser's duties and obligations under this Purchase Agreement and of all other acts necessary and appropriate for the full consummation of the purchase and sale of the Property as contemplated herein, are consistent with and not in violation of, and will not create any adverse condition under, any contract, agreement or other instrument to which Purchaser is a party, or any judicial order or judgment of any nature by which Purchaser is bound. On the Closing Date, all necessary and appropriate action will have been taken by Purchaser with respect to the execution of and entry into this Purchase Agreement, the execution and delivery by Purchaser of the documents and instruments to be executed by Purchaser on the Closing Date and the performance by Purchaser of Purchaser's duties and obligations under this Purchase Agreement and of all other

acts necessary and appropriate for the consummation of the purchase and sale of the Property as contemplated herein.

3.2.2 Purchaser has the financial ability and resources to perform his obligations hereunder including payment of the Purchase Price and the Note.

4. Closing.

4.1 Closing Date. Closing shall occur on _____, 2012 (the "Closing Date"), or such other date as may be mutually agreed to by the parties. The Closing shall take place at the offices of Seller's counsel, or such other place as is mutually agreeable to Seller and Purchaser. Seller and Purchaser acknowledge that the transaction contemplated hereunder shall be closed by delivering executed documents and the other closing deliveries required under Section 4.2 hereof.

4.2 Deliveries At Closing. On the Closing Date, the Closing shall occur as follows, subject to satisfaction of all of the terms and conditions of this Purchase Agreement:

4.2.1 Seller shall convey the Property to Purchaser, by a quitclaim deed duly executed, witnessed and notarized and in recordable form (together with any required transfer tax declaration therefor).

4.2.2 Concurrently with Seller's deliveries at the Closing, Purchaser shall pay to Seller the Purchase Price as provided in Section 2 hereof, as well as execute the instruments necessary to evidence Purchaser's debt to Seller, as contemplated in Subsection 2.1.3 hereof.

4.3 Closing Costs. At the Closing, Seller and Purchaser shall respectively pay the following costs and expenses:

4.3.1 Seller shall pay:

- (a) the fees and expenses of Seller's attorneys;
- (b) any other costs set forth as Seller's costs in this Purchase Agreement; and
- (c) any other costs and expenses actually incurred by Seller.

4.3.2 Purchaser shall pay:

- (a) all recording and filing fees, state, county and city documentary stamps or related transfer and recording fees;
- (b) the fees and expenses of Purchaser's attorney; and

(c) any other costs and expenses actually incurred by Purchaser.

4.4 Prorations. All state, city and/or county ad valorem taxes due with respect to the Property for the calendar year of the Closing and all utility charges shall be prorated between Purchaser and Seller as of the Closing Date. If the actual amount of such taxes or utility charges is not known as of such date, either because bills for the period in question have not been issued or because such bills cover real property in addition to the Property, the proration at the Closing will be based on the most current and accurate billing information available. Should such proration not be based on the actual amount of the ad valorem taxes or utility charges for the period in question and should such proration prove to be inaccurate upon receipt of the actual bills for the Property, then either Seller or Purchaser may demand within ninety (90) days after the Closing Date a payment from the other party correcting such malapportionment.

5. Time of the Essence. Time is of the essence hereof.

6. Governing Law. This Purchase Agreement shall be construed, interpreted and enforced in accordance with the internal laws of the State of South Carolina. Venue for any litigation related to this Purchase Agreement shall be solely in South Carolina.

7. Notices. Any notices, requests or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand, confirmed facsimile, nationally recognized courier (such as Federal Express) which maintains a record or receipt of delivery, or mailed by United States registered or certified mail, return receipt requested, postage prepaid and addressed to each party at its address as set forth below:

To Seller: Frank B.B. Knowlton
Nelson Mullins Riley & Scarborough, LLP
1320 Main Street, 17th Floor
Columbia, SC 29201

To Purchaser: Mr. Raymond D. Hobby
P.O. Box 457
Newberry, SC 29108

Any such notice, request or other communication shall be considered given or delivered, as the case may be, on the date of hand delivery, courier delivery or the date of facsimile transmission as indicated by electronic confirmation thereof or on the third day following deposit in the United States mail as provided above. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice, request or other communication. By giving at least five (5) days prior written notice thereof, any party may from time to time at any time change its mailing address hereunder.

8. Entire Agreement; Modification. This Purchase Agreement supersedes all prior discussions and agreements between Seller and Purchaser with respect to the Property and contains the sole and entire understanding between Seller and Purchaser with respect to the Property. All promises, inducements, offers, letters of intent, solicitations, agreements, commitments, representations and warranties heretofore made between such parties are merged into this Purchase Agreement. This Purchase Agreement cannot be modified or amended in any respect except by a written instrument executed by or on behalf of each of the parties to this Purchase Agreement.

9. Captions. All captions, headings, Section, Subsection, Paragraph and Subparagraph numbers and letters and other reference numbers or letters are solely for the purpose of facilitating reference to this Purchase Agreement and shall not supplement, limit or otherwise vary in any respect to the text of this Purchase Agreement.

10. Survival. Except as specifically provided herein, the representations, warranties and covenants made herein shall not survive the Closing.

11. Counterparts. This Purchase Agreement may be executed in several counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.

12. References. All references to Sections, Subsections, Paragraphs or Subparagraphs will be deemed to refer to the appropriate Section, Subsection, Paragraph or Subparagraph of this Purchase Agreement. Unless otherwise specified in this Purchase Agreement, the terms "herein," "hereof," "hereunder" and other terms of like or similar import, will be deemed to refer to this Purchase Agreement as a whole, and not to any particular Section, Subsection, Paragraph or Subparagraph hereof. Words of any gender used in this Purchase Agreement will be held and construed to include any other gender, and words of a singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

13. Waiver. Any condition or right of termination, cancellation or rescission granted by this Purchase Agreement to Purchaser or Seller may be waived by such party.

14. Rights Cumulative. Except as expressly limited by the terms of this Purchase Agreement, all rights, powers and privileges conferred hereunder are cumulative and not restrictive of those given by law.

15. Assignment. This Purchase Agreement and the rights, duties, interests, and obligations of Purchaser hereunder may not be assigned by Purchaser without consent of Seller.

16. Successors and Assigns. This Purchase Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns.

17. Further Assurances. The parties hereto agree that they will each take such steps and execute such documents as may be reasonably required by the other party or parties to carry out the intents and purposes of this Purchase Agreement.

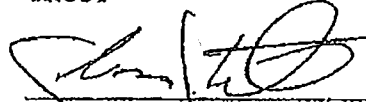
18. Severability. In the event any provision or portion of this Purchase Agreement is held by any court of competent jurisdiction to be invalid or unenforceable, such holding will not affect the remainder hereof, and the remaining provisions shall continue in full force and effect at the same extent as would have been the case had such invalid or unenforceable provision or portion never been a part hereof.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have duly signed, sealed, and delivered
this Purchase Agreement.

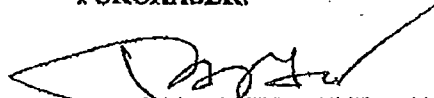
SELLER:

THE HOBBY FAMILY LIQUIDATING
TRUST



Frank B.B. Knowlton, Trustee

PURCHASER:



RAYMOND D. HOBBY

-H4836-9814-0174 v.1-

EXHIBIT "A"

LEGAL DESCRIPTION

All that certain piece, parcel and lot of land with the improvements thereon, situate, lying and being located on Crowder Road, in the County of Newberry, State of South Carolina, being shown and designated as containing 2.75 acres, more or less, on plat of survey prepared for Raymond D. Hobby, by Adtech Surveying, Inc., PLS 11072, dated May 26, 2005, recorded in Plat Book C122 at Page 4 in the Office of the Clerk of Court for Newberry County. Said plat is incorporated herein for a more full and complete description as to the metes and bounds of said property.

Together with a forty (40') foot right-of-way easement for ingress and egress to said property as shown on said plat.

STATE OF SOUTH CAROLINA)
)
COUNTY OF NEWBERRY) **PURCHASE MONEY MORTGAGE**

TO ALL WHOM THESE PRESENTS MAY CONCERN:

WHEREAS, Raymond D. Hobby (hereinafter referred to as "*Mortgagor*"), is well and truly indebted unto Frank B.B. Knowlton, as Trustee of the Hobby Family Liquidating Trust, (hereinafter referred to as "*Mortgagee*"), as evidenced by the Mortgagor's Promissory Note (the "*Note*") of even date herewith, the terms of which are incorporated herein by reference, in the sum of One Hundred Eighty-Six Thousand Eight Hundred Seventy-Five and 00/100 Dollars (\$186,875.00), plus interest, due and payable as provided for in the Note.

NOW, KNOW ALL MEN, that the Mortgagor, in consideration of the aforesaid debt, and in order to secure the payment thereof, has granted, bargained, sold and released, and by these presents does grant, bargain, sell and release unto the Mortgagee, and the Mortgagee's successors and assigns:

All that certain piece, parcel and lot of land with the improvements thereon, situate, lying and being located on Crowder Road, in the County of Newberry, State of South Carolina, being shown and designated as containing 2.75 acres, more or less, on plat of survey prepared for Raymond D. Hobby, by Adtech Surveying, Inc., PLS 11072, dated May 26, 2005, recorded in Plat Book C122 at Page 4 in the Office of the Clerk of Court for Newberry County. Said plat is incorporated herein for a more full and complete description as to the metes and bounds of said property.

Together with a forty (40') foot right-of-way easement for ingress and egress to said property as shown on said plat.

ADDRESS OF MORTGAGEE:

Nelson Mullins Riley & Scarborough, LLP
1320 Main Street, 17th Floor
Columbia, SC 29201
Attn: Frank B. B. Knowlton

TOGETHER with all and singular the rights, members, hereditaments and appurtenances to the same belonging or in any way incident or appertaining, and all of the rents, issues and profits which may arise or be had therefrom, and also including all heating, plumbing and lighting fixtures now or hereafter attached, connected or fitted thereto in any manner and all appliances and equipment owned by Mortgagor and used thereon in connection with the operation thereof. It is the intention of the parties hereto that all fixtures and

equipment be considered a part of the real estate and the aforescribed real estate, fixtures and equipment shall be hereafter referred to as the "Property".

TO HAVE AND TO HOLD, all and singular the said premises unto the Mortgagee, its successors and assigns, forever.

Mortgagor does covenant with Mortgagee that Mortgagor has the full power and lawful right to mortgage and encumber the same.

NOW THEREFORE, for good and valuable consideration, the parties do hereby agree as follows:

1. The Mortgagor does hereby agree as follows:

(a) To make promptly all payments required by the Note and/or this Mortgage as such payments become due.

(b) To pay promptly when due all taxes, assessments, liens and encumbrances on the Property for which funds are not escrowed by the Mortgagee.

(c) To keep the Property, and all additions thereto or replacements thereof, insured against damage by fire, lightning, windstorm or other casualty in a sum not less than ninety-five (95%) percent of insurable value, in a company or companies reasonably satisfactory to the Mortgagee, and naming Mortgagee as additional loss payee.

(d) Not to permit, commit or suffer any waste, impairment or deterioration of the Property, and to keep the Property in good repair, ordinary wear and tear excepted.

(e) To pay all expenses reasonably and actually incurred by the Mortgagee because of the Mortgagor's failure to comply with the agreements in the Note or this Mortgage, including reasonable attorney's fees actually incurred.

2. If any payments provided for in the Note or this Mortgage are not promptly paid by the Mortgagor, if the Property is not kept insured as provided, or if the Mortgagor defaults in any of the other covenants, stipulations or agreements provided for herein, the Mortgagee, without waiving or affecting its option to foreclose, may pay any and all such payments or obligations, may insure the buildings, or may otherwise perform any such covenants or agreements on behalf of the Mortgagor, and any and all such sums or expenses paid or incurred therefor together with interest thereon from the date of payment at the rate of eight (8%) percent per annum shall be secured by this Mortgage and shall be due and payable on demand.

3. In the event that foreclosure of this Mortgage is sued for, a court of competent jurisdiction is authorized to appoint a receiver of the Property to authorize such receiver to collect all rents or profits and to manage or cause to be managed the Property and to apply the

rents or profits of the Property to the indebtedness to the Mortgagee, regardless of the solvency of the Mortgagor or the adequacy of the security.

4. If any payment provided for in the Note which is not paid when due is not thereafter paid within fifteen (15) days of receipt by the Mortgagor of written notice thereof; or if any other agreement of this Mortgage is breached and such breach is not cured within thirty (30) days after written notice from Mortgagee to Mortgagor; or if the breach of any other agreement under this Mortgage which cannot reasonably be cured within thirty (30) days is not cured within a reasonable time (not to exceed sixty (60) days) after written notice from Mortgagee is given to the Mortgagor, then the unpaid principal balance, plus any sums advanced by Mortgagee pursuant thereto and all accrued but unpaid interest, shall immediately become due and payable at the option of Mortgagee and Mortgagee may foreclose this Mortgage in accordance with procedures established by law, and have the Property sold to satisfy or apply on the indebtedness hereby secured.

5. The agreements and promises of the Note secured hereby and of this Mortgage are intended to be covenants running with the title to the Property, to be binding on the respective parties, their successors, heirs, legal representatives and assigns and to inure to the benefit of the respective parties, their heirs, successors, legal representatives and assigns.

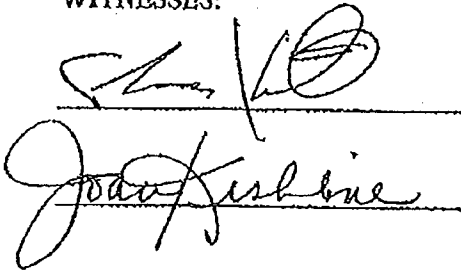
6. The lien hereby created shall cease and become null and void upon payment in full of the indebtedness secured by this Mortgage and upon the full and complete performance of all of the covenants, stipulations and agreements contained in both this Mortgage and the Note which it secures.

7. On sale or transfer of all or any part of the Property or any interest therein, without Mortgagee's prior written permission, Mortgagee may, at its option, declare all sums secured by this Mortgage to be immediately due and payable.

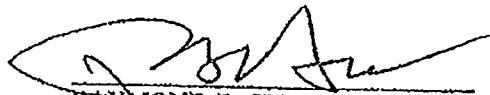
[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned has executed this Purchase Money Mortgage this 19 day of April, 2012.

WITNESSES:


Joan A. Keshline

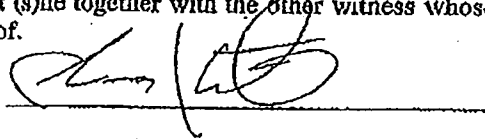
MORTGAGOR/DEBTOR:


RAYMOND D. HOBBY

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

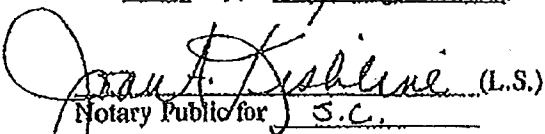
PROBATE

PERSONALLY APPEARED before me the undersigned witness who after being duly sworn says that (s)he saw the within-named Raymond D. Hobby, sign, seal and as his act and deed, deliver the within written Mortgage and that (s)he together with the other witness whose name appears above witnessed the execution thereof.



SWORN to and subscribed before me

this 19 day of April, 2012


Joan A. Keshline (L.S.)
Notary Public for S.C.

My Commission Expires: 9/18/2017

~74827-8076-7502 v.1~

STATE OF SOUTH CAROLINA)
)
COUNTY OF NEWBERRY)

QUIT-CLAIM DEED

TO ALL WHOM THESE PRESENTS MAY COME:

WHEREAS, an action (Docket No. 2005-DR-36-56) was initiated by Mary T. Hobby in the Newberry County Family Court for the Eighth Judicial Circuit seeking, among other relief, a divorce from Raymond D. Hobby, and in conjunction with such relief, the equitable apportionment of the marital assets;

WHEREAS, in connection with the equitable apportionment of the marital assets, Raymond D. Hobby and Mary T. Hobby, each of whom are citizens and residents of Newberry County, South Carolina, have agreed and are required to transfer various items of real and personal property, as encumbered, to The Hobby Family Liquidating Trust (the "*Liquidating Trust*") created pursuant to that certain Final Order and Divorce Decree dated October 8, 2010 by the Honorable Joseph W. McGowan, III, Judge of the Newberry County Family Court, Eighth Judicial Circuit (the "*Divorce Decree*");

WHEREAS, the Property (as defined below) was among the items of real property to be transferred to the Liquidating Trust pursuant to the Divorce Decree;

WHEREAS, the Liquidating Trust desires to convey any interest in the Property which the Liquidating Trust may have or have had to Raymond D. Hobby; and

WHEREAS, the Liquidating Trust has agreed to issue this Quit-Claim Deed in order to convey its interest in the Property, if any, and Raymond D. Hobby has agreed to accept this Quit-Claim Deed.

NOW, THEREFORE, for and in consideration of the foregoing recitals, and also in consideration of the sum of Three Hundred Twenty-Five Thousand and 00/100 Dollars (\$325,000.00), the receipt and sufficiency of such consideration being hereby acknowledged, to the extent the Liquidating Trust is vested or may hereinafter become vested, by virtue of a conveyance from Mary T. Hobby or otherwise, in any interest in the Property, the Liquidating Trust, as Grantor, has remised and forever quit-claimed unto Raymond D. Hobby, as Grantee, and by these presents, Grantor does hereby remise, release and forever quit-claim unto the Grantee, his heirs, successors and assigns, all its right, title and interest in and to the following (the "*Property*");

All that certain piece, parcel and lot of land with the improvements thereon, situate, lying and being located on Crowder Road, in the County of Newberry, State of South Carolina, being shown and designated as containing 2.75 acres, more or less, on plat of survey prepared for Raymond D. Hobby, by Adtech Surveying, Inc., PLS 11072, dated May 26, 2005, recorded in Plat Book C122

at Page 4 in the Office of the Clerk of Court for Newberry County. Said plat is incorporated herein for a more full and complete description as to the metes and bounds of said property.

Together with a forty (40') foot right-of-way easement for ingress and egress to said property as shown on said plat.

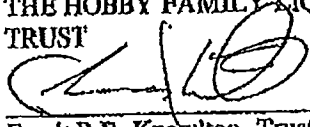
TOGETHER with all and singular the rights, members, hereditaments and appurtenances to the said premises belonging or in anywise appertaining.

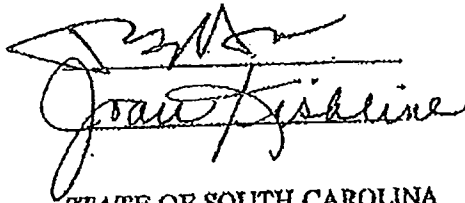
TO HAVE AND TO HOLD all and singular the said premises before mentioned unto the said Grantee, his heirs and assigns, forever so that neither the said Grantor nor its successors or assigns, nor any other person or persons, claiming under it or them, shall at any time hereafter, by any way or means, have, claim or demand any right or title to the aforesaid premises or appurtenances, or any part or parcel thereof, forever.

WITNESS THE HAND AND SEAL of the Grantor's duly authorized signatory authority this 19th day of April, 2012.

Signed, sealed and delivered
in the presence of:

THE HOBBY FAMILY LIQUIDATING
TRUST


Frank B.B. Knowlton, Trustee

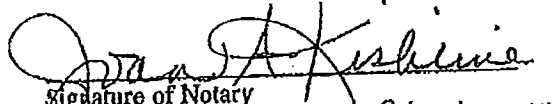


STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

ACKNOWLEDGMENT

I, Joan A. Kishine, Notary Public for the State aforesaid, do hereby certify that the above-named Frank B.B. Knowlton, as Trustee of The Hobby Family Liquidating Trust, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the 19 day of April, 2012.


Signature of Notary
My commission expires: 9/18/2017

PROMISSORY NOTE

\$ 186,875.00

Newberry, South Carolina
April 17th, 2012

Raymond D. Hobby, a South Carolina resident (the "**Debtor**"), for value received, hereby promises to pay to Frank B. B. Knowlton, as Trustee of The Hobby Family Liquidating Trust (the "**Payee**"), or order the principal sum of One Hundred Eighty-Six Thousand Eight Hundred Seventy-Five and 00/100 Dollars (\$186,875.00), with interest compounded annually at an interest rate of Three and 25/100 percent (3.25%) per annum. Such interest shall be added to the outstanding principal. All outstanding principal, together with all accrued interest, shall be due and payable upon demand by the Payee. All payments received under this Note will be applied first to interest on the unpaid principal balance and then to principal.

Both the principal hereof and interest hereon are payable to Payee at the following address:

Frank B. B. Knowlton, as Trustee of The Hobby Family Liquidating Trust
Nelson Mullins Riley & Scarborough LLP
Meridian, 17th Floor
1320 Main Street
Columbia, SC 29201

or at such other place as the holder hereof from time to time may designate to Debtor in writing, in coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts.

If the Debtor has not made the required payment when demanded, then such failure shall be considered a default hereunder.

Waivers By Debtor. The Debtor waives demand, presentment, notice of dishonor and protest of this Note; and consents to any extension or postponement of time of its payment without limit as to number or period.

Remedies. Any failure on the part of any holder of this Note at any time to require the performance by Debtor of any of the terms or provisions hereof, even if known, will not affect the right thereafter to enforce the same, nor will any failure of any holder of this Note to insist on strict compliance with the terms and conditions hereof be taken or held to be a waiver of any succeeding breach or of the right of any holder of this Note to insist on strict compliance with the terms and conditions hereof. Time is of the essence.

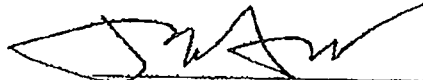
Expenses. If this Note is collected by law or through an attorney-at-law, Debtor shall pay all costs of collection, including reasonable attorneys' fees.

Governing Law. This Note is executed in and will be construed in accordance with the laws of the State of South Carolina.

Successors. All of the foregoing is the promise of Debtor and shall bind Debtor and Debtor's successors and assigns; provided, however, that Debtor may not assign any of its rights or delegate any of its obligations hereunder without the prior written consent of the holder of this Note. Payee may assign its rights and delegate its obligations under the Note without the consent of Debtor or its successors, heirs and assigns.

Security Agreement. This Note is secured under the terms of that certain Purchase Money Mortgage dated as of the date first written above by and between the Debtor and the Payee.

IN WITNESS WHEREOF, Debtor has caused this Note to be executed under seal by its duly authorized officer as of the date first written above.


RAYMOND D. HOBBY (SEAL)

STATE OF SOUTH CAROLINA)
COUNTY OF NEWBERRY)

IN THE COURT OF COMMON PLEAS

Raymond D. Hobby,

Civil Action No. 2013-CP-36-193

Plaintiff,

vs.

Mary T. Hobby,

**DEFENDANT'S NOTICE OF MOTION
AND MOTION FOR SUMMARY
JUDGMENT**

Defendant/Third
Party Plaintiff,

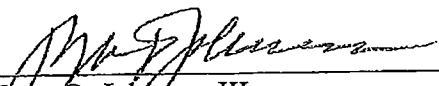
vs.

Frances B. Knowlton, Individually
and as Trustee,

Third Party Defendant.

TO: THE PLAINTIFF and his attorney BENJAMIN C. BRUNER

YOU WILL PLEASE TAKE NOTICE that the Defendant Mary T. Hobby moves for summary judgment pursuant to Rule 12(b)(6), SCRPC, that, given the undisputed evidence, the trustee acted outside the scope of his powers and authority in quitclaiming the marital residence to the plaintiff and the quitclaim is therefore void and a nullity. The affidavits of John O. McDougall and Arthur E. White, III are submitted in support of the motion.


Raymond D. Johnson, III
Johnson & Barnette, LLP
P.O. Drawer 11209
Columbia, SC 29211
803-799-9791
803-253-6084 (Fax)
pdjohnson@johnsonbarnette.com
Attorney for the Defendant

Columbia, South Carolina
September 19, 2013



STATE OF SOUTH CAROLINA)

COUNTY OF NEWBERRY)

Raymond D. Hobby)

Plaintiff,)

vs.)

Mary T. Hobby)

Defendant/Third Party)

Plaintiff,)

vs.)

Frances B. Knowlton, Individually)

and as Trustee,)

Third Party Defendant.)

IN THE COURT OF COMMON PLEAS

Civil Action No. 2013-CP-36-193

CERTIFICATE OF SERVICE

I, Sherry W. Wise, of Johnson & Barnette, LLP, hereby certify that I have served Benjamin C. Bruner, attorney for the Plaintiff, and R. Davis Howser, attorney for the Third Party Defendant, with the following pleadings by mailing a copy of same, postage prepaid and return address clearly indicated, to them at the following addresses on the 19th day of September, 2013.

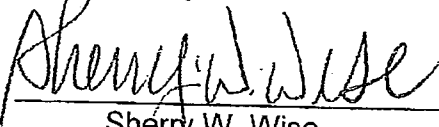
COUNSEL SERVED:

Benjamin C. Bruner
Bruner Powell Wall & Mullins, LLC
P.O. Box 61110
Columbia, SC 29260-1110

R. Davis Howser, Esquire
Howser Newman & Besley, LLC
P.O. Box 12009
Columbia, SC 29211

PLEADINGS:

Defendant's Notice of Motion and Motion For Summary Judgment



Sherry W. Wise

~1~

STATE OF SOUTH CAROLINA)

) IN THE COURT OF
) COMMON PLEAS

COUNTY OF NEWBERRY)

Raymond D. Hobby,)

) Civil Action No. 2013-CP-36-
) 193

) Plaintiff,)

) vs.)

) AFFIDAVIT OF
) JULIAN W. WALKER, JR.

) Mary T. Hobby,)

) Defendant/Third Party
) Plaintiff,)

) vs.)

) Frances B. Knowlton, Individually
) and as Trustee,)

) Third Party Defendant)
)
_____)

PERSONALLY APPEARED before me, Julian W. Walker, Jr., who first
being duly sworn, deposes and states as follows:

1. I am a citizen and resident of Richland County, South Carolina.
2. I am over the age of eighteen years, and I am competent to make these statements.
3. I was born in Charleston, South Carolina, on February 7, 1934, where I was educated in the public schools. I attended The University of the South, Sewanee, Tennessee, became a member of Phi Beta Kappa, and graduated



optime merens in 1956. I received my law degree from Duke University, Durham, North Carolina, in 1959.

4. I worked in trust banking for 27 years after practicing law in Norfolk, Virginia, from 1960 to 1967. I began my career in trust banking in March 1967 when I joined former Southern Bank and Trust in Norfolk as head of its trust department. In late December 1967 I accepted an offer from former First National Bank of South Carolina (FNB) to return to South Carolina as head of FNB's Charleston trust department. In March 1971 I moved to Columbia as the executive officer in charge of FNB's statewide trust division.

5. Upon the acquisition by former South Carolina National Corporation (SCNC) of former First Bankshares Corp. of S. C. (parent of FNB) in December 1984, I became the statewide trust executive officer for former South Carolina National Bank (a wholly-owned subsidiary of SCNC).

6. Upon the acquisition by Wachovia Corporation of SCNC in the early 1990's, I became the South Carolina trust executive officer for Wachovia Trust Services, and I retired from this position on March 1, 1994.

7. I am a past president of the Trust Division of the South Carolina Bankers Association, and I served for eight years on the Executive Committee of the Trust and Investment Management Division of the American Bankers Association.

8. After retiring from Wachovia, I practiced law in Columbia with former Haynsworth, Marion, McKay & Guerard and then with Rogers, Townsend & Thomas. I am now engaged in the solo private practice of law in Columbia concentrating on trust and estate controversy matters as an attorney/consultant and a consulting/testifying trustee expert.

9. I am a member of the South Carolina Bar, the Richland County Bar Association and the Virginia State Bar and have been admitted to practice before the Supreme Court of the United States and the United States Court of Appeals for the Fourth Circuit. I am a member of the American Bar Association and its Section of Real Property, Probate and Trust Law, and formerly served as the South Carolina reporter on the Section's Committee on Significant Current State Legislation from 1972 to 1990.

10. I am also a member of the South Carolina Bar's Probate, Estate Planning and Trust Section and have served as a member of the Section's Legislative Liaison Council and its South Carolina [Uniform] Trust Code (SCTC) Study Committee (co-chairing the subcommittee on Duties and Powers of Trustees) and the Section's SCTC Technical Corrections Committee. I most recently was a member of the Section's subcommittee which considered and drafted proposed substantive amendments/additions to the SCTC which were subsequently enacted effective January 1, 2014.

11. I also present and conduct a periodically up-dated one-day Trust Law Workshop on "Fiduciary Investment, Management and Discretionary Administration of Trust Assets in South Carolina".

12. I am a member of the Columbia (SC) Estate Planning Council and a longtime active member of the Duke University Estate Planning Council where I have served almost since its inception 35 years ago.

13. Attached to this Affidavit as Exhibit A is my current *Curriculum Vitae*.

14. I have been retained by Howser, Newman & Besley, LLC, Columbia, South Carolina, on behalf of its client, Frances B. Knowlton, Individually and as Trustee (correctly known as Francis B. B. Knowlton), the Third Party Defendant, to review and analyze the documents, materials and discussions listed in Exhibit B attached to this Affidavit, to determine my understanding of the facts in this matter as revealed in such documents, materials and discussions, and to develop my trustee expert opinions regarding the administration of the Hobby Family Liquidating Trust by the Third Party Defendant ("Trustee Knowlton") – my opinions to be arrived at based on my understanding of such facts in light of my trust experience and knowledge:

15. In my opinion, a prudent trustee exercising reasonable care, skill and caution:

(a) in administering a trust with the same or substantially similar terms and purpose as those of the Hobby Family Liquidating Trust administered by Trustee Knowlton in this matter, and

(b) in administering such a trust in the same or substantially similar circumstances as those in which Trustee Knowlton has been administering, and continues to administer, the said Hobby Family Liquidating Trust,

would deliberate, decide and act essentially as Trustee Knowlton has, in fact, deliberated, decided and acted.

16. The circumstances and related trust administration by Trustee Knowlton referred to in subparagraph 15(b) above are:

(a) Deciding that the "sole purpose" of the Hobby Family Liquidating Trust was clearly intended to include the conveyance to such Trust by Defendant Mary T. Hobby of her land (2.75 acres, more or less) with improvements located at 544 Crowder Road in Newberry County, South Carolina, without delay and that such Trust did not provide Mary any right to continued occupancy of such property – and that Plaintiff Robert D. Hobby did not intend to include in his offer to purchase such property any right to continued occupancy of such property by Mary – and that Robert's including in his offer the provision "to leave this asset in the Trust" was clearly intended by Robert to "maximize the properties value for any future sale opportunities" which Robert intended to mean he would re-convey such property to the Trust if any such sale opportunity arose.

(b) Exercising his trustee powers [including, but not limited to, The Hobby Family Liquidating Trust Agreement (Article IX (a)(xxxii) at p. 11] by deciding to sell the land (2.75 acres, more or less) with improvements located at 544 Crowder Road in Newberry County, South Carolina, to raise the funds determined by Trustee Knowlton to be needed in order for him to make required payments of time-sensitive Trust obligations thereby removing an immediate risk of costly damage to the Trust – entertaining offers initially from Mary Hobby and then from Raymond Hobby – communicating each such offer to the other of them as well as Trustee Knowlton's readiness to receive and consider any counteroffer from Mary to Raymond's offer, subject to "time being of the essence" – not putting the Trust at unreasonable risk by waiting any longer than Trustee Knowlton did, in fact, wait to determine Raymond's offer to be superior to Mary's offer and to accept Raymond's offer.

(c) Deciding that the final clause in The Hobby Family Liquidating Trust Agreement (Article IX (a)(xxxii) on p. 11), which reads “. . . and any other terms mutually agreeable by the parties” [underlining added] means:

“and, in addition, reflect anyother specific terms mutually agreed upon in writing by the parties to this Family Court action to be included in and govern any such sale, provided such written agreement is delivered to the Trustee by the parties within a reasonable time prior to such sale” –

and deciding that the final clause in paragraph 3f on page 9 of the Final Order and Divorce Decree entered on October 8, 2010, by the Family Court of Newberry County in *Hobby vs. Hobby*, Docket No. 2005-DR-36-56, which reads “. . . or other terms mutually agreeable to the parties” [underlining added] means:

“or, in the alternative, reflect any other specific terms mutually agreed upon in writing by the parties to this Family Court action to be included in and govern any such sale, provided such written agreement is delivered to the Trustee by the parties within a reasonable time prior to such sale.” –

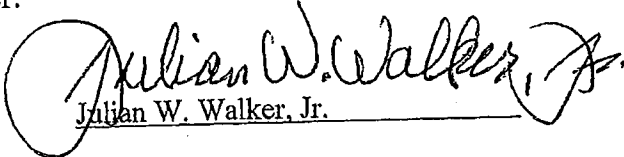
and deciding that the use of the word “or” by the Family Court of Newberry County in its Final Order and Divorce Decree entered on October 8, 2010, trumps the later erroneous substitution of the word “and” in such language in The Hobby Family Liquidating Trust Agreement executed in December 2010 the source of which is the October 2010 Final Order and Divorce Decree and that he, Trustee Knowlton, should regard this decision by him to be determinative of the meaning of the Liquidating Trust Agreement clause set forth above –

and recognizing that the existence of any such agreement between the parties, written or unwritten, regarding “*other terms mutually agreeable by the parties*” has never been made known to Trustee Knowlton and that certainly no such written agreement has ever been delivered to Trustee Knowlton –

and deciding that, whether relying on the “or” meaning or the “and” meaning, the absence of any such agreement between the parties, written or unwritten, regarding “*other terms mutually agreeable by the parties*” has

rendered the subject clause inapplicable to Trustee Knowlton's administration of this Trust —

and, finally, deciding that the subject clause for all the reasons set forth above and on its face in no way whatsoever requires the prior agreement of either party with any purchase offer by the other party in order for Trustee Knowlton to have the right and power to sell any such Trust property or asset to the party making the offer.


Julian W. Walker, Jr.

Sworn to before me this

23 day of December 2013.

 (L.S.)
Notary Public of South Carolina
My commission expires: 2/19/14

CERTIFICATE OF SERVICE

I, the undersigned employee of Howser, Newman & Besley, LLC, attorneys for Third Party Defendant Frances B. Knowlton (correctly known as Frances B.B. Knowlton), hereby certify that I have served copies of an Affidavit in Support of a Motion for Summary Judgment and in opposition to the Third Party Plaintiff's Motion for Summary Judgment depositing a copy of same in a United States Postal Service Mail Box directed to counsel listed below, postage prepaid, this 23rd day of December 2013:

Pope D. Johnson, III, Esquire
Johnson & Barnette, LLP
P. O. Drawer 11209
Columbia, South Carolina 29211-1209
ATTORNEY FOR DEFENDANT MARY T. HOBBY

James L. Bruner, Esquire
Benjamin C. Bruner, Esquire
Bruner, Powell, Wall & Mullins, LLC
P. O. Box 61110
Columbia, South Carolina 29260
ATTORNEYS FOR PLAINTIFF RAYMOND D. HOBBY

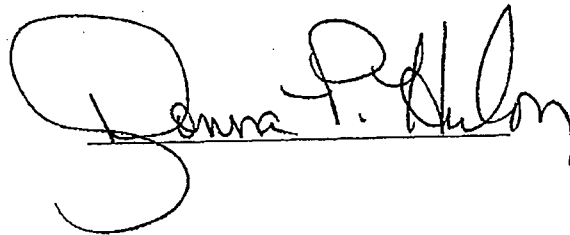
A handwritten signature in black ink, appearing to read "James L. Bruner", written over a horizontal line.

EXHIBIT A

Curriculum Vitae

Julian W. Walker, Jr.

Julian W. Walker, Jr., was born in Charleston, South Carolina, on February 7, 1934, where he was educated in the public schools. He attended The University of the South, Sewanee, Tennessee, became a member of Phi Beta Kappa, and graduated *optime merens* in 1956. Mr. Walker received his law degree from Duke University, Durham, North Carolina, in 1959.

Mr. Walker worked in trust banking for 27 years after having practiced law in Norfolk, Virginia, from 1961 to 1967. He began his career in trust banking in March 1967 when he joined a bank in Norfolk as head of its trust department. In late December 1967, Mr. Walker accepted an offer from First National Bank of South Carolina (FNB) to return to his home state as head of FNB's Charleston trust department. In March 1971, he moved to Columbia as the executive officer in charge of FNB's statewide trust division. When FNB was acquired by South Carolina National Bank (SCN) in late 1984, Mr. Walker was named as the executive officer in charge of SCN's newly merged statewide trust division. Then, in 1991, when Wachovia Bank, N.A., acquired SCN, Mr. Walker was named as the South Carolina trust executive officer for Wachovia Trust Services. Mr. Walker is a past president of the Trust Division of the South Carolina Bankers Association and served for eight years on the Executive Committee of the Trust and Investment Management Division of the American Bankers Association. After retiring from Wachovia in March 1994, Mr. Walker practiced law in Columbia with Haynsworth, Marion, McKay & Guerard and then with Rogers, Townsend & Thomas. Since 1997, he has been engaged in the solo private practice of law in Columbia concentrating on trust and estate controversy matters as an attorney and as a consulting/testifying trustee expert.

Mr. Walker is a member of the South Carolina Bar, the Richland County Bar Association and the Virginia State Bar and has been admitted to practice before the Supreme Court of the United States and the United States Court of Appeals for the Fourth Circuit. He is a member of the American Bar Association and its Section of Real Property, Probate and Trust Law, and he formerly served as the South Carolina reporter on the Section's Committee on Significant Current Legislation from 1972 to 1990. Mr. Walker is also a member of the South Carolina Bar's Probate, Estate Planning and Trust Section and served as a member of the Section's Legislative Liaison Council and its South Carolina (Uniform) Trust Code (SCTC) Study Committee (co-chairing the subcommittee on Duties and Powers of Trustees) and the Section's Uniform Trust Code Technical Corrections Committee. He most recently was a member of the Section's subcommittee which considered and drafted proposed substantive amendments to the SCTC which were subsequently enacted effective January 1, 2014.

Mr. Walker also presents and conducts a periodically up-dated one-day Trust Law and Practice Workshop on Fiduciary Investment, Management and Discretionary Administration of Trust Assets in South Carolina.

Mr. Walker is a member of the Columbia (SC) Estate Planning Council and a longtime active member of the Duke University Estate Planning Council where he has served almost since its inception 35 years ago.

December 2013

EXHIBIT B

1. The Hobby Family Liquidating Trust Agreement with Schedules.
2. Amended Complaint with Exhibits A, B, C and D.
3. Answer of Mary T. Hobby to Amended Complaint, Counterclaim and Third Party Complaint.
4. Answer and Counterclaim to the Third Party Complaint and Counterclaim of Knowlton.
5. Notice of Motion for Summary Judgment by Mary T. Hobby with Supporting Material and Affidavits.
6. Final Order and Divorce Decree entered on October 8, 2010, by the Family Court of Newberry County in *Hobby vs. Hobby*, Docket No. 2005-DR-36-56,
7. Quit-Claim Deed dated April 19, 2012.
8. Two Separate Meetings with Frank Knowlton and His Attorney, Dave Howser.

FILED
JAN 25 2014
CLERK OF COURT

STATE OF SOUTH CAROLINA)
COUNTY OF NEWBERRY)

IN THE COURT OF COMMON PLEAS

Raymond D. Hobby,)
Plaintiff,)

Civil Action No. 2013-CP-36-193

vs.)

Mary T. Hobby,)
Defendant/Third)
Party Plaintiff,)

AFFIDAVIT OF ARTHUR E. WHITE III

vs.)

Frances B. Knowlton, Individually)
and as Trustee,)
Third Party Defendant.)

PERSONALLY APPEARED BEFORE ME, Arthur E. White III, who being duly sworn,
deposes and says:

1. I am Arthur E. White III. I am a licensed attorney. I have been retained as an expert for the defendant, Mary T. Hobby ("Mary"). The opinions I express herein are my opinions to a reasonable degree of certainty.

2. I have reviewed the plaintiff's offer to purchase the property in question from the trustee. The plaintiff offered to purchase the property for \$325,000.00 and proposed to leave the property in the liquidating trust for the trustee to sell in the future. The trustee appears to have accepted this offer but strangely did not require the property to remain in trust per the plain language of the offer. The trustee gave the plaintiff a quitclaim deed and agreed to have the trust finance a portion of the purchase price.

3. It appears clear that the terms of the contract of sale are the terms of the offer made by Ray Hobby. To that end, it is my opinion that the trustee went beyond the terms of the contract.



1

Additionally the transfer of the property out of trust in contradiction to the terms of the contract clearly favors one beneficiary, the plaintiff, over another, Mary which is contrary to the terms of the Liquidating Trust.

4. Furthermore, in my opinion, the trustee did not have the authority to sell the property to the plaintiff as he did. Under Article 9, Section (a), Paragraph (xxxii), the trustee may only sell a trust asset to a Transferor (either Ray Hobby or Mary), provided the sale and the terms of the sale are reasonable, fair and reflect fair market value *and* any other terms mutually agreeable to the parties. (*emphasis added*). Based upon my investigation, Mary never agreed to any terms under which the sale took place. In fact, she objected to the sale to Ray Hobby and asserted that her offer was better. Since she did not agree to any of the terms of the sale, in my opinion, the trustee lacked authority to sell the property and the purported sale is a nullity. Ray Hobby clearly had knowledge of the trustee's lack of authority contained in the plain language of the Liquidating Trust.

5. In my opinion, if the trustee agreed to finance the sale, the trustee should have insisted that the plaintiff purchase the property under a contract of sale whereby a deed would not be delivered until the entire purchase price was paid. This would provide security to the trust and its beneficiaries. This would have left the title to the property in the liquidating trust and available to Mary T. Hobby rent free pursuant to the plain language of Article 9, Paragraph (f) and Article 12, Paragraph (f) of the Liquidating Trust, a copy of which is attached hereto. In my opinion, this needs to be addressed in depositions of the plaintiff and the trustee.

6. In addition, it is not undisputed that the plaintiff owns the property in question. The plaintiff acquired his interest in the property by a quitclaim deed which shows on its face that it is only conveying the trustee's interest in the property. See attached deed. Ownership of the property can only be confirmed after a title search has been performed and a title opinion given by an attorney licensed to practice law in South Carolina. In my opinion, title needs to be confirmed in the Trust

and the trustee's authority needs to be confirmed (which will be part of the title search) to effectuate a sale of the property from the trustee.

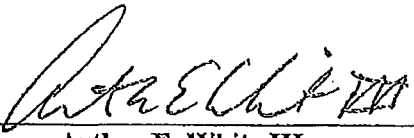
7. In my opinion, Mary T. Hobby should be allowed a reasonable period of time to conduct discovery regarding the issues set forth herein. In my opinion, further inquiry into the facts should be allowed as it is still necessary to determine the following: (a) whether the trustee had authority to enter into a contract with and sell real estate to the plaintiff from the trust without agreement by all parties, namely Mary T. Hobby; (b) even if the trustee had authority, which in my opinion he did not, what were the terms of the contract to sell the property and whether the terms of the contract were violated; and (c) whether the trust did in fact have title to the property the trustee purported to sell and transfer to the plaintiff.

SWORN TO AND SUBSCRIBED BEFORE ME

this 28th day of August, 2013

V. Grange Bourke
Notary Public for South Carolina

My Commission Expires: 8/3/2014


Arthur E. White III

1 divorce was that it would -- no matter what any
2 property would be sold agreeable to both parties,
3 and I don't know the terminology exactly, but
4 agreeable to both parties and fair and reasonable
5 terms.

6 Q. Okay. So whenever the trustee -- and I
7 may say trustee during this deposition.

8 A. That's okay. I know who you're talking
9 about.

10 Q. I'm talking about Frank Knowlton, right?

11 A. Yes. I know who you're talking about.

12 Q. Okay. And when I say the house or the
13 home, we're talking about the 544 Crowder Road
14 home, right?

15 A. Yes, yes.

16 Q. Okay. So you believe the trust agreement
17 gives you a right to veto or to approve or
18 disapprove of any sale of any real estate the
19 trustee sells?

20 A. No. No, I didn't say that. What I meant
21 was in the divorce agreement, this was all done for
22 equitable division, and the judge said, well,
23 because of the size of the estate and the
24 properties and everything involved, this is a
25 solution is to have a trustee who will sell each



1 piece of property out and it will be divided, the
2 money from it that's received will be divided,
3 unless there is debt that's part your debt. In
4 other words, if I had debt on something, then I
5 couldn't do that. You can't have personal debt to
6 be used by trust money.

7 Q. Okay. So the purpose of the trust was to
8 put all the marital assets in there and to sell
9 them, right?

10 A. It was supposed to be -- it was supposed
11 to be for equitable division.

12 Q. Right. And the house --

13 A. For a divorce. It wasn't a normal trust
14 that you would sell off assets.

15 Q. Okay. And the Crowder Road house was part
16 of the trust property that was supposed to be in
17 there, right?

18 A. Yes, to my knowledge, yes.

19 Q. Okay. Well, I'm asking what you believe
20 because you eventually conveyed the house into the
21 trust?

22 A. I was forced to put it in the trust.

23 Q. Okay. Do you believe that the Crowder
24 Road house was part of the trust property and part
25 of the initial property that went into the trust

1 MR. JOHNSON: You can't because you're
2 under oath.

3 THE WITNESS: Oh, okay. I lost a paper
4 clip. Okay. You're asking me to look at this?

5 BY MR. BRUNER:

6 Q. Exhibit 4, yes, ma'am. Isn't that a copy
7 of the divorce decree?

8 A. I think so.

9 Q. Well, I want you to be sure. This is your
10 deposition.

11 A. Yes. Let me see the last page. Yeah, it
12 appears to be it.

13 Q. Okay. So it's your -- it's your testimony
14 that the divorce decree was supposed to create the
15 trust and then approve the trustee's distribution
16 of all the assets and proceeds?

17 A. Well, let me read you the statement. I
18 saw it a minute ago. Some of this is highlighted
19 kind of funny. The terms are supposed to be
20 reasonable and fair and reflect fair market value,
21 mutually agreeable to the parties, page 9.

22 Q. Could you read that again for me, please?

23 A. Okay. It says, either -- it says, either
24 party may purchase any asset from the trust
25 provided the sale and terms are reasonable, fair,

1 and reflect market value or other terms mutual
2 agreeable to the parties.

3 Q. Okay. So isn't it true that means that if
4 the terms are reasonable and fair and reflect fair
5 market value, the trustee can sell the property,
6 and if there's any other condition --

7 A. No.

8 Q. -- the parties can agree to it?

9 A. Uh-uh.

10 Q. You believe that means you have veto power
11 over the sale of any property to Mr. Hobby?

12 A. No. What I believe is that the divorce
13 decree was created -- I mean, the trust was created
14 for equitable division, and the terms were that it
15 had to be agreeable.

16 Well, if you're injured and the trustee
17 sells your property without your knowledge and then
18 tries to force you to keep bidding on property when
19 you're taking medication and in a lot of pain, I
20 think it's wrong. I think the way he treated me
21 was horrible.

22 And he knew about it because I sent him --
23 I sent him an e-mail.. I told him that I was
24 injured. I didn't know how I had done it, but I
25 was in a lot of pain, and I was going to a series

1 of doctors.

2 But he waited like -- oh, gosh, it seemed
3 like a long time, but it was like 42 days and never
4 responded to me. For whatever reason, I don't
5 know.

6 Q. Okay.

7 A. Well, yeah, I do know. He waited because
8 he had to drain the trust, and he did. He gave
9 Mr. Hobby or Hobby Construction 350,000 and gave
10 himself over 200,000. So he took out more than a
11 half a million out of the trust, so of course the
12 trust is going to be empty. So -- and at that time
13 he also planned and forced me to bid on the
14 trust -- I mean on my house.

15 Q. So he did that -- he did that just to drum
16 up some sort of false deadline? Is that your
17 testimony?

18 A. I don't know whether -- I think it was a
19 way for me -- to force me to sell the house -- I
20 mean to buy the house, then. Yeah, I do.

21 Q. You don't think he would have done that
22 if --

23 A. No.

24 Q. -- if he had accepted your December offer?

25 A. This was in December he did this. He took

1 Q. The order says, now, therefore, it is
2 ordered, adjudged and decreed, paragraph 2 under
3 that, sentence 2 in paragraph 2 says, each party
4 shall act reasonably and cooperate in the
5 preparation and timely execution of the documents
6 necessary to affect these terms and the intent of
7 this order. Do you see that?

8 A. Each party shall act reasonably and
9 cooperate. Yes, but I don't exactly know what it
10 means.

11 Q. Doesn't that say that you were supposed to
12 act reasonably and timely execute the deed
13 transferring the home into the trust?

14 A. No, it doesn't say that.

15 Q. Okay. Do you believe that you timely
16 executed the deed transferring the home into the
17 trust?

18 A. I believe I did the right thing because
19 the trustee was not doing anything for me,
20 absolutely nothing, or communicating with me.

21 Q. And you've talked about the mutual
22 agreement of the parties. I believe that's on the
23 next page, subparagraph F. Is this the paragraph
24 you're talking about that gives you the right to
25 object to Mr. Hobby buying the house?

EXHIBIT**32**

1 A. Yes.

2 Q. All right. So this would also give him
3 the right to object to your buying the house if the
4 trustee had accepted your offer to purchase?

5 A. I don't know what you're asking me.

6 Q. Well, you've said that this is what allows
7 you to object to Mr. Hobby buying the house, right?

8 A. Yeah, that's one of the things.

9 Q. Okay. So wouldn't it stand to reason that
10 he -- that if the trustee had accepted your offer
11 to buy the house, he would be able to object?
12 Isn't that true?

13 A. I don't know. All the houses that are in
14 the trust are all in his name. So that's the only
15 place I have really to live. I mean, I was nice
16 enough to give the trust a piece of property and
17 then got abused for it, so I really didn't
18 appreciate the way I was treated.

19 I agreed to it, and most of my agreement
20 was the house was really in bad repair, and part of
21 the agreement was it would be repaired, and then if
22 I wanted it I could, but it would be when
23 everything was sold.

24 Q. Okay. So the house --

25 A. That's the way I interpret it.

STATE OF SOUTH CAROLINA)
)
COUNTY OF NEWBERRY)

IN THE COURT OF COMMON PLEAS

Raymond D. Hobby,)
)
Plaintiff,)

Civil Action No. 2013-CP-36-193

vs.)

Mary T. Hobby,)
)
Defendant/Third)
Party Plaintiff,)

**DEFENDANT'S MEMORANDUM
IN OPPOSITION TO PLAINTIFF'S
MOTION FOR SUMMARY JUDGMENT**

vs.)

Frances B. Knowlton, Individually)
and as Trustee,)
)
Third Party Defendant.)

Mary T. Hobby submits this Memorandum in opposition to the plaintiff's motion for summary judgment. The plaintiff, in his Amended Complaint, alleged four causes of action against the defendant: (1) action pursuant to Sections 27-40-750 and 27-40-770 to require the defendant to move out for breach of a rental agreement; (2) trespass; (3) breach of defendant's promise to move out of the house when it was sold by the trustee; and (4) damages for reliance upon the defendant's promise to move out of the house when it was sold.

The plaintiff moved for summary judgment upon the following grounds:

1. This is a dispute over the use of real property ("Property") located in Newberry County;
2. There is no genuine issue of fact that the Property was sold;
3. There is no genuine issue of fact that Plaintiff has been the owner of the Property since April 19, 2012; and
4. There is no genuine issue of fact that Defendant has continued living on the Property after it was sold, without Plaintiff's permission and without making any payments to the Plaintiff.

The plaintiff did not submit any affidavits in support of his motion but merely stated that the motion would be supported "by the record in this case, by the Defendant's admissions, a true and

accurate copy of which are attached as Exhibit A, and may be further supported by memorandum, by affidavit, and by such cases as have been made and provided.”

The plaintiff’s motion for summary judgment should be denied for the following reasons:

1. Discovery is not complete and no ruling should be made until discovery has been completed. See Affidavits of Arthur E. White, III, John O. McDougall and Pope D. Johnson, III.

2. The motion should be denied because it is based upon an affidavit not filed with the motion and unauthenticated emails.

3. The Court should not rule on summary judgment until the Court rules on the defendant’s motion to amend and assert a cause of action for constructive trust. A constructive trust results when circumstances under which the property was acquired making inequitable that it be retained by the one holding legal title, which circumstances include fraud, bad faith, abuse of confidence, violation of a fiduciary duty which gives rise to an obligation in equity to make restitution. *McCall v. Wachovia Bank of South Carolina, N.A.*, 351 S.C. 287, 569 S.E.2d 371 (Ct. App. 2002).

4. The plaintiff never entered into a rental agreement with the plaintiff and therefore the plaintiff has no claim against the defendant pursuant to Section 27-40-750 and 27-40-770.

5. A genuine issue of material fact relates to the cause of action for trespass. In order to establish a cause of action for trespass, the plaintiff must prove that he is in legal possession of the property. Whether the plaintiff is the lawful owner and has been in lawful possession of the property is disputed. See Affidavits of Arthur E. White, III and John O. McDougall.

6. The third cause of action is for breach of contract. The fourth cause of action is for reliance on plaintiff’s promises to move out. The plaintiff’s Memorandum does not identify any agreement between the plaintiff and the defendant that was breached by the plaintiff or that the plaintiff relied upon.

DEFENDANT’S RESPONSE

I. The Plaintiff’s Motion for Partial Summary Judgment should be granted because there is no genuine issue of material fact that Plaintiff has owned the House since April 19, 2012 and that Defendant continues to live there unlawfully.

a. There is no genuine issue of fact related to the Defendant’s liability for trespass.

Disputed: See Affidavits of Arthur E. White, III and John O. McDougall.

i. The doctrine of collateral estoppel bars the Defendant from re-litigating whether the Plaintiff is the legal owner of the House and whether she has a right to continue living there.

Disputed: See Affidavits of Arthur E. White, III and John O. McDougall. Not pled and not raised by the motion.

ii. Even if collateral estoppel does not apply, there is no factual issue that the Plaintiff alone owns the House.

Disputed: See Affidavits of Arthur E. White, III and John O. McDougall.

iii. There is no evidence that the Defendant has permission to continue living in the House.

Disputed: See Affidavits of Arthur E. White, III and John O. McDougall.

b. The Plaintiff is entitled to summary judgment as to the Defendant's liability as a holdover tenant because there is no genuine issue of fact that she has refused to vacate the House after her right to live there terminated.

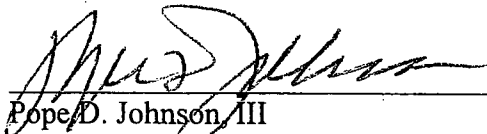
Disputed: See Affidavits of Arthur E. White, III and John O. McDougall. No lease or tenancy.

c. The Plaintiff is entitled to summary judgment as to liability on his breach of contract claim because there is no genuine issue of fact that the Defendant agreed to move out when the House was sold, that the House was sold, or that the Defendant refused to move out and is still living there today.

Disputed: See Affidavits of Arthur E. White, III and John O. McDougall. No contract identified.

d. Alternatively, the Plaintiff is entitled to summary judgment as to liability on his quantum meruit claim.

Disputed: See Affidavits of Arthur E. White, III and John O. McDougall. Not pled.


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Attorney for the Defendant

Columbia, South Carolina
March 12, 2014

STATE OF SOUTH CAROLINA)
COUNTY OF NEWBERRY)

IN THE COURT OF COMMON PLEAS

Raymond D. Hobby,)
Plaintiff,)

Civil Action No. 2013-CP-36-193

vs.)

Mary T. Hobby,)
Defendant/Third)
Party Plaintiff,)

**DEFENDANT'S NOTICE OF MOTION
AND MOTION TO ALTER OR AMEND
AND/OR TO RECONSIDER**

vs.)

Frances B. Knowlton, Individually)
and as Trustee,)
Third Party Defendant.)

FILED
NEWBERRY COUNTY
2014 MAY 23 PM 1:45
JACKIE S. DOWERS
CLERK OF COURT

TO: THE TRIAL JUDGE, HONORABLE FRANK R. ADDY, JR.
THE PLAINTIFF and his attorney, BENJAMIN C. BRUNER
THE THIRD PARTY DEFENDANT and his attorney, R. DAVIS HOWSER

YOU WILL PLEASE TAKE NOTICE that the Defendant Mary T. Hobby hereby moves pursuant to Rule 59(e), SCRPC, the Court to alter or amend its Order dated May 6, 2014. This motion is made upon the following grounds:

1. According to Article I(c), The Hobby family Liquidation Trust Agreement was "established for the sole purpose of liquidating the various marital assets belonging to the Transferors (Husband and Wife) in the most fair, objective and impartial measures and in a manner that maximizes the value of such marital assets and satisfies the debts associated with those assets to the extent reasonable possible.

The Trustee, in Article IX, is granted, in its fiduciary capacity, power and duties. Under IX, (a) (xxxii), the Trustee is granted "absolute and uncontrolled discretion: to sell Trust assets. However, with the power to sell is restricted when it s a sale to a Transferor (either Husband or Wife).

Article IX, (xxxii) provides as follows:

"To sell, convey or otherwise deal with or dispose of any and all Trust Assets forming a part of the Liquidating Trust estate, at such time or

times and in such manner and upon such terms as, in the absolute and uncontrolled discretion of the Trustee may deem expedient and proper, **provided, however, that i) Trustee shall have an obligation to exercise appropriate and reasonable due diligence with respect to the sale of any Trust Asset such that Trustee is reasonably satisfied that any sale has occurred on an arms-length basis and has maximized the value of the Trust Asset being divested, and ii) Trustee may sell any Trust Asset to a Transferor provide the sale and terms of sale are reasonable, fair, and reflect fair market value and any other terms mutually agreeable by the parties.**" Emphasis supplied.

The Court misstated the language of Act (IX (xxxii) on page 2, wherein the Court stated:

"Trustee could sell trust property to either Husband or Wife if the transaction was fair, reasonable, and for market value, or if the beneficiaries mutually agreed to other terms."

This provision dealing with a sale or a to a Transferee uses the word "and" not the word "or" which means the terms of the sale to a Transferee must be both "reasonable, fair, and reflect fair market value" **and** any other terms of the sale must be "mutually agreeable to the parties"

Wife's two experts stated by affidavit that this was the correct interpretation of the provision.

Mr. White stated:

"4. Furthermore, in my opinion, the trustee did not have the authority to sell the property to the plaintiff as he did. Under Article 9, Section (a), Paragraph (xxxii), the trustee may only sell a trust asset to a Transferor (either Ray Hobby or Mary), provided the sale and the terms of the sale are reasonable, fair and reflect fair market value **and** any other terms mutually agreeable to the parties (*emphasis added*). Based upon my investigation, Mary never agreed to any terms under which the sale took place. In fact, she objected to the sale to Ray Hobby and asserted that her offer was better. Since she did not agree to any of the terms of the sale, in my opinion, the trustee lacked authority to sell the property and the purported sale is a nullity. Ray Hobby clearly had knowledge of the trustee's lack of authority contained in the plain language of the Liquidating Trust."

Mr. McDougall stated:

"2. Article 12(a)(xxxii) provides for the trustee's authority to sell trust assets to third parties and to sell trust assets to a transferor, either Mary or Raymond D. Hobby ("Ray"). Article 12(a)(xxxii) provides as follows:

"To sell, convey or otherwise deal with or dispose of any and all Trust Assets forming a part of the Liquidating Trust estate, at such time or

times and in such manner and upon such terms as, in the absolute and uncontrolled discretion of the Trustee may deem expedient and proper, **provided, however, that i) Trustee shall have an obligation to exercise appropriate and reasonable due diligence with respect to the sale of any Trust Asset such that Trustee is reasonably satisfied that any sale has occurred on an arms-length basis and has maximized the value of the Trust Asset being divested, and ii) Trustee may sell any Trust Asset to a Transferor provide the sale and terms of sale are reasonable, fair, and reflect fair market value and any other terms mutually agreeable by the parties.**" Emphasis supplied.

This language regarding sales to a transferor was included to protect the rights of the non-buying transferor. The trustee can only sell trust assets to a transferor if the sale is reasonable and fair and reflects fair market value and any other terms mutually agreeable by the parties."

The Court is asked by this motion to address specifically why the proviso was included, the purpose it serves, why sales to a transferor are subject to a different standard than sales to a third party, whether the opinions of the Wife's experts are correct or incorrect, and if so, the basis for that conclusion. Upon doing so, the Court is asked to reconsider its order and deny the Husband and Trustee's motion for summary judgment.

2. Summary Judgment should be granted when further inquiry into facts is warranted, as it is here, for the following reasons:

(a) Wife's offer dated December 8, 2011 was to pay Husband \$127,231 in cash, not the Trust.

(b) Husband's offer dated January 3, 2012 was to pay for Wife's "interest of 42 ½% for \$138,125.00". In addition, he offered to "leave the assets in the Trust to Mary". This could only be done by contract of sale where title could be transferred upon payment in full.

(c) There was no written acceptance of Husband's offer and no contract of sale based thereon. The proposed terms were re-negotiated to a completely new agreement by Husband and Trustee. When and why that occurred is unknown.

(d) The contract that was signed and dated April 19, 2012, was not remotely similar to the terms of the Husband's offer dated January 3, 2012. When, where, and how, and why the terms were changed is unknown. However, under the contract, Mr. Hobby was to pay \$138,125 in cash with credit for \$56,000 versus \$186,875.

(e) Mary's offer of March 20, 2012 was to pay \$186,875 in cash to the trust.

(f) Husband's letter offer dated January 3, 2012, said nothing about a note and mortgage and the two payments of \$56,000 referred to in the Court's order do not total \$138,125.00.

(g) There is no evidence of record to establish that Husband paid \$138,125.00. His affidavit claims that \$138,125 was paid before April 19, 2012. However, the contract only gave credit for \$56,000.

(6) Based upon the foregoing, the Wife asks that the Court reconsider its decision, and find that further inquiry into the facts is needed and deny the Trustee's and Husband's motion for summary judgment based thereon.

3. The Court should reconsider its order and deny the Trustee and Husband's motions for summary judgment because a factual dispute exists as to whether Wife's offer dated March 20, 2012 of \$186,875, made some twenty-four days prior to the April 19, 2012 contract was signed was or was not superior to that contract or because further inquiry into the facts is needed.

4. The Order of the Court contains the following language:

"The explicit provisions of the Trust Agreement granted the Trustee wide discretion in selling trust assets. He could sell trust property to either beneficiary if the transaction was fair, reasonable, and for market value, or if the beneficiaries could mutually agree on other terms. See Trust Agreement, Article IX(a)(xxxii). "

Moreover, the terms of the Trust Agreement enable the Trustee to sell such property to the beneficiary without obtaining consent of the other beneficiary. The Court, in Footnote 4, states the conclusion that the wife's interpretation is "inconsistent with the plain language" and "would frustrate the purpose of the trust as a liquidating trust" without explaining how the interpretation is inconsistent with the plain language and without an explanation as to how the interpretation would frustrate the purpose of the trust as a liquidating trust. The Court is asked why the interpretation would be inconsistent with the plain language and specific purpose of the Trust and reconsider and deny the Husband's and Trustee's motion for summary judgment.

5. The Court failed to acknowledge that the power of the trustee was different and restricted in order to sell to a beneficiary. The Trust Agreement gave broad discretion to the trustee to sell trust assets. However, his power to sell trust assets to a Transferor is restricted. A question of fact exists as to whether the purchase price was fair, reasonable and fair market value. .

6. The Court is asked to compare the Wife's March 20, 2012 and the April 19, 2012 contract and determine whether there is genuine issue of material fact as to which was superior and why.

7. The Court is asked to set forth the date Husband's January 3, 2012 offer was accepted and when, how and why the terms changed to those in the April 19, 2012 contract and

whether the changes occurred before or after the Wife's March 20, 2012 offer and whether the Trust owed a duty to the Wife to give her the right to respond to the terms in the April 19, 2012 contract.

8. The Court is asked to reconsider its conclusion that the Trustee "at all times acted impartially" on page 7.

9. The Court is asked to reconsider and compare the March 20, 2012 offer and the terms of the April 19, 2012 and state which was superior as it relates to the Court's finding as set forth at the top of page 8.

10. The Court is asked to set forth specifically the "only one reasonable interpretation" as set forth on page 8.

The Wife requests that the Court reconsiders its Order for the reasons set forth above and find and determine that there are genuine issues of material facts which must be determined by a jury and precludes summary judgment in favor of the Husband and Trustee and that the Court denies the Husband and Trustee's motion for summary judgment. The Wife requests a oral argument on this motion to reconsider and requests that the Court rule on each specific issue raised by this motion.

Attached is the Court's Order dated May 6, 2014.



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Columbia, South Carolina
May 23, 2014

FORM 4

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

JUDGMENT IN A CIVIL CASE
CASE NUMBER 2013CP3600193

Raymond D Hobby

Mary T Hobby

RECEIVED MAY 15 2014

PLAINTIFF(S)

DEFENDANT(S)

Submitted by:

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

DISPOSITION TYPE (CHECK ONE)

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

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

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

ORDER INFORMATION

Order

This order ☐ ends ☐ does not end the case.

Additional Information for the Clerk: _____

INFORMATION FOR THE JUDGMENT INDEX

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

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

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

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

S/ Frank R Addy, Jr.
Circuit Court Judge

05/06/2014
Date

Judge Code
For Clerk of Court Office Use Only

This judgment was entered on **May 12, 2014**, and a copy mailed first class or placed in the appropriate attorney's box on **May 12, 2014**, to attorneys of record or to parties (when appearing pro se) as follows:

Benjamin C. Bruner PO Box 61110 Columbia, SC 29260-1110

ATTORNEY(S) FOR THE PLAINTIFF(S)

Pope D. Johnson III 1230 Richland Street Columbia, SC 29201

R. Davis Howser PO Box 12009 Columbia, SC 29211

ATTORNEY(S) FOR THE DEFENDANT(S)

Jackie S. Bowers (jt)

Court Reporter

Jackie S Bowers - Clerk of Court

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

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

STATE OF SOUTH CAROLINA)
COUNTY OF NEWBERRY)

IN THE COURT OF COMMON PLEAS

Raymond D. Hobby,

C/A No.: 2013-CP-36-193

Plaintiff,)

v.)

Mary T. Hobby,

Defendant/Third-Party Plaintiff,)

v.)

Frances B. Knowlton, individually
and as Trustee,

Third-Party Defendant.)

ORDER

FILED
NEWBERRY COUNTY
2014 MAY 12 PM 12 30
JACKIE S. BOWERS
CLERK OF COURT

THIS MATTER came before the Court on March 12, 2014 on multiple cross-motions for summary judgment, namely, Defendant/Third Party Plaintiff Marry Hobby's (hereinafter "Wife") Motion for Summary Judgment, Third-Party Defendant Frances Knowlton's (hereinafter "Trustee") Motion for Summary Judgment, and Plaintiff Raymond Hobby's (hereinafter "Husband") Motion for Partial Summary Judgment on the issue of Wife's liability. For the reasons set forth below, the Court grants Husband's Motion for Partial Summary Judgment and the Trustee's Motion for Summary Judgment. Wife's motion for Summary Judgment is denied.

FACTS

Having carefully considered the evidence in the record and the arguments of counsel in the light most favorable to Wife, the Court finds no genuine issue as to the following facts.



Husband and Wife divorced in 2010 pursuant to a Final Order and Divorce Decree ("Divorce Order") dated October 8, 2010.¹ As part of the divorce settlement, they created a liquidating trust ("Trust"), the purpose of which was to facilitate equitable distribution. The Trust was created pursuant to the Divorce Order. (Trust Agreement, Article I(a)). Husband and Wife hired a third-party, the Trustee, to administer the Trust. He remains the trustee today. The explicit provisions of the Trust granted the Trustee wide discretion in selling trust assets. Trustee could sell trust property to either Husband or Wife if the transaction was fair, reasonable, and for market value, or if the beneficiaries mutually agreed to other terms. Trust Agreement, Article IX, (a)(xxxii). In addition, the trust terms gave Wife sole, exclusive, rent-free use of the marital home ("the House") until the Trustee sold it or she vacated it. (Def's Resp. to Pl.'s First Requests for Admissions ¶ 2; Trust Agreement, Article XII, (f).) It is undisputed that the House was a trust asset.

On December 8, 2011, Wife submitted an offer to the Trustee to buy the House based on a valuation of \$225,000. She offered to pay the Trust \$127,231, which represented Husband's 57.5% share of \$225,000.² On January 3, 2012, Husband made a counteroffer to purchase the House based on a valuation of \$325,000.00. He offered to pay \$138,125.00 in cash, representing Wife's 42.5% share of \$325,000. After receiving Husband's offer, the Trustee relayed it to Wife and gave her time to respond.

The Trustee made both Husband and Wife aware of the Trust's immediate need for cash to pay its pending debts. On January 27, 2012, the Trustee wrote Wife and her attorney to notify them that he intended to accept Husband's offer on January 31st unless she made a better offer.

¹ The Divorce Order was issued by the Honorable Joseph W. McGowan, III, Judge of the Family Court for the Eighth Judicial Circuit.

² For purposes of equitable distribution, the Family Court held Wife entitled to 42.5% of marital property; Husband's share is 57.5%.

On January 31, 2012, the Trustee again wrote Wife and her attorney informing them that the Trust's mortgage payments (on various trust assets) were becoming due and that the Trustee could not wait more than a day or two for her to make a better offer. Two days later, on February 2nd, the Trustee advised Wife's attorney that the Trust could not meet its obligations and needed an immediate cash infusion of \$56,000 to service its debts. On February 7, 2012, the Trustee advised Wife and her attorney that he had a check in hand for \$56,000 from Husband as an advance on the purchase of the House. The Trustee told Wife he would have to accept Husband's offer unless she made a materially better offer by close of business that day. Two days later, on February 9, 2012, the Trustee notified Wife and her attorney that he had accepted Husband's offer and was using the cash advance to service the Trust's debts. The Trustee deposited Husband's check and used the money to allow the Trust to continue operating. On March 14, 2012, Husband advanced another \$56,000 toward his purchase of the House to allow the Trust to continue operating.

Despite repeated attempts by the Trustee to get Wife to convey the House to the Trust as required by the Trust Agreement, she did not do so until April 11, 2012. Eight days later, on April 19, 2012, the Trustee and Husband closed on the sale of the House, and the Trustee delivered a quitclaim deed to Husband. The deed appears valid on its face. In all, Husband paid the Trustee cash in the amount of \$138,125.00 and gave note payable on demand secured by a purchase-money mortgage for the remainder of the \$325,000 purchase price.

After closing, Husband gave Wife proper notice to move out of the House, but she refused. Husband commenced an ejectment action in the Magistrate's Court, and later filed suit in this Court seeking damages in excess of the Magistrate's jurisdictional limit. On September 4, 2013, in response to Wife's objection to subject-matter jurisdiction, Husband filed an identical

complaint in the Newberry County Probate Court and removed that action to this Court. The Court then consolidated the two cases under the single caption appearing above.

Currently before this Court are Husband's damages claim,³ Wife's counterclaim for a declaratory judgment, and Wife's third-party claims against the Trustee for breach of fiduciary duty. Three (3) cross-motions for summary judgment are pending before the Court. First, Husband moves for partial summary judgment as to liability on his claims for trespass, holdover tenant, breach of contract and *quantum meruit* because Husband asserts there is no factual issue that he owns the House and that Wife has continued to live there unlawfully. Second, Trustee argues he is entitled to summary judgment because the Trust Agreement unambiguously gives him authority to sell the House in the manner he did and because the record lacks any evidence that he breached any fiduciary duty to Wife. Finally, Wife contends she is entitled to summary judgment because the Trustee acted outside the scope of his authority when he conveyed the House to Husband and breached his fiduciary duties, including his duty of impartiality to Husband and Wife as co-beneficiaries.

STANDARD

Summary judgment is proper when "the pleadings, depositions, answers to interrogatories and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Rule 56(c), SCRCF; see also *Pittman v. Grand Strand Entm't, Inc.*, 363 S.C. 531, 536, 611 S.E.2d 922, 925 (2005); *Eagle Container Co., LLC v. County of Newberry*, 366 S.C. 611, 622 S.E.2d 733 (Ct. App. 2005); *B & B Liquors, Inc. v. O'Neil*, 361 S.C. 267, 603 S.E.2d 629 (Ct. App. 2004).

³ Husband pursued his claim for possession separately in the Magistrate's Court. That matter is currently before the Court of Appeals.

When reasonable minds cannot differ on plain, palpable, and indisputable facts, summary judgment should be granted. *Ellis v. Davidson*, 358 S.C. 509, 595 S.E.2d 817 (Ct. App. 2004). The party seeking summary judgment has the burden of clearly establishing the absence of a genuine issue of material fact. *McCall v. State Farm Mut. Auto. Ins. Co.*, 359 S.C. 372, 597 S.E.2d 181 (Ct. App. 2004). Once the party moving for summary judgment meets the initial burden of showing an absence of evidentiary support for the opponent's case, the opponent cannot simply rest on mere allegations or denials contained in the pleadings. *Regions Bank v. Schmauch*, 354 S.C. 648, 582 S.E.2d 432 (Ct. App. 2003). The nonmoving party must come forward with specific facts showing there is a genuine issue for trial. *Rife*, 363 S.C. at 214, 609 S.E.2d at 568.

"The purpose of summary judgment is to expedite the disposition of cases which do not require the services of a fact finder." *Dawkins v. Fields*, 354 S.C. 58, 69, 580 S.E.2d 433, 438 (2003) (quoting *George v. Fabri*, 345 S.C. 440, 452, 548 S.E.2d 868, 874 (2001)); *Rumpf v. Massachusetts Mut. Life Ins. Co.*, 357 S.C. 386, 593 S.E.2d 183 (Ct. App. 2004).

DISCUSSION

I. Trustee's Motion for Summary Judgment

Trustee moves for summary judgment because the Trust Agreement unequivocally gave him the authority to sell the marital home and because there is no evidence that he failed to act reasonably and prudently in doing so. The Court agrees.

In order to prove her claim for breach of fiduciary duty, Wife must present some evidence that the Trustee breached his fiduciary duty. Wife has failed to present any such evidence. The Court finds that, as a matter of law, the Trust Agreement granted the Trustee the authority to sell the House. No material, factual issue exists as to this question. Nor is there any

evidence or inference that the Trustee failed to act reasonably and prudently in selling the home, or that he favored one beneficiary over the other.

The explicit provisions of the Trust Agreement granted the Trustee wide discretion in selling trust assets. He could sell trust property to either beneficiary if the transaction was fair, reasonable, and for market value, or if the beneficiaries could mutually agree on other terms. *See* Trust Agreement, Article IX, (a)(xxxii). Moreover, the terms of the Trust Agreement enabled the Trustee to sell trust property to one beneficiary without obtaining the consent of the other beneficiary.⁴ *See id.* Simply stated, because the House was an asset of the Trust, the Trustee had the power to sell it, and he clearly acted with due diligence and in a prudent manner when he did so. Both parties made an offer on the House, and Husband's \$325,000 offer was timely and superior to that of Wife. Wife was given ample time to respond to Husband's offer, yet she failed to do so despite several inquiries sent from the Trustee to Mr. McDougall, Wife's lawyer.

Further, both Husband and Wife were given notice of the Trust's immediate need for a cash infusion to pay its pending debts. Circumstances required the Trustee to act swiftly and make a decision which was in the best interest of the Trust and its beneficiaries, and the Trust was best served by accepting a legitimate, timely offer which allowed it to service urgent financial obligations. Significantly, South Carolina law states quite clearly that "compliance with the prudent investor rule is determined in light of the facts and circumstances existing at the time of a trustee's decision or action and not by hindsight." S.C. Code Ann. § 62-7 -933(G) (Supp. 2008).

⁴ Although Wife argues that Article IX (a)(xxxii) of the Trust Agreement required the Trustee to obtain her consent prior to selling the House to Husband, such an interpretation is inconsistent with the provision's plain language. Moreover, such an interpretation would frustrate the purpose of the Trust as a liquidating trust.

Although Wife claims she was experiencing medical issues which inhibited her from making a counteroffer, the Court finds no basis to excuse her from making a timely counteroffer within the time frame dictated by circumstances and required by the Trustee. Essentially, Wife maintains that she was suffering from a pinched nerve which kept her from making a timely counteroffer. The Court finds that her condition, while undoubtedly painful, would not have rendered her incapable of corresponding with the Trustee over the 18-day time span she had to make an offer. In fact, by the time Wife submitted a counteroffer, fifty-seven (57) days had elapsed since she had received notice of Husband's offer.

Importantly, when she did eventually make a counteroffer, there is no question the Trustee had accepted Husband's offer roughly a month earlier, thereby binding the Trust and subjecting it to a suit for specific performance had the Trustee attempted to renege and take Wife's untimely counteroffer. Finally, nowhere in the record can it be shown that the Trustee breached his duty of impartiality. The Trustee at all times acted impartially toward Husband and Wife with respect to the sale of the House. As described above, both parties made offers to buy the marital home and ample time was given to Wife to make a counteroffer. The Trust needed an immediate infusion of cash, and Husband presented a significantly better offer than Wife's original offer. It was reasonable and prudent for the Trustee to accept the best offer before him at the time in order to avoid the risk of the Trust defaulting on its debts. *See Ex parte Wheeler v. Estate of Green*, 381 S.C. 548, 673 S.E.2d 836 (Ct. App. 2009) (holding that the personal representative of a decedent's estate did not breach her fiduciary duties by accepting an offer for the sale of the decedent's residence without considering a substantially higher offer submitted by another prospective purchaser after the offer was accepted).

Even if Wife's counteroffer could be considered timely or otherwise valid, Wife offered the same sum as Husband, and the Court is strained to see how any favoritism could be shown by accepting a timely offer by one party in an amount equal to another party's untimely counteroffer. Accordingly, not only does the record fail to demonstrate a scintilla of evidence that the Trustee breached his fiduciary duties, it proves that he acted within them when he sold the marital home to Husband.

As alternate sustaining grounds, the Court finds the Trustee acted in reasonable reliance on the terms of the Trust as expressed in the Trust Agreement when he sold the House to Husband. See S.C. Code § 62-7-1006 (trustee who acts in reasonable reliance on the terms of the trust as expressed in the trust instrument is not liable to a beneficiary for a breach of trust to the extent the breach resulted from the reliance).

Finally, Wife's effort to create a material factual issue, by offering the affidavit of her attorney in the underlying domestic action, John McDougall, is unavailing; the plain language of the trust is unambiguous and capable of only one reasonable interpretation. In short, this Court is not required to find the possibility of ambiguity or fiduciary breach, where clearly none exists, simply because an affidavit is filed, and in this case, Mr. McDougall represented Wife in the underlying negotiations concerning the sale of the house. Accordingly, Wife's attorney affidavit regarding the trust represents, at best, an effort to create a factual issue where no such issue is actually in doubt. See generally *Higgins v. Medical University of South Carolina*, 326 S.C. 592, 486 S.E.2d 269 (Ct. App. 1997) (factual statements of counsel will normally not be considered in determining where issue of material fact exists precluding summary judgment).

Accordingly, the Trustee's Motion for Summary Judgment is granted.

II. Husband's Motion for Partial Summary Judgment

Husband moves for partial summary judgment on the issue of liability on four of his causes of action: trespass, holdover tenant, breach of contract, and *quantum meruit*. He argues summary judgment is proper as to liability because there is no genuine issue of material fact that the Trustee sold the House to him and that Wife has continued to live there without his permission. The Court agrees.

A. Trespass

"Trespass is any intentional invasion of the plaintiff's interest in the exclusive possession of his property." *Hedgepath v. Am. Tel. & Tel. Co.*, 348 S.C. 340, 357, 559 S.E.2d 327, 337 (Ct. App. 2001). "To prove a trespass, a party must establish: (1) that he was in legal possession of the property; (2) that the defendant [or his agent] voluntarily entered upon the plaintiff's property; and (3) that such entry was made without the plaintiff's permission." Ralph King Anderson, Jr., *South Carolina Requests to Charge – Civil*, 2002 § 4-43; see also Michael G. Sullivan, *Elements of Civil Causes of Action* 245-48 (2000). "For a trespass action to lie, 'the act must be affirmative, the invasion of the land must be intentional, and the harm caused by the invasion of the land must be the direct result of that invasion.' " *Hawkins v. City of Greenville*, 358 S.C. 280, 297, 594 S.E.2d 557, 566 (Ct. App. 2004) (quoting *Mack v. Edens*, 320 S.C. 236, 240, 464 S.E.2d 124, 127 (1995)). See also *Coll. of Charleston Found. v. Ham*, 585 F. Supp. 2d 737, 750 (D.S.C. 2008) and *West v. Newberry Elec. Co-op.*, 357 S.C. 537, 544, 593 S.E.2d 500, 503 (Ct. App. 2004). "The unwarrantable entry on land in the peaceable possession of another is a trespass, without regard to the degree of force used, the means of entry, or the extent of damage. The entry itself is the wrong." Anderson, *S.C. Requests to Charge – Civil* § 4-43.

Even viewing the evidence and inferences therefrom in the light most favorable to Wife, there is no question that she is liable to Husband for trespass. As discussed above, Trustee's sale

of the house to Husband by quitclaim deed was a valid sale and did not breach any fiduciary duty. Consistent with the terms of the Trust, Wife admits she was allowed to live in the House until it was sold. (Def's Resp. to Pl.'s First Requests for Admissions ¶ 2.) She further concedes that the Trustee sold the house to Husband prior to April 20, 2012. (*Id.* at ¶¶ 6, 7, 8.) In addition, Wife admits the Trustee sold it and delivered a quitclaim deed to the Husband. (*Id.* at ¶¶ 1, 10.) The Court sees no title defect in the record. A deed valid on its face is presumed to be valid. *See Cummins v. Varn*, 307 S.C. 37, 454 S.E.2d 829, 834 (1992). Moreover, Wife has failed to present any evidence affecting Husband's title to the house. There is no genuine issue of material fact that Husband owns the house or that Wife has been living there unlawfully since April 19, 2012. Accordingly, there is no question that Wife is liable to Husband for trespass.

B. Holdover Tenant

Husband's claim against Wife as a holdover tenant is based on the South Carolina Residential Landlord and Tenant Act ("RLTA" or "Act"). The RLTA applies to all "rental agreement[s]...for a dwelling unit located within this State." S.C. Code Ann. § 27-40-110. The Court finds the Act applies in this case because the Wife's right to continue using and occupying in the House rent-free arose from the Trust Agreement. *See* S.C. Code Ann. § 27-40-210(3), (12). Therefore, she was a tenant under the Act. *See* S.C. Code Ann. § 27-40-210(15). When the Trustee sold the House to Husband, Wife's right to continue living in the House terminated pursuant to the trust terms. In addition, Husband assumed all rights and remedies of the landlord. *See* S.C. Code Ann. § 27-35-50 (purchaser of real estate subject to lease becomes the landlord *ipso facto* and is entitled to all rights as original landlord).

As discussed above, there is no question that Husband owns the House or that Wife has lived there without his permission since April 20, 2012. Nor does the record present any

question that Wife knew her right to live there rent-free terminated when the House was sold. Accordingly, the Court finds no question that Wife is liable to Husband for actual damages and reasonable attorney's fees pursuant to S.C. Code Ann. § 27-40-750. The court further finds no material, factual issue that Wife's refusal to move out was not in good faith and was a willful violation of the RLTA and the trust agreement. See S.C. Code Ann. § 27-40-770(c). The only factual issues remaining to be determined are the Husband's actual damages, including the reasonable monthly rental rate, and reasonable attorney's fees. *Id.*

C. Breach of Contract

Husband is also entitled to summary judgment as to liability on his breach of contract claim. In order to recover for breach of contract, a party must prove "the existence of a contract, its breach, and the damages caused by such breach." *S. Glass & Plastics Co., Inc. v. Kemper*, 399 S.C. 483, 492, 732 S.E.2d 205, 209 (Ct. App. 2012), *reh'g denied* (Sept. 20, 2012) (citing *Fuller v. E. Fire & Cas. Ins. Co.*, 240 S.C. 75, 89, 124 S.E.2d 602, 610 (1962)). There is no question that the terms of the parties' Trust Agreement are clear and unambiguous. It gave Wife the right to continue living in the House rent-free "until such property [was] sold, or until vacated by her." (Trust Agreement, Article XII, (f).) By agreeing that her right to live in the House expired when the Trustee sold the House, Wife also agreed to move out when it was sold. The evidence is uncontested that she refused to move out and that she is still living in the House today.

Accordingly, the Court finds no factual issue that precludes the Court from entering summary judgment in Husband's favor on the issue of Wife's liability as a holdover tenant. The only issue that remains to be determined is Husband's damages.

D. Quantum Meruit

Finally, Husband moves for judgment as to liability on his claim for *quantum meruit*. “The elements of a *quantum meruit* claim are: (1) a benefit conferred upon the defendant by the plaintiff; (2) realization of that benefit by the defendant; and (3) retention by the defendant of the benefit under conditions that make it unjust for him to retain it without paying its value.” *Earthscapes Unlimited, Inc. v. Ulbrich*, 390 S.C. 609, 616-17, 703 S.E.2d 221, 225 (2010).

As discussed above, Wife does not dispute that she has lived in the House since April 19, 2012, when the Trustee closed the sale to Husband. Nor does Wife claim she has paid Husband for living in the House. The only reasonable conclusion based upon the record in this case is that Wife has lived in the House for nearly two (2) years unlawfully without paying any rent. As a result, there is no genuine issue of fact that Wife has received and retained a benefit from Husband under circumstances that make it unjust for him to retain it without paying its value. *See id.* The Court finds, therefore, that there is no genuine issue of material fact that Wife is liable to Husband for the value of the benefit she received. The only issue remaining for a fact-finder is to quantify that value.

III. Wife’s Motion for Summary Judgment

Wife contends she is entitled to summary judgment because the Trustee acted outside the scope of his authority when he conveyed the House to Husband. The Court disagrees, as discussed above, and denies her motion.

The Trustee did not act outside of the scope of his authority when he deeded the marital residence to Husband. The Trustee’s authority is set forth in the Trust Agreement. A court’s primary concern when interpreting and construing a trust instrument is to discern the settlor’s intent. *Holcombe-Burdette v. Bank of Am.*, 371 S.C. 648, 658, 640 S.E.2d 480, 484-85 (Ct. App. 2006). “In ascertaining a settlor’s intent, if the language of the trust instrument is perfectly plain

and capable of legal construction, such language determines the force and the effect of the instrument." *Id.* (internal citation omitted). When interpreting the meaning of the language of a trust agreement and ascertaining the intent of the settlor, the court must consider the trust document as a whole. *See id.* at 657, 640 S.E.2d at 484. Only if the Settlor's intent cannot be ascertained and the trust instrument is ambiguous will the courts turn to parol or extrinsic evidence. 76 Am.Jur.2d *Trusts* § 31.

Here, the Trust Agreement clearly sets forth the powers of the Trustee. Specifically, Article IX, Paragraph (a)(xxxii) gives the Trustee the power to "sell any Trust Asset to [Husband or Wife] provided the sale and terms of sale are reasonable, fair, and reflect fair market value **and any other terms mutually agreeable by the parties.**" Trust Agreement, Article IX, (a)(xxxii) (Emphasis added). Wife argues the use of the conjunctive "and" preceding the clause "any other terms mutually agreeable by the parties," indicates that the Trustee is required to obtain consent to the terms of any sale of trust property to Husband. However, this is a strained reading of this provision and inconsistent with its plain language. The Court finds the language in Article IX, along with the Trust's language as a whole, unambiguous and subject to only one reasonable, legal interpretation. Therefore, the Court need not look beyond the Trust Agreement's express terms in determining the scope of the Trustee's powers. Under the plain language of Article IX, (a)(xxxii), the Trustee could sell trust property to Husband or Wife without the consent of the other where the sale and terms of the sale are reasonable, fair and reflect market value. Although the trust provisions state that the parties were free to agree mutually to other or additional terms, here, the parties plainly did not agree on other or additional terms. In light of the evidence before the Court, the only reasonable conclusion to be reached is that the terms of the sale of the House to Husband were fair, reasonable and reflected fair market

value. Therefore, the sale of the House to Husband was expressly authorized under the Trust Agreement.⁵

Finally, Wife argues that discovery is incomplete; however, the Court finds that further discovery would be unavailing in that no party has identified how conducting more discovery would uncover additional relevant evidence and create a genuine issue of material fact. See *Dawkins v. Fields*, 354 S.C. 58, 71, 580 S.E.2d 433, 439-40 (2003); *Guinan v. Tenet Healthsystems of Hilton Head, Inc.*, 383 S.C. 48, 54-55, 677 S.E.2d 32, 36 (2009). No material fact is in dispute. The quitclaim deed the Trustee delivered to Husband is valid and resulted in a transfer of the property to Husband. Accordingly, Wife's motion for summary judgment is denied.

CONCLUSION

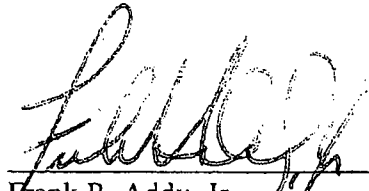
The Court fully appreciates the contentiousness of Husband's and Wife's divorce which, at the time, seemed to necessitate the creation of the Trust, and this Court does not relish the obligation of ruling upon a dispute which would have best been resolved in the Family Court when the parties initially sought their divorce. That Wife has continued to file actions in every conceivable Court in a thinly veiled effort to relitigate these issues has not gone unnoticed by this Court, but these procedural attempts at delay have no bearing on this Court's application of black letter law. That Wife desires to keep the former marital home is understandable. That the Trust was land rich/cash poor is regrettable. That Wife failed to timely respond to the Trustee cannot be excused under these facts. In short, this Court is called upon to apply the law to an instrument

⁵ Even if Article IX, (a)(xxxii) were held to be ambiguous, the Court finds that it was the intent of the parties to not require the consent of both beneficiaries to effect a sale of trust property to a beneficiary. This is the only way to interpret this provision without frustrating the very purpose of the Trust as a liquidating trust. Allowing one beneficiary to have unconstrained veto power over a commercially reasonable and fair sale of trust property would frustrate the Trustee's obligation to sell trust assets "in a timely, prudent and efficient manner." Trust Agreement, Article I (c).

lacking any uncertainty concerning its terms, and no material fact is in dispute. Accordingly, the Trustee's and Husband's motions are granted, and Wife's motion is denied.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that Third-Party Defendant Frances B. Knowlton's Motion for Summary Judgment is hereby GRANTED and that judgment shall be entered in his favor on all of Defendant/Third-Party Plaintiff Mary Hobby's claim against him; that Plaintiffs Raymond D. Hobby's Motion for Partial Summary Judgment on the issue of liability is GRANTED; and that Defendant/Third-Party Plaintiff Mary Hobby's Motion for Summary Judgment is DENIED.

IT IS SO ORDERED.



Frank R. Addy, Jr.
Circuit Court Judge

May 6, 2014
Greenwood, South Carolina

STATE OF SOUTH CAROLINA)
COUNTY OF NEWBERRY)

IN THE COURT OF COMMON PLEAS

Raymond D. Hobby)
Plaintiff,)

Civil Action No. 2013-CP-36-193

vs.)

CERTIFICATE OF SERVICE

Mary T. Hobby)
Defendant/Third Party)
Plaintiff,)

vs.)

Frances B. Knowlton, Individually)
and as Trustee,)
Third Party Defendant.)

I, Pope D. Johnson, III, of Pope D. Johnson, III, Attorney at Law, hereby certify that I have served Benjamin C. Bruner, attorney for the Plaintiff, and R. Davis Howser, attorney for the Third Party Defendant, with the following pleadings by hand delivery to them at the following addresses on the 23rd day of May, 2014.

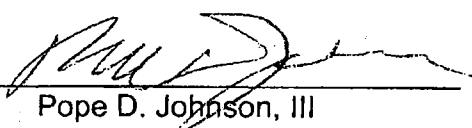
COUNSEL SERVED:

Benjamin C. Bruner
Bruner Powell Wall & Mullins, LLC
P.O. Box 61110
Columbia, SC 29260-1110

R. Davis Howser, Esquire
Howser Newman & Besley, LLC
P.O. Box 12009
Columbia, SC 29211

PLEADINGS:

Defendant's Notice of Motion and Motion to Alter or Amend and/or to Reconsider


Pope D. Johnson, III

STATE OF SOUTH CAROLINA)
COUNTY OF NEWBERRY)

IN THE COURT OF COMMON PLEAS
FOR THE EIGHTH JUDICIAL CIRCUIT

Raymond D. Hobby,)
Plaintiff,)

C/A No.: 2013-CP-36-0193

v.)

**AFFIDAVIT OF
FRANCIS B.B. KNOWLTON**

Mary T. Hobby,)
Defendant.)

PERSONALLY APPEARED BEFORE ME, Francis B.B. Knowlton, who, being first
duly sworn, deposes and says:

1. I am over 18 years of age.
2. I have personal knowledge of the information contained in this Affidavit.
3. I am the Trustee for the Hobby Family Liquidating Trust ("the Trust") that was created pursuant to the Divorce Decree finalizing the parties' divorce.
4. One of my duties under the Trust is to liquidate the Trust assets, including the property located at 544 Crowder Road in Kinards, South Carolina ("the Property").
5. In late 2011 and early 2012, the Trust needed operating income, and I believed selling the Property was a proper way to provide that necessary capital.
6. Within that time frame, the Defendant contacted me and offered to purchase Mr. Hobby's interest in the Property for \$127,231, based on a purchase price of \$225,000.
7. I notified Mr. Hobby about the Defendant's offer, and he offered to purchase the Home for \$325,000. Mr. Hobby's offer included a cash payment to the Trust of \$138,125.00, which amount represented the Defendant's 42.5% interest the Home. The Plaintiff gave a note for the remainder of the purchase price that was secured by a purchase-money mortgage.

EXHIBIT C

8. I notified the Defendant about the counteroffer Mr. Hobby made to purchase the Home, and she requested over one month to respond.

9. I could not allow the Defendant that amount of time without the Trust defaulting on its loans, but I did allow the Defendant a reasonable time to respond and gave her a deadline. However, the Defendant failed to make a counteroffer by the deadline.

10. I believe the counteroffer Mr. Hobby made was more beneficial to the Trust than the Defendant's original offer. In addition, I believe Mr. Hobby's offer brought much needed cash to keep the Trust from going broke.

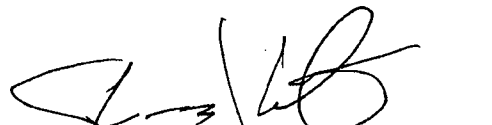
11. Therefore, I accepted Mr. Hobby's offer in early February and sold the Property.

12. Weeks later, I received an offer from the Defendant to purchase the Property. By that time, I had already entered into an agreement to sell the Property to Mr. Hobby.

13. On April 19, 2012, I, as Trustee, executed the Quitclaim Deed attached as **Exhibit A**.

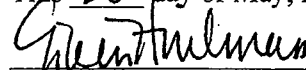
14. My intention was to sell the Property to generate cash for the Trust, as it is a liquidating trust.

FURTHER AFFIANT SAYETH NOT.


Francis B.B. Knowlton

SWORN TO and subscribed before me

This 20 day of May, 2013.

 (L.S.)

Notary Public for South Carolina

My Commission Expires: 4/26/2014

1022b

NEWBERRY CC Y
ASSESSOR

TAX MAP # 96-12

STATE OF SOUTH CAROLINA)

PART OF MAP #

QUIT-CLAIM DEED

COUNTY OF NEWBERRY

TAX YEAR 2013

Mary C. Hobby

201200011322
Filed for Record in
NEWBERRY COUNTY, SC
JACKIE S. BOWERS, CLERK OF COURT
04-19-2012 At 11:01 am.
DEED 10.00
STATE 845.01
COUNTY 357.50
Book 1619 Page 118 - 119

TO ALL WHOM THESE PRESENTS MAY COME:

COPY

WHEREAS, an action (Docket No. 2005-DR-36-56) was initiated by Mary T. Hobby in the Newberry County Family Court for the Eighth Judicial Circuit seeking, among other relief, a divorce from Raymond D. Hobby, and in conjunction with such relief, the equitable apportionment of the marital assets;

WHEREAS, in connection with the equitable apportionment of the marital assets, Raymond D. Hobby and Mary T. Hobby, each of whom are citizens and residents of Newberry County, South Carolina, have agreed and are required to transfer various items of real and personal property, as encumbered, to The Hobby Family Liquidating Trust (the "Liquidating Trust") created pursuant to that certain Final Order and Divorce Decree dated October 8, 2010 by the Honorable Joseph W. McGowan, III, Judge of the Newberry County Family Court, Eighth Judicial Circuit (the "Divorce Decree");

WHEREAS, the Property (as defined below) was among the items of real property to be transferred to the Liquidating Trust pursuant to the Divorce Decree;

WHEREAS, the Liquidating Trust desires to convey any interest in the Property which the Liquidating Trust may have or have had to Raymond D. Hobby; and

WHEREAS, the Liquidating Trust has agreed to issue this Quit-Claim Deed in order to convey its interest in the Property, if any, and Raymond D. Hobby has agreed to accept this Quit-Claim Deed.

NOW, THEREFORE, for and in consideration of the foregoing recitals, and also in consideration of the sum of Three Hundred Twenty-Five Thousand and 00/100 Dollars (\$325,000.00), the receipt and sufficiency of such consideration being hereby acknowledged, to the extent the Liquidating Trust is vested or may hereinafter become vested, by virtue of a conveyance from Mary T. Hobby or otherwise, in any interest in the Property, the Liquidating Trust, as Grantor, has remised and forever quit-claimed unto Raymond D. Hobby, as Grantee, and by these presents, Grantor does hereby remise, release and forever quit-claim unto the Grantee, his heirs, successors and assigns, all its right, title and interest in and to the following (the "Property"):

All that certain piece, parcel and lot of land with the improvements thereon, situate, lying and being located on Crowder Road, in the County of Newberry, State of South Carolina, being shown and designated as containing 2.75 acres, more or less, on plat of survey prepared for Raymond D. Hobby, by Antech Surveying, Inc., PLS 11072, dated May 26, 2005, recorded in Plat Book C122

FILED
NEWBERRY COUNTY
JACKIE S. BOWERS
CLERK OF COURT
APR 26 2012
10 26

EXHIBIT A

at Page 4 in the Office of the Clerk of Court for Newberry County. Said plat is incorporated herein for a more full and complete description as to the metes and bounds of said property.

Together with a forty (40') foot right-of-way easement for ingress and egress to said property as shown on said plat.

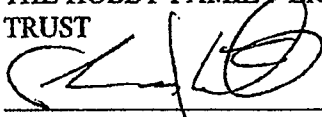
TOGETHER with all and singular the rights, members, hereditaments and appurtenances to the said premises belonging or in anywise appertaining.

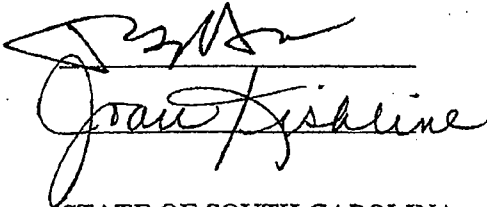
TO HAVE AND TO HOLD all and singular the said premises before mentioned unto the said Grantee, his heirs and assigns, forever so that neither the said Grantor nor its successors or assigns, nor any other person or persons, claiming under it or them, shall at any time hereafter, by any way or means, have, claim or demand any right or title to the aforesaid premises or appurtenances, or any part or parcel thereof, forever.

WITNESS THE HAND AND SEAL of the Grantor's duly authorized signatory authority this 19th day of April, 2012.

Signed, sealed and delivered
in the presence of:

THE HOBBY FAMILY LIQUIDATING
TRUST


Frank B.B. Knowlton, Trustee

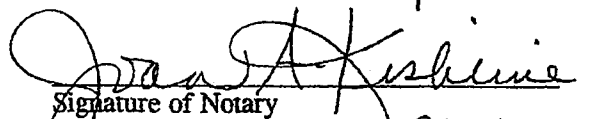

Joan A. Kishline

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

ACKNOWLEDGMENT

I, Joan A. Kishline, Notary Public for the State aforesaid, do hereby certify that the above-named Frank B.B. Knowlton, as Trustee of The Hobby Family Liquidating Trust, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the 19 day of April, 2012.


Signature of Notary
My commission expires: 9/18/2017

STATE OF SOUTH CAROLINA)
COUNTY OF NEWBERRY)

IN THE COURT OF COMMON PLEAS

Raymond D. Hobby,)

Civil Action No. 2013-CP-36-193

Plaintiff,)

vs.)

Mary T. Hobby,)

AFFIDAVIT OF JOHN O. MCDOUGALL

Defendant/Third
Party Plaintiff,)

vs.)

Frances B. Knowlton, Individually
and as Trustee,)

Third Party Defendant.)

FILED
NEWBERRY COUNTY
2013 SEP 20 AM 10 29
JACQUE S. HORTON
CLERK OF COURT

PERSONALLY APPEARED BEFORE ME, John O. McDougall, who being duly sworn,
deposes and says:

1. I am John O. McDougall. I am a licensed attorney. Attached hereto is my curriculum vitae. I have represented Mary T. Hobby ("Mary") in her divorce action and various related litigation. I represented her in connection with the Liquidating Trust Agreement, and I represented her in the communications and negotiations regarding the purported sale of the 544 Crowder Road property, with surrounding 3 acres ("marital residence"). I make this affidavit based upon personal knowledge. The opinions I express hereinbelow are my opinions to a reasonable degree of certainty.

2. Article 12(a)(xxxii) provides for the trustee's authority to sell trust assets to third parties and to sell trust assets to a transferor, either Mary or Raymond D. Hobby ("Ray"). Article 12(a)(xxxii) provides as follows:

"To sell, convey or otherwise deal with or dispose of any and all Trust Assets forming a part of the Liquidating Trust estate, at such time or times and in such manner and upon such terms as, in the absolute and uncontrolled discretion of the Trustee may deem expedient and proper, **provided, however, that i) Trustee shall have an obligation to exercise appropriate and reasonable due diligence with respect to the sale of any Trust Asset such that Trustee is reasonably satisfied that any sale has occurred on an arms-length basis and has maximized the value of the Trust Asset being divested, and ii) Trustee may sell any Trust Asset to a Transferor provide the sale and terms of sale**

are reasonable, fair, and reflect fair market value and any other terms mutually agreeable by the parties.” Emphasis supplied.

This language regarding sales to a transferor was included to protect the rights of the non-buying transferor. The trustee can only sell trust assets to a transferor if the sale is reasonable and fair and reflects fair market value and any other terms mutually agreeable by the parties.

3. On December 1, 2011, I sent the trustee a letter stating that Mary wanted to purchase the marital residence. See Exhibit A.

4. On December 8, 2011, I transmitted Mary's initial offer to purchase the marital property. See Exhibit B.

5. I heard nothing from the trustee regarding Mary's offer until January 20, 2012 when the trustee emailed me Ray's offer. Ray's offer was dated January 3, 2012. See Exhibit C.

6. On January 23, 2012, I responded and advised that I had sent Ray's offer to Mary and would be in touch. The trustee responded that he would have to act quickly because of cash needs to service the “debt for February and beyond”. See Exhibit D.

7. On January 27, 2012, the trustee advised that unless he received a better offer, he intended to close on Ray's offer on January 31, 2012. I responded and protested. See Exhibit E.

8. Exhibit F is a series of letters and emails between me and the trust from February 3, 2012 to April 4, 2012. Included is a copy of my letter dated March 20, 2012 offering to purchase based upon a value of \$325,000.00 with a cash payment of \$116,875.00 representing Ray's interest. Also included is the trustee's email of April 4, 2012, that he had already accepted Ray's offer and Ray had paid the closing proceeds in advance (which had allowed the trust to remain solvent in February and March).

9. Exhibit G are a series of communications from 4/12/12 to 4/13/12.

10. As the exhibits show, the trustee initially set a deadline of January 31, 2012 for Mary to respond. When I submitted her offer on March 20, 2012, the trustee responded that he had already accepted Ray's offer. However, this was not correct. Exhibit H are the purchase agreement, note, quitclaim deed and the mortgage. Ray did not pay \$138,125.00 per his January 3, 2012 offer. See Exhibit C. Ray paid \$56,000.00 in cash and gave a note and mortgage for \$186,875.00. Ray paid far less in cash (\$56,000.00) than Mary had offered to pay (\$187,875.00) per my letter dated 3/20/12. See Exhibit F.

11. In my opinion, the trustee did not have the authority to sell the marital property to Ray. Under Article 12(a)(xxxii), the trustee has an obligation to exercise appropriate and reasonable due diligence with respect to the sale of any trust asset such that the trustee is reasonably satisfied that any sale has occurred at arms length and has maximized the value of the trust asset divested. The trustee here failed to maximize the value of the trust asset being divested. He knew that Mary intended to make a further offer. Mary made a further and better

offer prior to the contract with Ray. Although the trustee asserted that there were mortgage payments which were due, any such payments would not have likely triggered a foreclosure action in the period of time Mary sought an order to make her second offer. All the trustee had to do was wait or at least communicate further regarding a deadline. The trustee failed to do so and failed to maximize the value of the trust asset being divested.

12. A trustee by statute has a duty of impartiality. Here, there was a dispute over which offer should be accepted. I asked the trustee to seek the court's direction and approval as to which offer should be accepted. In my opinion, the trustee had a fiduciary duty to seek court approval and breached his duty by failing to do so.

13. In my opinion, Mary's offer was clearly superior to the offer made by Ray, \$186,875.00 in cash as compared to \$56,000.00 and a note from Ray who has serious financial problems. See Ray's Confession of Judgment for \$5,000,000.00, Exhibit I.

14. The trustee did not seek Mary's approval of the terms of the sale to Ray, which, in my opinion, is required under Article 12(a)(xxxii). Furthermore, he did not act to protect her by insisting that Ray close pursuant to the terms of his original offer. Under Ray's offer, Ray proposed to leave the marital property in the trust. If the trustee was going to sell the marital property to him on the basis of the offer he made, the trustee should have insisted upon doing so under a contract of sale where title would not be transferred until the entire debt was paid. I had written the trustee and asked him to confer with Ray regarding the terms of Mary's offer in an effort to obtain his consent and approval. No such effort was made to obtain Mary's consent or approval and no court order was entered authorizing the sale to Ray.

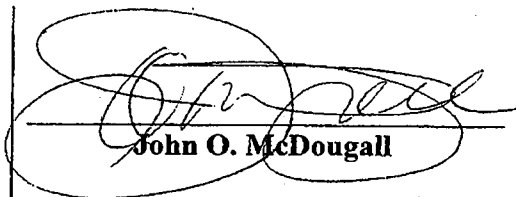
15. In my opinion, the trustee acted outside the scope of his authority and breached his fiduciary duty to Mary and the transfer should be deemed a nullity since he had no authority under the trust to make the transfer.

SWORN TO AND SUBSCRIBED BEFORE ME

this 11 day of September, 2013

Paul D. Johnson
Notary Public for South Carolina

My Commission Expires: _____


John O. McDougall

John O. McDougall – Biographical Information

The affiant graduated from Wofford College in 1967, and graduated from the University of South Carolina School of Law in 1971 with a juris doctor degree. Affiant has served as Chairman of the Family Law Section of the South Carolina Trial Lawyers Association and the South Carolina Bar; Board of Governors of the SCTLA ('84-'96), (President '93-'94), Board of Governors of the South Carolina Bar ('87-'90, '93-'95; Secretary '95-'96, Treasurer '96-'97, President elect '97-'98, President '98-'99), House of Delegates of the South Carolina Bar ('90-'92), Board of the South Carolina Bar Foundation ('04-'06), President of the South Carolina Bar Foundation ('07-'08), Board of Commissioners on Grievances and Discipline of the South Carolina Supreme Court (1984-1997), and has lectured at numerous Continuing Legal Education seminars concerning Family Law. Affiant was admitted to the Bar of the United States Supreme Court in March, 2004. Your affiant is a Fellow of the American Academy of Matrimonial Lawyers, former President of the South Carolina Chapter ('91-'93, '93-'94), was a member of the Board of Governors for the American Academy of Matrimonial Lawyers ('98-'01), he served on the American Academy of Matrimonial Lawyers Foundation Board, and is currently President-Elect. Affiant is also a Fellow of the International Academy of Matrimonial Lawyers, currently Vice President of the USA Chapter, a Diplomate of the American College of Family Law Trial Lawyers, and has been named in the Best Lawyers of America (Woodward White), Family Law Designation. Affiant's practice is limited to litigation in the Family Court.

McDougall & Self, L.L.P.
Attorneys at Law
791 Greenlawn Drive, Suite 4
P. O. Box 90860
Columbia, South Carolina 29290
Telephone: (803) 776-3130 - Telecopier: (803) 776-7748

John O. McDougall*†
Michael W. Self*
Peter G. Currence
Ryan A. McLeod*

Alyssa H. Richardson

E-mail: jom@mcdougallandself.com

Reply to Columbia

December 1, 2011

Sumter Office:
21 East Calhoun Street
P.O. Box 2197
Sumter, South Carolina 29151-2197
Telephone: (803) 778-5062
Telecopier: (803) 778-6908

Website: www.mcdougallandself.com

VIA E-MAIL ONLY

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby

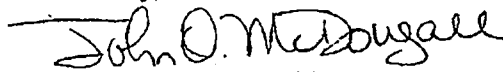
Dear Frank:

I am enclosing a copy of the appraisal which I obtained from Mr. Hubert M. Bedenbaugh, Jr. today's date regarding the 544 Crowder Road, Kinards, South Carolina, property.

I met with Mary Hobby today and she definitely wants to attempt to purchase this property from the trust in lieu of transferring the property to the trust. I am putting together a settlement proposal to submit to you as soon as practical. I am in a seminar throughout the day on tomorrow's date, therefore, it will probably be Monday, December 5, before I can get the proposal to you.

With kind regards.

Sincerely,


JOHN O. McDOUGALL

JOM/srb

Enclosure

cc: Mrs. Mary T. Hobby (via e-mail only)

*DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
†FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS



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COPY

John O. McDougall*†
Michael W. Self*
Peter G. Currence
Ryan A. McLeod*

Reply to Columbia

Sumter Office:
21 East Calhoun Street
P.O. Box 2197
Sumter, South Carolina 29151-2197
Telephone: (803) 778-5062
Telecopier: (803) 778-6908

Alyssa H. Richardson

December 8, 2011

E-mail: jom@mcdougallandself.com

Website: www.mcdougallandself.com

VIA E-MAIL AND U.S. MAIL

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby
544 Crowder Road (with surrounding 3 acres)

Dear Frank:

This is to advise and confirm that Mary Hobby would like to purchase the 544 Crowder Road property, with surrounding 3 acres, (her home) from the Liquidating Trust.

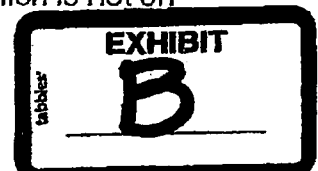
I believe that Mary has previously provided you with a complete copy of the Summary Appraisal Report of Hubert M. Bedenbaugh, Jr., provided as of November 23, 2011, which reflects that he appraised this property at \$300,000. Since you have previously been provided with a complete copy of his appraisal, I am attaching only the first three pages of his report with this letter.

I am enclosing a copy of page 4 of 9 of the Marital Assets Addendum dated November 29, 2009, and you will note in Item 9(a)(1) that it confirms that both CPA McKay and CPA Sealey valued this property at that time at \$325,000.

I am enclosing copies of the summary I have received from Mary Hobby regarding the taxes and homeowner's insurance that she has paid on this property, this year, which total \$3,729.19, along with verification of these payments.

Although Mary Hobby believes that the home is worth substantially less than \$300,000, she is willing to base her offer of purchase of this property on that appraised value. For your information, a well needs to be added to the house because the deeded property to Mary does not include an existing well. The cost of digging a new 6" pipe well is approximately \$5,000. The bills Mary previously paid for repairing the existing well amount to \$1,104.21. The power to Mary's property is attached to the red barn behind the house which is not on

†DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
†FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS



Mr. Francis B. B. Knowlton
December 8, 2011
Page 2

her deeded property. This line needs to be detached and separate meters put in place. The estimated cost will be \$2,000.

As we have determined from the attempted sale of a number of properties since the Liquidating Trust was established, the likelihood that the property could be sold at this time for its appraised value is remote. Therefore, taking into consideration that there will be no cost of sale, that the sale will be immediately consummated, Mary proposes that the \$300,000 value of the property be discounted by 25% or \$75,000 leaving a balance of \$225,000.

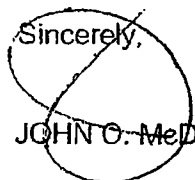
Considering that she is entitled to distributions from the Liquidating Trust in the amount of 42.5% and Ray Hobby is entitled to distributions from the Trust in the amount of 57.5%, if the \$225,000 were in the Liquidating Trust to be distributed at this time, of the \$225,000, \$95,625 would be distributed to Mary Hobby and \$129,375 would be distributed to Ray Hobby. Of the \$3,729.19 which Mary has paid toward taxes and insurance on this property, 57.5% should be attributed to Ray (\$2,144) and 42.5% to Mary (\$1,585), thereby reducing the amount due to Ray to \$127,231.

Based upon the above and the enclosures, Mary is willing to immediately pay into the Trust \$127,231 and consent to these funds being immediately distributed to Ray Hobby for his interest in this property.

The above agreement would not affect the distributions from the Liquidating Trust for legal fees to each of the parties (\$225,000 to Mary T. Hobby and \$200,000 to RDH) as provided in the Liquidating Trust.

After you have had an opportunity to review the above and the attachments, please advise as to whether it is suitable to you as Trustee of the Hobby Family Liquidating Trust and Raymond D. Hobby for Mary T. Hobby to purchase the 544 Crowder Road property as proposed.

With kind regards.

Sincerely,

JOHN C. McDOUGALL

JOM:srb

Enclosures

cc: Mrs. Mary T. Hobby (via e-mail only)

Sharon Barkley

From: John McDougall [jom@mcdougallandself.com]
Sent: Monday, January 23, 2012 3:59 PM
To: 'Frank Knowlton'
Cc: 'mthobby'; 'Sharon Barkley'
Subject: RE: Offer to Purchase 544
Attachments: image001.gif

Frank, I have forwarded this email to Mary for her response. As soon as I hear from her I will advise. JOM

From: Frank Knowlton [mailto:frank.knowlton@nelsonmullins.com]
Sent: Friday, January 20, 2012 5:12 PM
To: John McDougall
Cc: mthobby
Subject: FW: Offer to Purchase 544

John, Ray has provided a counter-offer for the 544 Crowder house. Please review and let's discuss. This offer appears substantially more beneficial to the Trust but I wanted you to have the opportunity to review and respond. Thanks,
Frank

Nelson Mullins

Frank B. B. Knowlton
Partner
frank.knowlton@nelsonmullins.com

Nelson Mullins Riley & Scarborough LLP

Meridian, 17th Floor
1320 Main Street, Columbia, SC 29201
Tel: 803.255.9588 Fax: 803.256.7500

www.nelsonmullins.com
(View Bio)

FILED
NEWBERRY COUNTY
JACKIE S. JOHNS
CLERK OF COURT
SEP 20 AM 10 24

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To ensure compliance with the requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including the attachments) is not intended or written to be used, for



the purpose of (a) avoiding penalties under the Internal Revenue Code or (b) promoting, marketing or recommending to another party any transaction or tax-related matter[s]. To provide you with a communication that could be used to avoid penalties under the Internal Revenue Code will necessarily entail additional investigations, analysis and conclusions on our part.

=====

Frank B. Knowlton
Nelson, Mullins, Riley & Scarborough L.L.P.
Post Office Box 11070
Columbia, SC 29211

January 3, 2012

Re: Hobby vs. Hobby 544 Crowder Road (with surrounding 3 acres)

Dear Frank,

I greatly appreciate the opportunity to make an offer to purchase the property in Kinards, SC, 544 Crowder Road and surrounding acreage. It is my opinion that this property is essential to the value of the overall property holdings that surround it and being extracted from the farm will drastically damage the total value of the property. Therefore I would extend an offer to the trust to purchase Ms. Hobby's interest of 42 ½ % to maintain the most value and marketable position for the overall property.

I am offering to purchase this property for \$138,125.00 as is where is. This is based on the 42 ½ % of the full \$325,000.00 appraisal that was used in the evaluation of material assets at the time of divorce and was agreed on by both parties. No broker discounts, no commissions, no reductions for any reasons.

I am further offering to leave this asset in the Trust to maximize the properties value for any future sale opportunities and receive no distributions until the property is sold and all trust liabilities are satisfied.

According to Ms. Hobby's appraisal it contends the property isn't worth that amount. I, as stated above disagree not only for the overall value of the total farm but feel the size, quality and location of the home keeps it at the former numbers.

As to reimbursements for expenses to Ms. Hobby for taxes, maintenance and repairs, these should be denied. If there is any devaluation or cost to maintain this property it should be borne by Ms. Hobby for failure to comply with the final divorce order to convey this property into the trust. As you know I personally have not asked to date for any reimbursements for funds I have advanced on behalf of trust assets, taxes, maintenance, repairs, mortgage payments, interest or any other cost associated. This will be accounted for when the trust is solvent and has adequate cash flows.

Knowing the Trust is still struggling and has urgent needs for cash flow, I propose this transaction take place as immediate as possible. I can close in a matter of days should you find this proposal acceptable.

I respect your consideration and request to reserve the right to counter offer if any additional offers are presented that exceed this proposal.

Sincerely,
Raymond D. Hobby

Sharon Barkley

From: Frank Knowlton [frank.knowlton@nelsonmullins.com]
Sent: Monday, January 23, 2012 4:03 PM
To: John McDougall
Cc: mthobby ; Sharon Barkley
Subject: RE: Offer to Purchase 544
Attachments: image001.gif

Thanks John. I will need to move fairly fast on this as the Trust needs an immediate infusion of cash to service the debt for February and beyond.

Also, I had a fairly positive conversation with Travelers counsel on Friday and I will send you a summary of the conversation shortly.

Nelson Mullins

Frank B. B. Knowlton
Partner
frank.knowlton@nelsonmullins.com

Nelson Mullins Riley & Scarborough LLP

Meridian, 17th Floor
1320 Main Street, Columbia, SC 29201
Tel: 803.255.9588 Fax: 803.256.7500

www.nelsonmullins.com
(View Bio)

From: John McDougall [mailto:jom@mcdougallandself.com]
Sent: Monday, January 23, 2012 3:59 PM
To: Frank Knowlton
Cc: 'mthobby'; 'Sharon Barkley'
Subject: RE: Offer to Purchase 544

Frank, I have forwarded this email to Mary for her response. As soon as I hear from her I will advise. JOM

From: Frank Knowlton [mailto:frank.knowlton@nelsonmullins.com]
Sent: Friday, January 20, 2012 5:12 PM
To: John McDougall
Cc: mthobby
Subject: FW: Offer to Purchase 544

John, Ray has provided a counter-offer for the 544 Crowder house. Please review and let's discuss. This offer appears substantially more beneficial to the Trust but I wanted you to have the opportunity to review and respond. Thanks,
Frank

Nelson Mullins

Frank B. B. Knowlton
Partner
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To ensure compliance with the requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including the attachments) is not intended or written to be used, for the purpose of (a) avoiding penalties under the Internal Revenue Code or (b) promoting, marketing or recommending to another party any transaction or tax-related matter[s]. To provide you with a communication that could be used to avoid penalties under the Internal Revenue Code will necessarily entail additional investigations, analysis and conclusions on our part.

=====

Sharon Barkley

From: Frank Knowlton [frank.knowlton@nelsonmullins.com]
Sent: Monday, January 30, 2012 10:36 AM
To: John McDougall
Cc: mthobby ; Sharon Barkley
Subject: RE: Offer to Purchase 544
Attachments: image001.gif

John, I am not opposed to giving her some time to respond but the mortgages will go into default if I cannot get funds in pretty quickly. Any delays in responding to her are purely my fault as a result of year end business so I apologize for the inconvenience. In any event, 43 days won't work as all of the loans will be defaulted by that time. Frank

Nelson Mullins

Frank B. B. Knowlton
Partner
frank.knowlton@nelsonmullins.com

Nelson Mullins Riley & Scarborough LLP

Meridian, 17th Floor
1320 Main Street, Columbia, SC 29201
Tel: 803.255.9588 Fax: 803.256.7500

www.nelsonmullins.com
(View Bio)

From: John McDougall [mailto:jom@mcdougallandself.com]
Sent: Monday, January 30, 2012 10:14 AM
To: Frank Knowlton
Cc: 'mthobby'; 'Sharon Barkley'
Subject: RE: Offer to Purchase 544

Frank, As you are aware our office closes @ 5:00pm each day, to include Fridays. Since your email was sent after our office was closed this past Friday, I have not had a chance to review your email of 1/27/12 @ 5:20pm until this time. I do not know whether Ms Hobby has had an opportunity to review it at all since your email was not sent to her when you sent it to me. As you are aware Ms Hobby made an offer to purchase this property on 12/8/11. Ms Hobby did not receive a response to her offer until 1/20/12 (which was sent at 5:12pm on Friday afternoon after our office was closed for the weekend) some 43 days after she made her proposal. I would think that you would extend to her the same courtesy that was extended in behalf of Mr Hobby and the trust and provide her with a 43 day period to respond to Mr Hobby's proposal. She may not need that long, however, she certainly needs more than 1 week to do so. John

From: Frank Knowlton [mailto:frank.knowlton@nelsonmullins.com]
Sent: Friday, January 27, 2012 5:20 PM
To: John McDougall
Cc: mthobby ; Sharon Barkley
Subject: RE: Offer to Purchase 544

John, at this time, the Trust does not have sufficient funds to pay the expenses of the Trust in February and beyond. Unless a better offer is received, I have no other choice than to accept this offer to purchase 544 Crowder Road. Due to the timing of the obligations to pay the mortgage payments in February, I intend to close on this offer by January 31, 2012. Please let me know if you have any questions. Thanks, Frank

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NEWBERRY COUNTY
2012 SEP 20 AM 10 24
JACKIE S. BOWERS
CLERK OF COURT



Crowder

Sharon Barkley

From: Frank Knowlton [frank.knowlton@nelsonmullins.com]
Sent: Friday, February 03, 2012 1:28 PM
To: John McDougall
Cc: mthobby@yahoo.com; Sharon Barkley
Subject: RE: Hobby - Balance Sheet you requested for February 2012
Attachments: image001.gif

Well – that puts me in a bind. I understand she has been fairly active and is not housebound so I don't understand the need for more time. We are within days of defaulting on the mortgages and Ray has mailed me a check as an advance on the purchase to cover the month of February.

Nelson Mullins

Frank B. B. Knowlton
Partner
frank.knowlton@nelsonmullins.com

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Meridian, 17th Floor
1320 Main Street, Columbia, SC 29201
Tel: 803.255.9588 Fax: 803.256.7500

www.nelsonmullins.com
(View Bio)

From: John McDougall [mailto:jom@mcdougallandself.com]
Sent: Friday, February 03, 2012 12:13 PM
To: Frank Knowlton
Cc: 'mthobby@yahoo.com'; 'Sharon Barkley'
Subject: RE: Hobby - Balance Sheet you requested for February 2012

I understand that Mary does desire to purchase her home from the Trust & does object to the home being sold to Ray Hobby. I assume that we would have already had a counter offer from Mary but for her current medical issues. As soon as I hear from Mary on this issue I will advise you asap. In the meantime if you want to discuss I will be available to do so. John

From: Frank Knowlton [mailto:frank.knowlton@nelsonmullins.com]
Sent: Thursday, February 02, 2012 10:52 AM
To: John McDougall
Cc: mthobby@yahoo.com
Subject: FW: Hobby - Balance Sheet you requested for February 2012

John – the Trust is short by \$56,000 for this month's bills. Ray is agreeing to advance these monies as an advance under his offer to buy 544 Crowder Rd. Please let me know if you would like to discuss. Thanks, Frank

Nelson Mullins

Frank B. B. Knowlton
Partner
frank.knowlton@nelsonmullins.com



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Meridian, 17th Floor
1320 Main Street, Columbia, SC 29201
Tel: 803.255.9588 Fax: 803.256.7500

www.nelsonmullins.com

(View Bio)

From: April Kryston

Sent: Thursday, February 02, 2012 9:40 AM

To: Frank Knowlton

Subject: Hobby - Balance Sheet you requested for February 2012

Frank:

We need at least \$55,970.83 to pay everything for February.....please see breakdown below,

Balance in Trust Account		\$12,314.65
AgSouth Farm Credit	Farm	(\$12,500.00)
Edisto Pipe Dreams	Bill Payment for the 2201 Point St and 3037 Condo in Maggie Valley	(\$3,200.00)
Wells Fargo Home Mortgage	4046 Condo	(\$1,219.00)
Mountain First Bank and Trust	Soco Road Motel	(\$1,443.88)
Southern First Bank, NA	Hwy 34 (2 payments due)	(\$13,300.20)
First Reliance Bank	Downtown Properties	(\$10,614.88)
Mary Hobby	Support Payment	(\$7,500.00)
Arthur State Bank	3709 Village Court	(\$12,462.52)
Capital Crossing	3711 Village Court Maggie Valley	(\$6,045.00)
	Negative Balance =	(\$55,970.83)

Thank you,
April

=====
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To ensure compliance with the requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including the attachments) is not intended or written to be used, for the purpose of (a) avoiding penalties under the Internal Revenue Code or (b) promoting, marketing or recommending to another party any transaction or tax-related matter[s]. To provide you with a communication that could be used to avoid penalties under the Internal Revenue Code will necessarily entail additional investigations, analysis and conclusions on our part.

=====

McDougall & Self, L.L.P.

Attorneys at Law

791 Greenlawn Drive, Suite 4

P. O. Box 90860

Columbia, South Carolina 29290

Telephone: (803) 776-3130 - Telecopier: (803) 776-7748

John O. McDougall*†
Michael W. Self*
Peter G. Currence
Ryan A. McLeod*

Alyssa H. Richardson

E-mail: jom@mcdougallandself.com

Reply to Columbia

February 7, 2012

Sumter Office:
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P.O. Box 2197
Sumter, South Carolina 29151-2197
Telephone: (803) 778-5062
Telecopier: (803) 778-6908

Website: www.mcdougallandself.com

VIA E-MAIL ONLY

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby

Dear Frank:

In follow up to our telephone conversation of today's date, this is to advise and confirm that I have been unable to communicate with Mary Hobby throughout the day on yesterday's date and today's date. I do not know whether she has had an opportunity to see your email of today's date regarding the 544 Crowder Road property, I do not know whether she is in town or out of town, and I do not know whether she is hospitalized or not. I do know that when I spoke with her on Friday, February 3, she was in a great deal of pain, and she was not able to make a decision regarding a counterproposal regarding the 544 Crowder Road property due to pain, medication, etc. I will continue to attempt to communicate with Mary Hobby regarding this matter, I realize that time is of the essence, and I will be back in touch with you on this matter by tomorrow, February 8. I do request that you not finalize any proposals regarding the sale of this property with Mr. Hobby until I have had an opportunity to communicate with Ms. Hobby regarding same.

With kind regards.

Sincerely,

JOHN O. McDOUGALL

JOM:srb

cc: Mrs. Mary T. Hobby (via e-mail only)

†DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
†FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS

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Attorneys at Law

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Reply to Columbia

February 8, 2012

John O. McDougall*†

Michael W. Self*

Peter G. Currence

Ryan A. McLeod*

Alyssa H. Richardson

E-mail: jom@mcdougallandself.com

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VIA E-MAIL ONLY

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby

Dear Frank:

I am enclosing a copy of the fax transmittal which I have received from Moore Orthopaedics, John Clavet, MD, regarding Mary Hobby. Please note that Mary is under his medical care and it is his opinion that she is not fit to participate in any court-related duties at this time, which, as I understand it, includes making a decision on the counterproposal that she intends to make regarding the purchase of 544 Crowder Road.

I have just spoken with Mary and she assures me that she is quite interested in purchasing this property out of the trust, that she does intend to submit a viable counterproposal to purchase this property, and that she would object to the property being sold to Ray Hobby at this time.

As I have previously advised you, Mary Hobby has been in extreme pain during recent weeks and has been heavily medicated for that pain. This has interfered with her being able to respond to the counterproposal received from you/Ray Hobby, which was sent to her, me, at 5:12 p.m. on Friday, January 20, after our office was closed, which I did not review until Monday, January 23, at which time I forwarded it to Mary Hobby for her review.

To reiterate the above, Mary Hobby does intend to make a counterproposal regarding the purchase of the 544 Crowder Road property from the trust, and she intends to do so as soon as she is medically fit to do so. We would request, demand, that no action be taken on the sale of this property prior to Mary Hobby being able to respond to the counterproposal which she received on or about January 23, only 16 days ago.

With kind regards.

Sincerely,

JOHN O. McDOUGALL

JOM:srb

Enclosure

cc: Mrs. Mary T. Hobby (via e-mail only)

†DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
†FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS



April
Assistant to Dr. John Clavet
14 Medical Park, #200
Columbia, South Carolina 29203

Phone 803-227-8127

Fax 803-227-8227

Email: April.Lawrence@mooreclinic.com

To: Law Office of
John McDaigall

From: April Lawrence, R.T.(R)

Fax: 803-776-7748

Pages: 2 (including cover)

Phone: 803-776-9201

Date: 2/8/2012

Re: Mary Hobby - DOB: 10/10/52

Please Review... Letter attached

☐ Urgent ☒ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

● Comments: Please if you get this fax in error, please call me at (803)227-8127.

Have a good day. ☺

MOORE

— Orthopaedics —

Primary Care Sports Medicine
Craig M. Burnworth, M.D.

Hip and Knee Replacement
Kim J. Chittag, M.D.

*Musculoskeletal Medicine and
Electrodiagnostics*
John Clavet, M.D.

Spine Surgery
William T. Felmy, M.D.

Hand, Upper Extremity Surgery
David B. Fulton, M.D.

*Sports Medicine and Arthroscopy
Cartilage Repair*
S. Wendell Holmes, Jr., M.D.

Children's Orthopaedics
Christopher R. Hydorn, M.D.

Children's Orthopaedics
Mark D. Locke, M.D.

Shoulder Surgery, Hand & Microsurgery
Earl B. McFadden, Jr., M.D.

*Sports Medicine, Arthroscopy
Shoulder and Knee Surgery*
Frank K. Noolin, M.D.

Hip and Knee Replacement
Bradley P. Presnal, M.D.

Primary Care Sports Medicine
David A. Scott, M.D.

Orthopaedic Foot and Ankle
W. Bret Smith, D.O., MS

*Musculoskeletal Medicine and
Electrodiagnostics*
W. Aleric Van Dam, M.D.

02/07/2012

Re: MARY HOBBY

To Whom It May Concern:

This letter is being dictated today to serve the purposes of establishing that Mary Hobby, who is under my medical care, is currently undergoing treatments for an undisclosed issue and is not fit to participate in any court related duties at this time.

Regards,


John Clavet, MD

JC:ats28

174512

This document was electronically authenticated by John Clavet,
MD on 02/08/2012 13:34:27.

14 Medical Park, Suite 200
Columbia, SC 29203
T: 803 227 8000

4721 Sunset Boulevard, Suite A
Lexington, SC 29072
T: 803 227 8007

104 Soluda Pointe Drive
Lexington, SC 29072
T: 803 227 8000

McDougall & Self, L.L.P.

Attorneys at Law

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Reply to Columbia

February 9, 2012

John O. McDougall*†
Michael W. Self*
Peter G. Currence
Ryan A. McLeod*

Alyssa H. Richardson

E-mail: jom@mcdougallandself.com

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Telecopier: (803) 778-6908

Website: www.mcdougallandself.com

VIA E-MAIL AND U.S. MAIL

Mr. Francis B. B. Knowlton

Attorney at Law

Nelson, Mullins, Riley & Scarborough, LLP

Post Office Box 11070

Columbia, SC 29211

Re: Hobby vs. Hobby

Dear Frank:

This will acknowledge receipt of your email of today's date, which was forwarded to me at 9:53 a.m., regarding your decision to accept Ray Hobby's proposal regarding the sale of the 544 Crowder Road property. For the record, Mary does object to this sale at this time, she believes that it is unfair, and she does not believe that it is a wise fiduciary decision which has been made which substantially negatively affects her. She does not understand why, out of all the assets of the Hobby Trust and all the funds which have flowed into the trust and out of the trust as of this time, the one piece of property where she is living is being forced for sale at this time, in this manner, and especially considering the fact that she is under doctor's care, heavily medicated, and that she has provided you with a document from her physician confirming that she is unfit to engage in any court proceedings at this time.

With kind regards.

Sincerely,

JOHN O. McDOUGALL

JOM:srb

cc: Mrs. Mary T. Hobby (via e-mail only)

†DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
†FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS

Crowder

Sharon Barkley

From: Frank Knowlton [frank.knowlton@nelsonmullins.com]
Sent: Thursday, February 09, 2012 9:53 AM
To: Sharon Barkley; John McDougall
Cc: mthobby
Subject: RE: Hobby vs. Hobby

John, thanks for your letter yesterday. Unfortunately time is not on our side and, in my opinion, Mary has had plenty of time to come up with a counter-offer. She has apparently had Ray's counter since January 23 (18 days). The Trust is now past due in most or all of the loan payments which it is required to service. Therefore, I have no choice but to accept what is clearly the superior offer and use the cash advance to service the loans for February. Thanks, Frank

-----Original Message-----

From: Sharon Barkley [mailto:sbarkley@mcDougallandself.com]
Sent: Wednesday, February 08, 2012 4:22 PM
To: Frank Knowlton
Cc: 'mthobby'
Subject: Hobby vs. Hobby

Mr. Knowlton,

Please see attached correspondence from John McDougall, with enclosure, in regard to the above referenced matter.

Sharon

Sharon R. Barkley
Legal Assistant to John O. McDougall
McDougall & Self, L.L.P.
Post Office Box 90860
Columbia, SC 29290
Telephone: 803.776.3130
Facsimile: 803.776.7748

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=====
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To provide you with a communication that could be used to avoid penalties under the Internal Revenue Code will necessarily entail additional investigations, analysis and conclusions on our part.

=====

Crowder

Sharon Barkley

From: Frank Knowlton [frank.knowlton@nelsonmullins.com]
Sent: Thursday, February 09, 2012 2:08 PM
To: Sharon Barkley
Cc: mthobby
Subject: RE: Hobby vs. Hobby

John - your letter suggests that Mary is raising fiduciary duty concerns. First and to clarify, this is not Mary's house. She was ordered by the court over a year ago to transfer this asset into the Trust and willfully failed and refused to comply with a court order and my repeated requests for her to do so. Second, the bidding was competitive between Ray and Mary and not a complex transaction. She has had almost three weeks and could have easily out bid him if she thought it was worth the additional monies. Third, the Trust assets are heavily encumbered and require an enormous monthly capital commitment. I had hoped we might reach a resolution with Travelers sooner which would have taken some pressure off. However, with Travelers sitting on most of the liquid assets available, I would encourage Mary to find a better solution by liquidating some other unencumbered Trust asset which could bring immediate funds into the estate. I will assume by her silence that there are no better alternatives available. I believe it is in the best interests of the Trust to sell this asset for a reasonable value and thereby enable the Trust to stay solvent for the time being. As I have mentioned several times, the Trust is already past due for the February monthly payments on almost all of the loans.

Finally, as to all of the monies that have flowed through the Trust, I have provided you and the Beneficiaries with records of the income and expenses through at least December 31, 2011 with no objections or questions from anyone. As you can see, the Trust spends approximately \$60,000 per month on debt service. We have managed to sell assets to reduce the TD Bank loan from \$2 million to about \$500,000 and to pay off and/or reduce the balance of other loans. This is the first time anyone has raised a question about the propriety of selling off a Trust asset.

If Mary has any basis to suggest that the selling price is not fair (which would surprise me since it was more than she was willing to pay) or that there is some other impropriety, I would like to hear them immediately.

-----Original Message-----

From: Sharon Barkley [mailto:sbarkley@mcdougallandself.com]
Sent: Thursday, February 09, 2012 12:27 PM
To: Frank Knowlton
Cc: 'mthobby'
Subject: Hobby vs. Hobby

Mr. Knowlton,

Please see attached letter from John McDougall in regard to the above referenced matter.

Sharon

Sharon R. Barkley
Legal Assistant to John O. McDougall
McDougall & Self, L.L.P.
Post Office Box 90860
Columbia, SC 29290

Telephone: 803.776.3130
Facsimile: 803.776.7748

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=====

EXHIBIT I
McDougall & Self, L.L.P.

Attorneys at Law
791 Greenlawn Drive, Suite 4
P. O. Box 90860
Columbia, South Carolina 29290
Telephone: (803) 776-3130 - Telecopier: (803) 776-7748

Reply to Columbia

March 20, 2012

John O. McDougall*†
Michael W. Self*
Peter G. Currence
Ryan A. McLeod*

Alyssa H. Richardson

E-mail: jom@mcdougallandself.com

Sumter Office:
21 East Calhoun Street
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Website: www.mcdougallandself.com

VIA E-MAIL ONLY

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby
544 Crowder Road Home

Dear Frank:

I have been advised that Mary Hobby is willing to purchase the 544 Crowder Road property which is titled in her name by making a cash payment to the trust in the amount of \$186,875 with her reserving the right to determine what, if anything, is due to her for the expenses that she has paid regarding this property from October 8, 2010, to present, at a later date. This offer is based upon the property having a \$325,000 value and she paying the trust 57.5% of the value of the property. The \$186,875 will be paid immediately to the trust upon confirmation that the property will be released to Mary Hobby free and clear of any claim and/or interest from the trust.

After you have had an opportunity to review the above, please advise as to whether we can consummate the above transaction at this time.

With kind regards,

Sincerely,

JOHN O. McDOUGALL

JOM:srb

cc: Mr. James E. Bryan, Jr. (via e-mail only)
Mrs. Mary T. Hobby (via e-mail only)

*DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
†FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS

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COPY

John O. McDougall*†
Michael W. Self*
Peter G. Currence
Ryan A. McLeod*

Alyssa H. Richardson

E-mail: jom@mcdougallandself.com

Reply to Columbia

March 21, 2012

Sumter Office:
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P.O. Box 2197
Sumter, South Carolina 29151-2197
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Website: www.mcdougallandself.com

VIA E-MAIL ONLY

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby
544 Crowder Road Home

Dear Frank:

This will acknowledge receipt of your email of today's date in regard to the above referenced matter. I am quite perplexed by your email for the following reasons:

1. You did not have the courtesy to call me to discuss this with me as I requested you to do so in my email to you of last evening.
2. I do not understand your assertion that "Her proposal is also not superior to Mr. Hobby's and it would trigger a distribution to Mary of approximately \$138,000 which the Trust presently does not have." I do not understand why you believe that Mary's offer to purchase this property for the payment to the Trust of \$186,875 automatically triggers a distribution to her of approximately \$138,000. That was never the intent and I do not understand that conclusion. Mary does not anticipate any distribution to her from this payment. Millions of dollars have passed through the Trust without there ever being an assertion that the flow of money through the Trust has triggered a distribution to either party and I certainly do not understand how or why you consider this transaction would do.
3. I am perplexed by your assertion that "Moreover, Mr. Hobby has not sought to deduct unknown expense items from his offer." The reason that Mr. Hobby has not sought to deduct unknown expense items from his offer to purchase this property is because he has not paid any expenses toward the maintenance of the 544 Crowder Road home since the Trust was created and the Trust has paid all of Mr. Hobby's expenses as it relates to his occupation of the Smith house since the Trust

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*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS

Mr. Francis B. B. Knowlton
March 21, 2012
Page 2

was created. You are well aware that Ms. Hobby has taken the position that the Trust should reimburse her for the taxes, insurance, etc., which she has paid on her home as the Trust paid these expenses on the Smith house occupied by Mr. Hobby. You have refused to do this taking the position that since the property had not been transferred to the Trust, that the Trust had no obligation to pay/reimburse these expenses. Ms. Hobby disagrees with that position and she has sought to reserve the right to seek reimbursement for those expenses at a later date.

4. You have indicated that Mr. Hobby has advanced over \$100,000 of the purchase price which has allowed the Trust to operate for the last 2 months. From the \$186,875 which Ms. Hobby intends to pay the Trust (without any anticipation of reimbursement), Mr. Hobby can be reimbursed for his advancements and there are additional funds in the Trust to pay expenses for another month or two.
5. Ms. Hobby was clearly provided the right to purchase property from the Trust, she has made a very fair offer to purchase the property and she insists upon having the right to do so. I would recommend that this property not be sold without an Order of the Family Court in that Ms. Hobby believes that if it is sold to Mr. Hobby as proposed, that the Trust has violated the prior Order of the Family Court.
6. Ms. Hobby puts the Trust on notice that she does intend to enforce her right to purchase this property through the Family Court if her offer continues to be rejected.

With kind regards.

Sincerely,

JOHN O. McDOUGALL

JOM:srb

cc: Mr. James E. Bryan, Jr. (via e-mail only)
Mrs. Mary T. Hobby (via e-mail only)

McDougall & Self, L.L.P.
Attorneys at Law
791 Greenlawn Drive, Suite 4
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Telephone: (803) 776-3130 - Telecopier: (803) 776-7748

John O. McDougall*†
Michael W. Self*
Peter G. Currence
Ryan A. McLeod*

Alyssa H. Richardson

E-mail: jom@mcdougallandself.com

Reply to Columbia

April 4, 2012
(Dictated April 2, 2012)

Sumter Office:
21 East Calhoun Street
P.O. Box 2157
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Website: www.mcdougallandself.com

VIA E-MAIL ONLY

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby - 544 Crowder Road

Dear Frank:

In follow up to our telephone conversation of March 26, 2012, please advise as to whether you have had an opportunity to discuss my items of correspondence of March 20 and 21 with Ray Hobby to determine whether he will acquiesce in this property being released to Mary Hobby as proposed in these items of correspondence. If so, Ms. Hobby is prepared to immediately deliver to your office a check in the amount of \$186,875 to purchase this property from the Trust. As to that payment, she does not expect to be reimbursed any funds from the Trust regarding her purchase of the property, and it is suitable to her for the funds to be used by the Trust, or released to Ray Hobby for his interest in this property.

Your immediate attention to the above will be appreciated in that if the offer to purchase the property by Mary Hobby is denied, she needs to make appropriate Motions before the Court for the Court to determine whether the property should in fact be transferred to her as proposed.

With kind regards.

Sincerely,

JOHN O. McDOUGALL

JOM:srb

cc: Mrs. Mary T. Hobby (via e-mail only)

*DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
†FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS

Sharon Barkley

From: Frank Knowlton [frank.knowlton@nelsonmullins.com]
Sent: Wednesday, April 04, 2012 10:59 AM
To: Sharon Barkley; John McDougall
Cc: mthobby@yahoo.com
Subject: RE: Hobby vs. Hobby
Attachments: image001.gif

John, thanks for your letters. Responding to your letters by e-mail is faster and saves the Trust money so I will not be sending letter responses.

1. 544 Crowder Rd – As I mentioned to you in our conversation last week, I have already accepted Ray's offer on the house and he has paid the closing proceeds in advance (which allowed the Trust to remain solvent in February and March). I am sorry this did not work out to Mary's satisfaction.
2. **Alimony** – there not sufficient funds in the Trust to pay the alimony this month. I am hopeful that we can resolve the Travelers issues very soon and get a fresh injection of much needed cash into the Trust to continue to service the mortgage debt and pay the other Trust expenses.

Nelson Mullins

Frank B. B. Knowlton

Partner

frank.knowlton@nelsonmullins.com

Nelson Mullins Riley & Scarborough LLP

Meridian, 17th Floor

1320 Main Street, Columbia, SC 29201

Tel: 803.255.9588 Fax: 803.256.7500

www.nelsonmullins.com

(View Bio)

From: Sharon Barkley [mailto:sbarkley@mcDougallandself.com]

Sent: Wednesday, April 04, 2012 9:27 AM

To: Frank Knowlton

Cc: 'mthobby@yahoo.com'

Subject: Hobby vs. Hobby

Mr. Knowlton,

Please see attached letters from John McDougall in regard to the above referenced matter.

Sharon

Sharon R. Barkley

Legal Assistant to John O. McDougall

McDougall & Self, L.L.P.

Post Office Box 90860

Columbia, SC 29290

Telephone: 803.776.3130

Facsimile: 803-776-7748

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McDougall & Self, L.L.P.

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Telephoné: (803) 776-3130 - Telecopier: (803) 776-7748

John O. McDougall†
Michael W. Self†
Peter G. Currence
Ryan A. McLeod*

Alyssa H. Richardson

E-mail: jom@mcDougallandself.com

Reply to Columbia

April 5, 2012

Sumter Office:
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Website: www.mcdougallandself.com

VIA E-MAIL ONLY

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby

Dear Frank:

In follow of to my correspondence to you of April 4, 2012, and your email response of April 4 (copies enclosed), in regard to the above referenced matter, I inquired in my letter that you "please advise as to whether you have had an opportunity to discuss my items of correspondence of March 20 and 21 with Ray Hobby to determine whether he will acquiesce in this property being released to Mary Hobby as proposed in these items of correspondence." I ask that you respond to that inquiry and advise me as to when you discussed this with Mr. Hobby and his response to that inquiry.

With kind regards.

Sincerely,


JOHN O. McDOUGALL

JOM:srb

Enclosure

cc: Mrs. Mary T. Hobby (via e-mail only)

†DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
†FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS

McDougall & Self, L.L.P.

Attorneys at Law
791 Greenlawn Drive, Suite 4
P. O. Box 90860
Columbia, South Carolina 29290
Telephone: (803) 776-3130 - Telecopier: (803) 776-7748

John O. McDougall*†
Michael W. Self*
Peter G. Currence
Ryan A. McLeod*

Reply to Columbia

April 12, 2012

Alyssa H. Richardson

E-mail: jom@mcdougallandself.com

Sumter Office:
21 East Calhoun Street
P.O. Box 2197
Sumter, South Carolina 29151-2197
Telephone: (803) 778-5082
Telecopier: (803) 778-6908
Website: www.mcdougallandself.com

VIA E-MAIL AND U.S. MAIL

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby

Dear Frank:

I am forwarding you the General Warranty Deed that has been signed by Ms. Hobby regarding the transfer of the Crowder Road property to the Trust.

I am also forwarding you another copy of my correspondence to you of March 21, 2012. I reiterate that which is set forth in paragraphs 5 and 6 of that letter as follows:

5. Ms. Hobby was clearly provided the right to purchase property from the Trust, she has made a very fair offer to purchase the property and she insists upon having the right to do so. I would recommend that this property not be sold without an Order of the Family Court in that Ms. Hobby believes that if it is sold to Mr. Hobby as proposed, that the Trust has violated the prior Order of the Family Court.
6. Ms. Hobby puts the Trust on notice that she does intend to enforce her right to purchase this property through the Family Court if her offer continues to be rejected.

I also reiterate that Ms. Hobby is prepared to immediately provide the Trust with \$186,875 for the transfer of this property to her.

Based upon the above and the Liquidating Trust documents and the prior Orders of the Court, I would request that you not transfer this property to Mr. Hobby without an Order of the Court permitting you to do so. If you are not agreeable to this request, please advise me immediately.

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Mr. Francis B. B. Knowlton
April 12, 2012
Page 2

In follow up to my email to you of April 5, 2012, and your response to me of April 5, 2012, copies of which are enclosed, I have not received any further response from Mr. Hobby or his attorney regarding my inquiry.

With kind regards.

Sincerely,

JOHN O. McDUGALL

JOM:srb

Enclosures

cc: Mr. Mr. James E. Bryan, Jr. (via e-mail only)
Mr. W. Frank Partridge, Jr. (via fax only)
Mrs. Mary T. Hobby (via e-mail only)

GENERAL WARRANTY DEED

STATE OF SOUTH CAROLINA) **Grantee's Address:**
) **Meridian, 17th Floor**
COUNTY OF NEWBERRY) **1320 Main Street**
) **Columbia, SC 29201**

KNOW ALL MEN BY THESE PRESENTS that **Mary T. Hobby**, in consideration of One Dollar (\$1.00) and pursuant to that certain Final Order and Divorce Decree dated October 8, 2010 by the Honorable Joseph W. McGowan, III, Judge of the Newberry County Family Court, Eighth Judicial Circuit (Docket No. 2005-DR-36-56), has granted, bargained, sold and released, and by these presents does grant, bargain, sell and release unto **Frank B. B. Knowlton, Trustee of The Hobby Family Liquidating Trust Agreement**, its successors and assigns forever:

All that certain piece, parcel and lot of land with the improvements thereon, situate, lying and being located on Crowder Road, in the County of Newberry, State of South Carolina, being shown and designated as containing 2.75 acres, more or less, on plat of survey prepared for Raymond D. Hobby, by Adtech Surveying, Inc., PLS 11072, dated May 26, 2005, recorded in Plat Book C122 at Page 4 in the Office of the Clerk of Court for Newberry County. Said plat is incorporated herein for a more full and complete description as to the metes and bounds of said property.

Said conveyance includes a forty (40') foot right-of-way easement for ingress and egress to said property as shown on said plat.

Derivation: This being the same property conveyed to Grantor by deed of Raymond D. Hobby, recorded on June 27, 2005, in the Register of Deeds Office for Newberry County, South Carolina, in Deed Book 1067 at page 39.

TMS# 96-12

This conveyance is subject to any and all existing reservations, easements, rights of way, zoning ordinances and restrictive covenants that may appear of record or on the premises.

Together with all and singular the rights, members, hereditaments and appurtenances to said premises belonging or in any wise incident or appertaining thereto; to have and to hold all and singular the premises before mentioned unto the Grantee, and the Grantee's successors and assigns, forever.

And, the Grantor does hereby bind himself and his heirs, successors and assigns to warrant and forever defend all and singular said premises unto the Grantee and the Grantee's successors and assigns and against every person whomsoever lawfully claiming or to claim the same or any part

thereof.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal this 11th day of April, 2012.

SIGNED, sealed and delivered
in the presence of:

[Signature]
Susan B. Sealmer

[Signature] (SEAL)
Mary T. Hobby

STATE OF SOUTH CAROLINA)
COUNTY OF Newberry)

ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 11th day of April, 2012 by Mary T. Hobby.

[Signature]
Notary Public for South Carolina

My commission expires: 7-6-2013

STATE OF SOUTH CAROLINA
COUNTY OF Newberry

**AFFIDAVIT FOR TAXABLE OR
EXEMPT TRANSFERS**

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

1. I have read the information on this affidavit and I understand such information.
2. The property being transferred designated as a 2.75 acre tract located on Crowder Road, in Newberry County, bearing Newberry County Tax Map Number 96-12, and was transferred by Mary T. Hobby to Frank B. B. Knowlton, Trustee of The Hobby Family Liquidating Trust Agreement pursuant to that certain Final Order and Divorce Decree dated October 8, 2010 by the Honorable Joseph W. McGowan, III, Judge of the Newberry County Family Court, Eighth Judicial Circuit (Docket No. 2005-DR-36-56), on April 11, 2012.
3. Check one of the following: The deed is
 - (A) SUBJECT to the deed recording fees as a transfer for consideration paid or to be paid in money or money's worth.
 - (B) SUBJECT to the deed recording fees as a transfer between a corporation, a partnership, or other entity and a stockholder, partner, or owner of the entity, or a transfer to a trust or as a distribution to a trust beneficiary.
 - (C) X EXEMPT from the deed recording fee because of Exemption Number 8 . (See Information section of affidavit). (If exempt, please skip items 4-7 and go to item 8 of this affidavit)

If exempt under exemption #14 as described in the Information section of this affidavit, did the agent and principal relationship exist at the time of the original sale and was the purpose of this relationship to purchase the realty?
Check: Yes No
4. Check one of the following if either item 3(a) or item 3(b) above has been checked (see Information section of this affidavit):
 - (a) The fee is computed on the consideration paid or to be paid in money or money's worth in the amount of \$.
 - (b) The fee is computed on the fair market value of the realty which is \$.
 - (c) The fee is computed on the fair market value of the realty as established for property tax purposes which is \$.
5. Check Yes or No to the following: A lien or encumbrance existed on the land, tenement or realty before the transfer and remains on the land, tenement or realty after the transfer. If "Yes", the amount of the outstanding balance of this lien or encumbrance

is \$ _____.

6. The deed recording fee is computed as follows:

(a) Place the amount listed in item 4 above here: _____

(b) Place the amount listed in item 5 above here: _____. (If no amount is listed, place zero here.)

(c) Subtract Line 6(b) from Line 6(a) and place result here.

7. The deed recording fee due is based on the amount listed on Line 6(c) above and the deed recording fee due is \$ _____.

8. As required by Code Section 12-24-70, I state that I am a responsible person who was connected with the transaction as attorney for Grantor.

9. I understand that a person required to furnish this affidavit who willfully furnishes a false or fraudulent affidavit is guilty of a misdemeanor and, upon conviction, must be fined not more than one thousand dollars or imprisoned not more than one year, or both.

By: Mary T. Hobby (SEAL)

SWORN to before me this 11th
day of April, 2012

Dusan R. Delmon (SEAL)

Notary Public for South Carolina

My Commission Expires: 7-4-2013

McDougall & Self, L.L.P.

Attorneys at Law

791 Greenlawn Drive, Suite 4
P. O. Box 90860
Columbia, South Carolina 29290
Telephone: (803) 776-3130 - Telecopier: (803) 776-7748

John O. McDougall*†
Michael W. Self*
Peter G. Currence
Ryan A. McLeod*

Reply to Columbia

March 21, 2012

Sumter Office:
21 East Calhoun Street
P.O. Box 2197
Sumter, South Carolina 29151-2197
Telephone: (803) 778-5062
Telecopier: (803) 778-6908

Website: www.mcdougallandself.com

Alyssa H. Richardson

E-mail: jom@mcdougallandself.com

VIA E-MAIL ONLY

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby
544 Crowder Road Home

Dear Frank:

This will acknowledge receipt of your email of today's date in regard to the above referenced matter. I am quite perplexed by your email for the following reasons:

1. You did not have the courtesy to call me to discuss this with me as I requested you to do so in my email to you of last evening.
2. I do not understand your assertion that "Her proposal is also not superior to Mr. Hobby's and it would trigger a distribution to Mary of approximately \$138,000 which the Trust presently does not have." I do not understand why you believe that Mary's offer to purchase this property for the payment to the Trust of \$186,875 automatically triggers a distribution to her of approximately \$138,000. That was never the intent and I do not understand that conclusion. Mary does not anticipate any distribution to her from this payment. Millions of dollars have passed through the Trust without there ever being an assertion that the flow of money through the Trust has triggered a distribution to either party and I certainly do not understand how or why you consider this transaction would do.
3. I am perplexed by your assertion that "Moreover, Mr. Hobby has not sought to deduct unknown expense items from his offer." The reason that Mr. Hobby has not sought to deduct unknown expense items from his offer to purchase this property is because he has not paid any expenses toward the maintenance of the 544 Crowder Road home since the Trust was created and the Trust has paid all of Mr. Hobby's expenses as it relates to his occupation of the Smith house since the Trust

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Mr. Francis B. B. Knowlton
March 21, 2012
Page 2

was created. You are well aware that Ms. Hobby has taken the position that the Trust should reimburse her for the taxes, insurance, etc., which she has paid on her home as the Trust paid these expenses on the Smith house occupied by Mr. Hobby. You have refused to do this taking the position that since the property had not been transferred to the Trust, that the Trust had no obligation to pay/reimburse these expenses. Ms. Hobby disagrees with that position and she has sought to reserve the right to seek reimbursement for those expenses at a later date.

4. You have indicated that Mr. Hobby has advanced over \$100,000 of the purchase price which has allowed the Trust to operate for the last 2 months. From the \$186,875 which Ms. Hobby intends to pay the Trust (without any anticipation of reimbursement), Mr. Hobby can be reimbursed for his advancements and there are additional funds in the Trust to pay expenses for another month or two.
5. Ms. Hobby was clearly provided the right to purchase property from the Trust, she has made a very fair offer to purchase the property and she insists upon having the right to do so. I would recommend that this property not be sold without an Order of the Family Court in that Ms. Hobby believes that if it is sold to Mr. Hobby as proposed, that the Trust has violated the prior Order of the Family Court.
6. Ms. Hobby puts the Trust on notice that she does intend to enforce her right to purchase this property through the Family Court if her offer continues to be rejected.

With kind regards.

Sincerely,

JOHN O. McDUGALL

JOM:srb

cc: Mr. James E. Bryan, Jr. (via e-mail only)
Mrs. Mary T. Hobby (via e-mail only)

McDougall & Self, L.L.P.

Attorneys at Law
791 Greenlawn Drive, Suite 4
P. O. Box 80860
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John O. McDougall††
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Ryan A. McLeod*

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E-mail: jom@mcDougallandSelf.com

Reply to Columbia

April 5, 2012

Sumter Office:
21 East Cathoun Street
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VIA E-MAIL ONLY

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

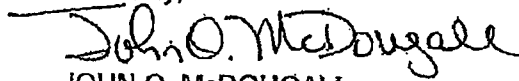
Re: Hobby vs. Hobby

Dear Frank:

In follow of to my correspondence to you of April 4, 2012, and your email response of April 4 (copies enclosed), in regard to the above referenced matter, I inquired in my letter that you "please advise as to whether you have had an opportunity to discuss my items of correspondence of March 20 and 21 with Ray Hobby to determine whether he will acquiesce in this property being released to Mary Hobby as proposed in these items of correspondence." I ask that you respond to that inquiry and advise me as to when you discussed this with Mr. Hobby and his response to that inquiry.

With kind regards.

Sincerely,


JOHN O. McDOUGALL

JOM:srb
Enclosure

cc: Mrs. Mary T. Hobby (via e-mail only)

† DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
* FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
* FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS

From: Frank Knowlton [mailto:frank.knowlton@nelsonmullins.com]
Sent: Thursday, April 05, 2012 4:10 PM
To: John McDougall
Cc: mthobby@yahoo.com; Ray Hobby
Subject: FW: Hobby vs. Hobby

John, thanks for your attached letter. I did indeed discuss your request with Mr. Hobby on the day I received your letter (via e-mail) and Mr. Hobby indicated that he was not inclined to release the house to Mrs. Hobby. Since I am merely the Trustee and don't represent Mr. Hobby as an attorney, I am copying him on this e-mail so that he can respond to your inquiry on his own behalf. Thanks and please let me know if you have any questions. Frank

Nelson Mullins

Frank B. B. Knowlton
Partner
frank.knowlton@nelsonmullins.com

Nelson Mullins Riley & Scarborough LLP

Meridian, 17th Floor
1320 Main Street, Columbia, SC 29201
Tel: 803.255.9588 Fax: 803.256.7500

www.nelsonmullins.com
(View Bio)

Sharon Barkley

From: Frank Knowlton [frank.knowlton@nelsonmullins.com]
Sent: Thursday, April 12, 2012 4:04 PM
To: Sharon Barkley
Cc: jamesebryan@prtcnet.com; mthobby@yahoo.com; John McDougall
Subject: Re: Hobby vs. Hobby

Unfortunately, Ms Hobby had the opportunity to bid on the house and failed out bid Ray until well after the deadline I gave you.

Please advise immediacy as to how this might violate the Trust Agreement as this has never been raised.

Sent from my iPhone

On Apr 12, 2012, at 3:16 PM, "Sharon Barkley" <sbarkley@mcdougallandself.com> wrote:

Mr. Knowlton, here is the letter from Mr. McDougall:

Dear Frank:

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6. Ms. Hobby puts the Trust on notice that she does intend to enforce her right to purchase this property through the Family Court if her offer continues to be rejected.

I also reiterate that Ms. Hobby is prepared to immediately provide the Trust with \$186,875 for the transfer of this property to her.

Based upon the above and the Liquidating Trust documents and the prior Orders of the Court, I would request that you not transfer this property to Mr. Hobby without an Order of the Court permitting you to do so. If you are not agreeable to this request, please advise me immediately.

In follow up to my email to you of April 5, 2012, and your response to me of April 5, 2012, copies of which are enclosed, I have not received any further response from Mr. Hobby or his attorney regarding my inquiry.

With kind regards.

Sincerely,

JOHN O. McDOUGALL

From: Frank Knowlton [mailto:frank.knowlton@nelsonmullins.com]
Sent: Thursday, April 12, 2012 3:07 PM
To: Sharon Barkley
Cc: jamesebryan@prtcnet.com; mthobby@yahoo.com
Subject: Re: Hobby vs. Hobby

Am out of the office. Can you email me the text of the letter?

Sent from my iPhone

On Apr 12, 2012, at 2:57 PM, "Sharon Barkley" <sharkley@mcdougallandself.com> wrote:

Mr. Knowlton,

Please see attached letter from John McDougall, with enclosures, in regard to the above referenced matter.

Sharon

Sharon R. Barkley
Legal Assistant to John O. McDougall
McDougall & Self, L.L.P.
Post Office Box 90860
Columbia, SC 29290
Telephone: 803.776.3130
Facsimile: 803-776-7748

Confidentiality Notice: This electronic transmission is intended for the individual or entity to which it is addressed. This communication may contain information that is privileged, confidential, or otherwise legally exempt from disclosure. If you are not the named addressee, you are not authorized to read, print, retain, copy or disseminate this message or any part of it. If you have received this message in error, please notify McDougall & Self, L.L.P., immediately by phone (803.776.3130) or by facsimile (803.776.7748) or by return e-mail.

<Frank Knowlton 4.12.12 - Crowder Road property.pdf>

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If you are not the named addressee, you are not authorized to read, print, retain, copy or disseminate this message or any part of it. If you have received this message in error, please notify the sender immediately either by phone (800-237-2000) or reply to this e-mail and delete all copies of this message.

To ensure compliance with the requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including the attachments) is not intended or written to be used, for the purpose of (a) avoiding penalties under the Internal Revenue Code or (b) promoting, marketing or recommending to another party any transaction or tax-related matter[s]. To provide you with a communication that could be used to avoid penalties under the Internal Revenue Code will necessarily entail additional investigations, analysis and conclusions on our part.

Sharon Barkley

From: John McDougall [jom@mcdougallandself.com]
Sent: Thursday, April 12, 2012 4:45 PM
To: 'Frank Knowlton'
Cc: 'Sharon Barkley'
Subject: RE: Hobby vs. Hobby

Frank, You have a fiduciary relationship to both parties. Both parties have been given the right to purchase property from the trust. Quite frankly, since this is a contested issue and since you have a fiduciary relationship to both parties, I believe it is a violation of your fiduciary relationship to Mary Hobby for you to sell this property to Ray Hobby without a court order authorizing you to do so and you may be opening yourself up to civil liability to do so. All that Mary Hobby has requested from you is that the property not be transferred to Ray Hobby without a court order authorizing the transfer. She does believe that she should be permitted to purchase the property as offered. This should be a decision made by the Family Court. If you do, then whatever happens, happens. John

From: Frank Knowlton [mailto:frank.knowlton@nelsonmullins.com]
Sent: Thursday, April 12, 2012 4:04 PM
To: Sharon Barkley
Cc: jamesebryan@prtcnet.com; mthobby@yahoo.com; John McDougall
Subject: Re: Hobby vs. Hobby

Unfortunately, Ms Hobby had the opportunity to bid on the house and failed out bid Ray until well after the deadline I gave you.

Please advise immediacy as to how this might violate the Trust Agreement as this has never been raised.

Sent from my iPhone

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In follow up to my email to you of April 5, 2012, and your response to me of April 5, 2012, copies of which are enclosed, I have not received any further response from Mr. Hobby or his attorney regarding my inquiry.

With kind regards.

Sincerely,

JOHN O. McDOUGALL

From: Frank Knowlton [mailto:frank.knowlton@nelsonmullins.com]
Sent: Thursday, April 12, 2012 3:07 PM
To: Sharon Barkley
Cc: jamesebryan@prtcnet.com; mthobby@yahoo.com
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Sent from my iPhone

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Sharon

Sharon R. Barkley
Legal Assistant to John O. McDougall
McDougall & Self, L.L.P.
Post Office Box 90860
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<Frank Knowlton 4.12.12 - Crowder Road property.pdf>

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=====

John McDougall

From: Frank Knowlton [frank.knowlton@nelsonmullins.com]
Sent: Thursday, April 12, 2012 5:16 PM
To: John McDougall
Cc: Sharon Barkley; Raymond D. Hobby; Mary Hobby; Tim Madden
Subject: Re: Hobby vs. Hobby

Are you contending I need a court order every time I sell an asset. I don't see that in the Trust document anywhere. Please point that out.

Mary failed to submit a bid superior to Rays offer and the Trust desperately needed these funds to operate.

I strongly encourage you to seek court review if you believe I have breached the letter or spirit of the Trust Agreement.

I will not stand idly by while you levy threats like this and will gladly defend my decisions to the court.

I am copying all interested parties.

Sent from my iPhone

On Apr 12, 2012, at 4:46 PM, "John McDougall" <jom@mcdougallandself.com> wrote:

Frank, You have a fiduciary relationship to both parties. Both parties have been given the right to purchase property from the trust. Quite frankly, since this is a contested issue and since you have a fiduciary relationship to both parties, I believe it is a violation of your fiduciary relationship to Mary Hobby for you to sell this property to Ray Hobby without a court order authorizing you to do so and you may be opening yourself up to civil liability to do so. All that Mary Hobby has requested from you is that the property not be transferred to Ray Hobby without a court order authorizing the transfer. She does believe that she should be permitted to purchase the property as offered. This should be a decision made by the Family Court. If you do, then whatever happens, happens. John

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With kind regards.

Sincerely,

JOHN O. McDOUGALL

From: Frank Knowlton [mailto:frank.knowlton@nelsonmullins.com]
Sent: Thursday, April 12, 2012 3:07 PM
To: Sharon Barkley
Cc: jamesebryan@prtcnet.com; mthobby@yahoo.com
Subject: Re: Hobby vs. Hobby

Am out of the office. Can you email me the text of the letter?

Sent from my iPhone

On Apr 12, 2012, at 2:57 PM, "Sharon Barkley" <sbarkley@mcdougallandself.com> wrote:

Mr. Knowlton,

Please see attached letter from John McDougall, with enclosures, in regard to the above referenced matter.

Sharon

Sharon R. Barkley
Legal Assistant to John O. McDougall
McDougall & Self, L.L.P.
Post Office Box 90860
Columbia, SC 29290
Telephone: 803.776.3130
Facsimile: 803-776-7748

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<Frank Knowlton 4.12.12 - Crowder Road property.pdf>

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To ensure compliance with the requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including the attachments) is not intended or written to be used, for the purpose of (a) avoiding penalties under the Internal Revenue Code or (b) promoting, marketing or recommending to another party any transaction or tax-related matter[s]. To provide you with a communication that could be used to avoid penalties under the Internal Revenue Code will necessarily entail additional investigations, analysis and conclusions on our part.

=====

Under rd.

McDougall & Self, L.L.P.
Attorneys at Law
791 Greenlawn Drive, Suite 4
P. O. Box 90860
Columbia, South Carolina 29290
Telephone: (803) 776-3130 - Telecopier: (803) 776-7748

John O. McDougall*†
Michael W. Self*
Peter G. Currence
Ryan A. McLeod*

Reply to Columbia

April 13, 2012

Sumter Office:
21 East Calhoun Street
P.O. Box 2197
Sumter, South Carolina 29151-2197
Telephone: (803) 778-5062
Telecopier: (803) 778-6908

Alyssa H. Richardson

E-mail: jom@mcdougallandself.com

Website: www.mcdougallandself.com

VIA E-MAIL AND U.S. MAIL

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby

Dear Frank:

In response to your email to me of April 12, 2012, at 5:16 p.m., I provide the following:

As to your inquiry "Are you contending I need a court order every time I sell an asset. I don't see that in the Trust document anywhere. Please point that out," I do not contend that you need a Court Order every time an asset of the Trust is sold. I do contend that you have a fiduciary relationship to both parties and when there is an issue in dispute between the parties such as this, that you should not be the person making the ultimate decision resolving the disputed issue and that should be resolved by either an agreement between the parties or an Order of the Court.

I am forwarding you a copy of pages 1, 9, and 17 of the Final Order and Decree of Divorce. Paragraph f., page 9, of the Decree provides as follows:

Either party may purchase any asset from the trust, provided the sale and terms are reasonable, fair, and reflect fair market value or other terms mutually agreeable to the parties. The purchase of an asset from the trust may be accomplished in any reasonable means directed by the trustee, including a like-kind distribution to the other party in recognition of an asset purchased by one party.

Paragraph 8., page 17, of the Decree provides as follows:

This Court retains jurisdiction for the interpretation, enforcement, and, to the extent necessary to effectuate these terms, the issuance of subsequent orders regarding this Final Order and Divorce Decree.

†DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
†FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS

As I have previously advised, Ms. Hobby believes that she has made a very fair offer to purchase the property and she insists upon having the right to do so. She certainly believes that her offer is "reasonable, fair, and reflects fair market value" of the property she is attempting to purchase.

In my letter to you of March 21, 2012, I emphasized Ms. Hobby's position as follows:

5. Ms. Hobby was clearly provided the right to purchase property from the Trust, she has made a very fair offer to purchase the property and she insists upon having the right to do so. I would recommend that this property not be sold without an Order of the Family Court in that Ms. Hobby believes that if it is sold to Mr. Hobby as proposed, that the Trust has violated the prior Order of the Family Court.
6. Ms. Hobby puts the Trust on notice that she does intend to enforce her right to purchase this property through the Family Court if her offer continues to be rejected.

In your email to me of April 12, 2012, at 4:04 p.m., you state "Please advise immediacy [immediately] as to how this might violate the Trust Agreement as this has never been raised." Your assertion that this issue has not been raised prior to my letter of yesterday's date is simply not true. I did so in my letter to you of March 21, 2012.

I am not certain as to why you are so adamant about immediately transferring this property to Mr. Hobby without an Order of the Court authorizing you to do so, especially considering that the offer that was made by Mr. Hobby, which you contend was superior to that of Ms. Hobby, and which you insist upon accepting, specifically provides as follows:

I am further offering to leave this asset in the Trust to maximize the properties value for any future sale opportunities and receive no distributions until the property is sold and all trust liabilities are satisfied.

If you transfer the property to Mr. Hobby at this time, you are in fact violating the terms of the offer to purchase which was made by Mr. Hobby on January 3, 2012. Please be mindful that this offer was not relayed to me, or Ms. Hobby, until Friday evening of January 20, 2012, at 5:12 p.m., which was after our office had closed for the weekend, therefore, not viewed by my office until Monday, January 23.

In your email to me of April 12, 2012, at 5:16 p.m., you noted that "Mary failed to submit a bid prior to Rays offer and the Trust desperately needed these funds to operate."

Mr. Francis B. B. Knowlton
April 13, 2012
Page 3

Frank, as you are aware, the very first "accounting" that Ms. Hobby or I received from you was on December 14, 2011. At that time we discovered that \$228,946.60 had been distributed NMRS as fees on September 30, 2011, and \$36,889.45 was distributed to NMRS on December 5, 2011, for a total of \$265,836.05. These funds were distributed by the Trust without any knowledge of Mary Hobby and without Mary Hobby knowing that these amounts were due or being paid. In the accounting that we received from your office on February 22, we note that \$12,873.85 was distributed to NMRS on January 17, 2012, and \$14,029.03 was distributed to NMRS on February 8, 2012. Since September 30, 2011, \$292,738.93 has been distributed to NMRS without any consult with Ms. Hobby, without Ms. Hobby knowing that the funds were being distributed, and without Ms. Hobby knowing that these amounts were due. Ms. Hobby realizes that the Trustee is entitled to be paid, however, she does not believe that the Trustee should be paid to such an extent that it puts the Trust in the position to have a need for immediate cash infusion within 90 days after \$228,947 was distributed to the Trustee. \$292,738.93 has been distributed to NMRS and the Trust has only paid the McNair Law Firm \$1,549.48. \$19,537.30 remains due for their representation of Ms. Hobby in the creation of the Liquidating Trust. This problem is magnified when it causes the Trust to put Ms. Hobby under a short time frame to accept or reject a forced sale of the one asset which Ms. Hobby has had sole and exclusive use of prior to and throughout this litigation, her home. Why her home has been selected as the one piece of property that had to be sold for an immediate infusion of cash into the Trust and why Ms. Hobby has been forced into this position is difficult for Ms. Hobby to understand. There are millions of dollars in assets in this case, the only property which Ms. Hobby has had exclusive control over is her home, which is the former marital residence of the parties, and which she has occupied for a number of years, and which is being taken away from her by an individual who has a fiduciary relationship with her and is being transferred to her former husband, by an individual who has a fiduciary relationship with him. Something about all of this gives Ms. Hobby a grave concern and that is why she has requested that the property not be transferred to Mr. Hobby without an Order of the Court authorizing the transfer of the property. As you have suggested, Ms. Hobby certainly intends to apply to the Court to seek permission to purchase this property from the Trust and that litigation will be commenced in the immediate future.

With kind regards.

Sincerely,

JOHN O. McDOUGALL

JOM:srb
Enclosures

cc: Mr. Timothy E. Madden (via e-mail only)
Ms. Mary T. Hobby (via e-mail only)

STATE OF SOUTH CAROLINA

COUNTY OF NEWBERRY

Mary Tripp Hobby,

Plaintiff,

vs.

Raymond D. Hobby,

Defendant.

IN THE FAMILY COURT
EIGHTH JUDICIAL CIRCUIT

FINAL ORDER AND DIVORCE
DECREE

Docket No. 2005-DR-36-56

Hearing Dates:

November 30, 2009

December 1-3 and 23, 2009

September 27, 2010

Judge:

Joseph W. McGowan, III

Court Reporter:

Lisa A. Amick

Plaintiff's Attorneys:

John O. McDougall

Pete Currence

Defendant's Attorneys:

James E. Bryan, Jr.

Timothy E. Madden

JACKIE S. BOYERS
CLERK OF COURT

2010 OCT - 8 P 3:14

FILED
NEWBERRY COUNTY

INTRODUCTION

This document is a Final Order and Divorce Decree in this civil action, issued as a result of the trial which commenced on November 30, 2009, was conducted over several days (identified above), and ended on September 27, 2010.

Based on the pleadings, financial declarations, evidence, orders previously issued, stipulations of the parties, and applicable law, this Court makes the following findings of fact and conclusions of law and enters this order.

JURISDICTION AND VENUE

Plaintiff and Defendant are citizens and residents of Newberry County, South Carolina, and have so resided for many years. The parties were married to each other on June 24, 1978.

assets and debts held by the trust and, over a reasonable period of time, to distribute all of the net proceeds from liquidation to the parties as provided in these terms.

- d. The Trustee shall be a person or entity mutually agreeable to the parties. If the parties are unable to agree on a single person or entity to serve as trustee, then each party shall name a trustee, and the two trustees named by the parties shall select a third, co-trustee, and the three co-trustees shall administer the trust.
- e. The Trustee shall act in a fiduciary capacity with respect to both parties.
- f. Either party may purchase any asset from the trust, provided the sale and terms are reasonable, fair, and reflect fair market value or other terms mutually agreeable to the parties. The purchase of an asset from the trust may be accomplished in any reasonable means directed by the trustee, including a like-kind distribution to the other party in recognition of an asset purchased by one party.
- g. Except as otherwise detailed in this Order, Defendant shall be the beneficiary of fifty-seven and $\frac{1}{2}$ percent (57.5%) of the trust.
- h. Except as otherwise detailed in this Order, Plaintiff shall be the beneficiary of forty-two and $\frac{1}{2}$ percent (42.5%) of the trust.
- i. For the first year of existence, the trust shall make minimum monthly distributions to Plaintiff in the amount of Seven Thousand Five Hundred and 00/100 Dollars (\$7,500.00). These distributions represent a special

8. This Court retains jurisdiction for the interpretation, enforcement, and, to the extent necessary to effectuate these terms, the issuance of subsequent orders regarding this Final Order and Divorce Decree.

AND IT IS SO ORDERED.



Joseph W. McGowan, III
Judge of the Family Court
Eighth Judicial Circuit

Lauren, South Carolina

10/8, 2010

 17

McDougall & Self, L.L.P.

Attorneys at Law
791 Greenlawn Drive, Suite 4
P. O. Box 80860
Columbia, South Carolina 29290
Telephone: (803) 776-3130 - Telecopier: (803) 776-7748

John O. McDougall††
Michael W. Self*
Peter G. Currence
Ryan A. McLeod*

Alyssa H. Richardson

E-mail: jom@mcdougallandself.com

Reply to Columbia

May 11, 2012

Sumter Office:
21 East Calhoun Street
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Sumter, South Carolina 29161-2197
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VIA E-MAIL ONLY

Mr. Francis B. B. Knowlton
Attorney at Law
Nelson, Mullins, Riley & Scarborough, LLP
Post Office Box 11070
Columbia, SC 29211

Re: Hobby vs. Hobby

Dear Frank:

I understand that in spite of Ms. Hobby's request that the 544 Crowder Road property not be transferred to Mr. Hobby without a Court Order authorizing such transfer, that the transfer has been made. As you are aware, Ms. Hobby nor I have been provided with a copy of the Closing Statement regarding this transaction, nor have we been provided with a copy of the Deed, transmittal letters, etc., regarding this transaction. Please provide those items to us at this time. Your immediate attention to this matter will be appreciated.

Sincerely,


JOHN O. McDOUGALL

JOM(srb)

cc: Ms. Mary T. Hobby (via e-mail only)

†DIPLOMATE, AMERICAN COLLEGE OF FAMILY TRIAL LAWYERS
†FELLOW, INTERNATIONAL ACADEMY OF MATRIMONIAL LAWYERS
*FELLOW, AMERICAN ACADEMY OF MATRIMONIAL LAWYERS

John McDougall

From: Frank Knowlton [frank.knowlton@nelsonmullins.com]
Sent: Friday, May 11, 2012 4:32 PM
To: John McDougall
Cc: Tim Madden
Subject: Hobby - Crowder Road
Attachments: Crowder Road - signed documents for closing of Crowder Road property - 4850-3071-4639 v 1.pdf

John, per your request I am attaching the closing documents for the 544 Crowder Rd house. In your letter, you imply that court approval was required. Please advise as to the basis for this. Thanks, Frank

Nelson Mullins

Frank B. B. Knowlton

Partner

frank.knowlton@nelsonmullins.com

Nelson Mullins Riley & Scarborough LLP

Meridian, 17th Floor
1320 Main Street, Columbia, SC 29201
Tel: 803.255.9588 Fax: 803.256.7500

www.nelsonmullins.com
(View Bio)

FILED
NEWBERRY COUNTY
2013 SEP 20 AM 10 27
JACKIE S. BOWERS
CLERK OF COURT

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PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this "*Purchase Agreement*") is made and entered into this 19th day of April, 2012, by and between Frank B. B. Knowlton, as Trustee of The Hobby Family Liquidating Trust ("*Seller*") and Raymond D. Hobby ("*Purchaser*").

WITNESSETH:

WHEREAS, Seller has offered to sell certain improved real property to Purchaser and Purchaser has offered to purchase such property from Seller.

NOW, THEREFORE, for and in consideration of the foregoing premises, the mutual covenants and agreements set forth herein and other good and valuable consideration, all of which each party respectively agrees constitutes sufficient consideration received at or before the execution hereof, the parties hereto do hereby agree as follows:

1. **Sale and Purchase.** Seller agrees to sell that certain tract of land together with the building and improvements thereon, with an address of 544 Crowder Road, Newberry, South Carolina, containing 2.75 acres, more or less, (hereinafter referred to as the "*Property*"), which is more particularly described in Exhibit "A" attached hereto and incorporated herein to Purchaser on the terms and conditions contained in this Purchase Agreement, and Purchaser agrees to purchase the Property from Seller on the terms and conditions contained in this Purchase Agreement.

2. **Purchase Price.**

2.1 **Amount and Payment of Purchase Price.**

2.1.1 Subject to adjustment and credits as otherwise specified in this Section 2 and elsewhere in this Purchase Agreement, the purchase price (the "*Purchase Price*") to be paid by Purchaser to Seller for the Property shall be Three Hundred Twenty-Five Thousand and 00/100 Dollars (\$325,000.00). The Purchase Price shall be paid by Purchaser to Seller at the time when the purchase and sale are consummated (the "*Closing*") by cashier's check or by wire transfer of immediately available federal funds, less the amount (i) of Earnest Money and (ii) the Note (as defined in Subsection 2.1.3 below), and subject to prorations, adjustments, and credits as otherwise specified in this Purchase Agreement.

2.1.2 Prior to the parties entering into this Purchase Agreement, Purchaser delivered to Seller a non-refundable payment in the amount of Fifty-Six Thousand and no/100 Dollars (\$56,000.00) (the "*Earnest Money*") in connection with the purchase of the Property.

2.1.3 Upon delivery of the deed as hereinafter provided, Purchaser shall execute and deliver to Seller a note in the principal amount of One Hundred Eighty-Six Thousand Eight Hundred Seventy-Five and 00/100 Dollars (\$186,875.00) with interest compounded annually at an interest rate of Three and 25/100 Percent (3.25%) per annum payable on demand of Seller (the "Note"). Purchaser shall execute and deliver to Seller a purchase money mortgage to secure the Note. The Note and mortgage shall be satisfactory in form and substance to Seller's attorney. Purchaser shall obtain fire and extended coverage insurance in amounts and companies satisfactory to Seller with Seller listed thereon as mortgagee and additional insured and shall present evidence thereof together with evidence of premium payment at the Closing. Seller agrees to release the Property from the lien of the purchase money mortgage and record a satisfaction of the mortgage upon Purchaser's full payment of all principal and interest due under the note.

3. Representations and Warranties.

3.1 Seller's Representations and Warranties. Seller represents and warrants to Purchaser as follows:

3.1.1 The Property is sold "AS IS, WHERE IS, AND WITH ALL FAULTS." SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE PROPERTY OR ANY PART THEREOF OR THE USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION, OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, OR (EXCEPT AS EXPRESSLY SET FORTH IN THIS PURCHASE AGREEMENT) TITLE THERETO, OR OTHERWISE, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY PURCHASER. PURCHASER HEREBY WAIVES ALL REPRESENTATIONS AND WARRANTIES EXPRESSED OR IMPLIED EXCEPT AS EXPRESSLY SET FORTH HEREIN.

3.2 Purchaser's Representations and Warranties. Purchaser represents and warrants that:

3.2.1 The execution and entry into this Purchase Agreement, the execution and delivery of the documents and instruments to be executed and delivered by Purchaser on the Closing Date and the performance by Purchaser of Purchaser's duties and obligations under this Purchase Agreement and of all other acts necessary and appropriate for the full consummation of the purchase and sale of the Property as contemplated herein, are consistent with and not in violation of, and will not create any adverse condition under, any contract, agreement or other instrument to which Purchaser is a party, or any judicial order or judgment of any nature by which Purchaser is bound. On the Closing Date, all necessary and appropriate action will have been taken by Purchaser with respect to the execution of and entry into this Purchase Agreement, the execution and delivery by Purchaser of the documents and instruments to be executed by Purchaser on the Closing Date and the performance by Purchaser of Purchaser's duties and obligations under this Purchase Agreement and of all other

acts necessary and appropriate for the consummation of the purchase and sale of the Property as contemplated herein.

3.2.2 Purchaser has the financial ability and resources to perform his obligations hereunder including payment of the Purchase Price and the Note.

4. Closing.

4.1 Closing Date. Closing shall occur on _____, 2012 (the "Closing Date"), or such other date as may be mutually agreed to by the parties. The Closing shall take place at the offices of Seller's counsel, or such other place as is mutually agreeable to Seller and Purchaser. Seller and Purchaser acknowledge that the transaction contemplated hereunder shall be closed by delivering executed documents and the other closing deliveries required under Section 4.2 hereof.

4.2 Deliveries At Closing. On the Closing Date, the Closing shall occur as follows, subject to satisfaction of all of the terms and conditions of this Purchase Agreement:

4.2.1 Seller shall convey the Property to Purchaser, by a quitclaim deed duly executed, witnessed and notarized and in recordable form (together with any required transfer tax declaration therefor).

4.2.2 Concurrently with Seller's deliveries at the Closing, Purchaser shall pay to Seller the Purchase Price as provided in Section 2 hereof, as well as execute the instruments necessary to evidence Purchaser's debt to Seller, as contemplated in Subsection 2.1.3 hereof.

4.3 Closing Costs. At the Closing, Seller and Purchaser shall respectively pay the following costs and expenses:

4.3.1 Seller shall pay:

- (a) the fees and expenses of Seller's attorneys;
- (b) any other costs set forth as Seller's costs in this Purchase Agreement; and
- (c) any other costs and expenses actually incurred by Seller.

4.3.2 Purchaser shall pay:

- (a) all recording and filing fees, state, county and city documentary stamps or related transfer and recording fees;
- (b) the fees and expenses of Purchaser's attorney; and

(c) any other costs and expenses actually incurred by Purchaser.

4.4 Prorations. All state, city and/or county ad valorem taxes due with respect to the Property for the calendar year of the Closing and all utility charges shall be prorated between Purchaser and Seller as of the Closing Date. If the actual amount of such taxes or utility charges is not known as of such date, either because bills for the period in question have not been issued or because such bills cover real property in addition to the Property, the proration at the Closing will be based on the most current and accurate billing information available. Should such proration not be based on the actual amount of the ad valorem taxes or utility charges for the period in question and should such proration prove to be inaccurate upon receipt of the actual bills for the Property, then either Seller or Purchaser may demand within ninety (90) days after the Closing Date a payment from the other party correcting such malapportionment.

5. Time of the Essence. Time is of the essence hereof.

6. Governing Law. This Purchase Agreement shall be construed, interpreted and enforced in accordance with the internal laws of the State of South Carolina. Venue for any litigation related to this Purchase Agreement shall be solely in South Carolina.

7. Notices. Any notices, requests or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand, confirmed facsimile, nationally recognized courier (such as Federal Express) which maintains a record or receipt of delivery, or mailed by United States registered or certified mail, return receipt requested, postage prepaid and addressed to each party at its address as set forth below:

To Seller: Frank B.B. Knowlton
Nelson Mullins Riley & Scarborough, LLP
1320 Main Street, 17th Floor
Columbia, SC 29201

To Purchaser: Mr. Raymond D. Hobby
P.O. Box 457
Newberry, SC 29108

Any such notice, request or other communication shall be considered given or delivered, as the case may be, on the date of hand delivery, courier delivery or the date of facsimile transmission as indicated by electronic confirmation thereof or on the third day following deposit in the United States mail as provided above. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice, request or other communication. By giving at least five (5) days prior written notice thereof, any party may from time to time at any time change its mailing address hereunder.

8. **Entire Agreement; Modification.** This Purchase Agreement supersedes all prior discussions and agreements between Seller and Purchaser with respect to the Property and contains the sole and entire understanding between Seller and Purchaser with respect to the Property. All promises, inducements, offers, letters of intent, solicitations, agreements, commitments, representations and warranties heretofore made between such parties are merged into this Purchase Agreement. This Purchase Agreement cannot be modified or amended in any respect except by a written instrument executed by or on behalf of each of the parties to this Purchase Agreement.
9. **Captions.** All captions, headings, Section, Subsection, Paragraph and Subparagraph numbers and letters and other reference numbers or letters are solely for the purpose of facilitating reference to this Purchase Agreement and shall not supplement, limit or otherwise vary in any respect to the text of this Purchase Agreement.
10. **Survival.** Except as specifically provided herein, the representations, warranties and covenants made herein shall not survive the Closing.
11. **Counterparts.** This Purchase Agreement may be executed in several counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.
12. **References.** All references to Sections, Subsections, Paragraphs or Subparagraphs will be deemed to refer to the appropriate Section, Subsection, Paragraph or Subparagraph of this Purchase Agreement. Unless otherwise specified in this Purchase Agreement, the terms "herein," "hereof," "hereunder" and other terms of like or similar import, will be deemed to refer to this Purchase Agreement as a whole, and not to any particular Section, Subsection, Paragraph or Subparagraph hereof. Words of any gender used in this Purchase Agreement will be held and construed to include any other gender, and words of a singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.
13. **Waiver.** Any condition or right of termination, cancellation or rescission granted by this Purchase Agreement to Purchaser or Seller may be waived by such party.
14. **Rights Cumulative.** Except as expressly limited by the terms of this Purchase Agreement, all rights, powers and privileges conferred hereunder are cumulative and not restrictive of those given by law.
15. **Assignment.** This Purchase Agreement and the rights, duties, interests, and obligations of Purchaser hereunder may not be assigned by Purchaser without consent of Seller.

16. Successors and Assigns. This Purchase Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns.

17. Further Assurances. The parties hereto agree that they will each take such steps and execute such documents as may be reasonably required by the other party or parties to carry out the intents and purposes of this Purchase Agreement.

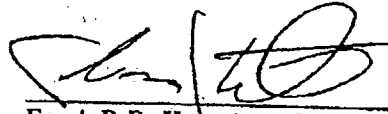
18. Severability. In the event any provision or portion of this Purchase Agreement is held by any court of competent jurisdiction to be invalid or unenforceable, such holding will not affect the remainder hereof, and the remaining provisions shall continue in full force and effect at the same extent as would have been the case had such invalid or unenforceable provision or portion never been a part hereof.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have duly signed, sealed, and delivered this Purchase Agreement.

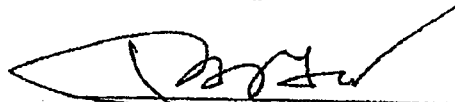
SELLER:

THE HOBBY FAMILY LIQUIDATING
TRUST



Frank B.B. Knowlton, Trustee

PURCHASER:



RAYMOND D. HOBBY

EXHIBIT "A"

LEGAL DESCRIPTION

All that certain piece, parcel and lot of land with the improvements thereon, situate, lying and being located on Crowder Road, in the County of Newberry, State of South Carolina, being shown and designated as containing 2.75 acres, more or less, on plat of survey prepared for Raymond D. Hobby, by Adtech Surveying, Inc., PLS 11072, dated May 26, 2005, recorded in Plat Book C122 at Page 4 in the Office of the Clerk of Court for Newberry County. Said plat is incorporated herein for a more full and complete description as to the metes and bounds of said property.

Together with a forty (40') foot right-of-way easement for ingress and egress to said property as shown on said plat.

STATE OF SOUTH CAROLINA)
)
COUNTY OF NEWBERRY) **PURCHASE MONEY MORTGAGE**

TO ALL WHOM THESE PRESENTS MAY CONCERN:

WHEREAS, Raymond D. Hobby (hereinafter referred to as "*Mortgagor*"), is well and truly indebted unto Frank B.B. Knowlton, as Trustee of the Hobby Family Liquidating Trust, (hereinafter referred to as "*Mortgagee*"), as evidenced by the Mortgagor's Promissory Note (the "*Note*") of even date herewith, the terms of which are incorporated herein by reference, in the sum of One Hundred Eighty-Six Thousand Eight Hundred Seventy-Five and 00/100 Dollars (\$186,875.00), plus interest, due and payable as provided for in the Note.

NOW, KNOW ALL MEN, that the Mortgagor, in consideration of the aforesaid debt, and in order to secure the payment thereof, has granted, bargained, sold and released, and by these presents does grant, bargain, sell and release unto the Mortgagee, and the Mortgagee's successors and assigns:

All that certain piece, parcel and lot of land with the improvements thereon, situate, lying and being located on Crowder Road, in the County of Newberry, State of South Carolina, being shown and designated as containing 2.75 acres, more or less, on plat of survey prepared for Raymond D. Hobby, by Adtech Surveying, Inc., PLS 11072, dated May 26, 2005, recorded in Plat Book C122 at Page 4 in the Office of the Clerk of Court for Newberry County. Said plat is incorporated herein for a more full and complete description as to the metes and bounds of said property.

Together with a forty (40') foot right-of-way easement for ingress and egress to said property as shown on said plat.

ADDRESS OF MORTGAGEE:

Nelson Mullins Riley & Scarborough, LLP
1320 Main Street, 17th Floor
Columbia, SC 29201
Attn: Frank B. B. Knowlton

TOGETHER with all and singular the rights, members, hereditaments and appurtenances to the same belonging or in any way incident or appertaining, and all of the rents, issues and profits which may arise or be had therefrom, and also including all heating, plumbing and lighting fixtures now or hereafter attached, connected or fitted thereto in any manner and all appliances and equipment owned by Mortgagor and used thereon in connection with the operation thereof. It is the intention of the parties hereto that all fixtures and

equipment be considered a part of the real estate and the aforescribed real estate, fixtures and equipment shall be hereafter referred to as the "**Property**".

TO HAVE AND TO HOLD, all and singular the said premises unto the Mortgagee, its successors and assigns, forever.

Mortgagor does covenant with Mortgagee that Mortgagor has the full power and lawful right to mortgage and encumber the same.

NOW THEREFORE, for good and valuable consideration, the parties do hereby agree as follows:

1. The Mortgagor does hereby agree as follows:

(a) To make promptly all payments required by the Note and/or this Mortgage as such payments become due.

(b) To pay promptly when due all taxes, assessments, liens and encumbrances on the Property for which funds are not escrowed by the Mortgagee.

(c) To keep the Property, and all additions thereto or replacements thereof, insured against damage by fire, lightning, windstorm or other casualty in a sum not less than ninety-five (95%) percent of insurable value, in a company or companies reasonably satisfactory to the Mortgagee, and naming Mortgagee as additional loss payee.

(d) Not to permit, commit or suffer any waste, impairment or deterioration of the Property, and to keep the Property in good repair, ordinary wear and tear excepted.

(e) To pay all expenses reasonably and actually incurred by the Mortgagee because of the Mortgagor's failure to comply with the agreements in the Note or this Mortgage, including reasonable attorney's fees actually incurred.

2. If any payments provided for in the Note or this Mortgage are not promptly paid by the Mortgagor, if the Property is not kept insured as provided, or if the Mortgagor defaults in any of the other covenants, stipulations or agreements provided for herein, the Mortgagee, without waiving or affecting its option to foreclose, may pay any and all such payments or obligations, may insure the buildings, or may otherwise perform any such covenants or agreements on behalf of the Mortgagor, and any and all such sums or expenses paid or incurred therefor together with interest thereon from the date of payment at the rate of eight (8%) percent per annum shall be secured by this Mortgage and shall be due and payable on demand.

3. In the event that foreclosure of this Mortgage is sued for, a court of competent jurisdiction is authorized to appoint a receiver of the Property to authorize such receiver to collect all rents or profits and to manage or cause to be managed the Property and to apply the

rents or profits of the Property to the indebtedness to the Mortgagee, regardless of the solvency of the Mortgagor or the adequacy of the security.

4. If any payment provided for in the Note which is not paid when due is not thereafter paid within fifteen (15) days of receipt by the Mortgagor of written notice thereof; or if any other agreement of this Mortgage is breached and such breach is not cured within thirty (30) days after written notice from Mortgagee to Mortgagor; or if the breach of any other agreement under this Mortgage which cannot reasonably be cured within thirty (30) days is not cured within a reasonable time (not to exceed sixty (60) days) after written notice from Mortgagee is given to the Mortgagor, then the unpaid principal balance, plus any sums advanced by Mortgagee pursuant thereto and all accrued but unpaid interest, shall immediately become due and payable at the option of Mortgagee and Mortgagee may foreclose this Mortgage in accordance with procedures established by law, and have the Property sold to satisfy or apply on the indebtedness hereby secured.

5. The agreements and promises of the Note secured hereby and of this Mortgage are intended to be covenants running with the title to the Property, to be binding on the respective parties, their successors, heirs, legal representatives and assigns and to inure to the benefit of the respective parties, their heirs, successors, legal representatives and assigns.

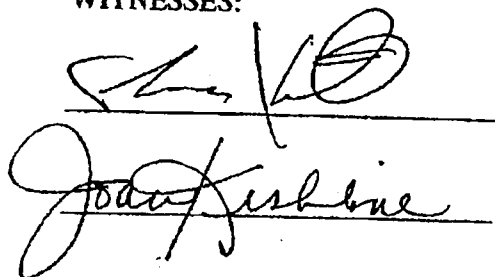
6. The lien hereby created shall cease and become null and void upon payment in full of the indebtedness secured by this Mortgage and upon the full and complete performance of all of the covenants, stipulations and agreements contained in both this Mortgage and the Note which it secures.

7. On sale or transfer of all or any part of the Property or any interest therein, without Mortgagee's prior written permission, Mortgagee may, at its option, declare all sums secured by this Mortgage to be immediately due and payable.

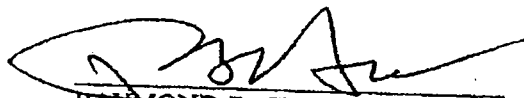
[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned has executed this Purchase Money Mortgage this 19th day of April, 2012.

WITNESSES:


Joan A. Fishline

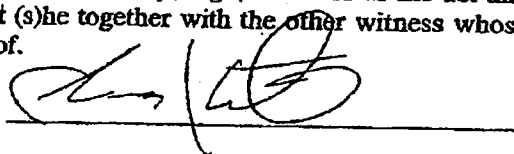
MORTGAGOR/DEBTOR:


RAYMOND D. HOBBY

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

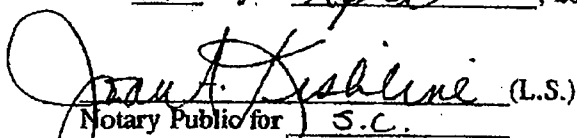
PROBATE

PERSONALLY APPEARED before me the undersigned witness who after being duly sworn says that (s)he saw the within-named Raymond D. Hobby, sign, seal and as his act and deed, deliver the within written Mortgage and that (s)he together with the other witness whose name appears above witnessed the execution thereof.



SWORN to and subscribed before me

this 19 day of April, 2012


Joan A. Fishline (L.S.)
Notary Public for S.C.

My Commission Expires: 9/18/2017

- #4827-8076-7502 v.1 -

STATE OF SOUTH CAROLINA)
)
COUNTY OF NEWBERRY)

QUIT-CLAIM DEED

TO ALL WHOM THESE PRESENTS MAY COME:

WHEREAS, an action (Docket No. 2005-DR-36-56) was initiated by Mary T. Hobby in the Newberry County Family Court for the Eighth Judicial Circuit seeking, among other relief, a divorce from Raymond D. Hobby, and in conjunction with such relief, the equitable apportionment of the marital assets;

WHEREAS, in connection with the equitable apportionment of the marital assets, Raymond D. Hobby and Mary T. Hobby, each of whom are citizens and residents of Newberry County, South Carolina, have agreed and are required to transfer various items of real and personal property, as encumbered, to The Hobby Family Liquidating Trust (the "*Liquidating Trust*") created pursuant to that certain Final Order and Divorce Decree dated October 8, 2010 by the Honorable Joseph W. McGowan, III, Judge of the Newberry County Family Court, Eighth Judicial Circuit (the "*Divorce Decree*");

WHEREAS, the Property (as defined below) was among the items of real property to be transferred to the Liquidating Trust pursuant to the Divorce Decree;

WHEREAS, the Liquidating Trust desires to convey any interest in the Property which the Liquidating Trust may have or have had to Raymond D. Hobby; and

WHEREAS, the Liquidating Trust has agreed to issue this Quit-Claim Deed in order to convey its interest in the Property, if any, and Raymond D. Hobby has agreed to accept this Quit-Claim Deed.

NOW, THEREFORE, for and in consideration of the foregoing recitals, and also in consideration of the sum of Three Hundred Twenty-Five Thousand and 00/100 Dollars (\$325,000.00), the receipt and sufficiency of such consideration being hereby acknowledged, to the extent the Liquidating Trust is vested or may hereinafter become vested, by virtue of a conveyance from Mary T. Hobby or otherwise, in any interest in the Property, the Liquidating Trust, as Grantor, has remised and forever quit-claimed unto Raymond D. Hobby, as Grantee, and by these presents, Grantor does hereby remise, release and forever quit-claim unto the Grantee, his heirs, successors and assigns, all its right, title and interest in and to the following (the "*Property*");

All that certain piece, parcel and lot of land with the improvements thereon, situate, lying and being located on Crowder Road, in the County of Newberry, State of South Carolina, being shown and designated as containing 2.75 acres, more or less, on plat of survey prepared for Raymond D. Hobby, by Adtech Surveying, Inc., PLS 11072, dated May 26, 2005, recorded in Plat Book C122

at Page 4 in the Office of the Clerk of Court for Newberry County. Said plat is incorporated herein for a more full and complete description as to the metes and bounds of said property.

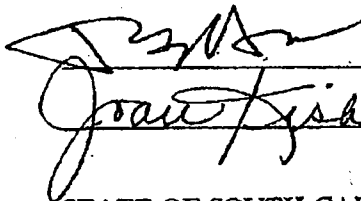
Together with a forty (40') foot right-of-way easement for ingress and egress to said property as shown on said plat.

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

TO HAVE AND TO HOLD all and singular the said premises before mentioned unto the said Grantee, his heirs and assigns, forever so that neither the said Grantor nor its successors or assigns, nor any other person or persons, claiming under it or them, shall at any time hereafter, by any way or means, have, claim or demand any right or title to the aforesaid premises or appurtenances, or any part or parcel thereof, forever.

WITNESS THE HAND AND SEAL of the Grantor's duly authorized signatory authority this 19th day of April, 2012.

Signed, sealed and delivered
in the presence of:


Joan A. Kishline

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

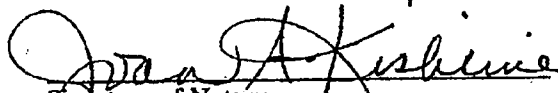
THE HOBBY FAMILY LIQUIDATING
TRUST


Frank B.B. Knowlton, Trustee

ACKNOWLEDGMENT

I, Joan A. Kishline, Notary Public for the State aforesaid, do hereby certify that the above-named Frank B.B. Knowlton, as Trustee of The Hobby Family Liquidating Trust, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the 19 day of April, 2012.


Signature of Notary
My commission expires: 9/18/2017

PROMISSORY NOTE

\$ 186,875.00

Newberry, South Carolina
April 17th, 2012

Raymond D. Hobby, a South Carolina resident (the "*Debtor*"), for value received, hereby promises to pay to Frank B. B. Knowlton, as Trustee of The Hobby Family Liquidating Trust (the "*Payee*"), or order the principal sum of One Hundred Eighty-Six Thousand Eight Hundred Seventy-Five and 00/100 Dollars (\$186,875.00), with interest compounded annually at an interest rate of Three and 25/100 percent (3.25%) per annum. Such interest shall be added to the outstanding principal. All outstanding principal, together with all accrued interest, shall be due and payable upon demand by the Payee. All payments received under this Note will be applied first to interest on the unpaid principal balance and then to principal.

Both the principal hereof and interest hereon are payable to Payee at the following address:

Frank B. B. Knowlton, as Trustee of The Hobby Family Liquidating Trust
Nelson Mullins Riley & Scarborough LLP
Meridian, 17th Floor
1320 Main Street
Columbia, SC 29201

or at such other place as the holder hereof from time to time may designate to Debtor in writing, in coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts.

If the Debtor has not made the required payment when demanded, then such failure shall be considered a default hereunder.

Waivers By Debtor. The Debtor waives demand, presentment, notice of dishonor and protest of this Note; and consents to any extension or postponement of time of its payment without limit as to number or period.

Remedies. Any failure on the part of any holder of this Note at any time to require the performance by Debtor of any of the terms or provisions hereof, even if known, will not affect the right thereafter to enforce the same, nor will any failure of any holder of this Note to insist on strict compliance with the terms and conditions hereof be taken or held to be a waiver of any succeeding breach or of the right of any holder of this Note to insist on strict compliance with the terms and conditions hereof. Time is of the essence.

Expenses. If this Note is collected by law or through an attorney-at-law, Debtor shall pay all costs of collection, including reasonable attorneys' fees.

Governing Law. This Note is executed in and will be construed in accordance with the laws of the State of South Carolina.

Successors. All of the foregoing is the promise of Debtor and shall bind Debtor and Debtor's successors and assigns; provided, however, that Debtor may not assign any of its rights or delegate any of its obligations hereunder without the prior written consent of the holder of this Note. Payee may assign its rights and delegate its obligations under the Note without the consent of Debtor or its successors, heirs and assigns.

Security Agreement. This Note is secured under the terms of that certain Purchase Money Mortgage dated as of the date first written above by and between the Debtor and the Payee.

IN WITNESS WHEREOF, Debtor has caused this Note to be executed under seal by its duly authorized officer as of the date first written above.


RAYMOND D. HOBBY (SEAL)

UNITED STATES DISTRICT COURT
DISTRICT OF SOUTH CAROLINA
GREENWOOD DIVISION

COLONIAL REAL ESTATE
INVESTMENTS, INC.,

PLAINTIFF,

VS.

RAYMOND D. HOBBY,

DEFENDANT.

CIVIL ACTION

FILE NO.: 8:10-CV-01653-TMC

CONFESSION OF JUDGMENT

JACQUE S. BOTTINS
CLERK OF COURT

2013 SEP 20 AM 10 27

FILED
NEWBERRY COUNTY

NOW COMES Defendant Raymond D. Hobby ("Defendant"), and hereby enters into and confesses this judgment in favor of Plaintiff Colonial Real Estate Investments, Inc. ("Plaintiff") in the principal amount of \$5,000,000.00. Defendant agrees that:

1. This Confession of Judgment is executed and being given for an indebtedness justly due from Defendant to Plaintiff arising from a promissory note dated January 1, 2009 (the "Note") that Defendant executed in Plaintiff's favor.

2. As set forth in the Note, Defendant agreed to repay Plaintiff for a series of loans it made to Defendant to advance his share of obligations due and owing by the parties' joint ventures, Maggie Valley Resort, LLC, Maggie Valley Development Company, LLC, and Maggie Valley Resort Management, LLC, up to a maximum principal amount of \$5,000,000.00. Since that time, Plaintiff has loaned Defendant the maximum principal amount of the Note.

3. Defendant agrees and acknowledges that he is liable to Plaintiff under the Note in the principal amount of \$5,000,000.00.

4. This Confession of Judgment is not for the purpose of securing Plaintiff against a contingent liability.



5. Plaintiff may immediately file this Confession of Judgment with any Clerk of Court or other appropriate authority, in its sole discretion and without notice. The Judgment shall be for the full amount set forth above, less credit for any payment or payments that may be made hereafter by or on behalf of Defendant.

6. Defendant agrees and acknowledges that Plaintiff may transcribe this Confession of Judgment in any Court or jurisdiction as provided by law and may seek to collect thereon at any time, in its judgment and discretion.

7. Defendant hereby acknowledges that he is executing this Confession of Judgment voluntarily.

WHEREFORE, Defendant agrees to the entry of judgment in favor of Plaintiff in the principal amount of \$5,000,000.00. Interest shall accrue on the principal amount of this judgment at the legal rate from and after filing and entry of this Confession of Judgment until paid in full.

This 24 day of January, 2012.

STIPULATED AND AGREED TO BY:


Raymond D. Hobby

ALSTON & BIRD LLP

By: /s/ Joann E. Johnston
JOANN E. JOHNSTON
SC Bar No. 75785
SC Federal Bar No. 9962
1201 West Peachtree Street

BRUNER POWELL WALL & MULLINS,
LLC

By: /s/ James L. Bruner
SC Federal Bar No. 1537
1735 St. Julian Place, Suite 200
PO Box 61110
Columbia, South Carolina 29260

Atlanta, GA 30309-3424
Telephone: (404) 881-7000
Facsimile: (404) 881-7777
Email: joann.johnston@alston.com

Telephone: (803) 252-7693
Facsimile: (888) 522-7408
Email: JBruner@BrunerPowell.com

Attorneys for Defendant Raymond Hobby

NEXSEN PRUET LLC

By: /s/ Julio E. Mendoza, Jr.
JULIO E. MENDOZA, JR.
SC Bar No. 3937
SC Federal Bar No. 3365
1230 Main Street
Suite 700
Columbia, SC 29201
Telephone: (803) 771-8900
Facsimile: (803) 253-8277
Email: rmendoza@nexsenpruet.com

*Attorneys for Plaintiff Colonial Real Estate
Investments, Inc.*

STATE OF SOUTH CAROLINA)
) SS
COUNTY OF Newberry)

VERIFICATION

Personally appeared before me, the undersigned officer, duly authorized to administer oaths, Raymond D. Hobby, who, having been duly sworn, deposes and states that he has personal knowledge of the facts set forth in the foregoing Confession of Judgment, that such facts are true and correct, and that he is voluntarily signing the Confession of Judgment.

This 24 day of January, 2012.



Raymond D. Hobby

(SEAL)



Printed Name: Kay Brooks
Notary Public South Carolina

My commission expires: 12-03-2013

STATE OF SOUTH CAROLINA)
COUNTY OF NEWBERRY)

Raymond D. Hobby)
Plaintiff,)

vs.)

Mary T. Hobby)
Defendant/Third Party)
Plaintiff,)

vs.)

Frances B. Knowlton, Individually)
and as Trustee,)
Third Party Defendant.)

IN THE COURT OF COMMON PLEAS

Civil Action No. 2013-CP-36-193

CERTIFICATE OF SERVICE

FILED
NEWBERRY COUNTY
2013 SEP 20 AM 10 27
JACKIE S. BOGGS
CLERK OF COURT

I, Sherry W. Wise, of Johnson & Barnette, LLP, hereby certify that I have served Benjamin C. Bruner, attorney for the Plaintiff, and R. Davis Howser, attorney for the Third Party Defendant, with the following pleadings by mailing a copy of same, postage prepaid and return address clearly indicated, to them at the following addresses on the 19th day of September, 2013.

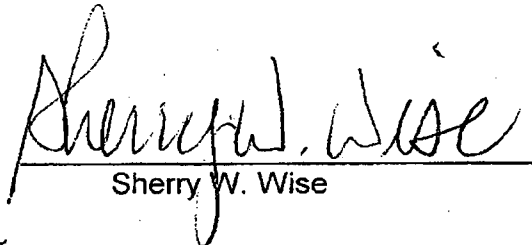
COUNSEL SERVED:

Benjamin C. Bruner
Bruner Powell Wall & Mullins, LLC
P.O. Box 61110
Columbia, SC 29260-1110

R. Davis Howser, Esquire
Howser Newman & Besley, LLC
P.O. Box 12009
Columbia, SC 29211

PLEADINGS:

Affidavit of John O. McDougall


Sherry W. Wise

STATE OF SOUTH CAROLINA)
COUNTY OF NEWBERRY)

IN THE COURT OF COMMON PLEAS

Raymond D. Hobby,)
Plaintiff,)

Civil Action No. 2013-CP-36-193

vs.)

Mary T. Hobby,)
Defendant/Third)
Party Plaintiff,)

AFFIDAVIT OF ARTHUR E. WHITE III

vs.)

Frances B. Knowlton, Individually)
and as Trustee,)
Third Party Defendant.)

FILED
NEWBERRY COUNTY
2013 SEP 20 AM 10 29
JACKIE S. POWERS
CLERK OF COURT

PERSONALLY APPEARED BEFORE ME, Arthur E. White III, who being duly sworn,
deposes and says:

1. I am Arthur E. White III. I am a licensed attorney. Attached is my biographical data. I have been retained as an expert for the defendant, Mary T. Hobby ("Mary"). The opinions I express herein are my opinions to a reasonable degree of certainty.

2. I have reviewed the plaintiff's offer to purchase the property in question from the trustee. The plaintiff offered to purchase the property for \$325,000.00 and proposed to leave the property in the liquidating trust for the trustee to sell in the future. The trustee appears to have accepted this offer but strangely did not require the property to remain in trust per the plain language of the offer. The trustee gave the plaintiff a quitclaim deed and agreed to have the trust finance a portion of the purchase price.

3. It appears clear that the terms of the contract of sale are the terms of the offer made by Ray Hobby. To that end, it is my opinion that the trustee went beyond the terms of the contract.

Additionally the transfer of the property out of trust in contradiction to the terms of the contract clearly favors one beneficiary, the plaintiff, over another, Mary which is contrary to the terms of the Liquidating Trust.

4. Furthermore, in my opinion, the trustee did not have the authority to sell the property to the plaintiff as he did. Under Article 9, Section (a), Paragraph (xxxii), the trustee may only sell a trust asset to a Transferor (either Ray Hobby or Mary), provided the sale and the terms of the sale are reasonable, fair and reflect fair market value *and* any other terms mutually agreeable to the parties. (*emphasis added*). Based upon my investigation, Mary never agreed to any terms under which the sale took place. In fact, she objected to the sale to Ray Hobby and asserted that her offer was better. Since she did not agree to any of the terms of the sale, in my opinion, the trustee lacked authority to sell the property and the purported sale is a nullity. Ray Hobby clearly had knowledge of the trustee's lack of authority contained in the plain language of the Liquidating Trust.

5. In my opinion, if the trustee agreed to finance the sale, the trustee should have insisted that the plaintiff purchase the property under a contract of sale whereby a deed would not be delivered until the entire purchase price was paid. This would provide security to the trust and its beneficiaries. This would have left the title to the property in the liquidating trust and available to Mary T. Hobby rent free pursuant to the plain language of Article 9, Paragraph (f) and Article 12, Paragraph (f) of the Liquidating Trust, a copy of which is attached hereto. In my opinion, this needs to be addressed in depositions of the plaintiff and the trustee.

6. In addition, it is not undisputed that the plaintiff owns the property in question. The plaintiff acquired his interest in the property by a quitclaim deed which shows on its face that it is only conveying the trustee's interest in the property. See attached deed. Ownership of the property can only be confirmed after a title search has been performed and a title opinion given by an attorney licensed to practice law in South Carolina. In my opinion, title needs to be confirmed in the Trust

and the trustee's authority needs to be confirmed (which will be part of the title search) to effectuate a sale of the property from the trustee.

7. In my opinion, Mary T. Hobby should be allowed a reasonable period of time to conduct discovery regarding the issues set forth herein. In my opinion, further inquiry into the facts should be allowed as it is still necessary to determine the following: (a) whether the trustee had authority to enter into a contract with and sell real estate to the plaintiff from the trust without agreement by all parties, namely Mary T. Hobby; (b) even if the trustee had authority, which in my opinion he did not, what were the terms of the contract to sell the property and whether the terms of the contract were violated; and (c) whether the trust did in fact have title to the property the trustee purported to sell and transfer to the plaintiff.

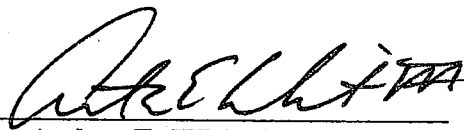
SWORN TO AND SUBSCRIBED BEFORE ME

this 19th day of SEPTEMBER, 2013

V. Gray Bayles

Notary Public for South Carolina

My Commission Expires: 8/3/2014


Arthur E. White III

CURRICULUM VITAE

Arthur E. "Artie" White III

Born:

August 31, 1982

Education:

University of Florida Levin College of Law
Gainesville, Florida
Master of Laws - Taxation, May 2010

University of South Carolina School of Law
Columbia, South Carolina
Juris Doctor, May 2009

University of Notre Dame
Notre Dame, Indiana
Bachelor of Arts, Political Science, Cum Laude, May 2004

Employment History:

Attorney, Todd & Johnson, LLP
Columbia, South Carolina, March 2012 to Current

- Estate planning: Assist and advise clients in formulating and implementing gift and estate plans by utilizing techniques such as Revocable Trusts, Wills, Family Limited Partnerships, Generation Skipping Transfer Trusts, and Life Insurance Trusts
- Represent fiduciaries and beneficiaries in probate trial and appellate litigation concerning Wills, Trusts, and Estates
- Tax controversy and tax advisement involving trusts, estates, and individual income taxation, business taxation, and estate and gift taxation
- Represent fiduciaries and beneficiaries in the Probate Administration throughout the state of South Carolina
- Prepare and review tax documents such as forms 1040, 1041, 656, 706, 709, 1023 and 1128

Attorney, Rogers Townsend and Thomas PC
Columbia, South Carolina, May 2010 to March 2012

- Conducted and performed real estate closings
- Reviewed and addressed real estate title issues and claims
- Represented fiduciaries and beneficiaries in the Probate Administration process throughout the state of South Carolina
- Estate planning: Drafted Wills, Revocable and Irrevocable Trusts, and Supplemental and Special Needs Trusts
- Probate litigation involving Wills, Trusts and Estates
- Tax controversy

Bar Admissions

- State of South Carolina
- United States Tax Court

**Accomplishments and
Awards:**

Legal Elite-Estates & Trusts Law, Columbia Business Monthly, 2013

- Peer award in the area of Estates and Trusts Law

Legal Elite-Tax Law, Columbia Business Monthly, 2013

- Peer award in the area of Tax Law

Rising Star, Super Lawyers, 2013

- Peer award in the area of Taxation

*Program Coordinator, SC Bar Al Todd Estate Planning Workshop
Kiawah Island, SC, July 2013*

- Prepared and organized the agenda for the Workshop provided by the South Carolina Bar Association – CLE division
- Recruited speakers and presenters for the Workshop

Frank B. Knowlton
Nelson, Mullins, Riley & Scarborough L.L.P.
Post Office Box 11070
Columbia, SC 29211

January 3, 2012

Re: Hobby vs. Hobby 544 Crowder Road (with surrounding 3 acres)

Dear Frank,

I greatly appreciate the opportunity to make an offer to purchase the property in Kinards, SC, 544 Crowder Road and surrounding acreage. It is my opinion that this property is essential to the value of the overall property holdings that surround it and being extracted from the farm will drastically damage the total value of the property. Therefore I would extend an offer to the trust to purchase Ms. Hobby's interest of 42 ½ % to maintain the most value and marketable position for the overall property.

I am offering to purchase this property for \$138,125.00 as is where is. This is based on the 42 ½ % of the full \$325,000.00 appraisal that was used in the evaluation of material assets at the time of divorce and was agreed on by both parties. No broker discounts, no commissions, no reductions for any reasons.

I am further offering to leave this asset in the Trust to maximize the properties value for any future sale opportunities and receive no distributions until the property is sold and all trust liabilities are satisfied.

According to Ms. Hobby's appraisal it contends the property isn't worth that amount. I, as stated above disagree not only for the overall value of the total farm but feel the size, quality and location of the home keeps it at the former numbers.

As to reimbursements for expenses to Ms. Hobby for taxes, maintenance and repairs, these should be denied. If there is any devaluation or cost to maintain this property it should be borne by Ms. Hobby for failure to comply with the final divorce order to convey this property into the trust. As you know I personally have not asked to date for any reimbursements for funds I have advanced on behalf of trust assets, taxes, maintenance, repairs, mortgage payments, interest or any other cost associated. This will be accounted for when the trust is solvent and has adequate cash flows.

Knowing the Trust is still struggling and has urgent needs for cash flow, I propose this transaction take place as immediate as possible. I can close in a matter of days should you find this proposal acceptable.

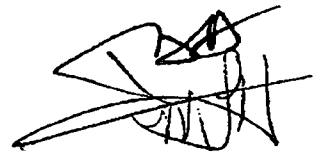
I respect your consideration and request to reserve the right to counter offer if any additional offers are presented that exceed this proposal.

Sincerely,
Raymond D. Hobby

Final Execution Version

THE HOBBY FAMILY
LIQUIDATING TRUST AGREEMENT

Frank

A handwritten signature, possibly reading "Frank", written in dark ink.

**THE HOBBY FAMILY
LIQUIDATING TRUST AGREEMENT**

THIS LIQUIDATING TRUST AGREEMENT (this "Agreement") is effective as of this _____ day of _____, 2010 (the "Effective Date"). Frank B. B. Knowlton is the initial trustee (the "Trustee"). All references to the Trustee shall be deemed to refer to the initial trustee and any successor trustee appointed pursuant to Article X.

BACKGROUND

WHEREAS, an action (Docket No. 2005-DR-36-56) has been initiated by Mary T. Hobby in the Newberry County Family Court for the Eighth Judicial Circuit seeking, among other relief, a divorce from Raymond Deneke Hobby pursuant to S.C. Code Ann. § 20-3-10 (2010), and in conjunction with such relief, the equitable apportionment of the marital assets;

WHEREAS, in connection with the equitable apportionment of the marital assets, Raymond Deneke Hobby ("RDH") and Mary T. Hobby ("MTH") (individually, RDH and MTH are sometimes each referred to as "Transferor"; collectively, RDH and MTH are referred to as "Transferors"), each of whom are citizens and residents of Newberry County, South Carolina, have agreed and are required to transfer the various items of real and personal property, as encumbered, and as set forth on Schedule A hereto (collectively, the "Trust Assets") to The Hobby Family Liquidating Trust (the "Liquidating Trust" or the "Trust") created pursuant to the Final Order and Divorce Decree described below;

WHEREAS, this Liquidating Trust provides for the orderly liquidation and distribution of the Trust Assets to the Beneficiaries (as defined herein) of the Liquidating Trust as more fully set forth herein; and

WHEREAS, the Trustee has agreed to oversee and supervise the liquidation process as the Trustee of the Liquidating Trust and has agreed to act in a manner consistent with the terms set forth in this Agreement.

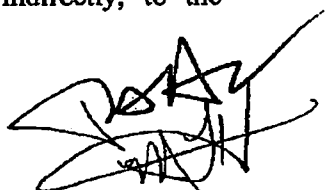
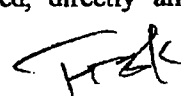
NOW THEREFORE, based on the above, the Liquidating Trust is subject to the following terms and conditions:

ARTICLE I

PARTIES/TERM/PURPOSE/IRS QUALIFICATION

(a) Name; Creation; Parties. The Liquidating Trust, which shall be formally known as the "The Hobby Family Liquidating Trust", was created pursuant to the Final Order and Divorce Decree, dated October 8, 2010, of the Honorable Joseph W. McGowan, III, Judge of the Family Court for the Eighth Judicial Circuit. The Liquidating Trust is created pursuant to South Carolina law which empowers the Family Court to use any means or methods reasonably necessary to effectuate an equitable apportionment of marital property. Each Transferor recognizes and stipulates the other Transferor contributed, directly and indirectly, to the

Frank



acquisition, preservation, maintenance, and other obligations associated with the marital estate which is becoming the property of the Liquidating Trust, and each Transferor holds an equitable interest in each of the Trust Assets placed into the Liquidating Trust in the same Distribution Percentage as he or she is a beneficiary of the Liquidating Trust. The Transferors recognize this equitable ownership irrespective of the current title ownership of any asset.

(b) Term. The term of this Liquidating Trust shall terminate on the earlier of (i) the date on which all of the Trust Assets of the Liquidating Trust have been liquidated and the proceeds distributed to the Beneficiaries as set forth in this Agreement; (ii) five years after the Transfer Date (defined below), unless extended by written consent of the Transferors and the Trustee or by order of the Family Court; or (iii) the date the Liquidating Trust is terminated by the agreement of the Beneficiaries as provided in Article XIII(g).

(c) Purpose. The Liquidating Trust is established for the sole purpose of liquidating various marital assets belonging to the Transferors in the most fair, objective, and impartial manner available and in a manner that maximizes the value of such marital assets and satisfies the debts associated with those assets to the extent reasonably possible. In effecting the purpose of this Liquidating Trust, the Trustee shall be mindful of the desire of the parties to divest the Trust Assets for amounts approximately equal to the fair market value of such properties and Trustee shall liquidate the Trust Assets in an orderly fashion while being mindful of prevailing market conditions and the term of the Trust. For the avoidance of doubt, although the Trustee shall have the right to exercise and all rights, powers and privileges set forth herein, such powers shall be exercised in the furtherance of the purposes of the Trust, specifically selling Trust Assets in a timely, prudent and efficient manner and distributing proceeds as provided herein. The Trustee shall make timely distributions to the Beneficiaries and required payments with respect to the Liabilities (defined below) and will not unreasonably prolong the duration of the Liquidating Trust. The Liquidating Trust will not hold itself out as an investment company or as an entity engaged in the active conduct of a trade or business.

(d) Qualification. The Liquidating Trust is intended to qualify as a liquidating trust for federal income tax purposes within the meaning of Treasury Regulation Section 301.7701-4(d). In the event that the Liquidating Trust shall fail or cease to qualify as a liquidating trust in accordance with Treasury Regulation Section 301.7701-4(d), the Trustee shall, in its sole discretion, make other arrangements for the Trust Assets in the best interests of the collective Beneficiaries. For all federal income tax purposes, the transfer of the Trust Assets to the Liquidating Trust shall be treated as a transfer by the respective Transferor to the Liquidating Trust in exchange for a beneficial interest in the Liquidating Trust. The Transferors shall be treated as grantors and Beneficiaries of the Liquidating Trust. It is also the intent of the Transferors and the Trustee that the Liquidating Trust be a "grantor trust" under subpart E of Part I of subchapter J of subtitle A of the Code such that the Trust Assets will be deemed owned, for federal income tax purposes, by the Transferor who transferred such Trust Assets to the Liquidating Trust.

ARTICLE II
TRUST CORPUS

(a) **Initial Property.** The Liquidating Trust shall be funded with the assets described below at such time as directed by the Trustee after consultation with the Transferors and their respective legal and tax advisors (the "Transfer Date"). On the Transfer Date, the Transferors shall transfer to the Liquidating Trust the Trust Assets set forth on Schedule A attached hereto and made a part hereof (the "Trust Assets") including any assets transferred pursuant to paragraph (b) below. RDH, as of the Transfer Date, does hereby grant, assign, transfer and deliver the property described on Schedule A-1 unto the Trustee, together with all of his right, title, and interest in and to such Trust Assets. MTH, as of the Transfer Date, does hereby grant, assign, transfer and deliver the property described on Schedule A-2 unto the Trustee, together with all of her right, title, and interest in and to such Trust Assets. In the event that the Trustee shall determine that the transfer of the Trust Assets to the Liquidating Trust shall require the execution of certain documents or require action on the part of one or more of the Transferors, the Transferors agree to take all actions necessary to effectuate the transfer of the Trust Assets and effectuate the objectives of the Liquidating Trust as set forth in this Agreement. The term "Liability" means all debts, liabilities, and obligations (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to be come due) and including all costs and expenses. All Liabilities relating to the Trust Assets, including Liabilities relating to an entity that is owned, in whole or in part, by the Trust that arise or accrue following the Transfer Date (collectively, the "Trust Liabilities") are to be paid by the Trust. To the Knowledge (defined below) of the Transferors, the Liabilities relating to the Trust as of the Transfer Date are listed or described on Schedule A-3 attached hereto. Copies of any loan documents, indemnity documents, or similar documents relating to the Trust Assets or the Liabilities shall be provided to each of the Beneficiaries and the Trustee.

(b) **Additional Property.** If additional marital property belonging to the Transferors that the Transferors desire to be liquidated is subsequently identified and is not detailed in the Final Order dated October 8, 2010, then such property shall also be transferred to the Liquidating Trust to be held by the Trustee under the terms set forth in this Agreement.

(c) **Acceptance of Property.** The Trustee hereby accepts, as of the Transfer Date, delivery of the Trust Assets set forth on Schedule A. The Trustee shall hold the Trust Assets, as part of the Liquidating Trust estate, to be held, invested, reinvested, administered and distributed according to the provisions set forth in this Agreement. The Trustee further agrees to accept such other property as may hereafter be transferred to this Liquidating Trust by the Transferors.

ARTICLE III
BENEFICIARIES

This Liquidating Trust is established for the benefit of Raymond Deneke Hobby and Mary T. Hobby (individually, a "Beneficiary" and collectively, the "Beneficiaries"), under the terms and conditions contained herein, in the percentage distribution interest for each Beneficiary set forth on Schedule B attached hereto (the "Distribution Percentage"), which sets forth each Beneficiary's

share of a distribution of income, principal or other distribution from the Trust. Such Distribution Percentage may only be modified or changed with the express written consent of said Beneficiary.

ARTICLE IV
REPRESENTATIONS

Each of the Transferors represents to the Trustee that, to his or her Knowledge, (1) the Trust Assets to be transferred to the Liquidating Trust by the respective Transferors as of the Transfer Date are as set forth in Schedule A attached hereto and made a part hereof, and (2) except as set forth thereon or on Schedule A-3, there are no liabilities of the Transferor or their affiliates relating to the Trust Assets which have not been paid or discharged, and no unsatisfied claims which have been made against the Transferor for alleged Liabilities relating to the Trust Assets. For purposes of this Agreement, "Knowledge" shall mean the actual or direct knowledge of the Transferor after due inquiry.

ARTICLE V
PAYMENT OF LIABILITIES

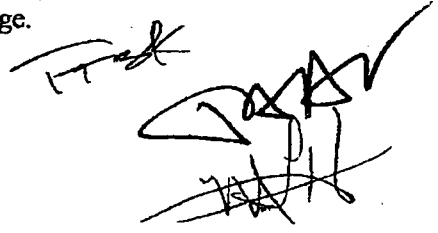
(a) The Trustee shall have the power, in his absolute discretion, to satisfy out of the Trust Assets and, to the extent necessary, any income derived thereon or the proceeds of any liquidation or sale of Trust Assets, any and all of the Liabilities at such time as they become due, or at any other such time as Trustee may deem advisable considering the respective interest of the Beneficiaries and the goals and purposes of this Trust. The Trustee's power to satisfy the Liabilities shall include the right to adjust, arbitrate, compromise, sue, defend, settle, abandon and otherwise deal with any and all of the Liabilities upon such terms as it deems advisable under the circumstances.

(b) The Personal Liabilities of the Transferors shall not be paid from the Trust Assets. The Personal Liabilities of RDH are listed on Schedule A-5, and the Personal Liabilities of MTH are listed on Schedule A-6. The Trustee shall determine in its reasonable discretion if any Liability is a Trust Liability and/or Personal Liability. Any Transferor may dispute such a determination by the Trustee and such determination may be appealed to the Family Court in Newberry County.

ARTICLE VI
DISTRIBUTION OF TRUST ASSETS

Subject only to the applicable restrictions in the loan documents, indemnity documents, or similar documents relating to the Trust Assets or the Liabilities, the Trustee shall make payment or distributions of available cash relating to the Trust Assets in the following order of priority or as otherwise specifically provided herein:

(a) Trust Agreement Preparation Expenses. The Trustee shall pay the reasonable attorney's fees, accountant's fees, and costs incurred to prepare this Agreement, any and all transfer documents related to it, and similar expenses. Payment of such fees and costs under this paragraph are not charged against a Transferor's Distribution Percentage.

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(b) Litigation Expenses. The Trustee shall distribute \$225,000 to MTH and \$200,000 to RDH as a special interest in the Trust, which is not part of his or her Distribution Percentage, for each party's attorney's fees and litigation expenses related to the above-referenced Family Court civil action. Payment of such fees and expenses under this paragraph are not charged against a Transferor's Distribution Percentage of income or principal.

(c) Tax Distributions.

(A) Within thirty (30) days after the end of each calendar quarter, and as permitted by applicable law and consistent with the cash flow needs and purposes of the Trust, the Trustee shall use his best efforts to distribute to whomever is determined to be the owner of the Trust Assets for tax purposes cash in an amount sufficient to enable such person to discharge any Federal, state and local tax liability for such taxable year (excluding penalties) arising as a result of such person's deemed ownership, for tax purposes, of the Trust Assets. Such amount shall be equal to such person's actual Federal, state and local income tax liability to be reported on any tax returns with respect to income derived from the Trust Assets. Tax distributions made under this paragraph shall not be charged against a Transferor's Distribution Percentage of income or principal.

(B) To the extent that there are adjustments in the tax liability of a Transferor arising from an audit, review, adjustment or an amendment of a tax return, the Trustee is further authorized to make such additional distributions or to withhold from future distributions of a Transferor so that each Transferor shall bear his or her own tax liability arising from the operations of the Trust and disposition of Trust Assets.

(d) Periodic Distributions. Following the above distributions, the Trustee shall make the following periodic distributions in the order of priority set forth:

(i) The Trustee shall make a determination of all of the existing and contingent Liabilities and the minimum amount of Trust Assets necessary to satisfy the Liabilities as such Liabilities may become due and shall be entitled to make such payments in accordance with Article V of this Agreement;

(ii) Until the earlier of i) the one year anniversary of the Effective Date, or ii) the death of MTH, the Trustee shall make minimum monthly distributions to MTH in the amount of \$7,500. These distributions represent a special interest in the Trust held by Plaintiff and are not taxable to her or charged against her Distribution Percentage of amounts to be distributed from the Trust; and

(iii) To the extent that the Trust Assets exceed those needed to satisfy the Liabilities and the minimum monthly distributions to MTH as previously set forth in Article VI(d)(ii) above and as permitted by applicable law and consistent with the cash flow needs and purposes of the Trust the Trustee may distribute to the Beneficiaries in accordance with the Distribution Percentages, all liquidation proceeds, investment income, and all trust corpus in excess of the Trust Assets needed to satisfy the Liabilities

and minimum monthly distributions.

(e) Final Distribution. At end of the Term of the Trust, the Trustee shall distribute to the Beneficiaries in accordance with their respective Distribution Percentages all of the Trust Assets then remaining in the Liquidating Trust.

ARTICLE VII

GENERAL POWER OF APPOINTMENT IN SURVIVING BENEFICIARY

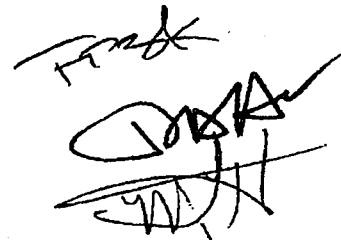
Upon the death of either Beneficiary, the deceased Beneficiary's share of the Trust Estate, together with any accrued and undistributed income therefrom, shall be paid over, conveyed, and distributed to or in trust for such appointee or appointees (including the estate of the Beneficiary), in such manner and in such proportions as the deceased Beneficiary may appoint in and by the Last Will of the deceased Beneficiary, making specific reference to the power of appointment herein conferred upon him or her, as applicable. In default of the exercise of such power of appointment by the Beneficiary, or insofar as any part of such share of the Trust Estate shall not be effectively appointed, upon the death of the Beneficiary, the entire remaining share of the Trust Estate, or the part of such Trust Estate not effectively appointed, shall be distributed to the deceased Beneficiary's issue in equal shares, per stirpes. In disposing of such share, the Trustee shall be protected in relying upon an instrument admitted to probate in any jurisdiction as the Last Will of the Beneficiary or in acting upon the assumption that the Beneficiary died intestate in case the Trustee has no notice of the existence of a Will of the deceased Beneficiary within six (6) months after the death of the deceased Beneficiary.

ARTICLE VIII ACCOUNTING

(a) Books and Records. The Trustee shall have the entire care and custody of all of the Trust Assets comprising the Liquidating Trust estate and shall maintain full and accurate books of account and records of receipts and disbursements and other financial transactions relative to the Liquidating Trust estate, all of which shall be available for inspection at any reasonable time by any Beneficiary, or their legal representative.

(b) Trustee Accountings and Settlement. The Trustee shall report on Trust activities and account to the beneficiaries, as follows:

(i) Trustee Accountings. If there are more than nominal assets in the Trust, the Trustee shall render an accounting of the Trust's receipts and disbursements and a statement of the assets and liability of the Trust at least quarterly to each Beneficiary. The Trustee may, but shall not be required to, file such accountings with the court having jurisdiction of the Trust. The Beneficiaries specifically waive any requirement for formal or court approved accounting. If the Trustee provides an accounting to each Beneficiary and those Beneficiaries do not notify the Trustee in writing of an objection to such accounting within ninety (90) days of the receipt of such accounting, then the accounting shall be deemed accepted and approved by such beneficiary.

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(ii) Settlement of Trustee Accounting by Beneficiaries. The Trustee may at any time settle its account with respect to the Trust Estate, or any separate share of the Trust Estate, by a written agreement. The written agreement shall be between the Trustee and all appropriate living income beneficiaries and remainder beneficiaries for the Trust Estate, or separate Trust share as appropriate. If a beneficiary is either a minor or incompetent, then the guardian for such person may represent such individual. Such agreement shall bind all persons then or thereafter entitled to such share of the Trust Estate for which the Trustee and beneficiaries reached written agreement. Such agreement shall constitute a complete release and discharge of the Trustee for the acts of the Trustee covered in the accounting and the period covered by the agreement.

(iii) Settlement of Trustee Accounting Upon Termination of Trust. Prior to either delivering the Trust Estate to a successor Trustee or making a complete distribution of all or a separate share of the Trust Estate, the Trustee shall prepare and deliver its accounting of the Trust or the applicable Trust share, as appropriate, to the appropriate beneficiaries. The Beneficiaries and/or applicable beneficiaries may waive such requirements for such accounting.

ARTICLE IX POWERS AND DUTIES OF TRUSTEES

(a) Powers for Trustee. Consistent with the purposes of the Trust as a liquidating Trust and the purposes as further described in Article I (c), the Trustee is authorized in its fiduciary discretion (which shall be subject to the standard of reasonableness and good faith to all beneficiaries) with respect to any property, real or personal, at any time held under any provision of this Trust Agreement and without authorization by any court and in addition to any other rights, powers, authority, and privileges granted by any other provision of this Trust Agreement or by statute or general rules of law:

(i) To collect Trust property and accept additions to the Trust Estate from a Beneficiary or any other person.

(ii) To retain in the form received any property or undivided interests in property donated to, or otherwise acquired as a part of the Trust Estate, including residential property and shares of the Trustee's own stock, regardless of any lack of diversification, risk, or nonproductivity, as long as it deems advisable, and to exchange any such security or property for other securities or properties and to retain such items received in exchange, although such property represents a material percentage of the total property of the Trust Estate or even the entirety thereof.

(iii) To deposit assets of the Trust in accounts of all types, including margin accounts, in all types of regulated financial service institutions.

(iv) To invest and reinvest all or any part of the Trust Estate or any Trust share created hereunder in any property and undivided interests in property, wherever located, including bonds, debentures, notes, secured or unsecured, stocks of corporations regardless of class, interests in limited partnerships, limited liability companies or similar entities, real estate

or any interest in real estate whether or not productive at the time of investment, interests in trusts, investment trusts, whether of the open and/or closed fund types, and participation in common, collective, or pooled trust funds of the Trustee, insurance contracts on the life of any beneficiary, or annuity contracts for any beneficiary, without being limited by any statute or rule of law concerning investments by fiduciaries. References to powers herein related to shares of stock shall include such powers over other types of securities, including interests in partnerships, limited liability companies, and other similar entities.

(v) To abandon or decline to administer property of no value or of insufficient value to justify its collection or continued administration.

(vi) To sell or dispose of or grant options to purchase any property, real or personal, constituting a part of the Trust Estate or any Trust share created hereunder, for cash or on credit, at public or private sale, or to exchange any property of the Trust Estate for other property, at such times and upon such terms and conditions as it may deem best, and no person dealing with it shall be bound to see to the application of any monies paid.

(vii) To hold any securities or other property in its own name as Trustee, in its own name, in the name of a nominee (with or without disclosure of any fiduciary relationship), or in bearer form.

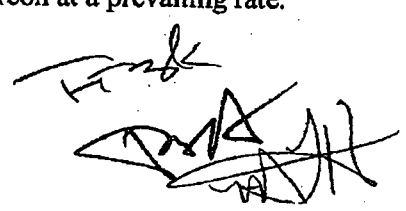
(viii) To keep, at any time and from time to time, all or any portion of the Trust Estate in cash and uninvested for such period or periods of time as it may deem advisable, without liability for any loss in income by reason thereof.

(ix) To sell or exercise stock option, subscription, or conversion rights.

(x) To refrain from voting or to vote shares of stock which are a part of the Trust Estate or any Trust share created hereunder at shareholders' meetings in person or by special, limited, or general proxy and in general to exercise all the rights, powers, and privileges of an owner in respect to any securities constituting a part of the Trust Estate or Trust share.

(xi) To participate in any plan of reorganization or consolidation or merger involving any company or companies whose stock or other securities shall be part of the Trust Estate, and to deposit such stock or other securities under any plan of reorganization or with any protective committee and to delegate to such committee discretionary power with relation thereto, to pay a proportionate part of the expenses of such committee and any assessments levied under any such plan, to accept and retain new securities received by the Trustee pursuant to any such plan, to exercise all conversion, subscription, voting, and other rights of whatsoever nature pertaining to such property, and to pay any amount or amounts of money as it may deem advisable in connection therewith.

(xii) To borrow money with or without security and to encumber, mortgage, or pledge any asset of the Trust Estate provided however such borrowings may not extend beyond the term of the Trust, in connection with the exercise of any power vested in the Trustee. If money is borrowed from the Trustee, the Trustee may charge interest thereon at a prevailing rate.

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In no event shall any mortgagee be under any obligation to verify the proper application of the loaned proceeds.

(xiii) To pledge the Trust Estate and to cause this Trust to guarantee loans made by others to a beneficiary or any business owned by the Trust.

(xiv) To enter for any purpose into a lease as lessor or lessee, including a lease or other arrangement for exploration and removal of natural resources, with or without option to purchase or renew for a term within or extending beyond the term of the Trust.

(xv) To subdivide, develop, or dedicate real property to public use or to make or obtain the vacation of plats and adjust boundaries, to adjust differences in valuation on exchange or partition by giving or receiving consideration, and to dedicate public or private easements to private or public use without consideration, including by way of example qualified conservation and façade easements.

(xvi) To make ordinary or extraordinary repairs or alterations in buildings or other structures, to demolish any improvements, and to raze existing or erect new party walls or buildings.

(xvii) To continue and operate any business or other enterprise owned by the Beneficiaries or either of them, whether an interest in a proprietorship, partnership, limited liability company, business trust, corporation, or other form of business or enterprise, and to do any and all things deemed needful or appropriate by the Trustee, including the power to incorporate the business and to put additional capital into the business, for such time as it shall deem advisable by shareholders, members, or property owners, without liability for loss resulting from the continuance or operation of the business except for its own bad faith, gross negligence, and/or willful misconduct; and to merge or otherwise change the form of business organization or contribute additional capital, close out, liquidate, or sell the business at such time and upon such terms as it shall deem best.

(xviii) To collect, receive, and issue receipt for rents, issues, profits, and income of the Trust Estate.

(xix) To insure the assets of the Trust Estate against damage or loss and to insure the Trustee, the Trustee's agents, and beneficiaries against liability arising from the administration of the Trust.

(xx) To select a mode of payment under any employee benefit or retirement plan, annuity, or life insurance payable to the Trustee, exercise rights thereunder, including exercise of the right to indemnification for expenses and against liabilities, and take appropriate action to collect the proceeds.

(xxi) In buying and selling assets, in lending and borrowing money, and in all other transactions, irrespective of the occupancy by the same person of dual positions, to deal with itself in its separate, or any fiduciary capacity.

(xxii) To compromise, extend, assign, adjust or give partial release from, arbitrate, sue on, discharge, foreclose, or otherwise defend, abandon or decline to administer property of no value or of insufficient value to justify its collection or continued administration, or otherwise deal with and settle claims in favor of or against the Trust Estate or to prosecute or defend an action, claim, or judicial proceeding in any jurisdiction to protect the Trust Estate and the Trustee in the performance of the Trustee's duties, as the Trustee shall deem best.

(xxiii) To exercise elections with respect to federal, state, and local taxes.

(xxiv) To employ and compensate agents, accountants, investment advisors, brokers, attorneys-in-fact, attorneys-at-law, tax specialists, realtors, appraisers, and other assistants and advisors deemed by the Trustee needful for the proper administration of the Trust Estate, and to do so without liability for any neglect, omission, misconduct, or default of any such agent or professional representative provided such person was selected and retained with reasonable care. A Trustee may employ any firm with which the Trustee is affiliated to provide services for and on behalf of the Trust for the proper administration of the Trust.

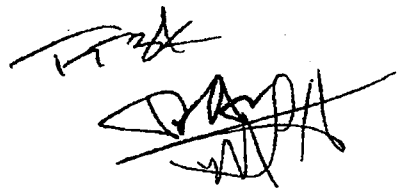
(xxv) To appoint a Trustee to act in another jurisdiction with respect to the Trust Estate located in the other jurisdiction, confer upon the appointed Trustee all of the powers and duties of the appointing Trustee, require that the appointed Trustee furnish security, and remove any Trustee so appointed.

(xxvi) To determine what shall be fairly and equitably charged or credited to income and what to principal, including the power and authority in the exercise of its fiduciary responsibilities and in accordance with state law to credit realized capital gains to income and to charge income expenses to principal.

(xxvii) To resolve a dispute concerning the interpretation of the Trust or its administration by mediation, arbitration, or other procedure for alternative dispute resolution.

(xxviii) To consolidate, hold, and retain the principal of the Trust Estate undivided until actual division shall become necessary in order to make distributions; to hold, manage, invest, and account for the several shares or parts thereof by appropriate entries on the Trustee's books of account; and to allocate to each share or part of share its proportionate part of all receipts and expenses; provided, however, the carrying of several trusts as one shall not defer the vesting in title or in possession of any share or part of share thereof.

(xxix) To make payment in cash or in kind, or partly in cash and partly in kind upon any division or distribution of the Trust Estate (including the satisfaction of any pecuniary distribution) and to value and appraise any asset and to distribute such asset in kind at its appraised value; and when dividing fractional interests in property among several beneficiaries to allocate entire interests in some property to one beneficiary and entire interests in other property to another beneficiary or beneficiaries.

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(xxx) In general, to exercise all powers in the management of the Trust Estate which any individual could exercise in his or her own right, upon such terms and conditions as it may reasonably deem best, and to do all acts which it may deem reasonably necessary or proper to carry out the purposes of this Trust Agreement.

(xxxii) To operate and continue any and all businesses, including proprietorships and partnerships which may become a part of the principal of this Liquidating Trust and to acquire additional interests in any such businesses; to liquidate or join in the liquidation of any such businesses; to sell or otherwise dispose of the same as going concerns; to incorporate, organize or form or cause to be incorporated, organized or formed as it shall see fit and to retain stock or equity interests in any such businesses so incorporated, organized or formed without liability for depreciation in value; to become or remain a shareholder, member, manager, owner, general or limited partner in any new or continuing corporations, limited liability companies, limited partnerships, or other entities and to take such other action as it may deem necessary or proper for the purpose of beginning or continuing the operation or liquidation of such businesses; and to act as directors, officers, agents or employees of any such businesses.

(xxxiii) To sell, convey or otherwise deal with or dispose of any and all Trust Assets forming a part of the Liquidating Trust estate, at such time or times and in such manner and upon such terms as, in the absolute and uncontrolled discretion of the Trustee may deem expedient and proper, provided, however, that i) Trustee shall have an obligation to exercise appropriate and reasonable due diligence with respect to the sale of any Trust Asset such that Trustee is reasonably satisfied that any sale has occurred on an arms-length basis and has maximized the value of the Trust Asset being divested, and ii) Trustee may sell any Trust Asset to a Transferor provided the sale and terms of sale are reasonable, fair, and reflect fair market value and any other terms mutually agreeable by the parties.

(xxxiii) To pay any applicable expenses of administration, as well as federal, state and local taxes and fees attributable to the operation of the Liquidating Trust, and to make any distributions to creditors, Beneficiaries or otherwise as may be required under this Agreement.

(xxxiv) To open and to close checking or savings accounts, in banks or similar financial institutions, in the name of the Liquidating Trust to deposit cash in and withdraw cash from such accounts.

(xxxv) To give general or special proxies or powers of attorney which may be discretionary and with power of substitution.

(xxxiv) To keep any or all of the Liquidating Trust estate at any place or places in South Carolina or elsewhere within the United States or abroad or with a depository or custodian at such place or places.

(xxxv) To pay over to the Beneficiaries the entire principal of the Liquidating Trust, thereby terminating the Liquidating Trust, when in the discretion of the Trustee it might become expedient or advisable to do so for the following reasons or any other reason whatsoever

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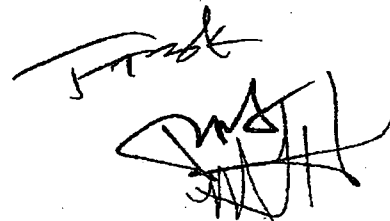
which the Trustee may deem sufficient: (i) changes in the political, economic, or social order in the United States; (ii) legislation, regulation, or court decisions detrimental to the Liquidating Trust or any Beneficiary thereof; (iii) insufficient principal to justify the expense of continuing the Liquidating Trust's existence; or (iv) other events which do or may tend to greatly impair the intent and purpose of this Agreement.

(b) Fiduciary Power. All powers given to the Trustee by this are exercisable by the Trustee only in a fiduciary capacity. Notwithstanding any other provisions of this Agreement, the powers vested in the Trustee under this Article IX or under any other Article in this Agreement shall be effective only so long as their existence will not cause the Liquidating Trust estate or any part thereof to be included in the estate of the person holding such power.

(c) Power to Delegate. The Trustee may delegate to other persons at any time, and/or for any time period(s), any or all of such Trustee's rights, powers, duties and authority, whether or not discretionary, by an instrument in writing signed by the delegating Trustee and delivered to the delegatee. Any such delegating instrument shall be revocable at any time by a similarly delivered instrument and shall be revoked at the resignation, total disability or death of the Trustee or delegatee. The Trustee's authority to delegate under this Agreement shall include, but in no event shall be limited to, the Trustee's authority to vest in a Beneficiary the authority to divest of or manage certain of the Liquidating Trust estate under the supervision and direction of the Trustee, provided, however, that such Beneficiary shall in no event be entitled to compensation for such services that exceeds the fair market value of the services provided. In the event that Trustee delegates any rights powers and duties for a period longer than 30 days over assets comprising more than 5% of the Trust, the Trustee shall notify the Beneficiaries in writing of such delegation.

(d) Provision for Trustee to Continue Farming Operation. In addition to any other powers granted to the Trustee, the Trustee may in its discretion continue any farming operation received by the Trustee as a part of the Trust Estate for a period of time as the Trustee shall determine and to do any and all things deemed advisable by the Trustee in the management and maintenance of such farm and the production and marketing of crops and dairy, poultry, livestock, orchard, and forest products including, but not limited to, the following powers:

- (i) To operate the farm with hired labor, tenants, or sharecroppers;
- (ii) To lease or rent the farm for cash, for a share of the crops, or for a combination thereof;
- (iii) To purchase or otherwise acquire farm machinery and equipment and livestock;
- (iv) To construct, repair, and improve farm buildings of all kinds needed in the Trustee's judgment for the operation of the farm;

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(v) To make and obtain loans or advances at the prevailing rate of interest for farm purposes such as for the construction, repair, or improvement of farm buildings or for the purchase of farm machinery or equipment or livestock;

(vi) To employ approved soil conservation practices to conserve, improve, and maintain the fertility and productivity of the soil;

(vii) To protect, manage, and improve the timber and forest on the farm and to sell the timber and forest products when it is in the best interest of the Trust;

(viii) to ditch, dam, and drain damp or wet fields and areas of the farm when needed;

(ix) To engage in the production of livestock, poultry, or dairy products and to construct such fences and buildings and to plant such pastures and crops as may be necessary to carry on such operations;

(x) To market the products of the farm;

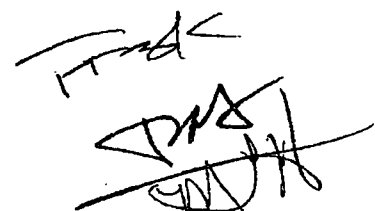
(xi) To employ, in general, good husbandry in the management of the farm.

(e) Trustee Authority to Deal with Oil, Gas, and Mineral Interests. In addition to any other powers granted to the Trustee, the Trustee may acquire, maintain, develop, improve, sell, or otherwise deal with oil, gas, coal, mineral, or other natural resource interests whether alone or in conjunction with others. The Trustee is empowered to drill, test, explore, extract, mine, develop, manage, store, sell, or exchange any such mineral rights or interests in such rights on such terms and conditions as the Trustee deems prudent. The Trustee may enter into leases, pooling, and other types of agreements for such oil, gas, coal, mineral, or other types of natural resources. The Trustee may execute transfers, assignment, division orders, and other instruments that the Trustee deems proper. The Trustee may employ the services of engineers, consultants, or specialists to advise the Trustee in the management, development, and disposition of such mineral or natural resource interests.

(f) Trustee's Discretion to Allow Beneficiary or Beneficiaries to Occupy Residential Real Estate. The Trustee in its sole discretion may permit any beneficiary or beneficiaries to occupy rent free any residence constituting a part of the Trust assets for such beneficiary or beneficiaries and to pay the real estate taxes thereon, expenses of maintaining the residence in suitable repair and condition, and hazard insurance premiums on the residence.

(g) Provisions Regarding Retirement Account Payable to the Trust. If one or more qualified pension, profit sharing, and 401K, plans, individual retirement accounts ("IRAs"), Roth IRAs, annuity or mutual fund custodial accounts under section 403(b), or other types of qualified plans (referred to as a "retirement account") are, or may be, distributed to any share of this Trust, then the following provisions shall apply:

- (i) **Distributions During Beneficiaries' Lifetimes.** If any distributions shall be made to this Trust during either of the Beneficiaries' lifetimes, the Trustee shall hold such distributions solely for the benefit of the respective Beneficiary. The Trustee shall transfer and distribute to the respective Beneficiary such portion of the retirement account distributions as the Beneficiary may from time to time request. In the event that the Beneficiary is incapacitated, then the Beneficiary's agent under a durable power of attorney or guardian under any guardianship may make such direction on behalf of the Beneficiary. During the respective Beneficiary's lifetime all of the provisions dealing with the retirement accounts of this Trust shall be fully revocable. Notwithstanding anything else contained in this Trust Agreement, at the respective Beneficiary's death, all of the provisions dealing with the retirement accounts of the deceased Beneficiary and the dispositive provisions relating thereto shall become irrevocable.
- (ii) **Retirement Plan Beneficiary Elections.** Upon either of the Beneficiaries' deaths, the Trustee shall have the right, in the Trustee's discretion, to elect to receive any retirement plan death proceeds, whether under any retirement account, in any manner permitted by the plan. The Trustee shall not be liable to any beneficiary for such decision.
- (iii) **Provisions Applicable to Distributions to a Marital Trust.** If one or more retirement accounts are distributed to a trust, which qualifies for the marital deduction, then the distributions applicable to that trust share shall be made in accordance with these provisions. The Trustee shall direct the trustee or custodian, as appropriate, of the retirement account to make distributions to the marital trust at least annually of an amount equal to the greater of: (a) all the net income earned by the share of the retirement account allocated to the marital trust, or (b) the amount required to be distributed from such retirement account as the required Minimum Required Distribution, as required by the Internal Revenue Code. The Trustee shall take all necessary action to cause the retirement account to distribute to this Trust the amount required to be distributed to the Surviving Beneficiary under this paragraph. The Surviving Beneficiary shall have the right, in the Surviving Beneficiary's discretion, to compel the Trustee to demand such distributions and to compel the retirement plan trustee to convert any nonproductive property to productive property. The Trustee shall take all necessary action to assure that the interest of the Surviving Beneficiary in this Trust and in the retirement account qualifies as a qualifying income interest for life pursuant to Internal Revenue Code section 2056.
- (iv) **Trust Designated Beneficiary.** The Trust shall run for the benefit of the Surviving Beneficiary, who shall be the "Designated Beneficiary" for each such retirement account.
- (v) **Restriction on Non-Individuals and Creditor's Claims.** Commencing on the September 30th after the year of the Beneficiary's death (herein referred to as the "Designation Date"), no portion of any retirement plan account may be distributed to any charity or other non-individual beneficiary. It is the Beneficiary's intent that after the Designation Date any such distribution shall be paid only to the individual beneficiaries of this Trust. After the Designation Date no portion of any retirement plan distribution may be used to pay any creditor claim or debt of the Beneficiary, nor any administration expense of the estate or this Trust, nor any estate, inheritance, or similar taxes.

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(vi) **Accounting Provisions.** Any retirement account made payable to this Trust shall be deemed to be an asset of the Trust and allocated to principal of the applicable Trust share. In cases where the Trustee receives reporting information from the retirement plan to enable the Trustee to determine the annual income earned by that retirement account on an annual basis, then the Trustee shall use normal accounting principles to allocate income and principal for the retirement account allocated to the applicable Trust share. In cases where the Trustee does not receive reporting information from the retirement account, the Trustee has the discretion to allocate changes in the retirement account value from the original account value on a reasonable basis between income and principal. When distributions are made from the retirement account, accrued income shall be deemed to be distributed first. The Trustee shall allocate to the net income of this Trust all the net income earned by the retirement account and paid to this Trust regardless of whether the retirement account is allocated to principal for Trust accounting purposes. The Trustee shall allocate to principal of this Trust all other distributions from the retirement account. In calculating the income earned by the retirement account, the Trustee shall allocate all retirement account expenses, including income tax and retirement plan trustee fees, that are attributable to principal distributions so that all income distributions from the retirement plan are not reduced. If a retirement account becomes an asset of this Trust (or one or more of the Trust shares) the fair market value of the retirement account at the date of the Beneficiary's death shall be deemed to be the "inventory value" for fiduciary accounting purposes.

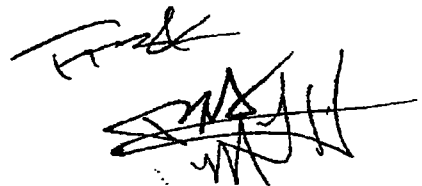
ARTICLE X **TRUSTEES**

(a) **Resignation.** The Trustee may resign at any time by delivering thirty (30) days prior written notice to that effect to the Beneficiaries. A successor shall be appointed in writing by a unanimous vote of the Beneficiaries, and each of the Beneficiaries agrees to negotiate in good faith with one another to select a Successor Trustee. In the event that the Beneficiaries cannot agree upon a Successor Trustee during the time period between the Trustee's notice of resignation and the actual date on which the Trustee will resign, then each Beneficiary shall name a Successor Co-Trustee and the two Successor Co-Trustees named shall select a third Successor Co-Trustee, and the three Successor Co-Trustees shall administer the Liquidating Trust.

(b) **Successor Trustee.** References herein to a Trustee include any Successor Trustee. A Successor Trustee shall succeed to all of the title, powers, rights, discretion, obligations and immunities of the original Trustee; provided, however, that the Successor Trustee shall not be obligated to accept, ratify or approve of any of the acts, omissions, or defaults of the Trustee, nor shall the Successor Trustee be required to audit or verify the records of the Trustee. Moreover, the fact that the Successor Trustee has assumed and carried out its duties without protest or exception shall not be deemed such an acceptance, ratification or approval. The Successor Trustee shall be entitled to rely upon any statements and records (which may come into the Successor Trustee's possession after a reasonable search) of the Trustee as to the Trust Assets of the Liquidating Trust and shall have no responsibility or liability hereunder to any person for the Trust Assets of this Liquidating Trust until reduced to the possession of the Successor Trustee.

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- (c) Trustee Power. No one dealing with a Trustee need inquire concerning the validity of anything such Trustee purports to do, or need see to the application of any money paid or any property transferred to or upon the order of a Trustee.
- (d) Acts and Omissions. The Trustee shall be responsible only for its acts or omissions. The Successor Trustee shall not be liable for any action taken by the Trustee prior to the time such Successor Trustee becomes a Trustee.
- (e) Reasonable Expenses; Compensation. The Liquidating Trust estate and the income therefrom shall be chargeable with the reasonable expenses of the Trustee in the administration of the Liquidating Trust. In addition to the payment of all expenses incurred by the Trustee in connection with the liquidation of the Liquidating Trust estate, Trustee shall be entitled to compensation in the amount and under such terms as set forth on Schedule C.
- (f) Bond Requirement. No bond shall be required of any Trustee hereunder irrespective of any bond that may be otherwise required under the South Carolina Uniform Trust Code or any other relevant provision of law.
- (g) Appointment of Independent Special Trustee. If a Trustee is unable or unwilling for any reason to act with regard to any property comprising the Trust Estate, the Trustee may appoint an Independent Special Trustee to act with regard to such property. Such Independent Special Trustee may be either an individual or a corporate Trustee. If the Independent Special Trustee is an individual, such individual shall not be related to or subordinate to any beneficiary of this Trust as defined by section 672(c) of the Internal Revenue Code. If appointed, the Independent Special Trustee shall act with respect to such property of the Trust Estate in accordance with the provisions of this Trust. The Trustee may revoke the appointment of any such Independent Special Trustee at any time. Any Independent Special Trustee shall exercise all of the fiduciary powers granted to the Trustee, unless specifically limited by the Trustee. The Independent Special Trustee may resign at any time.
- (h) Limitations on Trustees. No person who at any time is acting as Trustee hereunder shall have any power or obligation to participate in any discretionary authority which the Beneficiaries have given to the Trustee to pay principal or income to such person, or for his or her benefit or in relief of his or her legal obligations.
- (i) Determination of Incapacity of Individual Trustee. If any serving individual Trustee either is adjudicated to be incompetent or in the event that the individual Trustee is not adjudicated incompetent, but by reason of illness or mental or physical disability is, in the opinion of two licensed physicians, unable to properly handle the fiduciary responsibilities of the trusteeship, then and in that event the Trustee next designated herein shall serve as the successor Trustee. The disqualified Trustee may regain the position as Trustee, if and when such incompetency is removed, as determined by two licensed physicians in the same manner as was followed to initially establish the Trustee's incapacity. Third parties may rely on an affidavit by the Trustee stating that the successor Trustee is now acting as Trustee hereunder.

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(j) Limitation of Liability and Duties of Successor Trustee for Acts of Prior Trustee. No successor Trustee shall have any liability or responsibility for any acts or omissions of any prior Trustee. The Trust shall indemnify and hold harmless any currently serving Trustee for the acts or omissions of any such prior Trustee. A current Trustee may, but shall not have the obligation to, audit or investigate the accounts or administration of any prior Trustee. In the event that any present or future beneficiary shall request in writing that the Trustee investigate or take any action against a prior Trustee, the current Trustee may, but not be required to, either: i) determine if such action is either inappropriate or unlikely to result in a favorable conclusion for the Trust and therefore decline to take such action, or ii) require that the beneficiary requesting such action indemnify the Trust and Trustee and fund all the expenses of such action to the extent that the Trustee deems appropriate. The Trustee shall have the sole discretion to act with regard to these decisions.

ARTICLE XI
RESTRICTIONS ON ALIENATION

No interest of any Beneficiary in the principal or income of the Liquidating Trust shall be subject to assignment, alienation, pledge, attachment or claims of creditors of such Beneficiary and may not otherwise be voluntarily or involuntarily alienated or encumbered by such Beneficiary. If the Trustee believes that the interest of a Beneficiary is threatened to be diverted in any manner, the Trustee has the discretion to withhold any distributions and shall apply payment in any manner which will contribute to the health, education, maintenance and support of the Beneficiary. Whenever the Trustee is satisfied that a diversion is no longer threatened, resumption of distribution is authorized. This spendthrift provision is intended for the personal protection and welfare of a Beneficiary and shall not be construed to automatically extend the term of the Liquidating Trust.

ARTICLE XII
SPECIAL PROVISIONS RELATED TO CERTAIN TRUST ASSETS

(a) Noncompetition. For so long as the Liquidating Trust owns an interest in Hobby Construction Company, Inc. ("HCC"), Long Utility Corporation ("LUC"), Seaside Utilities, Inc. ("SU"), Seaside Environmental Constructors, Inc. ("SEC"), West/Hobby LLC ("WH"), Utility Supply, Inc. ("US"), or South Atlantic Construction, Inc. ("SAC") (collectively, the "Business Entities"), RDH shall not compete in business with the Business Entities, except and unless permitted to do so by the Trustee. It is the intent of the parties that RDH shall continue to work and participate in each of the Business Entities throughout the period that the Liquidating Trust owns these entities in the manner in which he was working and participating in these entities at the date of filing of the Family Court civil action (February 17, 2005) and as of the Effective Date.

(b) Reasonable Compensation. RDH shall be reasonably compensated for his services in connection with the Business Entities. His compensation and benefits of employment shall be reasonable in scope and amount. The Trustee shall determine reasonable compensation, benefits of employment and the scope and terms of employment of RDH.



(c) Consultant. The Trustee shall have the discretion to cause or allow one or more of the Business Entities to employ MTH in a consulting capacity or otherwise so that she may be eligible for health insurance coverage.

(d) Bonding Contracts. HCC, LUC, SEC, SU, and SAC (collectively, the "Bonded Entities") currently have a bonding relationship with Travelers Bond and Financial Company ("Travelers"). The Bonded Entities are currently being monitored by Travelers and monthly combined P&L statements are being generated for Travelers. When the entities bid a project and request a bond from Travelers, they also provide a work in progress report. The Trustee will cooperate with each Transferor, the Bonded Entities, and Travelers in order to facilitate the Bonded Entities receiving maximum bonding capacity from Travelers. The Trustee will be granted absolute authority to have direct contact with Travelers and CPA Steve Sealey if necessary regarding the combined P&L statements, bids, work in progress reports, compensation of officers, and for any other purpose relating to bonding. The Bonded Entities and RDH will provide the Trustee with copies of all communications exchanged between the Bonded Entities and Travelers to include bids, requests for bonds, work in progress reports, and other written communications (including emails).

(e) Timber Property. The Trust Assets include approximately 737 acres of land in Newberry County, South Carolina. The Transferor(s) have previously received proposed contracts on certain portions of the 737 acres for the cutting of timber. The Transferors specifically agree and acknowledge that the Trustee may accept appropriate bids to have the timber for these previously identified sections cut on this property within the next twelve (12) months and for the net proceeds derived from the sale of this timber from these cuts to be equally divided and distributed to the Transferors, notwithstanding any other provision of this Trust. The Trustee shall determine if any other timber should be cut and if so the proceeds generated therefrom shall be the property of the Trust.

(f) Residences. MTH shall have sole and exclusive, rent-free use of the property known as the marital home of MTH and RDH together with the surrounding three (3) acres of land until such property is sold, or until vacated by her. RDH shall have sole and exclusive, rent-free use of the property known as the Smith House and the immediate surrounding acreage until such property is sold or until vacated by him. RDH shall have access to and use of the farm acreage and amenities until sold or restricted by the Trustee. During the period of time that each party occupies the respective residence, the Trust shall pay the taxes, insurance, and general maintenance of these properties, general maintenance to be defined as any repair or maintenance to the residence on each of these properties which exceeds a cost of \$500. Neither party shall incur an expense for which he or she expects reimbursement or payment by the Trust which exceeds \$500, except in case of emergency, without the first written authorization of the Trustee to incur such expense. Each party shall be responsible for his/her own utility bills, i.e., electricity, cable, telephone, etc.

(g) No Personal Expenses Paid by Business Entities. The Trustee shall cause the Business Entities to not pay the personal expenses of RDH. RDH shall only be reimbursed by the Business Entities for verifiable business expenses as determined or directed by the Trustee.

(h) 3709 and 3711 Village Court. Pursuant to a Temporary Order of the Family Court for the Eighth Judicial Circuit, RDH and MTH have use of one of the Edisto properties (3709 Village Court). For so long as such property and 3711 Village Court is owned, directly or indirectly, by the Liquidating Trust, MTH shall have the reasonable right to use 3709 Village Court and RDH shall have the reasonable right to use 3711 Village Court, both of which uses shall be under such terms and conditions as directed by the Trustee. If one of such properties is sold and one remains, the Trustee shall provide RDH and MTH with the equal right to use the remaining property.

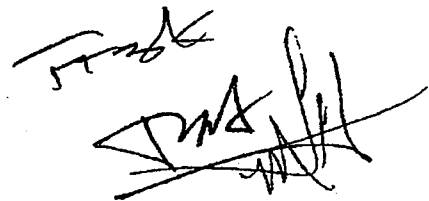
(g) Special Provisions for "S Corporation" Stock. If, for any reason, the Trust is not a "grantor trust" as described in Article I (d), this Article XII (g) shall apply. Any "S Corporation shares" held in this Trust, or any share of this Trust, shall be held in accordance with the following terms. Although this Trust Agreement may create a single trust share for one (1) or more beneficiaries, the Trustee shall instead hold all shares of S Corporation stock in a separate sub-share for the appropriate beneficiary. The Trustee shall apportion expenses of the several shares in a manner that is not inconsistent with the Internal Revenue Code and regulations. No person shall be a beneficiary of an S Corporation Trust share unless that person is either a citizen of the United States or a resident of the United States for federal income tax purposes. Notwithstanding any other provision in this Trust Agreement to the contrary, the Trustee shall annually distribute all of the trust share's "net income" (as defined in Internal Revenue Code section 643(b)) from the S Corporation shares to the beneficiary, together with as much of that trust's principal as is appropriate under the standard contained in the trust in which such S Corporation shares would otherwise have been held. The Trustee shall not distribute S Corporation income or principal to anyone other than the beneficiary. The Trustee shall assist the beneficiary in electing under section 1361 of the Internal Revenue Code to cause the trust to be treated as a Qualified Subchapter S Trust for federal income tax purposes. The Trustee shall administer the trust to be a Qualified Subchapter S Trust, as defined in section 1361 of the Internal Revenue Code.

ARTICLE XIII MISCELLANEOUS PROVISIONS

(a) Governing Law. This Agreement along with all matters pertaining to the Liquidating Trust shall be interpreted and adjudicated under the laws of the State of South Carolina, without respect to any conflict of law principles.

(b) Forum. The parties to this Agreement hereby acknowledge and agree that the exclusive jurisdiction for matters involving this Trust or any matters related thereto is the Family Court for the Eighth Judicial Circuit Newberry County, South Carolina and waive any right to object or otherwise take issue with the convenience of such forum.

(c) Severability. If any provisions of this Agreement or any other document relating to the Liquidating Trust should be deemed invalid or unenforceable, the remaining provisions of the Agreement or other document shall continue in full force and effect.



(d) Registration. This Agreement need not and shall not be registered with any Court unless the Trustee, in its sole discretion, deems it advisable to do so, or the laws of the State of South Carolina or any other state having jurisdiction do not permit the Liquidating Trust to be exempted from registration.

(e) Certified Copy. Anyone may rely upon a copy certified by a notary public to be a true copy of this Agreement (and of the writings, if any, endorsed thereon or attached thereto) to the same effect as if it were the original. Any one may rely upon any statement of fact certified by a Trustee or one who appears from the original document, or a certified copy thereof, to be a Trustee.

(f) Beneficiaries. This Liquidating Trust shall inure to the benefit of and be binding on the Beneficiaries and their respective heirs, personal representatives, successors and assigns. No provisions of this Liquidating Trust shall inure to the benefit of or may be enforced by any creditor of the Beneficiaries or any other third party not a party hereto.

(g) Revocation. This Liquidating Trust shall only be revocable by the express agreement of all of the Beneficiaries and the Trustee.

(h) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become a binding agreement when one or more counterparts have been executed by all parties and delivered by the parties, including by delivery of signature pages by facsimile transmission.

(i) Definition of Trustee. Whenever the word "Trustee" or any modifying or substituted pronoun therefor is used in this Trust, such words and respective pronouns shall include both the singular and the plural, the masculine, feminine, and neuter gender thereof, and shall apply equally to the Trustee named herein and to any successor or substitute Trustee acting hereunder, and such successor or substitute Trustee shall have all the rights, powers and duties, authority, and responsibility conferred upon the Trustee originally named herein.

IN WITNESS WHEREOF, the parties to this Agreement have executed the Agreement effective as of the Effective Date.

[Execution Pages to Follow]

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WITNESSES:

TRUSTEE:

Isma L. Boland

Frank B. B. Knowlton
Frank B. B. Knowlton

Jada L. Kamen

STATE OF SOUTH CAROLINA)

COUNTY OF Richland)

ACKNOWLEDGMENT

Subscribed, sworn to and acknowledged before me by Frank B. B. Knowlton and
subscribed and sworn to before me by Jada BARDEN, witness, this
6th day of December, 2010.

Isma L. Boland (L.S.)
Notary Public of South Carolina
My Commission Expires: Oct. 18, 2020

Frank
[Signature]

WITNESSES:

TRANSFEROR:

Charles Verdin
April S. Kersh

[Signature]
Raymond Deneke Hobby

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

ACKNOWLEDGMENT

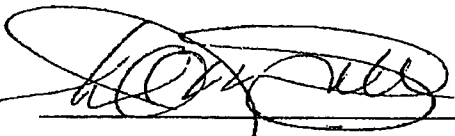
Subscribed, sworn to and acknowledged before me by Raymond Deneke Hobby, and
subscribed and sworn to before me by Charles S. Verdin, Jr., witness, this
6th day of December, 2010.

[Signature] (L.S.)
Notary Public of South Carolina
My Commission Expires: 08-08-2013

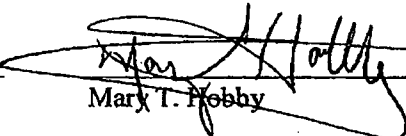
[Signature]
[Signature]

WITNESSES:

TRANSFEROR:



Joseph D. Walker



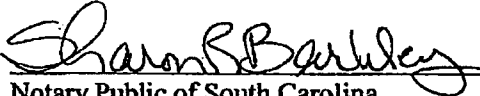
Mary T. Hobby

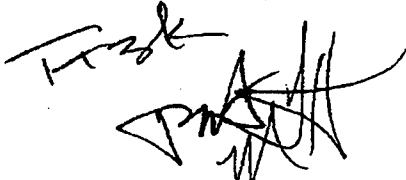
STATE OF SOUTH CAROLINA)

COUNTY OF Richland)

ACKNOWLEDGMENT

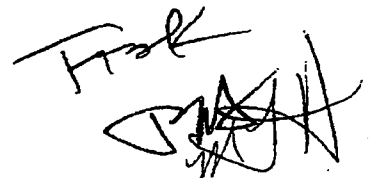
Subscribed, sworn to and acknowledged before me by Mary T. Hobby, and subscribed and sworn to before me by Joseph D. Walker, witness, this 9th day of November, 2010.

 (L.S.)
Notary Public of South Carolina
My Commission Expires: 1/16/17

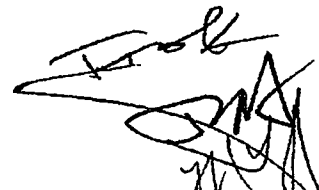


SCHEDULE A
TRUST ASSETS

1. All stock in Hobby Construction Company, Inc.
2. All stock in Long Utility Corporation
3. All stock in Seaside Utilities Incorporation
4. All stock in Seaside Environmental Constructors Inc.
5. All interest in West/Hobby LLC
6. Any interest in Utility Supply Incorporated
7. Any interest in South Atlantic Construction Inc.
8. Any interest in Edisto Pipe Dreams LLC
9. Any interest in RDH LLC
10. Any interest in Shuho LLC
11. Any interest in Good Golfer LLC
12. Any interest in the residence and 740 acres located at 544 Crowder Road, Kinards, South Carolina and/or any adjacent acreage.
13. Any interest in the building and land located on Highway 34 in Newberry County (the Hobby Construction Office).
14. Any interest in the building and land for Long Utility Office in Simpsonville, South Carolina.
15. Any interest in the building and land for the Seaside Utilities Office in Moncks Corner and/or Murrells Inlet, South Carolina.
16. The real property located on Highway 76 in Kinards, South Carolina.
17. The real property known as lots 54 and 55 in Laurens County, South Carolina.

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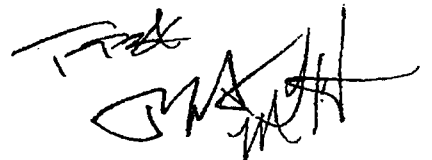
18. 3711 Village Court, Edisto, South Carolina. This is consistent with order but are there two properties?
19. 231 Highlands Loop, Maggie Valley, North Carolina.
20. Mountain Chase Condos (units 4040 and 4046), Maggie Valley, North Carolina.
21. Almond Station Property, Swain County, North Carolina.
22. Highway 34 land
23. 317 Hwy 221 South, Greenwood, South Carolina real property with improvements
24. Highway 34/Garmany Road land
25. The real property in downtown Newberry, South Carolina located on Main Street (1008,1010-1012, 1014, 1016, and 1018).
26. 3114 Myrtle Street, Edisto Beach.
27. 3116 Myrtle Street, Edisto Beach.
28. Crowder Road (108 acres)
29. 4 acres across the street from Smith house
30. Any real estate remaining (if any) from 213 acres in Kinards sold 10/19/2005
31. 11795 Bush River Road ("Smith House")
32. The furnishings and personal property located in any Edisto property or Mountain Chase Condos.
33. Any loans receivable from Hobby Construction Company, Inc. or related entities and/or loans payable to this company and these entities.
34. The Edisto Yacht Club membership.
35. Any interest in the building located at 1326 College Street, Newberry (Helig Myers).

A handwritten signature in black ink, appearing to be 'J. B. Smith', with a large, stylized initial 'S' or 'M' below it.

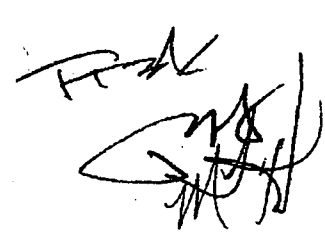
SCHEDULE A-1

TRUST ASSETS
TRANSFERRED BY RDH

1. All stock in Hobby Construction Company, Inc.
2. All stock in Long Utility Corporation
3. All stock in Seaside Utilities Incorporation
4. All stock in Seaside Environmental Constructors Inc.
5. All interest in West/Hobby LLC
6. Any interest in Utility Supply Incorporated
7. Any interest in South Atlantic Construction Inc.
8. Any interest in Edisto Pipe Dreams LLC
9. Any interest in RDH LLC
10. Any interest in Shuho LLC
11. Any interest in Good Golfer LLC
12. Any interest in the residence and 740 acres located at 544 Crowder Road, Kinards, South Carolina and/or any adjacent acreage.
13. Any interest in the building and land located on Highway 34 in Newberry County (the Hobby Construction Office).
14. Any interest in the building and land for Long Utility Office in Simpsonville, South Carolina.
15. Any interest in the building and land for the Seaside Utilities Office in Moncks Corner and/or Murrells Inlet, South Carolina.
16. The real property located on Highway 76 in Kinards, South Carolina.

A handwritten signature in black ink, appearing to be 'T. R. H.' or similar, with a large, stylized flourish extending from the bottom right.

17. The real property known as lots 54 and 55 in Laurens County, South Carolina.
18. 3711 Village Court, Edisto, South Carolina. This is consistent with order but are there two properties?
19. 231 Highlands Loop, Maggie Valley, North Carolina.
20. Mountain Chase Condos (units 4040 and 4046), Maggie Valley, North Carolina.
21. Almond Station Property, Swain County, North Carolina.
22. Highway 34 land
23. 317 Hwy 221 South, Greenwood, South Carolina real property with improvements
24. Highway 34/Garmany Road land
25. The real property in downtown Newberry, South Carolina located on Main Street (1008, 1010-1012, 1014, 1016, and 1018).
26. 3114 Myrtle Street, Edisto Beach.
27. 3116 Myrtle Street, Edisto Beach.
28. Crowder Road (108 acres)
29. 4 acres across the street from Smith house
30. Any real estate remaining (if any) from 213 acres in Kinards sold 10/19/2005
31. 11795 Bush River Road ("Smith House")
32. The furnishings and personal property located in any Edisto property or Mountain Chase Condos.
33. Any loans receivable from Hobby Construction Company, Inc. or related entities and/or loans payable to this company and these entities.
34. The Edisto Yacht Club membership.

Handwritten signature and initials, possibly "RAC" and "GMS", with a large flourish.

35. Any interest in the building located at 1326 College Street, Newberry (Helig Myers).

Frank
JMS
MA

SCHEDULE A-2
TRUST ASSETS
TRANSFERRED BY MTH

Trade

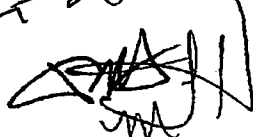

SCHEDULE A-3(1)
LIABILITIES

RAYMOND D. HOBBY		
FINANCIAL INSTITUTE	PAYMENT AMOUNT	CURRENT BALANCE
AGSOUTH FARM CREDIT	\$12,049.89	\$729,444.22
FIRST RELIANCE BANK	\$1,749.64	\$130,881.54
FIRST RELIANCE BANK	\$11,145.62	\$858,911.90
SOUTHERN FIRST BANK, N.A.	\$6,650.10	\$999,861.00
WELLS FARGO HOME MORTGAGE	\$939.62	\$180,167.10
WHITNEY NATIONAL BANK	\$6,045.00	\$941,212.03
KUBOTA CREDIT	\$272.94	\$8,082.64
KUBOTA CREDIT	\$611.93	\$27,537.05
WEST ELECTRICAL CONTRACTORS OF NEWBERRY, INC.	NO PAYMENTS	\$150,000.00
SOUTH ATLANTIC CONSTRUCTION, INC.	NO PAYMENTS	\$100,000.00
LONG UTILITY CORPORATION	NO PAYMENTS	\$75,000.00
SEASIDE UTILITIES INC.	NO PAYMENTS	\$485,811.26
HOBBY CONSTRUCTION COMPANY, INC.	NO PAYMENTS	\$252,514.95
JOHN DEERE CREDIT	\$7,100.13	\$88,525.20
CAROLINA FIRST BANK		\$199,598.39
CAROLINA FIRST BANK	INTERST ONLY	\$189,584.72
RDH, LLC		
FINANCIAL INSTITUTE	PAYMENT AMOUNT	CURRENT BALANCE
ARTHUR STATE BANK	\$12,462.54	\$1,751,049.20

SCHEDULE A-3(1)-(CONTINUED)

LIABILITIES

GOOD GOLFER, LLC		
FINANCIAL INSTITUTE	PAYMENT AMOUNT	CURRENT BALANCE
MOUNTAIN FIRST BANK	\$1,443.88	\$199,277.98
SHUHO, LLC		
FINANCIAL INSTITUTE	PAYMENT AMOUNT	CURRENT BALANCE
SAM E. MCCRARY	NO PAYMENT	\$250,000.00
EDISTO PIPE DREAM, LLC		
FINANCIAL INSTITUTE	PAYMENT AMOUNT	CURRENT BALANCE
ARTHUR STATE BANK	\$6,148.61	\$181,362.19
CAROLINA FIRST BANK	\$2,112.53	\$142,034.40

TRK

 SM

SCHEDULE A-3(2)
LIABILITIES

[SEE ATTACHED FINANCIAL STATEMENT REGARDING HOBBY CONSTRUCTION COMPANY]

Truck
WASH
WASH

NEWBERRY CO. Y
ASSESSOR

TAX MAP # 96-12

PART OF MAP #

TAX YEAR 2013

Mary C. Dismore
MAY 26 2013

201200011322
Filed for Record in
NEWBERRY COUNTY, SC
JACKIE S. BOWERS, CLERK OF COURT
04-19-2012 At 11:01 a.m.
DEED 10.00
STATE 845.00
COUNTY 357.50
Book 1619 Page 118 - 119

STATE OF SOUTH CAROLINA
COUNTY OF NEWBERRY

QUIT-CLAIM DEED

COPY

TO ALL WHOM THESE PRESENTS MAY COME:

WHEREAS, an action (Docket No. 2005-DR-36-56) was initiated by Mary T. Hobby in the Newberry County Family Court for the Eighth Judicial Circuit seeking, among other relief, a divorce from Raymond D. Hobby, and in conjunction with such relief, the equitable apportionment of the marital assets;

WHEREAS, in connection with the equitable apportionment of the marital assets, Raymond D. Hobby and Mary T. Hobby, each of whom are citizens and residents of Newberry County, South Carolina, have agreed and are required to transfer various items of real and personal property, as encumbered, to The Hobby Family Liquidating Trust (the "Liquidating Trust") created pursuant to that certain Final Order and Divorce Decree dated October 8, 2010 by the Honorable Joseph W. McGowan, III, Judge of the Newberry County Family Court, Eighth Judicial Circuit (the "Divorce Decree");

WHEREAS, the Property (as defined below) was among the items of real property to be transferred to the Liquidating Trust pursuant to the Divorce Decree;

WHEREAS, the Liquidating Trust desires to convey any interest in the Property which the Liquidating Trust may have or have had to Raymond D. Hobby; and

WHEREAS, the Liquidating Trust has agreed to issue this Quit-Claim Deed in order to convey its interest in the Property, if any, and Raymond D. Hobby has agreed to accept this Quit-Claim Deed.

NOW, THEREFORE, for and in consideration of the foregoing recitals, and also in consideration of the sum of Three Hundred Twenty-Five Thousand and 00/100 Dollars (\$325,000.00), the receipt and sufficiency of such consideration being hereby acknowledged, to the extent the Liquidating Trust is vested or may hereinafter become vested, by virtue of a conveyance from Mary T. Hobby or otherwise, in any interest in the Property, the Liquidating Trust, as Grantor, has remised and forever quit-claimed unto Raymond D. Hobby, as Grantee, and by these presents, Grantor does hereby remise, release and forever quit-claim unto the Grantee, his heirs, successors and assigns, all its right, title and interest in and to the following (the "Property"):

All that certain piece, parcel and lot of land with the improvements thereon situate, lying and being located on Crowder Road, in the County of Newberry, State of South Carolina, being shown and designated as containing 2.75 acres, more or less, on plat of survey prepared for Raymond D. Hobby, by Adtech Surveying, Inc., PLS 11072, dated May 26, 2005, recorded in Plat Book C122

EXHIBIT A

FILED
NEWBERRY COUNTY
JACKIE S. BOWERS
CLERK OF COURT
APR 26 PM 10 26
2013

at Page 4 in the Office of the Clerk of Court for Newberry County. Said plat is incorporated herein for a more full and complete description as to the metes and bounds of said property.

Together with a forty (40') foot right-of-way easement for ingress and egress to said property as shown on said plat.

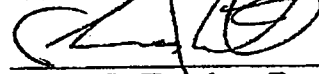
TOGETHER with all and singular the rights, members, hereditaments and appurtenances to the said premises belonging or in anywise appertaining.

TO HAVE AND TO HOLD all and singular the said premises before mentioned unto the said Grantee, his heirs and assigns, forever so that neither the said Grantor nor its successors or assigns, nor any other person or persons, claiming under it or them, shall at any time hereafter, by any way or means, have, claim or demand any right or title to the aforesaid premises or appurtenances, or any part or parcel thereof, forever.

WITNESS THE HAND AND SEAL of the Grantor's duly authorized signatory authority this 19th day of April, 2012.

Signed, sealed and delivered in the presence of:

THE HOBBY FAMILY LIQUIDATING TRUST


Frank B.B. Knowlton, Trustee

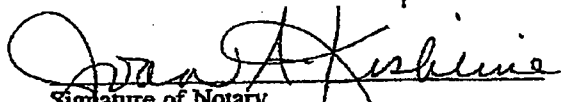

Joan A. Kishline

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

ACKNOWLEDGMENT

I, Joan A. Kishline, Notary Public for the State aforesaid, do hereby certify that the above-named Frank B.B. Knowlton, as Trustee of The Hobby Family Liquidating Trust, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the 19 day of April, 2012.


Signature of Notary
My commission expires: 9/18/2017

STATE OF SOUTH CAROLINA)
COUNTY OF NEWBERRY)

IN THE COURT OF COMMON PLEAS

Raymond D. Hobby)
Plaintiff,)

Civil Action No. 2013-CP-36-193

vs.)

CERTIFICATE OF SERVICE

Mary T. Hobby)
Defendant/Third Party)
Plaintiff,)

vs.)

Frances B. Knowlton, Individually)
and as Trustee,)
Third Party Defendant.)

I, Sherry W. Wise, of Johnson & Barnette, LLP, hereby certify that I have served Benjamin C. Bruner, attorney for the Plaintiff, and R. Davis Howser, attorney for the Third Party Defendant, with the following pleadings by mailing a copy of same, postage prepaid and return address clearly indicated, to them at the following addresses on the 19th day of September, 2013.

COUNSEL SERVED:

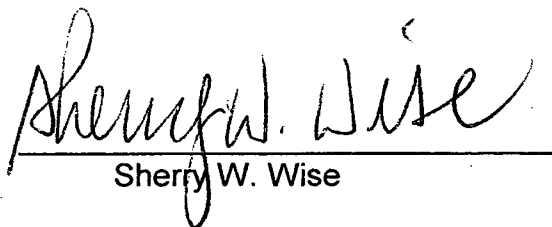
Benjamin C. Bruner
Bruner Powell Wall & Mullins, LLC
P.O. Box 61110
Columbia, SC 29260-1110

R. Davis Howser, Esquire
Howser Newman & Besley, LLC
P.O. Box 12009
Columbia, SC 29211

PLEADINGS:

Affidavit of Arthur E. White, III

FILED
NEWBERRY COUNTY
2013 SEP 20 AM 10 30
JACKIE S. BOWERS
CLERK OF COURT


Sherry W. Wise

STATE OF SOUTH CAROLINA	)	
	)	IN THE COURT OF
	)	COMMON PLEAS
COUNTY OF NEWBERRY	)	
	)	
Raymond D. Hobby,	)	Civil Action No. 2013-CP-36-
	)	193
Plaintiff,	)	
	)	
vs.	)	AFFIDAVIT OF
	)	JULIAN W. WALKER, JR.
Mary T. Hobby,	)	
	)	
Defendant/Third Party	)	
Plaintiff,	)	
	)	
vs.	)	
	)	
Frances B. Knowlton, Individually	)	
and as Trustee,	)	
	)	
Third Party Defendant	)	
_____	)	

PERSONALLY APPEARED before me, Julian W. Walker, Jr., who first being duly sworn, deposes and states as follows:

1. I am a citizen and resident of Richland County, South Carolina.
2. I am over the age of eighteen years, and I am competent to make these statements.
3. I was born in Charleston, South Carolina, on February 7, 1934, where I was educated in the public schools. I attended The University of the South, Sewanee, Tennessee, became a member of Phi Beta Kappa, and graduated

optime merens in 1956. I received my law degree from Duke University, Durham, North Carolina, in 1959.

4. I worked in trust banking for 27 years after practicing law in Norfolk, Virginia, from 1960 to 1967. I began my career in trust banking in March 1967 when I joined former Southern Bank and Trust in Norfolk as head of its trust department. In late December 1967 I accepted an offer from former First National Bank of South Carolina (FNB) to return to South Carolina as head of FNB's Charleston trust department. In March 1971 I moved to Columbia as the executive officer in charge of FNB's statewide trust division.

5. Upon the acquisition by former South Carolina National Corporation (SCNC) of former First Bankshares Corp. of S. C. (parent of FNB) in December 1984, I became the statewide trust executive officer for former South Carolina National Bank (a wholly-owned subsidiary of SCNC).

6. Upon the acquisition by Wachovia Corporation of SCNC in the early 1990's, I became the South Carolina trust executive officer for Wachovia Trust Services, and I retired from this position on March 1, 1994.

7. I am a past president of the Trust Division of the South Carolina Bankers Association, and I served for eight years on the Executive Committee of the Trust and Investment Management Division of the American Bankers Association.

8. After retiring from Wachovia, I practiced law in Columbia with former Haynsworth, Marion, McKay & Guerard and then with Rogers, Townsend & Thomas. I am now engaged in the solo private practice of law in Columbia concentrating on trust and estate controversy matters as an attorney/consultant and a consulting/testifying trustee expert.

9. I am a member of the South Carolina Bar, the Richland County Bar Association and the Virginia State Bar and have been admitted to practice before the Supreme Court of the United States and the United States Court of Appeals for the Fourth Circuit. I am a member of the American Bar Association and its Section of Real Property, Probate and Trust Law, and formerly served as the South Carolina reporter on the Section's Committee on Significant Current State Legislation from 1972 to 1990.

10. I am also a member of the South Carolina Bar's Probate, Estate Planning and Trust Section and have served as a member of the Section's Legislative Liaison Council and its South Carolina [Uniform] Trust Code (SCTC) Study Committee (co-chairing the subcommittee on Duties and Powers of Trustees) and the Section's SCTC Technical Corrections Committee. I most recently was a member of the Section's subcommittee which considered and drafted proposed substantive amendments/additions to the SCTC which were subsequently enacted effective January 1, 2014.

11. I also present and conduct a periodically up-dated one-day Trust Law Workshop on "Fiduciary Investment, Management and Discretionary Administration of Trust Assets in South Carolina".

12. I am a member of the Columbia (SC) Estate Planning Council and a longtime active member of the Duke University Estate Planning Council where I have served almost since its inception 35 years ago.

13. Attached to this Affidavit as Exhibit A is my current *Curriculum Vitae*.

14. I have been retained by Howser, Newman & Besley, LLC, Columbia, South Carolina, on behalf of its client, Frances B. Knowlton, Individually and as Trustee (correctly known as Francis B. B. Knowlton), the Third Party Defendant, to review and analyze the documents, materials and discussions listed in Exhibit B attached to this Affidavit, to determine my understanding of the facts in this matter as revealed in such documents, materials and discussions, and to develop my trustee expert opinions regarding the administration of the Hobby Family Liquidating Trust by the Third Party Defendant ("Trustee Knowlton") – my opinions to be arrived at based on my understanding of such facts in light of my trust experience and knowledge:

15. In my opinion, a prudent trustee exercising reasonable care, skill and caution:

(a) in administering a trust with the same or substantially similar terms and purpose as those of the Hobby Family Liquidating Trust administered by Trustee Knowlton in this matter, and

(b) in administering such a trust in the same or substantially similar circumstances as those in which Trustee Knowlton has been administering, and continues to administer, the said Hobby Family Liquidating Trust,

would deliberate, decide and act essentially as Trustee Knowlton has, in fact, deliberated, decided and acted.

16. The circumstances and related trust administration by Trustee Knowlton referred to in subparagraph 15(b) above are:

(a) Deciding that the “sole purpose” of the Hobby Family Liquidating Trust was clearly intended to include the conveyance to such Trust by Defendant Mary T. Hobby of her land (2.75 acres, more or less) with improvements located at 544 Crowder Road in Newberry County, South Carolina, without delay and that such Trust did not provide Mary any right to continued occupancy of such property – and that Plaintiff Robert D. Hobby did not intend to include in his offer to purchase such property any right to continued occupancy of such property by Mary – and that Robert’s including in his offer the provision “to leave this asset in the Trust” was clearly intended by Robert to “maximize the properties value for any future sale opportunities” which Robert intended to mean he would re-convey such property to the Trust if any such sale opportunity arose.

(b) Exercising his trustee powers [including, but not limited to, The Hobby Family Liquidating Trust Agreement (Article IX (a)(xxxii) at p. 11] by deciding to sell the land (2.75 acres, more or less) with improvements located at 544 Crowder Road in Newberry County, South Carolina, to raise the funds determined by Trustee Knowlton to be needed in order for him to make required payments of time-sensitive Trust obligations thereby removing an immediate risk of costly damage to the Trust – entertaining offers initially from Mary Hobby and then from Raymond Hobby – communicating each such offer to the other of them as well as Trustee Knowlton’s readiness to receive and consider any counteroffer from Mary to Raymond’s offer, subject to “time being of the essence” – not putting the Trust at unreasonable risk by waiting any longer than Trustee Knowlton did, in fact, wait to determine Raymond’s offer to be superior to Mary’s offer and to accept Raymond’s offer.

(c) Deciding that the final clause in The Hobby Family Liquidating Trust Agreement (Article IX (a)(xxxii) on p. 11), which reads “. . . and any other terms mutually agreeable by the parties” [underlining added] means:

“and, in addition, reflect anyother specific terms mutually agreed upon in writing by the parties to this Family Court action to be included in and govern any such sale, provided such written agreement is delivered to the Trustee by the parties within a reasonable time prior to such sale” –

and deciding that the final clause in paragraph 3f on page 9 of the Final Order and Divorce Decree entered on October 8, 2010, by the Family Court of Newberry County in *Hobby vs. Hobby*, Docket No. 2005-DR-36-56, which reads “. . . or other terms mutually agreeable to the parties” [underlining added] means:

“or, in the alternative, reflect any other specific terms mutually agreed upon in writing by the parties to this Family Court action to be included in and govern any such sale, provided such written agreement is delivered to the Trustee by the parties within a reasonable time prior to such sale.” –

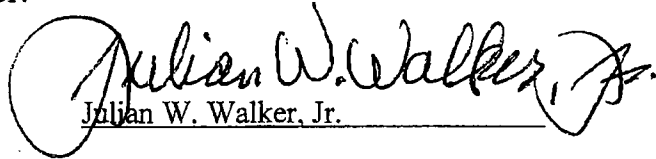
and deciding that the use of the word “or” by the Family Court of Newberry County in its Final Order and Divorce Decree entered on October 8, 2010, trumps the later erroneous substitution of the word “and” in such language in The Hobby Family Liquidating Trust Agreement executed in December 2010 the source of which is the October 2010 Final Order and Divorce Decree and that he, Trustee Knowlton, should regard this decision by him to be determinative of the meaning of the Liquidating Trust Agreement clause set forth above –

and recognizing that the existence of any such agreement between the parties, written or unwritten, regarding “*other terms mutually agreeable by the parties*” has never been made known to Trustee Knowlton and that certainly no such written agreement has ever been delivered to Trustee Knowlton –

and deciding that, whether relying on the “or” meaning or the “and” meaning, the absence of any such agreement between the parties, written or unwritten, regarding “*other terms mutually agreeable by the parties*” has

rendered the subject clause inapplicable to Trustee Knowlton's administration of this Trust –

and, finally, deciding that the subject clause for all the reasons set forth above and on its face in no way whatsoever requires the prior agreement of either party with any purchase offer by the other party in order for Trustee Knowlton to have the right and power to sell any such Trust property or asset to the party making the offer.


Julian W. Walker, Jr.

Sworn to before me this

29 day of December 2013.

 (L.S.)

Notary Public of South Carolina

My commission expires: 2/19/14

CERTIFICATE OF SERVICE

I, the undersigned employee of Howser, Newman & Besley, LLC, attorneys for Third Party Defendant Frances B. Knowlton (correctly known as Frances B.B. Knowlton), hereby certify that I have served copies of an Affidavit in Support of a Motion for Summary Judgment and in opposition to the Third Party Plaintiff's Motion for Summary Judgment depositing a copy of same in a United States Postal Service Mail Box directed to counsel listed below, postage prepaid, this 23rd day of December 2013:

Pope D. Johnson, III, Esquire
Johnson & Barnette, LLP
P. O. Drawer 11209
Columbia, South Carolina 29211-1209
ATTORNEY FOR DEFENDANT MARY T. HOBBY

James L. Bruner, Esquire
Benjamin C. Bruner, Esquire
Bruner, Powell, Wall & Mullins, LLC
P. O. Box 61110
Columbia, South Carolina 29260
ATTORNEYS FOR PLAINTIFF RAYMOND D. HOBBY

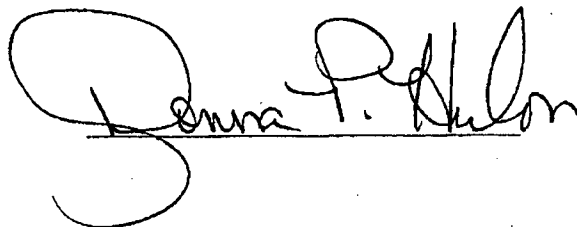
A handwritten signature in dark ink, appearing to read "Jenna P. Hulton", is written over a horizontal line.

EXHIBIT A

Curriculum Vitae Julian W. Walker, Jr.

Julian W. Walker, Jr., was born in Charleston, South Carolina, on February 7, 1934, where he was educated in the public schools. He attended The University of the South, Sewanee, Tennessee, became a member of Phi Beta Kappa, and graduated *optime merens* in 1956. Mr. Walker received his law degree from Duke University, Durham, North Carolina, in 1959.

Mr. Walker worked in trust banking for 27 years after having practiced law in Norfolk, Virginia, from 1961 to 1967. He began his career in trust banking in March 1967 when he joined a bank in Norfolk as head of its trust department. In late December 1967, Mr. Walker accepted an offer from First National Bank of South Carolina (FNB) to return to his home state as head of FNB's Charleston trust department. In March 1971, he moved to Columbia as the executive officer in charge of FNB's statewide trust division. When FNB was acquired by South Carolina National Bank (SCN) in late 1984, Mr. Walker was named as the executive officer in charge of SCN's newly merged statewide trust division. Then, in 1991, when Wachovia Bank, N.A., acquired SCN, Mr. Walker was named as the South Carolina trust executive officer for Wachovia Trust Services. Mr. Walker is a past president of the Trust Division of the South Carolina Bankers Association and served for eight years on the Executive Committee of the Trust and Investment Management Division of the American Bankers Association. After retiring from Wachovia in March 1994, Mr. Walker practiced law in Columbia with Haynsworth, Marion, McKay & Guerard and then with Rogers, Townsend & Thomas. Since 1997, he has been engaged in the solo private practice of law in Columbia concentrating on trust and estate controversy matters as an attorney and as a consulting/testifying trustee expert.

Mr. Walker is a member of the South Carolina Bar, the Richland County Bar Association and the Virginia State Bar and has been admitted to practice before the Supreme Court of the United States and the United States Court of Appeals for the Fourth Circuit. He is a member of the American Bar Association and its Section of Real Property, Probate and Trust Law, and he formerly served as the South Carolina reporter on the Section's Committee on Significant Current Legislation from 1972 to 1990. Mr. Walker is also a member of the South Carolina Bar's Probate, Estate Planning and Trust Section and served as a member of the Section's Legislative Liaison Council and its South Carolina (Uniform) Trust Code (SCTC) Study Committee (co-chairing the subcommittee on Duties and Powers of Trustees) and the Section's Uniform Trust Code Technical Corrections Committee. He most recently was a member of the Section's subcommittee which considered and drafted proposed substantive amendments to the SCTC which were subsequently enacted effective January 1, 2014.

Mr. Walker also presents and conducts a periodically up-dated one-day Trust Law and Practice Workshop on Fiduciary Investment, Management and Discretionary Administration of Trust Assets in South Carolina.

Mr. Walker is a member of the Columbia (SC) Estate Planning Council and a longtime active member of the Duke University Estate Planning Council where he has served almost since its inception 35 years ago.

December 2013

EXHIBIT B

- 1. The Hobby Family Liquidating Trust Agreement with Schedules.**
- 2. Amended Complaint with Exhibits A, B, C and D.**
- 3. Answer of Mary T. Hobby to Amended Complaint, Counterclaim and Third Party Complaint.**
- 4. Answer and Counterclaim to the Third Party Complaint and Counterclaim of Knowlton.**
- 5. Notice of Motion for Summary Judgment by Mary T. Hobby with Supporting Material and Affidavits.**
- 6. Final Order and Divorce Decree entered on October 8, 2010, by the Family Court of Newberry County in *Hobby vs. Hobby*, Docket No. 2005-DR-36-56,**
- 7. Quit-Claim Deed dated April 19, 2012.**
- 8. Two Separate Meetings with Frank Knowlton and His Attorney, Dave Howser.**

STATE OF SOUTH CAROLINA)

COUNTY OF NEWBERRY)

Raymond D. Hobby,)

Plaintiff,)

vs.)

Mary T. Hobby,)

Defendant/Third
Party Plaintiff,)

vs.)

Frances B. Knowlton, Individually
and as Trustee,)

Third Party Defendant.)

STATE OF SOUTH CAROLINA)

COUNTY OF RICHLAND)

Mary T. Hobby,)

Plaintiff,)

vs.)

Frank B.B. Knowlton, as Trustee
Of the Hobby Family Liquidating
Trust U/A/D December 6, 2010; and)
Raymond D. Hobby,)

Defendants.)

STATE OF SOUTH CAROLINA)

COUNTY OF RICHLAND)

IN THE COURT OF COMMON PLEAS

Civil Action No. 2013-CP-36-193

AFFIDAVIT

IN THE PROBATE COURT

Calendar No. 2013-GC-40-169

Personally appeared before me, Francis B.B. Knowlton, who first being duly sworn deposes and says that:

1. I am a Third Party Defendant and Defendant in each of the above captioned actions.

2. I graduated from Washington & Lee University with a Bachelor of Arts degree in 1981 and from the University of South Carolina School of Law with a J.D. degree in 1984.

3. I was admitted to practice law in South Carolina in 1984. I am admitted to practice in the United States District Court for the District of South Carolina, the United States Court of Appeals for the Fourth Circuit and the United States Supreme Court.

4. I am a member of the Richland County Bar where I served as President in 2008. I am also a member of the American Bar Association where I served as a member of the House of Delegates from 2002-2004. I am a member of the American Bankruptcy Institute. I have been active in the practice of law since my admission in South Carolina in 1984.

5. I was asked to serve a Trustee of the Hobby Family Liquidating Trust and I continue to act in that capacity. Attached hereto as Exhibit A is a copy of the Hobby Family Liquidating Trust.

6. The record in this case shows that the Hobby Family Liquidating Trust was created under the terms of the Final Order and Divorce Decree issued by Honorable Joseph W. McGowan, III, Judge of the Family Court of the Eighth Judicial Circuit, dated and filed October 8, 2010, a copy of which is attached hereto as Exhibit B. The Order of Judge McGowan provides in pertinent part in paragraph 3 the following:

To effectuate a complete, fair and equitable apportionment of marital assets and debts, the parties shall create a trust. The following terms shall govern the parties in the creation and operation of the trust and the assets to be placed in it.

- a. This trust is created pursuant to this Order.

* * *

- f. Either party may purchase any asset from the trust, provided the sale and terms are reasonable, fair and reflect fair market value or other terms mutually agreeable to the parties.

7. Subsequently, the Honorable Deborah Neese, Judge of the Family Court for Newberry County issued an Order filed on April 26, 2013, which found that "There is no challenge presented by Plaintiff [Mary T. Hobby] that the Trust is in fact the product of the Family Court Order or that the Trust contains terms or provisions different from those required by the Divorce Decree." A copy of the Order of Judge Neese is attached hereto as Exhibit C.

8. The Trust Agreement provides among its many terms the following:

Trustee may sell any Trust Asset to a Transferor [as defined in the Order and Trust Agreement] provided the sale and terms of sale are reasonable, fair and reflect fair market value and any other terms mutually agreeable by the parties.

9. On December 8, 2011, Mary T. Hobby by letter from and through her attorney advised me as Trustee that "Mary Hobby would like to purchase the 544 Crowder Road property, with surrounding 3 acres, (her home) from the Liquidating Trust." This letter, a copy of which is attached as Exhibit D, contains the terms of the offer. As trustee I conveyed the fact that Mary T. Hobby desired to purchase the property and the terms of her offer to Raymond D. Hobby.

10. Subsequently, by letter dated January 3, 2012, Raymond D. Hobby made a counteroffer to purchase the property. A copy of the counteroffer of Raymond D. Hobby is attached hereto as Exhibit E. As trustee I conveyed the fact to Mary T. Hobby through her attorney that Raymond D. Hobby had made a counteroffer and I made the terms of that counteroffer known to Mary T. Hobby.

11. At the point in time when the initial offer was made by Mary T. Hobby and the counteroffer was made by Raymond D. Hobby, assets that had been transferred to the Trust were heavily encumbered with debt and I needed between \$50,000 and \$60,000 per month to service the debt and keep the properties out of foreclosure proceedings.

12. I discussed the proposals to purchase the 544 Crowder Road property with the accountant for the trust and we both agreed that the offer by Raymond D. Hobby was the better offer.

13. I considered the counteroffer of Raymond D. Hobby to be financially superior to the offer of Mary T. Hobby, and in addition, Raymond D. Hobby's proposal gave me flexibility to sell the home to a third party if that would interest a prospective buyer of the large acreage of farm property that adjoined the 544 Crowder Road property and was an asset of the trust.

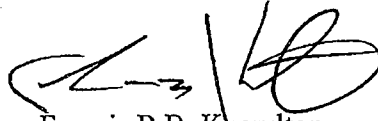
14. I made an effort on numerous times to obtain a follow-up counteroffer from Mary T. Hobby but was unable to obtain a timely counteroffer from her.

15. The terms of the offer by Raymond D. Hobby in my opinion were reasonable, fair and reflected fair market value of the property and that offer was accepted by me in my capacity as Trustee.

16. My belief is that I, as Trustee acting as a reasonably prudent trustee, had the power under the terms of the Trust and under Article IX (a) (xxxii) (ii) could sell property to a Transferor [Mary T. Hobby or Raymond D. Hobby] without the consent of a beneficiary of the Trust where the sale and terms of the sale are reasonable, fair and reflect market value. My belief is that the parties are free to agree to any other terms mutually agreeable which means, as an example, that the parties can mutually agree to a sale of a trust asset to a Transferor for less than market value. To construe the language of this provision of the Trust to mean that a

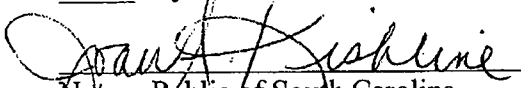
Transferor has a power of veto over a sale to a Transferor that is otherwise reasonable, fair and reflects market value would in my opinion defeat and frustrate the very purpose of this Trust, that is to be a liquidating trust of marital assets.

17. In my duties as Trustee I furnished financial and other information to the beneficiaries of Trustee on a timely and periodic basis. Article XII of the Trust provided that Raymond D. Hobby would continue to work and participate in each of the businesses in which the Trust had an interest. In connection with my duties as Trustee it was necessary for me to consult with Raymond D. Hobby about the operations of those business, including but not limited to, issues with the bonding company for the various construction entities. I have also consulted with Raymond D. Hobby regarding the negotiation and sale of Trust assets to third parties. Other than conferring with Raymond D. Hobby about these business matters, I never furnished financial or other pertinent information to Mary T. Hobby or her attorney that I did not furnish to Raymond D. Hobby or his attorney at the same time, nor did I furnish this type of information to Raymond D. Hobby or his attorney that I did not furnish to Mary T. Hobby or her attorney at the same time.


Francis B.B. Knowlton

Sworn to before me this

23 day of December 2013.

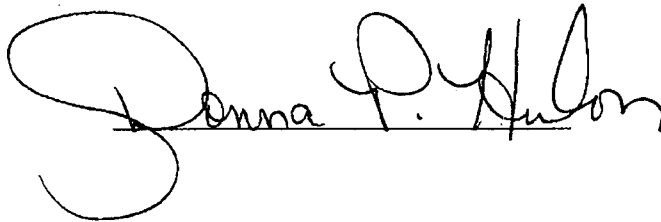
 (L.S.)
Notary Public of South Carolina
My commission expires: 9-18-2017

CERTIFICATE OF SERVICE

I, the undersigned employee of Howser, Newman & Besley, LLC, attorneys for Third Party Defendant Frances B. Knowlton (correctly known as Frances B.B. Knowlton), hereby certify that I have served copies of an Affidavit in Support of a Motion for Summary Judgment depositing a copy of same in a United States Postal Service Mail Box directed to counsel listed below, postage prepaid, this 23rd day of December 2013:

Pope D. Johnson, III, Esquire
Johnson & Barnette, LLP
P. O. Drawer 11209
Columbia, South Carolina 29211-1209
ATTORNEY FOR DEFENDANT MARY T. HOBBY

James L. Bruner, Esquire
Benjamin C. Bruner, Esquire
Bruner, Powell, Wall & Mullins, LLC
P. O. Box 61110
Columbia, South Carolina 29260
ATTORNEYS FOR PLAINTIFF RAYMOND D. HOBBY

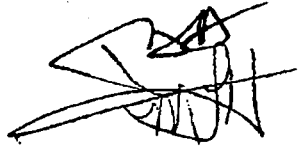
A handwritten signature in black ink, appearing to read "Donna P. Johnson". The signature is written in a cursive style with a large, looping initial "D".

Final Execution Version

FILED
2013 OCT 23 PM 12:04
CLAYTON W. McCULLOCH
PROBATE JUDGE
SULLY COUNTY, S.C.

THE HOBBY FAMILY
LIQUIDATING TRUST AGREEMENT

Trk



**THE HOBBY FAMILY
LIQUIDATING TRUST AGREEMENT**

THIS LIQUIDATING TRUST AGREEMENT (this "Agreement") is effective as of this _____ day of _____, 2010 (the "Effective Date"). Frank B. B. Knowlton is the initial trustee (the "Trustee"). All references to the Trustee shall be deemed to refer to the initial trustee and any successor trustee appointed pursuant to Article X.

BACKGROUND

WHEREAS, an action (Docket No. 2005-DR-36-56) has been initiated by Mary T. Hobby in the Newberry County Family Court for the Eighth Judicial Circuit seeking, among other relief, a divorce from Raymond Deneke Hobby pursuant to S.C. Code Ann. § 20-3-10 (2010), and in conjunction with such relief, the equitable apportionment of the marital assets;

WHEREAS, in connection with the equitable apportionment of the marital assets, Raymond Deneke Hobby ("RDH") and Mary T. Hobby ("MTH") (individually, RDH and MTH are sometimes each referred to as "Transferor"; collectively, RDH and MTH are referred to as "Transferors"), each of whom are citizens and residents of Newberry County, South Carolina, have agreed and are required to transfer the various items of real and personal property, as encumbered, and as set forth on Schedule A hereto (collectively, the "Trust Assets") to The Hobby Family Liquidating Trust (the "Liquidating Trust" or the "Trust") created pursuant to the Final Order and Divorce Decree described below;

WHEREAS, this Liquidating Trust provides for the orderly liquidation and distribution of the Trust Assets to the Beneficiaries (as defined herein) of the Liquidating Trust as more fully set forth herein; and

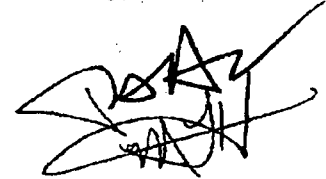
WHEREAS, the Trustee has agreed to oversee and supervise the liquidation process as the Trustee of the Liquidating Trust and has agreed to act in a manner consistent with the terms set forth in this Agreement.

NOW THEREFORE, based on the above, the Liquidating Trust is subject to the following terms and conditions:

ARTICLE I

PARTIES/TERM/PURPOSE/IRS QUALIFICATION

(a) Name; Creation; Parties. The Liquidating Trust, which shall be formally known as the "The Hobby Family Liquidating Trust", was created pursuant to the Final Order and Divorce Decree, dated October 8, 2010, of the Honorable Joseph W. McGowan, III, Judge of the Family Court for the Eighth Judicial Circuit. The Liquidating Trust is created pursuant to South Carolina law which empowers the Family Court to use any means or methods reasonably necessary to effectuate an equitable apportionment of marital property. Each Transferor recognizes and stipulates the other Transferor contributed, directly and indirectly, to the

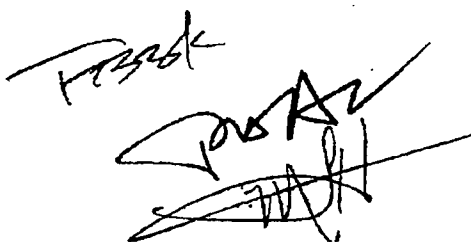



acquisition, preservation, maintenance, and other obligations associated with the marital estate which is becoming the property of the Liquidating Trust, and each Transferor holds an equitable interest in each of the Trust Assets placed into the Liquidating Trust in the same Distribution Percentage as he or she is a beneficiary of the Liquidating Trust. The Transferors recognize this equitable ownership irrespective of the current title ownership of any asset.

(b) Term. The term of this Liquidating Trust shall terminate on the earlier of (i) the date on which all of the Trust Assets of the Liquidating Trust have been liquidated and the proceeds distributed to the Beneficiaries as set forth in this Agreement; (ii) five years after the Transfer Date (defined below), unless extended by written consent of the Transferors and the Trustee or by order of the Family Court; or (iii) the date the Liquidating Trust is terminated by the agreement of the Beneficiaries as provided in Article XIII(g).

(c) Purpose. The Liquidating Trust is established for the sole purpose of liquidating various marital assets belonging to the Transferors in the most fair, objective, and impartial manner available and in a manner that maximizes the value of such marital assets and satisfies the debts associated with those assets to the extent reasonably possible. In effecting the purpose of this Liquidating Trust, the Trustee shall be mindful of the desire of the parties to divest the Trust Assets for amounts approximately equal to the fair market value of such properties and Trustee shall liquidate the Trust Assets in an orderly fashion while being mindful of prevailing market conditions and the term of the Trust. For the avoidance of doubt, although the Trustee shall have the right to exercise and all rights, powers and privileges set forth herein, such powers shall be exercised in the furtherance of the purposes of the Trust, specifically selling Trust Assets in a timely, prudent and efficient manner and distributing proceeds as provided herein. The Trustee shall make timely distributions to the Beneficiaries and required payments with respect to the Liabilities (defined below) and will not unreasonably prolong the duration of the Liquidating Trust. The Liquidating Trust will not hold itself out as an investment company or as an entity engaged in the active conduct of a trade or business.

(d) Qualification. The Liquidating Trust is intended to qualify as a liquidating trust for federal income tax purposes within the meaning of Treasury Regulation Section 301.7701-4(d). In the event that the Liquidating Trust shall fail or cease to qualify as a liquidating trust in accordance with Treasury Regulation Section 301.7701-4(d), the Trustee shall, in its sole discretion, make other arrangements for the Trust Assets in the best interests of the collective Beneficiaries. For all federal income tax purposes, the transfer of the Trust Assets to the Liquidating Trust shall be treated as a transfer by the respective Transferor to the Liquidating Trust in exchange for a beneficial interest in the Liquidating Trust. The Transferors shall be treated as grantors and Beneficiaries of the Liquidating Trust. It is also the intent of the Transferors and the Trustee that the Liquidating Trust be a "grantor trust" under subpart E of Part I of subchapter J of subtitle A of the Code such that the Trust Assets will be deemed owned, for federal income tax purposes, by the Transferor who transferred such Trust Assets to the Liquidating Trust.



ARTICLE II
TRUST CORPUS

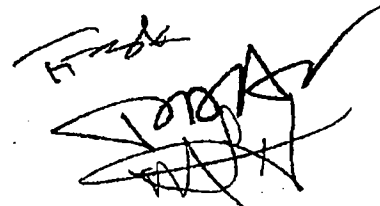
(a) **Initial Property.** The Liquidating Trust shall be funded with the assets described below at such time as directed by the Trustee after consultation with the Transferors and their respective legal and tax advisors (the "Transfer Date"). On the Transfer Date, the Transferors shall transfer to the Liquidating Trust the Trust Assets set forth on Schedule A attached hereto and made a part hereof (the "Trust Assets") including any assets transferred pursuant to paragraph (b) below. RDH, as of the Transfer Date, does hereby grant, assign, transfer and deliver the property described on Schedule A-1 unto the Trustee, together with all of his right, title, and interest in and to such Trust Assets. MTH, as of the Transfer Date, does hereby grant, assign, transfer and deliver the property described on Schedule A-2 unto the Trustee, together with all of her right, title, and interest in and to such Trust Assets. In the event that the Trustee shall determine that the transfer of the Trust Assets to the Liquidating Trust shall require the execution of certain documents or require action on the part of one or more of the Transferors, the Transferors agree to take all actions necessary to effectuate the transfer of the Trust Assets and effectuate the objectives of the Liquidating Trust as set forth in this Agreement. The term "Liability" means all debts, liabilities, and obligations (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to be come due) and including all costs and expenses. All Liabilities relating to the Trust Assets, including Liabilities relating to an entity that is owned, in whole or in part, by the Trust that arise or accrue following the Transfer Date (collectively, the "Trust Liabilities") are to be paid by the Trust. To the Knowledge (defined below) of the Transferors, the Liabilities relating to the Trust as of the Transfer Date are listed or described on Schedule A-3 attached hereto. Copies of any loan documents, indemnity documents, or similar documents relating to the Trust Assets or the Liabilities shall be provided to each of the Beneficiaries and the Trustee.

(b) **Additional Property.** If additional marital property belonging to the Transferors that the Transferors desire to be liquidated is subsequently identified and is not detailed in the Final Order dated October 8, 2010, then such property shall also be transferred to the Liquidating Trust to be held by the Trustee under the terms set forth in this Agreement.

(c) **Acceptance of Property.** The Trustee hereby accepts, as of the Transfer Date, delivery of the Trust Assets set forth on Schedule A. The Trustee shall hold the Trust Assets, as part of the Liquidating Trust estate, to be held, invested, reinvested, administered and distributed according to the provisions set forth in this Agreement. The Trustee further agrees to accept such other property as may hereafter be transferred to this Liquidating Trust by the Transferors.

ARTICLE III
BENEFICIARIES

This Liquidating Trust is established for the benefit of Raymond Deneke Hobby and Mary T. Hobby (individually, a "Beneficiary" and collectively, the "Beneficiaries"), under the terms and conditions contained herein, in the percentage distribution interest for each Beneficiary set forth on Schedule B attached hereto (the "Distribution Percentage"), which sets forth each Beneficiary's

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share of a distribution of income, principal or other distribution from the Trust. Such Distribution Percentage may only be modified or changed with the express written consent of said Beneficiary.

ARTICLE IV
REPRESENTATIONS

Each of the Transferors represents to the Trustee that, to his or her Knowledge, (1) the Trust Assets to be transferred to the Liquidating Trust by the respective Transferors as of the Transfer Date are as set forth in Schedule A attached hereto and made a part hereof, and (2) except as set forth thereon or on Schedule A-3, there are no liabilities of the Transferor or their affiliates relating to the Trust Assets which have not been paid or discharged, and no unsatisfied claims which have been made against the Transferor for alleged Liabilities relating to the Trust Assets. For purposes of this Agreement, "Knowledge" shall mean the actual or direct knowledge of the Transferor after due inquiry.

ARTICLE V
PAYMENT OF LIABILITIES

(a) The Trustee shall have the power, in his absolute discretion, to satisfy out of the Trust Assets and, to the extent necessary, any income derived thereon or the proceeds of any liquidation or sale of Trust Assets, any and all of the Liabilities at such time as they become due, or at any other such time as Trustee may deem advisable considering the respective interest of the Beneficiaries and the goals and purposes of this Trust. The Trustee's power to satisfy the Liabilities shall include the right to adjust, arbitrate, compromise, sue, defend, settle, abandon and otherwise deal with any and all of the Liabilities upon such terms as it deems advisable under the circumstances.

(b) The Personal Liabilities of the Transferors shall not be paid from the Trust Assets. The Personal Liabilities of RDH are listed on Schedule A-5, and the Personal Liabilities of MTH are listed on Schedule A-6. The Trustee shall determine in its reasonable discretion if any Liability is a Trust Liability and/or Personal Liability. Any Transferor may dispute such a determination by the Trustee and such determination may be appealed to the Family Court in Newberry County.

ARTICLE VI
DISTRIBUTION OF TRUST ASSETS

Subject only to the applicable restrictions in the loan documents, indemnity documents, or similar documents relating to the Trust Assets or the Liabilities, the Trustee shall make payment or distributions of available cash relating to the Trust Assets in the following order of priority or as otherwise specifically provided herein:

(a) Trust Agreement Preparation Expenses. The Trustee shall pay the reasonable attorney's fees, accountant's fees, and costs incurred to prepare this Agreement, any and all transfer documents related to it, and similar expenses. Payment of such fees and costs under this paragraph are not charged against a Transferor's Distribution Percentage.

(b) Litigation Expenses. The Trustee shall distribute \$225,000 to MTH and \$200,000 to RDH as a special interest in the Trust, which is not part of his or her Distribution Percentage, for each party's attorney's fees and litigation expenses related to the above-referenced Family Court civil action. Payment of such fees and expenses under this paragraph are not charged against a Transferor's Distribution Percentage of income or principal.

(c) Tax Distributions.

(A) Within thirty (30) days after the end of each calendar quarter, and as permitted by applicable law and consistent with the cash flow needs and purposes of the Trust, the Trustee shall use his best efforts to distribute to whomever is determined to be the owner of the Trust Assets for tax purposes cash in an amount sufficient to enable such person to discharge any Federal, state and local tax liability for such taxable year (excluding penalties) arising as a result of such person's deemed ownership, for tax purposes, of the Trust Assets. Such amount shall be equal to such person's actual Federal, state and local income tax liability to be reported on any tax returns with respect to income derived from the Trust Assets. Tax distributions made under this paragraph shall not be charged against a Transferor's Distribution Percentage of income or principal.

(B) To the extent that there are adjustments in the tax liability of a Transferor arising from an audit, review, adjustment or an amendment of a tax return, the Trustee is further authorized to make such additional distributions or to withhold from future distributions of a Transferor so that each Transferor shall bear his or her own tax liability arising from the operations of the Trust and disposition of Trust Assets.

(d) Periodic Distributions. Following the above distributions, the Trustee shall make the following periodic distributions in the order of priority set forth:

(i) The Trustee shall make a determination of all of the existing and contingent Liabilities and the minimum amount of Trust Assets necessary to satisfy the Liabilities as such Liabilities may become due and shall be entitled to make such payments in accordance with Article V of this Agreement;

(ii) Until the earlier of i) the one year anniversary of the Effective Date, or ii) the death of MTH, the Trustee shall make minimum monthly distributions to MTH in the amount of \$7,500. These distributions represent a special interest in the Trust held by Plaintiff and are not taxable to her or charged against her Distribution Percentage of amounts to be distributed from the Trust; and

(iii) To the extent that the Trust Assets exceed those needed to satisfy the Liabilities and the minimum monthly distributions to MTH as previously set forth in Article VI(d)(ii) above and as permitted by applicable law and consistent with the cash flow needs and purposes of the Trust the Trustee may distribute to the Beneficiaries in accordance with the Distribution Percentages, all liquidation proceeds, investment income, and all trust corpus in excess of the Trust Assets needed to satisfy the Liabilities

and minimum monthly distributions.

(e) Final Distribution. At end of the Term of the Trust, the Trustee shall distribute to the Beneficiaries in accordance with their respective Distribution Percentages all of the Trust Assets then remaining in the Liquidating Trust.

ARTICLE VII

GENERAL POWER OF APPOINTMENT IN SURVIVING BENEFICIARY

Upon the death of either Beneficiary, the deceased Beneficiary's share of the Trust Estate, together with any accrued and undistributed income therefrom, shall be paid over, conveyed, and distributed to or in trust for such appointee or appointees (including the estate of the Beneficiary), in such manner and in such proportions as the deceased Beneficiary may appoint in and by the Last Will of the deceased Beneficiary, making specific reference to the power of appointment herein conferred upon him or her, as applicable. In default of the exercise of such power of appointment by the Beneficiary, or insofar as any part of such share of the Trust Estate shall not be effectively appointed, upon the death of the Beneficiary, the entire remaining share of the Trust Estate, or the part of such Trust Estate not effectively appointed, shall be distributed to the deceased Beneficiary's issue in equal shares, per stirpes. In disposing of such share, the Trustee shall be protected in relying upon an instrument admitted to probate in any jurisdiction as the Last Will of the Beneficiary or in acting upon the assumption that the Beneficiary died intestate in case the Trustee has no notice of the existence of a Will of the deceased Beneficiary within six (6) months after the death of the deceased Beneficiary.

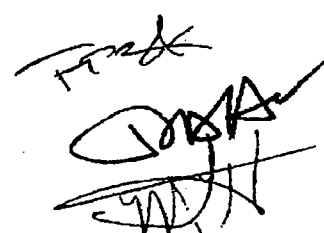
ARTICLE VIII

ACCOUNTING

(a) Books and Records. The Trustee shall have the entire care and custody of all of the Trust Assets comprising the Liquidating Trust estate and shall maintain full and accurate books of account and records of receipts and disbursements and other financial transactions relative to the Liquidating Trust estate, all of which shall be available for inspection at any reasonable time by any Beneficiary, or their legal representative.

(b) Trustee Accountings and Settlement. The Trustee shall report on Trust activities and account to the beneficiaries, as follows:

(i) Trustee Accountings. If there are more than nominal assets in the Trust, the Trustee shall render an accounting of the Trust's receipts and disbursements and a statement of the assets and liability of the Trust at least quarterly to each Beneficiary. The Trustee may, but shall not be required to, file such accountings with the court having jurisdiction of the Trust. The Beneficiaries specifically waive any requirement for formal or court approved accounting. If the Trustee provides an accounting to each Beneficiary and those Beneficiaries do not notify the Trustee in writing of an objection to such accounting within ninety (90) days of the receipt of such accounting, then the accounting shall be deemed accepted and approved by such beneficiary.

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(ii) Settlement of Trustee Accounting by Beneficiaries. The Trustee may at any time settle its account with respect to the Trust Estate, or any separate share of the Trust Estate, by a written agreement. The written agreement shall be between the Trustee and all appropriate living income beneficiaries and remainder beneficiaries for the Trust Estate, or separate Trust share as appropriate. If a beneficiary is either a minor or incompetent, then the guardian for such person may represent such individual. Such agreement shall bind all persons then or thereafter entitled to such share of the Trust Estate for which the Trustee and beneficiaries reached written agreement. Such agreement shall constitute a complete release and discharge of the Trustee for the acts of the Trustee covered in the accounting and the period covered by the agreement.

(iii) Settlement of Trustee Accounting Upon Termination of Trust. Prior to either delivering the Trust Estate to a successor Trustee or making a complete distribution of all or a separate share of the Trust Estate, the Trustee shall prepare and deliver its accounting of the Trust or the applicable Trust share, as appropriate, to the appropriate beneficiaries. The Beneficiaries and/or applicable beneficiaries may waive such requirements for such accounting.

ARTICLE IX POWERS AND DUTIES OF TRUSTEES

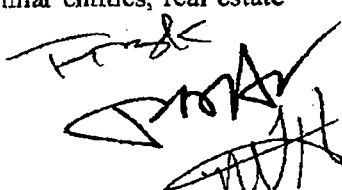
(a) Powers for Trustee. Consistent with the purposes of the Trust as a liquidating Trust and the purposes as further described in Article I (c), the Trustee is authorized in its fiduciary discretion (which shall be subject to the standard of reasonableness and good faith to all beneficiaries) with respect to any property, real or personal, at any time held under any provision of this Trust Agreement and without authorization by any court and in addition to any other rights, powers, authority, and privileges granted by any other provision of this Trust Agreement or by statute or general rules of law:

(i) To collect Trust property and accept additions to the Trust Estate from a Beneficiary or any other person.

(ii) To retain in the form received any property or undivided interests in property donated to, or otherwise acquired as a part of the Trust Estate, including residential property and shares of the Trustee's own stock, regardless of any lack of diversification, risk, or nonproductivity, as long as it deems advisable, and to exchange any such security or property for other securities or properties and to retain such items received in exchange, although such property represents a material percentage of the total property of the Trust Estate or even the entirety thereof.

(iii) To deposit assets of the Trust in accounts of all types, including margin accounts, in all types of regulated financial service institutions.

(iv) To invest and reinvest all or any part of the Trust Estate or any Trust share created hereunder in any property and undivided interests in property, wherever located, including bonds, debentures, notes, secured or unsecured, stocks of corporations regardless of class, interests in limited partnerships, limited liability companies or similar entities, real estate

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or any interest in real estate whether or not productive at the time of investment, interests in trusts, investment trusts, whether of the open and/or closed fund types, and participation in common, collective, or pooled trust funds of the Trustee, insurance contracts on the life of any beneficiary, or annuity contracts for any beneficiary, without being limited by any statute or rule of law concerning investments by fiduciaries. References to powers herein related to shares of stock shall include such powers over other types of securities, including interests in partnerships, limited liability companies, and other similar entities.

(v) To abandon or decline to administer property of no value or of insufficient value to justify its collection or continued administration.

(vi) To sell or dispose of or grant options to purchase any property, real or personal, constituting a part of the Trust Estate or any Trust share created hereunder, for cash or on credit, at public or private sale, or to exchange any property of the Trust Estate for other property, at such times and upon such terms and conditions as it may deem best, and no person dealing with it shall be bound to see to the application of any monies paid.

(vii) To hold any securities or other property in its own name as Trustee, in its own name, in the name of a nominee (with or without disclosure of any fiduciary relationship), or in bearer form.

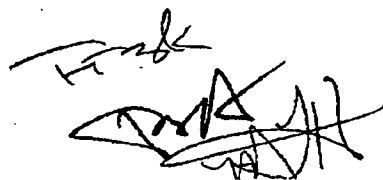
(viii) To keep, at any time and from time to time, all or any portion of the Trust Estate in cash and uninvested for such period or periods of time as it may deem advisable, without liability for any loss in income by reason thereof.

(ix) To sell or exercise stock option, subscription, or conversion rights.

(x) To refrain from voting or to vote shares of stock which are a part of the Trust Estate or any Trust share created hereunder at shareholders' meetings in person or by special, limited, or general proxy and in general to exercise all the rights, powers, and privileges of an owner in respect to any securities constituting a part of the Trust Estate or Trust share.

(xi) To participate in any plan of reorganization or consolidation or merger involving any company or companies whose stock or other securities shall be part of the Trust Estate, and to deposit such stock or other securities under any plan of reorganization or with any protective committee and to delegate to such committee discretionary power with relation thereto, to pay a proportionate part of the expenses of such committee and any assessments levied under any such plan, to accept and retain new securities received by the Trustee pursuant to any such plan, to exercise all conversion, subscription, voting, and other rights of whatsoever nature pertaining to such property, and to pay any amount or amounts of money as it may deem advisable in connection therewith.

(xii) To borrow money with or without security and to encumber, mortgage, or pledge any asset of the Trust Estate provided however such borrowings may not extend beyond the term of the Trust, in connection with the exercise of any power vested in the Trustee. If money is borrowed from the Trustee, the Trustee may charge interest thereon at a prevailing rate.

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In no event shall any mortgagee be under any obligation to verify the proper application of the loaned proceeds.

(xiii) To pledge the Trust Estate and to cause this Trust to guarantee loans made by others to a beneficiary or any business owned by the Trust.

(xiv) To enter for any purpose into a lease as lessor or lessee, including a lease or other arrangement for exploration and removal of natural resources, with or without option to purchase or renew for a term within or extending beyond the term of the Trust.

(xv) To subdivide, develop, or dedicate real property to public use or to make or obtain the vacation of plats and adjust boundaries, to adjust differences in valuation on exchange or partition by giving or receiving consideration, and to dedicate public or private easements to private or public use without consideration, including by way of example qualified conservation and façade easements.

(xvi) To make ordinary or extraordinary repairs or alterations in buildings or other structures, to demolish any improvements, and to raze existing or erect new party walls or buildings.

(xvii) To continue and operate any business or other enterprise owned by the Beneficiaries or either of them, whether an interest in a proprietorship, partnership, limited liability company, business trust, corporation, or other form of business or enterprise, and to do any and all things deemed needful or appropriate by the Trustee, including the power to incorporate the business and to put additional capital into the business, for such time as it shall deem advisable by shareholders, members, or property owners, without liability for loss resulting from the continuance or operation of the business except for its own bad faith, gross negligence, and/or willful misconduct; and to merge or otherwise change the form of business organization or contribute additional capital, close out, liquidate, or sell the business at such time and upon such terms as it shall deem best.

(xviii) To collect, receive, and issue receipt for rents, issues, profits, and income of the Trust Estate.

(xix) To insure the assets of the Trust Estate against damage or loss and to insure the Trustee, the Trustee's agents, and beneficiaries against liability arising from the administration of the Trust.

(xx) To select a mode of payment under any employee benefit or retirement plan, annuity, or life insurance payable to the Trustee, exercise rights thereunder, including exercise of the right to indemnification for expenses and against liabilities, and take appropriate action to collect the proceeds.

(xxi) In buying and selling assets, in lending and borrowing money, and in all other transactions, irrespective of the occupancy by the same person of dual positions, to deal with itself in its separate, or any fiduciary capacity.

(xxii) To compromise, extend, assign, adjust or give partial release from, arbitrate, sue on, discharge, foreclose, or otherwise defend, abandon or decline to administer property of no value or of insufficient value to justify its collection or continued administration, or otherwise deal with and settle claims in favor of or against the Trust Estate or to prosecute or defend an action, claim, or judicial proceeding in any jurisdiction to protect the Trust Estate and the Trustee in the performance of the Trustee's duties, as the Trustee shall deem best.

(xxiii) To exercise elections with respect to federal, state, and local taxes.

(xxiv) To employ and compensate agents, accountants, investment advisors, brokers, attorneys-in-fact, attorneys-at-law, tax specialists, realtors, appraisers, and other assistants and advisors deemed by the Trustee needful for the proper administration of the Trust Estate, and to do so without liability for any neglect, omission, misconduct, or default of any such agent or professional representative provided such person was selected and retained with reasonable care. A Trustee may employ any firm with which the Trustee is affiliated to provide services for and on behalf of the Trust for the proper administration of the Trust.

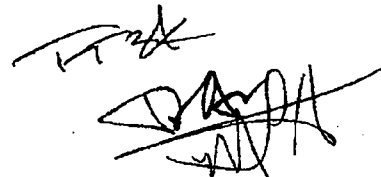
(xxv) To appoint a Trustee to act in another jurisdiction with respect to the Trust Estate located in the other jurisdiction, confer upon the appointed Trustee all of the powers and duties of the appointing Trustee, require that the appointed Trustee furnish security, and remove any Trustee so appointed.

(xxvi) To determine what shall be fairly and equitably charged or credited to income and what to principal, including the power and authority in the exercise of its fiduciary responsibilities and in accordance with state law to credit realized capital gains to income and to charge income expenses to principal.

(xxvii) To resolve a dispute concerning the interpretation of the Trust or its administration by mediation, arbitration, or other procedure for alternative dispute resolution.

(xxviii) To consolidate, hold, and retain the principal of the Trust Estate undivided until actual division shall become necessary in order to make distributions; to hold, manage, invest, and account for the several shares or parts thereof by appropriate entries on the Trustee's books of account; and to allocate to each share or part of share its proportionate part of all receipts and expenses; provided, however, the carrying of several trusts as one shall not defer the vesting in title or in possession of any share or part of share thereof.

(xxix) To make payment in cash or in kind, or partly in cash and partly in kind upon any division or distribution of the Trust Estate (including the satisfaction of any pecuniary distribution) and to value and appraise any asset and to distribute such asset in kind at its appraised value; and when dividing fractional interests in property among several beneficiaries to allocate entire interests in some property to one beneficiary and entire interests in other property to another beneficiary or beneficiaries.

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(xxx) In general, to exercise all powers in the management of the Trust Estate which any individual could exercise in his or her own right, upon such terms and conditions as it may reasonably deem best, and to do all acts which it may deem reasonably necessary or proper to carry out the purposes of this Trust Agreement.

(xxxii) To operate and continue any and all businesses, including proprietorships and partnerships which may become a part of the principal of this Liquidating Trust and to acquire additional interests in any such businesses; to liquidate or join in the liquidation of any such businesses; to sell or otherwise dispose of the same as going concerns; to incorporate, organize or form or cause to be incorporated, organized or formed as it shall see fit and to retain stock or equity interests in any such businesses so incorporated, organized or formed without liability for depreciation in value; to become or remain a shareholder, member, manager, owner, general or limited partner in any new or continuing corporations, limited liability companies, limited partnerships, or other entities and to take such other action as it may deem necessary or proper for the purpose of beginning or continuing the operation or liquidation of such businesses; and to act as directors, officers, agents or employees of any such businesses.

(xxxiii) To sell, convey or otherwise deal with or dispose of any and all Trust Assets forming a part of the Liquidating Trust estate, at such time or times and in such manner and upon such terms as, in the absolute and uncontrolled discretion of the Trustee may deem expedient and proper, provided, however, that i) Trustee shall have an obligation to exercise appropriate and reasonable due diligence with respect to the sale of any Trust Asset such that Trustee is reasonably satisfied that any sale has occurred on an arms-length basis and has maximized the value of the Trust Asset being divested, and ii) Trustee may sell any Trust Asset to a Transferor provided the sale and terms of sale are reasonable, fair, and reflect fair market value and any other terms mutually agreeable by the parties.

(xxxiii) To pay any applicable expenses of administration, as well as federal, state and local taxes and fees attributable to the operation of the Liquidating Trust, and to make any distributions to creditors, Beneficiaries or otherwise as may be required under this Agreement.

(xxxiv) To open and to close checking or savings accounts, in banks or similar financial institutions, in the name of the Liquidating Trust to deposit cash in and withdraw cash from such accounts.

(xxxv) To give general or special proxies or powers of attorney which may be discretionary and with power of substitution.

(xxxiv) To keep any or all of the Liquidating Trust estate at any place or places in South Carolina or elsewhere within the United States or abroad or with a depository or custodian at such place or places.

(xxxv) To pay over to the Beneficiaries the entire principal of the Liquidating Trust, thereby terminating the Liquidating Trust, when in the discretion of the Trustee it might become expedient or advisable to do so for the following reasons or any other reason whatsoever

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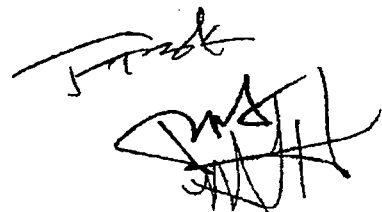
which the Trustee may deem sufficient: (i) changes in the political, economic, or social order in the United States; (ii) legislation, regulation, or court decisions detrimental to the Liquidating Trust or any Beneficiary thereof; (iii) insufficient principal to justify the expense of continuing the Liquidating Trust's existence; or (iv) other events which do or may tend to greatly impair the intent and purpose of this Agreement.

(b) Fiduciary Power. All powers given to the Trustee by this are exercisable by the Trustee only in a fiduciary capacity. Notwithstanding any other provisions of this Agreement, the powers vested in the Trustee under this Article IX or under any other Article in this Agreement shall be effective only so long as their existence will not cause the Liquidating Trust estate or any part thereof to be included in the estate of the person holding such power.

(c) Power to Delegate. The Trustee may delegate to other persons at any time, and/or for any time period(s), any or all of such Trustee's rights, powers, duties and authority, whether or not discretionary, by an instrument in writing signed by the delegating Trustee and delivered to the delegatee. Any such delegating instrument shall be revocable at any time by a similarly delivered instrument and shall be revoked at the resignation, total disability or death of the Trustee or delegatee. The Trustee's authority to delegate under this Agreement shall include, but in no event shall be limited to, the Trustee's authority to vest in a Beneficiary the authority to divest of or manage certain of the Liquidating Trust estate under the supervision and direction of the Trustee, provided, however, that such Beneficiary shall in no event be entitled to compensation for such services that exceeds the fair market value of the services provided. In the event that Trustee delegates any rights powers and duties for a period longer than 30 days over assets comprising more than 5% of the Trust, the Trustee shall notify the Beneficiaries in writing of such delegation.

(d) Provision for Trustee to Continue Farming Operation. In addition to any other powers granted to the Trustee, the Trustee may in its discretion continue any farming operation received by the Trustee as a part of the Trust Estate for a period of time as the Trustee shall determine and to do any and all things deemed advisable by the Trustee in the management and maintenance of such farm and the production and marketing of crops and dairy, poultry, livestock, orchard, and forest products including, but not limited to, the following powers:

- (i) To operate the farm with hired labor, tenants, or sharecroppers;
- (ii) To lease or rent the farm for cash, for a share of the crops, or for a combination thereof;
- (iii) To purchase or otherwise acquire farm machinery and equipment and livestock;
- (iv) To construct, repair, and improve farm buildings of all kinds needed in the Trustee's judgment for the operation of the farm;

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(v) To make and obtain loans or advances at the prevailing rate of interest for farm purposes such as for the construction, repair, or improvement of farm buildings or for the purchase of farm machinery or equipment or livestock;

(vi) To employ approved soil conservation practices to conserve, improve, and maintain the fertility and productivity of the soil;

(vii) To protect, manage, and improve the timber and forest on the farm and to sell the timber and forest products when it is in the best interest of the Trust;

(viii) to ditch, dam, and drain damp or wet fields and areas of the farm when needed;

(ix) To engage in the production of livestock, poultry, or dairy products and to construct such fences and buildings and to plant such pastures and crops as may be necessary to carry on such operations;

(x) To market the products of the farm;

(xi) To employ, in general, good husbandry in the management of the farm.

(e) Trustee Authority to Deal with Oil, Gas, and Mineral Interests. In addition to any other powers granted to the Trustee, the Trustee may acquire, maintain, develop, improve, sell, or otherwise deal with oil, gas, coal, mineral, or other natural resource interests whether alone or in conjunction with others. The Trustee is empowered to drill, test, explore, extract, mine, develop, manage, store, sell, or exchange any such mineral rights or interests in such rights on such terms and conditions as the Trustee deems prudent. The Trustee may enter into leases, pooling, and other types of agreements for such oil, gas, coal, mineral, or other types of natural resources. The Trustee may execute transfers, assignment, division orders, and other instruments that the Trustee deems proper. The Trustee may employ the services of engineers, consultants, or specialists to advise the Trustee in the management, development, and disposition of such mineral or natural resource interests.

(f) Trustee's Discretion to Allow Beneficiary or Beneficiaries to Occupy Residential Real Estate. The Trustee in its sole discretion may permit any beneficiary or beneficiaries to occupy rent free any residence constituting a part of the Trust assets for such beneficiary or beneficiaries and to pay the real estate taxes thereon, expenses of maintaining the residence in suitable repair and condition, and hazard insurance premiums on the residence.

(g) Provisions Regarding Retirement Account Payable to the Trust. If one or more qualified pension, profit sharing, and 401K, plans, individual retirement accounts ("IRAs"), Roth IRAs, annuity or mutual fund custodial accounts under section 403(b), or other types of qualified plans (referred to as a "retirement account") are, or may be, distributed to any share of this Trust, then the following provisions shall apply:

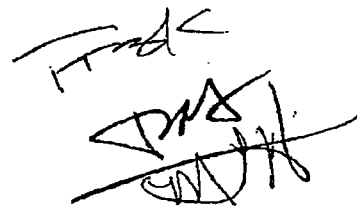
(i) **Distributions During Beneficiaries' Lifetimes.** If any distributions shall be made to this Trust during either of the Beneficiaries' lifetimes, the Trustee shall hold such distributions solely for the benefit of the respective Beneficiary. The Trustee shall transfer and distribute to the respective Beneficiary such portion of the retirement account distributions as the Beneficiary may from time to time request. In the event that the Beneficiary is incapacitated, then the Beneficiary's agent under a durable power of attorney or guardian under any guardianship may make such direction on behalf of the Beneficiary. During the respective Beneficiary's lifetime all of the provisions dealing with the retirement accounts of this Trust shall be fully revocable. Notwithstanding anything else contained in this Trust Agreement, at the respective Beneficiary's death, all of the provisions dealing with the retirement accounts of the deceased Beneficiary and the dispositive provisions relating thereto shall become irrevocable.

(ii) **Retirement Plan Beneficiary Elections.** Upon either of the Beneficiaries' deaths, the Trustee shall have the right, in the Trustee's discretion, to elect to receive any retirement plan death proceeds, whether under any retirement account, in any manner permitted by the plan. The Trustee shall not be liable to any beneficiary for such decision.

(iii) **Provisions Applicable to Distributions to a Marital Trust.** If one or more retirement accounts are distributed to a trust, which qualifies for the marital deduction, then the distributions applicable to that trust share shall be made in accordance with these provisions. The Trustee shall direct the trustee or custodian, as appropriate, of the retirement account to make distributions to the marital trust at least annually of an amount equal to the greater of: (a) all the net income earned by the share of the retirement account allocated to the marital trust, or (b) the amount required to be distributed from such retirement account as the required Minimum Required Distribution, as required by the Internal Revenue Code. The Trustee shall take all necessary action to cause the retirement account to distribute to this Trust the amount required to be distributed to the Surviving Beneficiary under this paragraph. The Surviving Beneficiary shall have the right, in the Surviving Beneficiary's discretion, to compel the Trustee to demand such distributions and to compel the retirement plan trustee to convert any nonproductive property to productive property. The Trustee shall take all necessary action to assure that the interest of the Surviving Beneficiary in this Trust and in the retirement account qualifies as a qualifying income interest for life pursuant to Internal Revenue Code section 2056.

(iv) **Trust Designated Beneficiary.** The Trust shall run for the benefit of the Surviving Beneficiary, who shall be the "Designated Beneficiary" for each such retirement account.

(v) **Restriction on Non-Individuals and Creditor's Claims.** Commencing on the September 30th after the year of the Beneficiary's death (herein referred to as the "Designation Date"), no portion of any retirement plan account may be distributed to any charity or other non-individual beneficiary. It is the Beneficiary's intent that after the Designation Date any such distribution shall be paid only to the individual beneficiaries of this Trust. After the Designation Date no portion of any retirement plan distribution may be used to pay any creditor claim or debt of the Beneficiary, nor any administration expense of the estate or this Trust, nor any estate, inheritance, or similar taxes.

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(vi) **Accounting Provisions.** Any retirement account made payable to this Trust shall be deemed to be an asset of the Trust and allocated to principal of the applicable Trust share. In cases where the Trustee receives reporting information from the retirement plan to enable the Trustee to determine the annual income earned by that retirement account on an annual basis, then the Trustee shall use normal accounting principles to allocate income and principal for the retirement account allocated to the applicable Trust share. In cases where the Trustee does not receive reporting information from the retirement account, the Trustee has the discretion to allocate changes in the retirement account value from the original account value on a reasonable basis between income and principal. When distributions are made from the retirement account, accrued income shall be deemed to be distributed first. The Trustee shall allocate to the net income of this Trust all the net income earned by the retirement account and paid to this Trust regardless of whether the retirement account is allocated to principal for Trust accounting purposes. The Trustee shall allocate to principal of this Trust all other distributions from the retirement account. In calculating the income earned by the retirement account, the Trustee shall allocate all retirement account expenses, including income tax and retirement plan trustee fees, that are attributable to principal distributions so that all income distributions from the retirement plan are not reduced. If a retirement account becomes an asset of this Trust (or one or more of the Trust shares) the fair market value of the retirement account at the date of the Beneficiary's death shall be deemed to be the "inventory value" for fiduciary accounting purposes.

ARTICLE X TRUSTEES

(a) **Resignation.** The Trustee may resign at any time by delivering thirty (30) days prior written notice to that effect to the Beneficiaries. A successor shall be appointed in writing by a unanimous vote of the Beneficiaries, and each of the Beneficiaries agrees to negotiate in good faith with one another to select a Successor Trustee. In the event that the Beneficiaries cannot agree upon a Successor Trustee during the time period between the Trustee's notice of resignation and the actual date on which the Trustee will resign, then each Beneficiary shall name a Successor Co-Trustee and the two Successor Co-Trustees named shall select a third Successor Co-Trustee, and the three Successor Co-Trustees shall administer the Liquidating Trust.

(b) **Successor Trustee.** References herein to a Trustee include any Successor Trustee. A Successor Trustee shall succeed to all of the title, powers, rights, discretion, obligations and immunities of the original Trustee; provided, however, that the Successor Trustee shall not be obligated to accept, ratify or approve of any of the acts, omissions, or defaults of the Trustee, nor shall the Successor Trustee be required to audit or verify the records of the Trustee. Moreover, the fact that the Successor Trustee has assumed and carried out its duties without protest or exception shall not be deemed such an acceptance, ratification or approval. The Successor Trustee shall be entitled to rely upon any statements and records (which may come into the Successor Trustee's possession after a reasonable search) of the Trustee as to the Trust Assets of the Liquidating Trust and shall have no responsibility or liability hereunder to any person for the Trust Assets of this Liquidating Trust until reduced to the possession of the Successor Trustee.

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(c) Trustee Power. No one dealing with a Trustee need inquire concerning the validity of anything such Trustee purports to do, or need see to the application of any money paid or any property transferred to or upon the order of a Trustee.

(d) Acts and Omissions. The Trustee shall be responsible only for its acts or omissions. The Successor Trustee shall not be liable for any action taken by the Trustee prior to the time such Successor Trustee becomes a Trustee.

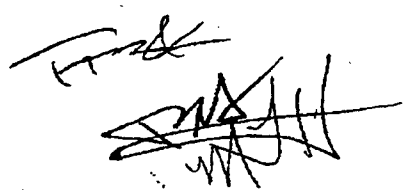
(e) Reasonable Expenses; Compensation. The Liquidating Trust estate and the income therefrom shall be chargeable with the reasonable expenses of the Trustee in the administration of the Liquidating Trust. In addition to the payment of all expenses incurred by the Trustee in connection with the liquidation of the Liquidating Trust estate, Trustee shall be entitled to compensation in the amount and under such terms as set forth on Schedule C.

(f) Bond Requirement. No bond shall be required of any Trustee hereunder irrespective of any bond that may be otherwise required under the South Carolina Uniform Trust Code or any other relevant provision of law.

(g) Appointment of Independent Special Trustee. If a Trustee is unable or unwilling for any reason to act with regard to any property comprising the Trust Estate, the Trustee may appoint an Independent Special Trustee to act with regard to such property. Such Independent Special Trustee may be either an individual or a corporate Trustee. If the Independent Special Trustee is an individual, such individual shall not be related to or subordinate to any beneficiary of this Trust as defined by section 672(c) of the Internal Revenue Code. If appointed, the Independent Special Trustee shall act with respect to such property of the Trust Estate in accordance with the provisions of this Trust. The Trustee may revoke the appointment of any such Independent Special Trustee at any time. Any Independent Special Trustee shall exercise all of the fiduciary powers granted to the Trustee, unless specifically limited by the Trustee. The Independent Special Trustee may resign at any time.

(h) Limitations on Trustees. No person who at any time is acting as Trustee hereunder shall have any power or obligation to participate in any discretionary authority which the Beneficiaries have given to the Trustee to pay principal or income to such person, or for his or her benefit or in relief of his or her legal obligations.

(i) Determination of Incapacity of Individual Trustee. If any serving individual Trustee either is adjudicated to be incompetent or in the event that the individual Trustee is not adjudicated incompetent, but by reason of illness or mental or physical disability is, in the opinion of two licensed physicians, unable to properly handle the fiduciary responsibilities of the trusteeship, then and in that event the Trustee next designated herein shall serve as the successor Trustee. The disqualified Trustee may regain the position as Trustee, if and when such incompetency is removed, as determined by two licensed physicians in the same manner as was followed to initially establish the Trustee's incapacity. Third parties may rely on an affidavit by the Trustee stating that the successor Trustee is now acting as Trustee hereunder.

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(j) Limitation of Liability and Duties of Successor Trustee for Acts of Prior Trustee. No successor Trustee shall have any liability or responsibility for any acts or omissions of any prior Trustee. The Trust shall indemnify and hold harmless any currently serving Trustee for the acts or omissions of any such prior Trustee. A current Trustee may, but shall not have the obligation to, audit or investigate the accounts or administration of any prior Trustee. In the event that any present or future beneficiary shall request in writing that the Trustee investigate or take any action against a prior Trustee, the current Trustee may, but not be required to, either: i) determine if such action is either inappropriate or unlikely to result in a favorable conclusion for the Trust and therefore decline to take such action, or ii) require that the beneficiary requesting such action indemnify the Trust and Trustee and fund all the expenses of such action to the extent that the Trustee deems appropriate. The Trustee shall have the sole discretion to act with regard to these decisions.

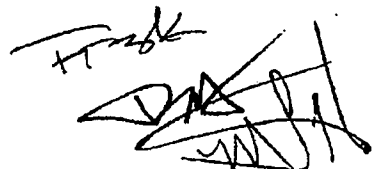
ARTICLE XI RESTRICTIONS ON ALIENATION

No interest of any Beneficiary in the principal or income of the Liquidating Trust shall be subject to assignment, alienation, pledge, attachment or claims of creditors of such Beneficiary and may not otherwise be voluntarily or involuntarily alienated or encumbered by such Beneficiary. If the Trustee believes that the interest of a Beneficiary is threatened to be diverted in any manner, the Trustee has the discretion to withhold any distributions and shall apply payment in any manner which will contribute to the health, education, maintenance and support of the Beneficiary. Whenever the Trustee is satisfied that a diversion is no longer threatened, resumption of distribution is authorized. This spendthrift provision is intended for the personal protection and welfare of a Beneficiary and shall not be construed to automatically extend the term of the Liquidating Trust.

ARTICLE XII SPECIAL PROVISIONS RELATED TO CERTAIN TRUST ASSETS

(a) Noncompetition. For so long as the Liquidating Trust owns an interest in Hobby Construction Company, Inc. ("HCC"), Long Utility Corporation ("LUC"), Seaside Utilities, Inc. ("SU"), Seaside Environmental Constructors, Inc. ("SEC"), West/Hobby LLC ("WH"), Utility Supply, Inc. ("US"), or South Atlantic Construction, Inc. ("SAC") (collectively, the "Business Entities"), RDH shall not compete in business with the Business Entities, except and unless permitted to do so by the Trustee. It is the intent of the parties that RDH shall continue to work and participate in each of the Business Entities throughout the period that the Liquidating Trust owns these entities in the manner in which he was working and participating in these entities at the date of filing of the Family Court civil action (February 17, 2005) and as of the Effective Date.

(b) Reasonable Compensation. RDH shall be reasonably compensated for his services in connection with the Business Entities. His compensation and benefits of employment shall be reasonable in scope and amount. The Trustee shall determine reasonable compensation, benefits of employment and the scope and terms of employment of RDH.

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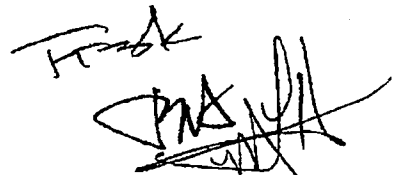
(c) Consultant. The Trustee shall have the discretion to cause or allow one or more of the Business Entities to employ MTH in a consulting capacity or otherwise so that she may be eligible for health insurance coverage.

(d) Bonding Contracts. HCC, LUC, SEC, SU, and SAC (collectively, the "Bonded Entities") currently have a bonding relationship with Travelers Bond and Financial Company ("Travelers"). The Bonded Entities are currently being monitored by Travelers and monthly combined P&L statements are being generated for Travelers. When the entities bid a project and request a bond from Travelers, they also provide a work in progress report. The Trustee will cooperate with each Transferor, the Bonded Entities, and Travelers in order to facilitate the Bonded Entities receiving maximum bonding capacity from Travelers. The Trustee will be granted absolute authority to have direct contact with Travelers and CPA Steve Sealey if necessary regarding the combined P&L statements, bids, work in progress reports, compensation of officers, and for any other purpose relating to bonding. The Bonded Entities and RDH will provide the Trustee with copies of all communications exchanged between the Bonded Entities and Travelers to include bids, requests for bonds, work in progress reports, and other written communications (including emails).

(e) Timber Property. The Trust Assets include approximately 737 acres of land in Newberry County, South Carolina. The Transferor(s) have previously received proposed contracts on certain portions of the 737 acres for the cutting of timber. The Transferors specifically agree and acknowledge that the Trustee may accept appropriate bids to have the timber for these previously identified sections cut on this property within the next twelve (12) months and for the net proceeds derived from the sale of this timber from these cuts to be equally divided and distributed to the Transferors, notwithstanding any other provision of this Trust. The Trustee shall determine if any other timber should be cut and if so the proceeds generated therefrom shall be the property of the Trust.

(f) Residences. MTH shall have sole and exclusive, rent-free use of the property known as the marital home of MTH and RDH together with the surrounding three (3) acres of land until such property is sold, or until vacated by her. RDH shall have sole and exclusive, rent-free use of the property known as the Smith House and the immediate surrounding acreage until such property is sold or until vacated by him. RDH shall have access to and use of the farm acreage and amenities until sold or restricted by the Trustee. During the period of time that each party occupies the respective residence, the Trust shall pay the taxes, insurance, and general maintenance of these properties, general maintenance to be defined as any repair or maintenance to the residence on each of these properties which exceeds a cost of \$500. Neither party shall incur an expense for which he or she expects reimbursement or payment by the Trust which exceeds \$500, except in case of emergency, without the first written authorization of the Trustee to incur such expense. Each party shall be responsible for his/her own utility bills, i.e., electricity, cable, telephone, etc.

(g) No Personal Expenses Paid by Business Entities. The Trustee shall cause the Business Entities to not pay the personal expenses of RDH. RDH shall only be reimbursed by the Business Entities for verifiable business expenses as determined or directed by the Trustee.



(h) 3709 and 3711 Village Court. Pursuant to a Temporary Order of the Family Court for the Eighth Judicial Circuit, RDH and MTH have use of one of the Edisto properties (3709 Village Court). For so long as such property and 3711 Village Court is owned, directly or indirectly, by the Liquidating Trust, MTH shall have the reasonable right to use 3709 Village Court and RDH shall have the reasonable right to use 3711 Village Court, both of which uses shall be under such terms and conditions as directed by the Trustee. If one of such properties is sold and one remains, the Trustee shall provide RDH and MTH with the equal right to use the remaining property.

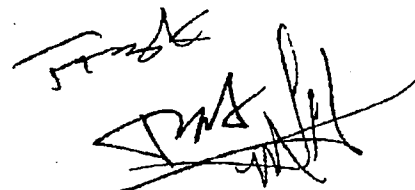
(g) Special Provisions for "S Corporation" Stock. If, for any reason, the Trust is not a "grantor trust" as described in Article I (d), this Article XII (g) shall apply. Any "S Corporation shares" held in this Trust, or any share of this Trust, shall be held in accordance with the following terms. Although this Trust Agreement may create a single trust share for one (1) or more beneficiaries, the Trustee shall instead hold all shares of S Corporation stock in a separate sub-share for the appropriate beneficiary. The Trustee shall apportion expenses of the several shares in a manner that is not inconsistent with the Internal Revenue Code and regulations. No person shall be a beneficiary of an S Corporation Trust share unless that person is either a citizen of the United States or a resident of the United States for federal income tax purposes. Notwithstanding any other provision in this Trust Agreement to the contrary, the Trustee shall annually distribute all of the trust share's "net income" (as defined in Internal Revenue Code section 643(b)) from the S Corporation shares to the beneficiary, together with as much of that trust's principal as is appropriate under the standard contained in the trust in which such S Corporation shares would otherwise have been held. The Trustee shall not distribute S Corporation income or principal to anyone other than the beneficiary. The Trustee shall assist the beneficiary in electing under section 1361 of the Internal Revenue Code to cause the trust to be treated as a Qualified Subchapter S Trust for federal income tax purposes. The Trustee shall administer the trust to be a Qualified Subchapter S Trust, as defined in section 1361 of the Internal Revenue Code.

ARTICLE XIII MISCELLANEOUS PROVISIONS

(a) Governing Law. This Agreement along with all matters pertaining to the Liquidating Trust shall be interpreted and adjudicated under the laws of the State of South Carolina, without respect to any conflict of law principles.

(b) Forum. The parties to this Agreement hereby acknowledge and agree that the exclusive jurisdiction for matters involving this Trust or any matters related thereto is the Family Court for the Eighth Judicial Circuit Newberry County, South Carolina and waive any right to object or otherwise take issue with the convenience of such forum.

(c) Severability. If any provisions of this Agreement or any other document relating to the Liquidating Trust should be deemed invalid or unenforceable, the remaining provisions of the Agreement or other document shall continue in full force and effect.



(d) Registration. This Agreement need not and shall not be registered with any Court unless the Trustee, in its sole discretion, deems it advisable to do so, or the laws of the State of South Carolina or any other state having jurisdiction do not permit the Liquidating Trust to be exempted from registration.

(e) Certified Copy. Anyone may rely upon a copy certified by a notary public to be a true copy of this Agreement (and of the writings, if any, endorsed thereon or attached thereto) to the same effect as if it were the original. Any one may rely upon any statement of fact certified by a Trustee or one who appears from the original document, or a certified copy thereof, to be a Trustee.

(f) Beneficiaries. This Liquidating Trust shall inure to the benefit of and be binding on the Beneficiaries and their respective heirs, personal representatives, successors and assigns. No provisions of this Liquidating Trust shall inure to the benefit of or may be enforced by any creditor of the Beneficiaries or any other third party not a party hereto.

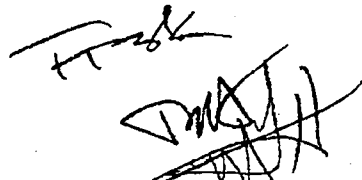
(g) Revocation. This Liquidating Trust shall only be revocable by the express agreement of all of the Beneficiaries and the Trustee.

(h) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become a binding agreement when one or more counterparts have been executed by all parties and delivered by the parties, including by delivery of signature pages by facsimile transmission.

(i) Definition of Trustee. Whenever the word "Trustee" or any modifying or substituted pronoun therefor is used in this Trust, such words and respective pronouns shall include both the singular and the plural, the masculine, feminine, and neuter gender thereof, and shall apply equally to the Trustee named herein and to any successor or substitute Trustee acting hereunder, and such successor or substitute Trustee shall have all the rights, powers and duties, authority, and responsibility conferred upon the Trustee originally named herein.

IN WITNESS WHEREOF, the parties to this Agreement have executed the Agreement effective as of the Effective Date.

[Execution Pages to Follow]

Handwritten signatures and initials in black ink, including what appears to be 'H. H.' and a large, stylized signature.

WITNESSES:

Isma L. Baland
Jada L. Kanner

TRUSTEE:

Frank B. B. Knowlton
Frank B. B. Knowlton

STATE OF SOUTH CAROLINA)

COUNTY OF Richland)

ACKNOWLEDGMENT

Subscribed, sworn to and acknowledged before me by Frank B. B. Knowlton and
subscribed and sworn to before me by Jada BARDEN, witness, this
6th day of December, 2010.

Isma L. Baland (L.S.)
Notary Public of South Carolina
My Commission Expires: Oct 18, 2020

Frank
[Signature]

WITNESSES:

TRANSFEROR:

Charles Verdin, IV
April S. Kayser

[Signature]
Raymond Deneke Hobby

STATE OF SOUTH CAROLINA)

COUNTY OF GREENVILLE)

ACKNOWLEDGMENT

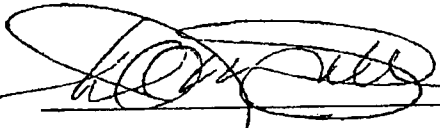
Subscribed, sworn to and acknowledged before me by Raymond Deneke Hobby, and
subscribed and sworn to before me by Charles S. Verdin, IV, witness, this
6th day of December, 2010.

[Signature] (L.S.)
Notary Public of South Carolina
My Commission Expires: 08-08-2013

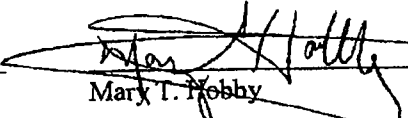
[Signature]
[Signature]

WITNESSES:

TRANSFEROR:



Joseph D. Walker



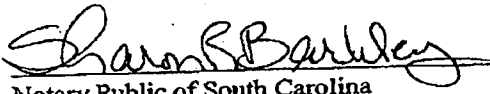
Mary T. Hobby

STATE OF SOUTH CAROLINA)

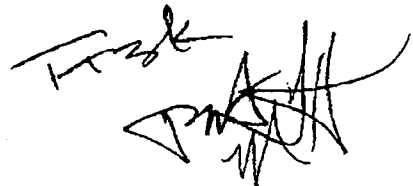
ACKNOWLEDGMENT

COUNTY OF Richland)

Subscribed, sworn to and acknowledged before me by Mary T. Hobby, and subscribed and sworn to before me by Joseph D. Walker, witness, this 9th day of November, 2010.

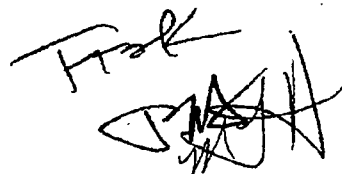


Notary Public of South Carolina
My Commission Expires: 1/16/17

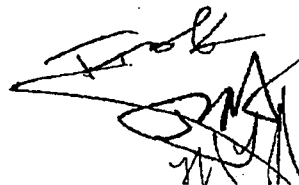


SCHEDULE A
TRUST ASSETS

1. All stock in Hobby Construction Company, Inc.
2. All stock in Long Utility Corporation
3. All stock in Seaside Utilities Incorporation
4. All stock in Seaside Environmental Constructors Inc.
5. All interest in West/Hobby LLC
6. Any interest in Utility Supply Incorporated
7. Any interest in South Atlantic Construction Inc.
8. Any interest in Edisto Pipe Dreams LLC
9. Any interest in RDH LLC
10. Any interest in Shuho LLC
11. Any interest in Good Golfer LLC
12. Any interest in the residence and 740 acres located at 544 Crowder Road, Kinards, South Carolina and/or any adjacent acreage.
13. Any interest in the building and land located on Highway 34 in Newberry County (the Hobby Construction Office).
14. Any interest in the building and land for Long Utility Office in Simpsonville, South Carolina.
15. Any interest in the building and land for the Seaside Utilities Office in Moncks Corner and/or Murrells Inlet, South Carolina.
16. The real property located on Highway 76 in Kinards, South Carolina.
17. The real property known as lots 54 and 55 in Laurens County, South Carolina.

Handwritten signature and initials in black ink, appearing to be 'Frank' and a large stylized 'H' or 'J'.

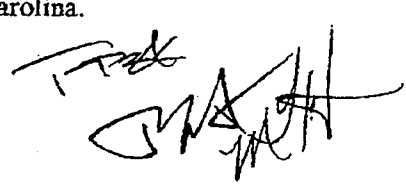
18. 3711 Village Court, Edisto, South Carolina. This is consistent with order but are there two properties?
19. 231 Highlands Loop, Maggie Valley, North Carolina.
20. Mountain Chase Condos (units 4040 and 4046), Maggie Valley, North Carolina.
21. Almond Station Property, Swain County, North Carolina.
22. Highway 34 land
23. 317 Hwy 221 South, Greenwood, South Carolina real property with improvements
24. Highway 34/Garmany Road land
25. The real property in downtown Newberry, South Carolina located on Main Street (1008, 1010-1012, 1014, 1016, and 1018).
26. 3114 Myrtle Street, Edisto Beach.
27. 3116 Myrtle Street, Edisto Beach.
28. Crowder Road (108 acres)
29. 4 acres across the street from Smith house
30. Any real estate remaining (if any) from 213 acres in Kinards sold 10/19/2005
31. 11795 Bush River Road ("Smith House")
32. The furnishings and personal property located in any Edisto property or Mountain Chase Condos.
33. Any loans receivable from Hobby Construction Company, Inc. or related entities and/or loans payable to this company and these entities.
34. The Edisto Yacht Club membership.
35. Any interest in the building located at 1326 College Street, Newberry (Helig Myers).

A handwritten signature in black ink, appearing to be "Rob" followed by a stylized, possibly illegible, set of initials or a second name.

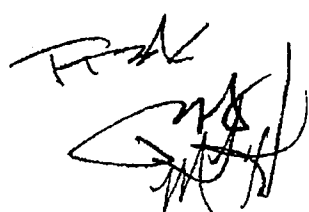
SCHEDULE A-1

TRUST ASSETS
TRANSFERRED BY RDH

1. All stock in Hobby Construction Company, Inc.
2. All stock in Long Utility Corporation
3. All stock in Seaside Utilities Incorporation
4. All stock in Seaside Environmental Constructors Inc.
5. All interest in West/Hobby LLC
6. Any interest in Utility Supply Incorporated
7. Any interest in South Atlantic Construction Inc.
8. Any interest in Edisto Pipe Dreams LLC
9. Any interest in RDH LLC
10. Any interest in Shuho LLC
11. Any interest in Good Golfer LLC
12. Any interest in the residence and 740 acres located at 544 Crowder Road, Kinards, South Carolina and/or any adjacent acreage.
13. Any interest in the building and land located on Highway 34 in Newberry County (the Hobby Construction Office).
14. Any interest in the building and land for Long Utility Office in Simpsonville, South Carolina.
15. Any interest in the building and land for the Seaside Utilities Office in Moncks Corner and/or Murrells Inlet, South Carolina.
16. The real property located on Highway 76 in Kinards, South Carolina.

A handwritten signature in black ink, appearing to be 'T. R. H.' or similar, with a large, stylized flourish.

17. The real property known as lots 54 and 55 in Laurens County, South Carolina.
18. 3711 Village Court, Edisto, South Carolina. This is consistent with order but are there two properties?
19. 231 Highlands Loop, Maggie Valley, North Carolina.
20. Mountain Chase Condos (units 4040 and 4046), Maggie Valley, North Carolina.
21. Almond Station Property, Swain County, North Carolina.
22. Highway 34 land
23. 317 Hwy 221 South, Greenwood, South Carolina real property with improvements
24. Highway 34/Garmany Road land
25. The real property in downtown Newberry, South Carolina located on Main Street (1008, 1010-1012, 1014, 1016, and 1018).
26. 3114 Myrtle Street, Edisto Beach.
27. 3116 Myrtle Street, Edisto Beach.
28. Crowder Road (108 acres)
29. 4 acres across the street from Smith house
30. Any real estate remaining (if any) from 213 acres in Kinards sold 10/19/2005
31. 11795 Bush River Road ("Smith House")
32. The furnishings and personal property located in any Edisto property or Mountain Chase Condos.
33. Any loans receivable from Hobby Construction Company, Inc. or related entities and/or loans payable to this company and these entities.
34. The Edisto Yacht Club membership.

Handwritten signature and initials, possibly "RAC" and "MSH", in black ink.

35. Any interest in the building located at 1326 College Street, Newberry (Helig Myers).

Frank
SMB
MA

Final Execution Version

SCHEDULE A-2
TRUST ASSETS
TRANSFERRED BY MTH

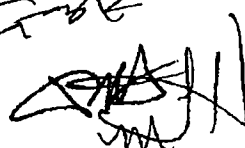
Trak


SCHEDULE A-3(1)
LIABILITIES

RAYMOND D. HOBBY		
FINANCIAL INSTITUTE	PAYMENT AMOUNT	CURRENT BALANCE
AGSOUTH FARM CREDIT	\$12,049.89	\$729,444.22
FIRST RELIANCE BANK	\$1,749.64	\$130,881.54
FIRST RELIANCE BANK	\$11,145.62	\$858,911.90
SOUTHERN FIRST BANK, N.A.	\$6,650.10	\$999,861.00
WELLS FARGO HOME MORTGAGE	\$939.62	\$180,167.10
WHITNEY NATIONAL BANK	\$6,045.00	\$941,212.03
KUBOTA CREDIT	\$272.94	\$8,082.64
KUBOTA CREDIT	\$611.93	\$27,537.05
WEST ELECTRICAL CONTRACTORS OF NEWBERRY, INC.	NO PAYMENTS	\$150,000.00
SOUTH ATLANTIC CONSTRUCTION, INC.	NO PAYMENTS	\$100,000.00
LONG UTILITY CORPORATION	NO PAYMENTS	\$75,000.00
SEASIDE UTILITIES INC.	NO PAYMENTS	\$485,811.26
HOBBY CONSTRUCTION COMPANY, INC.	NO PAYMENTS	\$252,514.95
JOHN DEERE CREDIT	\$7,100.13	\$88,525.20
CAROLINA FIRST BANK		\$199,598.39
CAROLINA FIRST BANK	INTERST ONLY	\$189,584.72
RDH, LLC		
FINANCIAL INSTITUTE	PAYMENT AMOUNT	CURRENT BALANCE
ARTHUR STATE BANK	\$12,462.54	\$1,751,049.20

SCHEDULE A-3(1) - (CONTINUED)
LIABILITIES

GOOD GOLFER, LLC		
FINANCIAL INSTITUTE	PAYMENT AMOUNT	CURRENT BALANCE
MOUNTAIN FIRST BANK	\$1,443.88	\$199,277.98
SHUHO, LLC		
FINANCIAL INSTITUTE	PAYMENT AMOUNT	CURRENT BALANCE
SAM E. MCCRARY	NO PAYMENT	\$250,000.00
EDISTO PIPE DREAM, LLC		
FINANCIAL INSTITUTE	PAYMENT AMOUNT	CURRENT BALANCE
ARTHUR STATE BANK	\$6,148.61	\$181,362.19
CAROLINA FIRST BANK	\$2,112.53	\$142,034.40

TTK

 SM

SCHEDULE A-3(2)
LIABILITIES

[SEE ATTACHED FINANCIAL STATEMENT REGARDING HOBBY CONSTRUCTION COMPANY]

THANK
YOU
WILL

INCOME STATEMENT

Hobby Construction Company
For the Period From 07/01/09 To 08/31/10

		YEAR TO DATE	MONTHLY
INCOME			
JOB INCOME			
301000	JOB INCOME	\$4,118,547.42	\$222,497.31
306000	OVER/UNDER BILLING	(\$23,880.81)	\$0.00
	Total JOB INCOME:	<u>\$4,094,666.61</u>	<u>\$222,497.31</u>
	TOTAL INCOME:	<u>\$4,094,666.61</u>	<u>\$222,497.31</u>
JOB COST			
DIRECT JOB COSTS			
401000	SALARIES AND WAGES	\$428,035.88	\$27,910.77
402000	P/R TAXES AND INS APPLIED	\$119,849.98	\$7,815.03
403000	MATERIALS	\$1,745,739.07	\$105,079.30
403500	PARTS	\$38.18	\$0.00
404000	SUBCONTRACT	\$867,774.23	\$0.00
405000	EQUIPMENT RENTAL	\$16,431.58	\$57.77
405500	TOOLS AND SUPPLIES-EXPEND	\$2,240.84	\$321.00
406000	REPAIRS AND MAINTENANCE	\$7,789.60	\$0.00
407000	GAS AND OIL	\$80,063.44	\$8,590.02
408000	CO. EQUIP APPL JOB COST	\$835,043.90	\$34,888.48
409000	OTHER DIRECT JOB COST	\$176,132.39	\$22,840.83
430000	ADJ. PRIOR YR JOB COST	\$85.72	\$0.00
	Total DIRECT JOB COSTS:	<u>\$3,989,220.09</u>	<u>\$207,303.18</u>
	TOTAL JOB COST:	<u>\$3,989,220.09</u>	<u>\$207,303.18</u>
	GROSS PROFIT ON JOBS:	<u>\$105,446.52</u>	<u>\$15,194.13</u>

THANK
YOU
FOR
YOUR
BUSINESS

INCOME STATEMENT

Hobby Construction Company
For the Period From 07/01/09 To 08/31/10

		YEAR TO DATE	MONTHLY
EXPENSES			
INDIRECT JOB COSTS			
501000	MECHANIC & OTHER SALARIES	\$138,568.76	\$2,042.38
502000	Shop Per Diem	\$9,215.00	\$490.00
505000	DEPRECIATION	\$429,000.00	\$33,000.00
510000	INTEREST	\$247,271.04	\$27,557.59
512500	GROUP INSURANCE	\$39,980.32	\$2,824.34
513000	INSURANCE OTHER	\$194,796.50	\$8,928.95
513500	PAYROLL TAXES (FICA)	\$45,709.28	\$2,708.13
514000	FEDERAL UNEMPLOYMENT TAX	\$932.88	\$11.18
514500	STATE UNEMPLOYMENT TAXES	\$4,815.38	\$87.07
515000	PARTS	\$108,169.40	\$1,746.80
540000	TIRES	\$12,005.13	\$31.22
558100	SHOP-O/S REPAIRS	\$4,795.80	\$1,022.39
580000	DIESEL,FUEL,OIL,GAS	\$43,788.44	\$1,854.55
580500	TOOLS AND SUPPLIES	\$20,466.63	\$2,847.70
581000	FINES & PENALTIES	\$3,918.75	\$0.00
581500	OTHER TAXES & LICENSES	\$48,843.97	\$1,948.25
582500	UNIFORMS	\$2,734.27	\$340.73
583500	WAREHOUSE RENT	\$19,500.00	\$1,500.00
584000	EQUIPMENT RENTAL EXPENSE	\$54,800.00	\$4,200.00
589100	P/R TAXES & INS APPLIED	(\$119,849.98)	(\$7,815.03)
589200	EQUIP APPLIED TO JOBS	(\$535,043.00)	(\$34,888.46)
	Total INDIRECT JOB COSTS:	\$774,188.75	\$51,418.73
G & A EXPENSES			
600000	OFFICERS SALARIES	\$81,000.00	\$4,000.00
603000	OFFICE SALARIES	\$69,925.00	\$3,460.00
604000	OFFICE PER DIEM	\$4,340.00	\$288.00
609000	ADVERTISING	\$43.27	\$0.00
611000	TRAVEL	\$11,944.44	\$0.00
613000	MEALS & ENTERTAINMENT	\$8,442.22	\$369.03
617000	POSTAGE	\$3,387.18	\$289.84
618000	OFFICE SUPPLIES	\$1,081.23	\$0.00
619000	TELEPHONE	\$22,195.24	\$1,532.38
621000	LEGAL AND PROFESSIONAL	\$64,876.61	\$3,375.00
625000	DUES AND SUBSCRIPTIONS	\$4,001.66	\$91.37
625500	CORP. INCOME TAXES	\$143.00	\$0.00
628000	LICENSE AND FEES	\$3,980.87	\$0.00
628500	PROPERTY TAXES	\$491.04	\$0.00
627000	CONTRIBUTIONS	\$100.00	\$0.00
629000	PLANS AND SPECS	\$2,860.00	\$0.00
631000	OFFICE RENT	\$58,329.00	\$4,333.00
633000	OFFICE UTILITIES	\$35,071.75	\$321.05
634000	EDISTO RENT	\$1,528.90	\$0.00
635000	OFFICE EXPENSE	\$9,017.45	\$903.78
637000	COMPUTER SERVICES	\$1,074.00	\$0.00
638000	REPAIRS AND MAINTENANCE	\$2,587.43	\$0.00
639000	RETIREMENT	\$2,864.05	\$327.70
641000	MISCELLANEOUS	\$38,568.34	\$931.68

Report Printed On 11/12/10

Page 2 of 3

FRANK
CRAIG

INCOME STATEMENT

Hobby Construction Company

For the Period From 07/01/09 To 08/31/10

		YEAR TO DATE	MONTHLY
642000	OUTSIDE SERVICES	\$15,790.52	\$1,290.00
643000	MEDICAL EXPENSES	\$11,814.87	\$20.54
647000	SAFETY EXPENSE	\$962.27	\$0.00
650000	PAYROLL TAXES (FICA)	\$5,644.00	\$284.35
651000	S.C. UNEMPLOYMENT	\$485.09	\$7.05
653000	FEDERAL UNEMPLOYMENT	\$84.05	\$1.17
	Total G & A EXPENSES:	\$441,622.58	\$21,817.90
	TOTAL EXPENSES:	\$1,215,812.73	\$73,234.83

INCOME

	OTHER INCOME		
702000	INTEREST EARNED	\$40.00	\$0.00
702500	PROCESSING FEE	\$1,000.00	\$35.00
780000	MANAGEMENT FEE - LONG	\$32,500.00	\$2,500.00
780500	MANAGEMENT FEE - SEASIDE	\$180,000.00	\$6,000.00
	Total OTHER INCOME:	\$223,540.00	\$7,535.00
	TOTAL INCOME:	\$223,540.00	\$7,535.00

NET PROFIT (LOSS):	(\$686,826.21)	(\$50,505.50)

Frank
[Signature]
4/11/11

BALANCE SHEET**Hobby Construction Company**

For the Period From 07/01/09 To 08/31/10

ASSETS		
Current Assets		
104000	PETTY CASH	\$300.00
105000	CASH-CAROLINA FIRST	\$53,292.09
115000	UNDERBILLINGS	\$420,812.71
120000	A/R CONTRACTS	\$992,092.10
121000	A/R RETAINAGE	\$208,173.16
122000	A/R - OTHER	\$21,674.44
127500	A/R Ron Christy	\$3,000.00
131000	M/R SHAREHOLDER LOAN	\$82,158.91
132000	A/R- MAGGIE VALLEY	\$1,075,038.00
134000	A/R SEASIDE UTILITIES	(\$468,875.15)
134500	A/R MNGMT FEE-SEASIDE	\$85,000.00
135500	SEC Admit. Fee	(\$24,000.00)
136000	A/R SOUTH ATLANTIC	\$35,000.00
139000	A/R MANAGEMENT FEE-LONG	\$26,000.00
150000	A/R EMPLOYEES	\$54,803.72
153000	EMPLOYEE SAVINGS	(\$3,365.00)
Total CURRENT ASSETS :		\$2,565,113.00
Fixed Assets		
105000	AUTO EQUIP-TRUCKS	\$1,602,000.84
188000	MACHINERY & EQUIPMENT	\$4,594,723.75
188000	FURNITURE AND FIXTURES	\$67,340.52
188500	TRAILERS	\$78,993.65
189000	LEASEHOLD IMPROVEMENTS	\$147,623.89
190000	ACCUMULATED DEPRECIATION	(\$5,711,812.84)
191000	EDISTO PIPE DREAMS-INVEST	\$297,727.43
Total FIXED ASSETS :		\$1,134,883.24
TOTAL ASSETS :		\$3,689,996.24

BALANCE SHEET

Hobby Construction Company
For the Period From 07/01/09 To 08/31/10

LIABILITIES

Current Liabilities

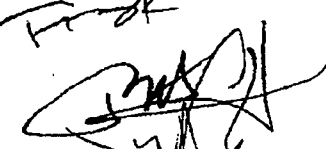
202000	ACCOUNTS PAYABLE	\$1,044,120.08
204500	Carolina First Line of Credit	\$1,935,038.73
207300	011.93 Kubota	\$27,537.05
207400	272.94 Kubota	\$9,238.80
208600	7100.13 John Deere	\$88,525.20
208800	First Reliance 07 TK	\$9,775.81
208900	Financial Federal	\$187,593.75
209000	954.90 Carolina First	\$23,275.20
209800	LONG TERM LIAB.	(\$725,757.00)
210000	OVERBILLINGS	\$523,885.52
215000	401k EMPLOYEE WITHHOLDING	(\$40.64)
215500	401K EMPLOYEE LOAN DED.	(\$82.82)
220000	FEDERAL W/H TAXES	\$6,109.83
225000	FICA	\$14,922.88
230000	S C W/H TAXES	\$4,125.86
240000	SC UNEMPLOYMENT TAXES	(\$1,074.91)
241000	FEDERAL UNEMPLOYMENT TAX	\$930.47

Total CURRENT LIABILITIES : \$3,147,922.21

Long Term Liabilities

265000	NOTES PAYABLE-LONG TERM	\$725,757.00
Total LONG TERM LIABILITIES :		\$725,757.00

TOTAL LIABILITIES : \$3,873,679.21

Frank


BALANCE SHEET

Hobby Construction Company
For the Period From 07/01/09 To 08/31/10

OWNER'S EQUITY			
Capital			
275000	CAPITAL STOCK		\$75,000.00
278000	RETAINED EARNINGS		\$638,404.57
		Total CAPITAL :	\$712,404.57
9999			
9999	Net Income		(\$896,287.55)
		Total Undistributed Income :	(\$896,287.55)
		TOTAL OWNER'S EQUITY :	(\$183,882.97)
		TOTAL LIABILITIES & EQUITY :	\$3,689,796.24

Trade
Construction

A/R AGING SUMMARY

Hobby Construction Company

For the Period From 07/01/09 To 08/31/10

Aging Date: 08/31/10

Customer	Total Owed	Current	Over 30	Over 60	Over 90
Kennedy Road	\$96,364.43	\$0.00	\$0.00	\$0.00	\$96,364.43
Lake Lure, NC	\$119,552.41	\$119,552.78	\$0.00	\$0.00	(\$0.35)
Maggie Valley Resort	\$681,404.77	\$0.00	\$0.00	\$0.00	\$681,404.77
Mec Jobs 08-09	\$2,300.00	\$0.00	\$0.00	\$0.00	\$2,300.00
SPARTANBURG SANITARY SEWER DISTRICT	(\$0.05)	\$0.00	\$0.00	\$0.00	(\$0.05)
Town of Edgefield	\$94,180.55	\$0.00	\$0.00	\$0.00	\$94,180.55
York Cty-Little Allison Creek	\$18,289.92	\$0.00	\$0.00	\$0.00	\$18,289.92
Report Total:	\$992,092.03	\$119,552.78	\$0.00	\$0.00	\$872,539.27

Frank
CNS

INVOICES IN PAID DETAILS BY VENDOR

Hobby Construction Company
For the Period From 07/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
ADVANCE AUTO PARTS # 6602										
08/19/10	6602023144				\$51.10	\$0.00	\$0.00	\$0.00	\$0.00	\$51.10
08/19/10	6602023150				\$48.68	\$0.00	\$0.00	\$0.00	\$0.00	\$48.68
Total ADVANCE AUTO PARTS # 6602:					\$99.78	\$0.00	\$0.00	\$0.00	\$0.00	\$99.78
AGSOUTH Farm Credit ACA										
08/12/10	Sm. # 21				\$12,184.91	\$0.00	\$0.00	\$0.00	\$0.00	\$12,184.91
Total AGSOUTH Farm Credit ACA:					\$12,184.91	\$0.00	\$0.00	\$0.00	\$0.00	\$12,184.91
ALLIED WASTE SERVICE #743										
08/25/10	0743-00110				\$140.45	\$0.00	\$0.00	\$0.00	\$0.00	\$140.45
Total ALLIED WASTE SERVICE #743:					\$140.45	\$0.00	\$0.00	\$0.00	\$0.00	\$140.45
AMICK AUTO ELECTRIC										
07/27/10	65673				\$187.25	\$0.00	\$0.00	\$0.00	\$0.00	\$187.25
08/17/10	65638				\$321.00	\$0.00	\$0.00	\$0.00	\$0.00	\$321.00
Total AMICK AUTO ELECTRIC:					\$508.25	\$0.00	\$0.00	\$0.00	\$0.00	\$508.25
AQUA AIR INDUSTRIES										
08/18/10	0036559-IN				\$5,182.31	\$0.00	\$0.00	\$0.00	\$0.00	\$5,182.31
Total AQUA AIR INDUSTRIES:					\$5,182.31	\$0.00	\$0.00	\$0.00	\$0.00	\$5,182.31
BRUNER, POWELL, ROBBINS, WALL & MULLINS, LLC										
08/13/10	1041340004				\$250.00	\$0.00	\$0.00	\$0.00	\$0.00	\$250.00
08/13/10	104135-000				\$750.00	\$0.00	\$0.00	\$0.00	\$0.00	\$750.00
08/13/10	104136-000				\$2,375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,375.00
Total BRUNER, POWELL, ROBBINS, WALL & MULLINS, LLC:					\$3,375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,375.00
CAROLINA FIRST										
08/31/10	ACC5131 #				\$8,680.04	\$0.00	\$0.00	\$0.00	\$0.00	\$8,680.04

Report Printed On 11/12/10

INVOICES UNPAID DETAILS BY VENDOR

Hobby Construction Company
For the Period From 07/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
CORDER PEST CONTROL, INC.					Total CAROLINA FIRST:					
08/03/10	140304				\$8,680.04	\$0.00	\$0.00	\$0.00	\$0.00	\$8,680.04
					\$100.00	\$0.00	\$0.00	\$0.00	\$0.00	\$100.00
COUSINS AGRI-CENTER, INC.					Total CORDER PEST CONTROL, INC.:					
08/31/10	Sim. 08-31				\$100.00	\$0.00	\$0.00	\$0.00	\$0.00	\$100.00
					\$29.74	\$0.00	\$0.00	\$0.00	\$0.00	\$29.74
DAVENPORT AND WILLINGHAM INC.					Total COUSINS AGRI-CENTER, INC.:					
07/31/10	Sim. 07-31				\$29.74	\$0.00	\$0.00	\$0.00	\$0.00	\$29.74
08/31/10	Sim. 08-3				\$1,300.98	\$0.00	\$0.00	\$0.00	\$0.00	\$1,300.98
					\$57.77	\$0.00	\$0.00	\$0.00	\$0.00	\$57.77
FASTENAL COMPANY					Total DAVENPORT AND WILLINGHAM INC.:					
08/17/10	SCNEY2457				\$1,358.75	\$0.00	\$0.00	\$0.00	\$0.00	\$1,358.75
					\$48.22	\$0.00	\$0.00	\$0.00	\$0.00	\$48.22
FEDERAL EXPRESS CORP.					Total FASTENAL COMPANY:					
08/17/10	7-193-4377				\$48.22	\$0.00	\$0.00	\$0.00	\$0.00	\$48.22
					\$44.84	\$0.00	\$0.00	\$0.00	\$0.00	\$44.84
FERGUSON ENTERPRISES, INC.					Total FEDERAL EXPRESS CORP.:					
06/21/10	0236446				\$44.84	\$0.00	\$0.00	\$0.00	\$0.00	\$44.84
07/26/10	0238910				\$829.89	\$0.00	\$0.00	\$0.00	\$0.00	\$829.89
08/18/10	0240612-11				\$2,621.29	\$0.00	\$0.00	\$0.00	\$0.00	\$2,621.29
					\$2,349.05	\$0.00	\$0.00	\$0.00	\$0.00	\$2,349.05
G&K SERVICES					Total FERGUSON ENTERPRISES, INC.:					
08/31/10	Sim. 08-31				\$5,800.23	\$0.00	\$0.00	\$0.00	\$0.00	\$5,800.23
					\$477.69	\$0.00	\$0.00	\$0.00	\$0.00	\$477.69

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Hobby Construction Company

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Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
GARDNER ASSOCIATES					Total G&K SERVICES:	\$477.69	\$0.00	\$0.00	\$0.00	\$477.69
05/31/10	cup2587231				\$3,078.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,078.00
05/31/10	cap3538999				\$7,128.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,128.00
05/31/10	clp3272384				\$884.00	\$0.00	\$0.00	\$0.00	\$0.00	\$884.00
05/31/10	47				\$821.50	\$0.00	\$0.00	\$0.00	\$0.00	\$821.50
06/01/10	4212-4213-				\$5,787.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,787.00
06/02/10	4229 - 42				\$1,712.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,712.00
06/22/10	4297-4298				\$2,102.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,102.00
06/22/10	4308				(\$522.00)	\$0.00	\$0.00	\$0.00	\$0.00	(\$522.00)
07/01/10	4357-4259-				\$5,787.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,787.00
07/22/10	4507				\$2,186.78	\$0.00	\$0.00	\$0.00	\$0.00	\$2,186.78
07/28/10	4516				(\$59.00)	\$0.00	\$0.00	\$0.00	\$0.00	(\$59.00)
07/29/10	3959 misap				\$2,157.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,157.00
07/29/10	3918 misap				\$1,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,500.00
07/29/10	bal credit				(\$162.36)	\$0.00	\$0.00	\$0.00	\$0.00	(\$162.36)
08/02/10	4530-4531-				\$5,787.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,787.00
08/05/10	4550-4551				\$1,737.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,737.00
08/30/10	4669				(\$3,792.00)	\$0.00	\$0.00	\$0.00	\$0.00	(\$3,792.00)
HAMM'S MACHINE SHOP, LLC.					Total GARDNER ASSOCIATES:	\$35,931.92	\$0.00	\$0.00	\$0.00	\$35,931.92
08/31/10	Sim 08-31				\$32.00	\$0.00	\$0.00	\$0.00	\$0.00	\$32.00
HARLEYSVILLE LIFE INS CO					Total HAMM'S MACHINE SHOP, LLC.:	\$32.00	\$0.00	\$0.00	\$0.00	\$32.00
08/11/10	Acc 3333-1				\$129.51	\$0.00	\$0.00	\$0.00	\$0.00	\$129.51
HD SUPPLY WATERWORKS LTD					Total HARLEYSVILLE LIFE INS CO:	\$129.51	\$0.00	\$0.00	\$0.00	\$129.51

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07/30/10	1717462									
08/17/10	1797141				\$54.06	\$0.00	\$0.00	\$0.00	\$0.00	\$54.06
08/23/10	1828967				\$69.78	\$0.00	\$0.00	\$0.00	\$0.00	\$69.78
08/25/10	1842518				\$37.69	\$0.00	\$0.00	\$0.00	\$0.00	\$37.69
08/27/10	1862752				\$193.56	\$0.00	\$0.00	\$0.00	\$0.00	\$193.56
08/31/10	1871687				\$3.98	\$0.00	\$0.00	\$0.00	\$0.00	\$3.98
					\$90.69	\$0.00	\$0.00	\$0.00	\$0.00	\$90.69
Total HD SUPPLY WATERWORKS LTD:					\$449.74	\$0.00	\$0.00	\$0.00	\$0.00	\$449.74
08/31/10	Sum. 08-30				\$33.16	\$0.00	\$0.00	\$0.00	\$0.00	\$33.16
Total HEDGEPTH 'S OUTDOOR POWER EQUIP.:					\$33.16	\$0.00	\$0.00	\$0.00	\$0.00	\$33.16
HORIZONTAL UNLIMITED, INC										
08/22/08	3601-1 Rel				\$6,825.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6,825.00
08/23/08	3607-1 Rel				\$1,290.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,290.00
12/18/08	Rel 3625				\$1,950.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,950.00
01/14/09	3628-1 Rel				\$1,879.50	\$0.00	\$0.00	\$0.00	\$0.00	\$1,879.50
11/25/09	3654-Retail				\$4,774.40	\$0.00	\$0.00	\$0.00	\$0.00	\$4,774.40
11/27/09	Invoice 36				\$2,178.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,178.00
12/23/09	Retainage				\$4,237.20	\$0.00	\$0.00	\$0.00	\$0.00	\$4,237.20
01/25/10	3669- 1 Re				\$2,277.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,277.00
02/25/10	inv. 3669				\$4,050.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,050.00
02/25/10	Inv. 3667*				\$8,528.80	\$0.00	\$0.00	\$0.00	\$0.00	\$8,528.80
02/25/10	Inv. 3669				\$450.00	\$0.00	\$0.00	\$0.00	\$0.00	\$450.00
03/25/10	3672	27162	10/07/10		\$62,006.40	\$0.00	\$0.00	\$0.00	\$0.00	\$62,006.40
06/21/10	3685 -1 Re				\$3,607.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,607.00
Total HORIZONTAL UNLIMITED, INC:					\$104,053.30	\$0.00	\$0.00	\$0.00	\$0.00	\$104,053.30
08/23/10	Acc 3254 S				\$7,100.13	\$0.00	\$0.00	\$0.00	\$0.00	\$7,100.13

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Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
KIMBALL MIDWEST										
07/29/10	1581277			Total JOHN DEERE CREDIT:	\$7,100.13	\$0.00	\$0.00	\$0.00	\$0.00	\$7,100.13
					\$40.05	\$0.00	\$0.00	\$0.00	\$0.00	\$40.05
KNEECE'S CAR CARE CENTER										
08/30/10	08-30-10 3			Total KIMBALL MIDWEST:	\$40.05	\$0.00	\$0.00	\$0.00	\$0.00	\$40.05
					\$38.00	\$0.00	\$0.00	\$0.00	\$0.00	\$38.00
KRIS MECHANICAL, INC.										
04/26/10	2035-1 Ret			Total KNEECE'S CAR CARE CENTER:	\$38.00	\$0.00	\$0.00	\$0.00	\$0.00	\$38.00
					\$2,032.50	\$0.00	\$0.00	\$0.00	\$0.00	\$2,032.50
KUNKLE TIRE AND SERVICE										
08/26/10	Sim. 08-26			Total KRIS MECHANICAL, INC.:	\$2,032.50	\$0.00	\$0.00	\$0.00	\$0.00	\$2,032.50
					\$232.94	\$0.00	\$0.00	\$0.00	\$0.00	\$232.94
LABOR FINDERS (SPARTANBURG)										
08/24/10	16-6-9198			Total KUNKLE TIRE AND SERVICE:	\$232.94	\$0.00	\$0.00	\$0.00	\$0.00	\$232.94
					\$5,958.50	\$0.00	\$0.00	\$0.00	\$0.00	\$5,958.50
LEE TRANSPORT EQUIPMENT										
08/31/10	Sim. 08-31			Total LABOR FINDERS (SPARTANBURG):	\$5,958.50	\$0.00	\$0.00	\$0.00	\$0.00	\$5,958.50
					\$29.96	\$0.00	\$0.00	\$0.00	\$0.00	\$29.96
LINDER INDUSTRIAL MACHINERY										
07/21/10	C81033			Total LEE TRANSPORT EQUIPMENT:	\$29.96	\$0.00	\$0.00	\$0.00	\$0.00	\$29.96
					\$20.81	\$0.00	\$0.00	\$0.00	\$0.00	\$20.81
LONG UTILITY CORP. (LUC)										
				Total LINDER INDUSTRIAL MACHINERY:	\$20.81	\$0.00	\$0.00	\$0.00	\$0.00	\$20.81

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12/18/09	Invoice 44				\$44,728.31	\$0.00	\$0.00	\$0.00	\$0.00	\$44,728.31
	LONG'S DRUG			Total LONG UTILITY CORP. (LUC):	\$44,728.31	\$0.00	\$0.00	\$0.00	\$0.00	\$44,728.31
08/31/10	Stm. 08-31				\$42.79	\$0.00	\$0.00	\$0.00	\$0.00	\$42.79
	MADISON COUNTY TAX OFFICE			Total LONG'S DRUG:	\$42.79	\$0.00	\$0.00	\$0.00	\$0.00	\$42.79
08/11/10	Acc 23843				\$81.20	\$0.00	\$0.00	\$0.00	\$0.00	\$81.20
	MARTIN MARIETTA AGGREGATE INC.			Total MADISON COUNTY TAX OFFICE:	\$81.20	\$0.00	\$0.00	\$0.00	\$0.00	\$81.20
07/31/10	8728596				\$150.48	\$0.00	\$0.00	\$0.00	\$0.00	\$150.48
08/09/10	8752832				\$160.84	\$0.00	\$0.00	\$0.00	\$0.00	\$160.84
	METAL MASTERS INC.			Total MARTIN MARIETTA AGGREGATE INC.:	\$311.32	\$0.00	\$0.00	\$0.00	\$0.00	\$311.32
08/21/09	62703				\$412.83	\$0.00	\$0.00	\$0.00	\$0.00	\$412.83
	MSC WATERWORKS			Total METAL MASTERS INC.:	\$412.83	\$0.00	\$0.00	\$0.00	\$0.00	\$412.83
05/15/08	2321289				\$8,768.53	\$0.00	\$0.00	\$0.00	\$0.00	\$8,768.53
08/28/08	2392371 Cr				(\$3,148.58)	\$0.00	\$0.00	\$0.00	\$0.00	(\$3,148.58)
10/31/08	2417138				\$3,112.60	\$0.00	\$0.00	\$0.00	\$0.00	\$3,112.60
12/10/08	2442112				(\$946.78)	\$0.00	\$0.00	\$0.00	\$0.00	(\$946.78)
08/03/10	2655008				\$32,961.46	\$0.00	\$0.00	\$0.00	\$0.00	\$32,961.46
08/24/10	2665372				\$8,648.24	\$0.00	\$0.00	\$0.00	\$0.00	\$8,648.24
08/25/10	2667564				\$12,085.97	\$0.00	\$0.00	\$0.00	\$0.00	\$12,085.97
08/30/10	2667079				\$2,097.20	\$0.00	\$0.00	\$0.00	\$0.00	\$2,097.20
07/02/10	2664570				\$1,404.38	\$0.00	\$0.00	\$0.00	\$0.00	\$1,404.38
07/14/10	2674652				\$273.19	\$0.00	\$0.00	\$0.00	\$0.00	\$273.19

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07/15/10	2675151									
07/16/10	2675160				\$379.16	\$0.00	\$0.00	\$0.00	\$0.00	\$379.16
07/19/10	2675043				\$206.69	\$0.00	\$0.00	\$0.00	\$0.00	\$206.69
07/20/10	2674562				\$1,712.10	\$0.00	\$0.00	\$0.00	\$0.00	\$1,712.10
07/22/10	2677070				\$298.36	\$0.00	\$0.00	\$0.00	\$0.00	\$298.36
07/22/10	2674771				\$468.68	\$0.00	\$0.00	\$0.00	\$0.00	\$468.68
07/26/10	2679251				\$9,392.46	\$0.00	\$0.00	\$0.00	\$0.00	\$9,392.46
07/28/10	2679237				\$1,102.46	\$0.00	\$0.00	\$0.00	\$0.00	\$1,102.46
08/05/10	2681566				\$434.75	\$0.00	\$0.00	\$0.00	\$0.00	\$434.75
08/10/10	2684407				\$2,963.32	\$0.00	\$0.00	\$0.00	\$0.00	\$2,963.32
08/30/10	2694640				\$754.40	\$0.00	\$0.00	\$0.00	\$0.00	\$754.40
08/30/10	2693788				\$14,385.69	\$0.00	\$0.00	\$0.00	\$0.00	\$14,385.69
08/30/10	2653438				\$1,880.98	\$0.00	\$0.00	\$0.00	\$0.00	\$1,880.98
08/31/10	2695704				\$18,628.44	\$0.00	\$0.00	\$0.00	\$0.00	\$18,628.44
					\$5,618.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,618.00
Total MSC WATERWORKS:					\$119,483.70	\$0.00	\$0.00	\$0.00	\$0.00	\$119,483.70
					\$113.92	\$0.00	\$0.00	\$0.00	\$0.00	\$113.92
					\$130.29	\$0.00	\$0.00	\$0.00	\$0.00	\$130.29
Total N.W. WHITE AND COMPANY:					\$244.21	\$0.00	\$0.00	\$0.00	\$0.00	\$244.21
					\$103.84	\$0.00	\$0.00	\$0.00	\$0.00	\$103.84
Total NAPA AUTO PARTS-NEWBERRY, INC.:					\$103.84	\$0.00	\$0.00	\$0.00	\$0.00	\$103.84
					\$436.26	\$0.00	\$0.00	\$0.00	\$0.00	\$436.26
Total NEWBERRY ACE HARDWARE:					\$436.26	\$0.00	\$0.00	\$0.00	\$0.00	\$436.26
					\$424.15	\$0.00	\$0.00	\$0.00	\$0.00	\$424.15

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08/16/10	1992 Kernv				\$401.00	\$0.00	\$0.00	\$0.00	\$0.00	\$401.00
08/16/10	2006 Chev.				\$482.06	\$0.00	\$0.00	\$0.00	\$0.00	\$482.06
08/16/10	1984 Mach				\$401.00	\$0.00	\$0.00	\$0.00	\$0.00	\$401.00
Total NEWBERRY COUNTY TREASURER:					\$1,708.21	\$0.00	\$0.00	\$0.00	\$0.00	\$1,708.21
NEWBERRY CREDIT BUREAU					\$10.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10.00
08/28/10	Str. July									
Total NEWBERRY CREDIT BUREAU:					\$10.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10.00
NEWBERRY SUPPLY & EQUIP.LLC					\$8,707.66	\$0.00	\$0.00	\$0.00	\$0.00	\$8,707.66
08/17/10	0025418-JN									
Total NEWBERRY SUPPLY & EQUIP.LLC:					\$8,707.66	\$0.00	\$0.00	\$0.00	\$0.00	\$8,707.66
PEE DEE ELECTRIC COOP					\$21.44	\$0.00	\$0.00	\$0.00	\$0.00	\$21.44
08/31/10	Acc 134240									
Total PEE DEE ELECTRIC COOP:					\$21.44	\$0.00	\$0.00	\$0.00	\$0.00	\$21.44
PELTON, INC. (Hauling)					\$166.96	\$0.00	\$0.00	\$0.00	\$0.00	\$166.96
07/22/10	7115				\$437.77	\$0.00	\$0.00	\$0.00	\$0.00	\$437.77
08/30/10	7268									
Total PELTON, INC. (Hauling):					\$604.73	\$0.00	\$0.00	\$0.00	\$0.00	\$604.73
PEOPLE'S UNITED EQUIP (FINAL FEDERAL,)					\$22,140.85	\$0.00	\$0.00	\$0.00	\$0.00	\$22,140.85
08/20/10	Acc 45476									
Total PEOPLE'S UNITED EQUIP (FINAL FEDERAL,):					\$22,140.85	\$0.00	\$0.00	\$0.00	\$0.00	\$22,140.85
PHILLIP WESSINGER					\$80.00	\$0.00	\$0.00	\$0.00	\$0.00	\$80.00
08/08/10	repair wal									
Total PHILLIP WESSINGER:					\$80.00	\$0.00	\$0.00	\$0.00	\$0.00	\$80.00
PRICE REFRIGERATION										

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09/04/10	100176				\$90.35	\$0.00	\$0.00	\$0.00	\$0.00	\$90.35
RAYMOND D. HOBBY										
Total PRICE REFRIGERATION:					\$90.35	\$0.00	\$0.00	\$0.00	\$0.00	\$90.35
10/03/09	w/c 10-03-				\$10,033.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,033.00
10/31/09	w/c 10-31-				\$10,033.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,033.00
12/04/09	w/c 12-04-				\$10,033.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,033.00
01/02/10	w/c 01-02-				\$10,033.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,033.00
01/30/10	w/c 01-30-				\$10,033.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,033.00
03/04/10	w/c 03-06-				\$10,033.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,033.00
04/02/10	w/c 04-03-				\$10,033.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,033.00
05/05/10	w/c 05-08-				\$10,033.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,033.00
05/31/10	June 10				\$10,033.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,033.00
07/09/10	w/c 07-10-				\$10,033.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,033.00
08/04/10	w/c 08-07-				\$10,033.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,033.00
Total RAYMOND D. HOBBY:					\$110,363.00	\$0.00	\$0.00	\$0.00	\$0.00	\$110,363.00
Total PRICE REFRIGERATION:					\$1,057.67	\$0.00	\$0.00	\$0.00	\$0.00	\$1,057.67
Total RICHLAND INDUSTRIAL, INC.:					\$1,057.67	\$0.00	\$0.00	\$0.00	\$0.00	\$1,057.67
SATTERFIELD CONSTRUCTION										
08/25/10	17230MB				\$780.68	\$0.00	\$0.00	\$0.00	\$0.00	\$780.68
08/26/10	17238MB				\$674.10	\$0.00	\$0.00	\$0.00	\$0.00	\$674.10
08/30/10	17257 MB				\$643.28	\$0.00	\$0.00	\$0.00	\$0.00	\$643.28
08/31/10	17253MB				\$760.77	\$0.00	\$0.00	\$0.00	\$0.00	\$760.77
Total SATTERFIELD CONSTRUCTION:					\$2,858.83	\$0.00	\$0.00	\$0.00	\$0.00	\$2,858.83
01/26/07	Invoice 12	21371	09/06/07		\$4,033.63	\$0.00	\$2,016.82	\$0.00	\$0.00	\$2,016.81
02/27/07	App. 2 Ret	21371	09/06/07		\$7,785.86	\$0.00	\$3,892.93	\$0.00	\$0.00	\$3,892.93

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Hobby Construction Company

For the Period From 07/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
03/27/07	Applicatio	21371	03/06/07							
04/25/07	Ret #4 4-2	21371	03/06/07		\$16,487.15	\$0.00	\$9,243.58	\$0.00	\$0.00	\$8,243.57
05/25/07	Ret % 5-25	21371	03/06/07		\$11,445.43	\$0.00	\$5,722.72	\$0.00	\$0.00	\$5,722.71
06/08/07	App. 6- Re	21371	03/06/07		\$14,240.50	\$0.00	\$7,120.25	\$0.00	\$0.00	\$7,120.25
08/09/07	Appicat 7	21371	03/06/07		\$16,757.86	\$0.00	\$9,378.91	\$0.00	\$0.00	\$9,378.95
					\$6,704.67	\$0.00	\$3,352.34	\$0.00	\$0.00	\$3,352.33
SEASIDE UTILITIES, INC. (SUC)										
05/27/09 Estimate 1										
03/27/10 vide 6-28-1					\$39,100.00	\$0.00	\$0.00	\$0.00	\$0.00	\$39,100.00
					\$237.50	\$0.00	\$0.00	\$0.00	\$0.00	\$237.50
Total SEASIDE UTILITIES, INC. (SUC):					\$39,337.50	\$0.00	\$0.00	\$0.00	\$0.00	\$39,337.50
Smith Supply and U.S. Pipe & Foundry										
02/12/10 90309329					\$20,652.82	\$0.00	\$0.00	\$0.00	\$0.00	\$20,652.82
03/08/10 90310833					\$60,208.33	\$0.00	\$0.00	\$0.00	\$0.00	\$60,208.33
03/16/10 90311401					\$65,269.43	\$0.00	\$0.00	\$0.00	\$0.00	\$65,269.43
04/01/10 90312833					\$64,409.99	\$0.00	\$0.00	\$0.00	\$0.00	\$64,409.99
04/20/10 90314280					\$14,580.73	\$0.00	\$0.00	\$0.00	\$0.00	\$14,580.73
05/04/10 90315493					\$1,057.35	\$0.00	\$0.00	\$0.00	\$0.00	\$1,057.35
06/09/10 90318494					\$89,081.36	\$0.00	\$0.00	\$0.00	\$0.00	\$89,081.36
06/15/10 90318892					\$26,364.48	\$0.00	\$0.00	\$0.00	\$0.00	\$26,364.48
Total Smith Supply and U.S. Pipe & Foundry:					\$341,624.49	\$0.00	\$0.00	\$0.00	\$0.00	\$341,624.49
SOUTHEASTERN UNDERWATER SERV. INC.										
02/28/10 CUE #1-7 D					\$76,787.23	\$0.00	\$0.00	\$0.00	\$0.00	\$76,787.23
02/28/10 rel #1-7 L					\$28,722.65	\$0.00	\$0.00	\$0.00	\$0.00	\$28,722.65
Total SOUTHEASTERN UNDERWATER SERV. INC.:					\$105,509.88	\$0.00	\$0.00	\$0.00	\$0.00	\$105,509.88
SOUTHERN FIRSTBANK, NA										
08/30/10 Acc 7600 W					\$4,304.96	\$0.00	\$0.00	\$0.00	\$0.00	\$4,304.96

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INVOICES UNPAID DETAILS BY VENDOR

Hobby Construction Company

For the Period From 07/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
SPOTTS TRACTOR COMPANY										
09/19/10	Sim. 08-19			Total SOUTHERN FIRSTBANK NA:	\$4,304.96	\$0.00	\$0.00	\$0.00	\$0.00	\$4,304.96
					\$67.98	\$0.00	\$0.00	\$0.00	\$0.00	\$67.98
SUNBELT RENTALS INC.										
08/18/10	26409239-0			Total SPOTTS TRACTOR COMPANY:	\$67.98	\$0.00	\$0.00	\$0.00	\$0.00	\$67.98
					\$57.77	\$0.00	\$0.00	\$0.00	\$0.00	\$57.77
SWAIN COUNTY TAX COLL.										
07/22/10	#2010-5380			Total SUNBELT RENTALS INC.:	\$57.77	\$0.00	\$0.00	\$0.00	\$0.00	\$57.77
					\$245.52	\$0.00	\$0.00	\$0.00	\$0.00	\$245.52
THE GUARDIAN										
08/19/10	Strn. 08-19			Total SWAIN COUNTY TAX COLL.:	\$245.52	\$0.00	\$0.00	\$0.00	\$0.00	\$245.52
					\$733.33	\$0.00	\$0.00	\$0.00	\$0.00	\$733.33
THOMPSON PUMP MANUFACTORIES INC.										
05/20/08	Credit Tic			Total THE GUARDIAN:	\$733.33	\$0.00	\$0.00	\$0.00	\$0.00	\$733.33
					(\$42.48)	\$0.00	\$0.00	\$0.00	\$0.00	(\$42.48)
TIRE AND OIL CO. INC (Saluda)										
08/31/10	Sim. 08-31			Total THOMPSON PUMP MANUFACTORIES INC.:	(\$42.48)	\$0.00	\$0.00	\$0.00	\$0.00	(\$42.48)
					\$2,875.12	\$0.00	\$0.00	\$0.00	\$0.00	\$2,875.12
TOM BRIGMAN CONTRACTORS										
07/02/10	Bill 07-02			Total TIRE AND OIL CO. INC (Saluda):	\$2,875.12	\$0.00	\$0.00	\$0.00	\$0.00	\$2,875.12
					\$1,050.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,050.00
W.E. BAKER & SON										
				Total TOM BRIGMAN CONTRACTORS:	\$1,050.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,050.00

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INVOICES UNPAID DETAILS BY VENDOR

Hobby Construction Company

For the Period From 07/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
08/31/10	Stn. 08-31				\$9.95	\$0.00	\$0.00	\$0.00	\$0.00	\$9.95
				Total W.E. BAKER & SON:	\$9.95	\$0.00	\$0.00	\$0.00	\$0.00	\$9.95
08/15/10	WELLS FARGO Home Mortgage (Wachovia)	Acc 491712			\$939.62	\$0.00	\$0.00	\$0.00	\$0.00	\$939.62
				Total WELLS FARGO Home Mortgage (Wachovia):	\$939.62	\$0.00	\$0.00	\$0.00	\$0.00	\$939.62
08/31/10	WILLINGHAM & SONS, INC	Stn. 08-31			\$81.56	\$0.00	\$0.00	\$0.00	\$0.00	\$81.56
				Total WILLINGHAM & SONS, INC:	\$81.56	\$0.00	\$0.00	\$0.00	\$0.00	\$81.56
				Total Report:	\$1,083,848.23	\$0.00	\$39,727.55	\$0.00	\$0.00	\$1,044,120.68
				Retainage Paid (Included In amount)				\$0.00		

Frank
08/31/10

Report Printed On 11/12/10

HOBBY CONSTRUCTION COMPANY, INC.
STATUS OF CONTRACTS using COST TO COST METHOD (PERCENTAGE OF COMPLETION)
03/31/10

JOB NUMBER		ADJUSTED CONTRACT	TOTAL ESTIMATED COST	TOTAL ESTIMATED PROFIT	Percent Profit	4000's COST TO DATE	3010 BILLED TO DATE	EARNED TO DATE	PROFIT TO DATE	PERCENT COMPLETE OF COSTS	Acct 1150 Dr UNDER BILLED	Acct 2100 Cr OVER BILLED
076555	Elgin Transmission Main	5,958,995.97	5,800,062.23	158,933.74	2.67%	5,800,062.23	5,958,995.97	5,958,995.97	158,933.74	100.00%	0.00	0.00
076560	York City Little Allison	4,509,290.07	4,733,356.18	(224,066.11)	-4.97%	4,733,356.18	4,509,290.07	4,508,290.07	(224,066.11)	100.00%	0.00	0.00
086565	Grassy Pond Water	984,205.84	1,004,841.25	(20,635.41)	-2.10%	1,004,841.25	984,205.84	984,205.84	(20,635.41)	100.00%	0.00	0.00
086570	Kennerly Road	677,906.71	514,830.05	163,076.66	24.06%	514,830.05	677,906.71	677,906.71	163,076.66	100.00%	0.00	0.00
095575	Greer, SC	2,164,605.25	2,253,163.67	(88,558.62)	-4.57%	2,289,021.79	1,792,155.08	2,186,894.66	(100,127.13)	101.59%	396,739.58	0.00
095580	Lake Lure, NC	1,842,250.00	1,790,000.00	52,250.00	2.84%	777,304.45	1,291,604.13	799,893.92	22,889.47	43.42%	0.00	491,610.21
095585	Town of Whitmire	290,000.00	275,000.00	15,000.00	5.17%	205,261.57	211,127.65	216,457.66	11,198.09	74.64%	5,330.01	0.00
095590	Town of Edgefield	200,000.00	196,000.00	4,000.00	2.00%	277,383.45	315,099.65	283,044.34	5,660.89	141.52%	0.00	32,056.31
995599	Town of South Tyger River	407,378.00	398,000.00	9,378.00	2.30%	26,127.42	0.00	26,743.12	615.70	6.56%	26,743.12	0.00
	CLOSED JOBS FROM PRIOR YRS.			0.00	0.00%	0.00	0.00	0.00	0.00	N/A	N/A	N/A
		17,024,632.84	16,965,253.58	59,379.26	0.35%	15,628,188.39	15,740,385.10	15,645,532.29	17,343.90		428,812.71	523,665.52
	Cost & Billed in prior years					11,638,968.30	11,621,837.68					
	Cost & Billed To Date adjusted					3,989,220.09	4,118,547.42					
	PER INCOME STATEMENT					3,989,220.09	4,118,547.42					
	Error (due to rounding)					0.00	0.00					

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Final Execution Version

SCHEDULE A-3(3)
LIABILITIES

[SEE ATTACHED FINANCIAL STATEMENT REGARDING LONG UTILITY CORPORATION]

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INCOME STATEMENT

LONG UTILITY CORPORATION
For the Period From 11/01/09 To 08/31/10

		YEAR TO DATE	MONTHLY
INCOME			
301000	JOB INCOME	\$5,966,919.58	\$547,893.70
306000	(OVER)UNDER BILLING	(\$33,380.18)	(\$8,572.52)
Total:		\$5,933,539.38	\$539,321.26
TOTAL INCOME:		\$5,933,539.38	\$539,321.26
JOB COST			
DIRECT JOB EXPENSES			
401000	SALARIES AND WAGES	\$810,857.53	\$70,248.28
401500	PER DIEM	\$2,875.00	\$1,325.00
402000	PIR TAXES AND INS APPLIED	\$183,086.62	\$21,073.69
402500	TEMPORARY LABOR	\$544.88	\$0.00
403000	MATERIALS	\$1,323,100.51	\$188,159.94
403100	MATERIALS-BEELE	\$740,082.20	\$3,327.26
403200	MATERIALS CHARGED BEELE	(\$652,063.35)	(\$73,409.60)
403300	MATERIALS-HUGHES	\$325,100.10	\$0.00
403400	MATERIALS CHARGED HUGHES	(\$348,703.37)	(\$2,568.74)
404000	SUBCONTRACT	\$816,581.43	\$50,744.50
404100	SUBCONTRACT-ASHMORE	\$136,208.73	\$0.00
404200	SUBCONTRACT-BEELE	\$934,427.68	\$114,142.82
404500	SUBCONTRACT-HUGHES	\$1,047,147.93	\$55,405.00
405000	EQUIPMENT RENTAL	\$11,425.50	\$0.00
406000	REPAIRS AND MAINTENANCE	\$13,173.66	\$2,702.00
407000	GAS AND OIL	\$79,172.50	\$8,520.45
409000	OTHER DIRECT JOB COST	\$130,554.18	\$18,801.55
Total DIRECT JOB EXPENSES:		\$5,353,581.73	\$467,569.13
EQUIPMENT APPLIED			
420000	EQUIPMENT APPLIED	\$313,446.00	\$33,200.00
Total EQUIPMENT APPLIED:		\$313,446.00	\$33,200.00
TOTAL JOB COST:		\$5,667,027.73	\$480,769.13
GROSS PROFIT ON JOBS:		\$266,505.66	\$48,552.14

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INCOME STATEMENT

LONG UTILITY CORPORATION

For the Period From 11/01/09 To 08/31/10

		YEAR TO DATE	MONTHLY
EXPENSES			
INDIRECT JOB EXPENSES			
501000	MECHANIC & OTHER SALARIES		
505000	DEPRECIATION	\$40,842.94	\$3,013.04
510000	INTEREST	\$320,000.00	\$32,000.00
515000	PARTS	\$214.00	\$0.00
520000	OUTSIDE REPAIRS	\$41,887.59	\$3,651.17
525000	OTHER TAXES AND LICENSES	\$22,255.29	\$940.74
526100	ACCURED PT-100	\$29,812.94	\$7,774.12
530000	GROUP INSURANCE	\$11,360.00	\$1,420.00
535000	INSURANCE OTHER	\$95,148.84	\$8,213.79
540000	PAYROLL TAXES	\$90,399.27	\$18,837.24
541000	FEDERAL UNEMPLOYMENT	\$47,789.15	\$5,360.58
542000	STATE UNEMPLOYMENT	\$1,694.86	\$101.31
545000	TOOLS AND SUPPLIES	\$2,753.90	\$184.63
570000	UTILITIES	\$24,041.28	\$2,769.43
575000	EQUIPMENT RENTAL LEASE	\$8,880.63	\$792.48
580000	DIESEL FUEL OIL GAS	\$200.62	\$0.00
582000	COMMUNICATIONS-JOBS	\$32,405.27	\$3,877.98
		\$20,477.71	\$2,376.75
	Total INDIRECT JOB EXPENSES:	\$750,144.78	\$89,293.22
EQUIPMENT REPAIRS & MAINTENANCE			
560000	EQUIPMENT REPAIRS & MAINT	\$66,545.33	\$8,400.33
	Total EQUIPMENT REPAIRS & MAINTENANCE:	\$66,545.33	\$8,400.33
589100	PIR TAXES & INS APPLIED	(\$183,096.60)	(\$21,073.69)
599200	EQUIP&INDIRECT COST APPL	(\$313,446.00)	(\$33,200.00)
	Total :	(\$496,542.60)	(\$54,273.69)
G & A EXPENSES			
600000	OFFICERS SALARIES	\$137,025.28	\$7,692.32
603000	OFFICE SALARIES	\$86,187.99	\$7,143.12
607000	PAYROLL TAXES	\$18.55	\$0.00
611000	TRAVEL	\$1,205.01	\$23.13
612000	BUSINESS PROCUREMENT	\$7,918.15	\$752.45
613000	MEALS & ENTERTAINMENT	\$5,756.80	\$907.94
615000	ADVERTISEMENT & PROMOTION	\$8,734.17	\$93.62
616000	UNIFORM RENTAL	\$5,892.78	\$514.88
617000	POSTAGE	\$3,812.00	\$578.89
618000	OFFICE SUPPLIES	\$9,245.03	\$1,661.76
619000	TELEPHONE	\$6,378.85	\$577.67
621000	LEGAL AND PROFESSIONAL	\$12,450.00	\$0.00
625000	DUES AND SUBSCRIPTIONS	\$20,560.89	\$3,709.91
627000	CONTRIBUTIONS	\$4,420.30	\$1,550.00
629000	PLANS AND SPECS	\$6,777.14	\$640.64
633000	EDISTO PIPE DRMS-RENT	\$892.38	\$0.00
635000	OFFICE EXPENSE	\$39,399.84	\$4,817.51
636000	401-K FEES	\$712.51	\$237.50
638000	MANAGEMENT FEE-HOBBY	\$25,000.00	\$2,500.00
639000	401-K MATCHING EXPENSE	\$3,410.69	\$315.30

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INCOME STATEMENT

LONG UTILITY CORPORATION

For the Period From 11/01/09 To 08/31/10

		YEAR TO DATE	MONTHLY
641000	MISCELLANEOUS		
642000	OUTSIDE SERVICES	\$2,545.68	\$32.85
643000	MEDICAL EXPENSES	\$17,748.50	\$1,814.68
650000	PAYROLL TAXES	\$4,151.91	\$785.45
651000	S.C. UNEMPLOYMENT	\$15,886.54	\$1,087.34
653000	FEDERAL UNEMPLOYMENT	\$901.88	\$33.28
		\$556.06	\$20.40
	Total G & A EXPENSES:	\$426,387.71	\$37,190.72
	TOTAL EXPENSES:	\$746,536.21	\$80,610.58

INCOME

	OTHER INCOME (EXPENSES)		
702000	INTEREST EARNED		
703000	DISCOUNTS	\$2,057.25	\$248.12
720000	GAIN SALE FIXED ASSETS	\$6,897.29	\$1,391.02
730000	INCOME OTHER	\$1,000.00	\$0.00
732500	BANK CHARGES	\$7,721.00	\$1,900.00
		(\$1,173.46)	(\$171.02)
	Total OTHER INCOME (EXPENSES):	\$15,502.08	\$3,428.72
	TOTAL INCOME:	\$15,502.08	\$3,428.72

NET PROFIT (LOSS): (\$464,527.48) (\$28,629.72)

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BALANCE SHEET

LONG UTILITY CORPORATION

For the Period From 11/01/09 To 08/31/10

ASSETS

CURRENT ASSETS

101000	ARTHUR STATE-CASH	\$146,020.65
102000	INDEPENDENCE NATIONAL BANK	\$151,403.85
105000	CAROLINA FIRST-CASH	(\$13,003.92)
106000	PETTY CASH	\$3,000.00
111000	PREPAID EXPENSES	\$9,997.42
115000	UNDERBILLINGS	\$6,990.34
120000	A/R CONTRACTS	\$1,034,505.84
121000	A/R RETAINAGE	\$85,510.18
121500	ALLOWANCE FOR UNCOLLECTIBLE	(\$35,994.16)
139000	ADVANCE- OTHER	\$1,601.00
150000	A/R EMPLOYEES	\$19,005.13
150500	CASH ADVANCE	\$2,100.00
172000	PREPAID INSURANCE	\$17,597.05
Total CURRENT ASSETS :		\$1,428,833.38

FIXED ASSETS

185000	AUTO EQUIP-TRUCKS	\$1,239,946.60
186000	MACHINERY & EQUIPMENT	\$3,660,312.55
186000	FURNITURE AND FIXTURES	\$62,747.30
189000	LEASEHOLD IMPROVEMENTS	\$16,062.60
190000	ACCUMULATED DEPRECIATION	(\$4,352,245.95)
191000	INVESTMENT/EDISTO PIPEDRM	\$252,840.40
Total FIXED ASSETS :		\$899,663.40

TOTAL ASSETS : \$2,328,496.78

BALANCE SHEET

LONG UTILITY CORPORATION

For the Period From 11/01/09 To 08/31/10

CURRENT LIABILITIES		LIABILITIES
202000	ACCOUNTS PAYABLE	\$282,042.40
202400	A/P HOBSY MANAGEMENT FEE	\$2,500.00
203000	RETAINAGE PAYABLE	\$273,568.79
203100	CHILD SUPPORT PAYABLE	\$0.01
204100	DUE TO/FROM RAY HOBSY	(\$76,000.00)
210000	OVERBILLINGS	\$98,268.52
220000	FEDERAL W/H TAXES	\$0.01
225000	FICA	\$0.47
230000	S C W/H TAXES	(\$0.02)
240000	SC UNEMPLOYMENT TAXES	\$377.03
241000	FEDERAL UNEMPLOYMENT TAX	\$232.22
253300	ACCRUED PT-100 TAX	\$11,350.00
255000	401-K EMPLOYEE CONTRIB.	\$0.00
Total CURRENT LIABILITIES :		\$593,347.42
TOTAL LIABILITIES :		\$593,347.42

Frank
[Signature]

BALANCE SHEET

LONG UTILITY CORPORATION

For the Period From 11/01/09 To 08/31/10

OWNER'S EQUITY

275000	COMMON STOCK	\$1,000.00
278000	RETAINED EARNINGS	\$2,188,676.03
	Total EQUITY :	\$2,189,676.03
9999		
9999	Net Income	(\$464,527.48)
	Total Undistributed Income :	(\$464,527.48)

TOTAL OWNER'S EQUITY: \$1,735,149.36

TOTAL LIABILITIES & EQUITY: \$2,328,496.78

Frank
[Signature]

INVOICES UNPAID DETAILS BY VENDOR

LONG UTILITY CORPORATION

For the Period From 11/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
ACTION COMMUNICATIONS										
08/31/10	00295824N				\$65.85	\$0.00	\$0.00	\$0.00	\$0.00	\$65.85
Total ACTION COMMUNICATIONS:					\$65.85	\$0.00	\$0.00	\$0.00	\$0.00	\$65.85
ADVANCE AUTO PARTS										
08/29/10	6659024142				\$79.23	\$0.00	\$0.00	\$0.00	\$0.00	\$79.23
08/29/10	665902414				\$79.23	\$0.00	\$0.00	\$0.00	\$0.00	\$79.23
Total ADVANCE AUTO PARTS:					\$158.46	\$0.00	\$0.00	\$0.00	\$0.00	\$158.46
AIRGAS NATIONAL WELDERS										
08/02/10	25387156				\$101.32	\$0.00	\$0.00	\$0.00	\$0.00	\$101.32
08/17/10	9000162118				\$89.07	\$0.00	\$0.00	\$0.00	\$0.00	\$89.07
08/17/10	9000162103				\$275.36	\$0.00	\$0.00	\$0.00	\$0.00	\$275.36
08/31/10	0034				\$16.08	\$0.00	\$0.00	\$0.00	\$0.00	\$16.08
Total AIRGAS NATIONAL WELDERS:					\$481.83	\$0.00	\$0.00	\$0.00	\$0.00	\$481.83
AMERICAN EXPRESS										
08/02/10	NAPA 58007				\$94.59	\$0.00	\$0.00	\$0.00	\$0.00	\$94.59
08/05/10	ATL CM-108				(\$904.42)	\$0.00	\$0.00	\$0.00	\$0.00	(\$904.42)
08/09/10	NAPA 5811C				\$90.07	\$0.00	\$0.00	\$0.00	\$0.00	\$90.07
08/09/10	NAPA 5811C				\$190.79	\$0.00	\$0.00	\$0.00	\$0.00	\$190.79
08/10/10	ATL SI-268				\$72.08	\$0.00	\$0.00	\$0.00	\$0.00	\$72.08
08/11/10	ATL SI-269				\$576.64	\$0.00	\$0.00	\$0.00	\$0.00	\$576.64
08/12/10	ATL SI-269				\$141.57	\$0.00	\$0.00	\$0.00	\$0.00	\$141.57
08/13/10	ATL SI-270				\$555.33	\$0.00	\$0.00	\$0.00	\$0.00	\$555.33
08/17/10	NAPA 58211				\$84.85	\$0.00	\$0.00	\$0.00	\$0.00	\$84.85
08/18/10	582352				\$26.64	\$0.00	\$0.00	\$0.00	\$0.00	\$26.64
08/18/10	NAPA 58235				\$524.54	\$0.00	\$0.00	\$0.00	\$0.00	\$524.54
08/18/10	NAPA 58252				(\$157.28)	\$0.00	\$0.00	\$0.00	\$0.00	(\$157.28)
08/19/10	NAPA 58256				\$17.15	\$0.00	\$0.00	\$0.00	\$0.00	\$17.15
Total AMERICAN EXPRESS:					\$82.49	\$0.00	\$0.00	\$0.00	\$0.00	\$82.49

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08/20/10	NAPA 58251									
08/27/10	NAPA 58352				\$17.48	\$0.00	\$0.00	\$0.00	\$0.00	\$17.48
08/28/10	NAPA 5836E				\$22.87	\$0.00	\$0.00	\$0.00	\$0.00	\$22.87
08/28/10	NAPA 583EE				\$5.07	\$0.00	\$0.00	\$0.00	\$0.00	\$5.07
08/31/10	NAPA 5840E				\$57.65	\$0.00	\$0.00	\$0.00	\$0.00	\$57.65
08/31/10	NAPA 5840E				(\$17.16)	\$0.00	\$0.00	\$0.00	\$0.00	(\$17.16)
					\$173.16	\$0.00	\$0.00	\$0.00	\$0.00	\$173.16
Total AMERICAN EXPRESS:					\$2,054.11	\$0.00	\$0.00	\$0.00	\$0.00	\$2,054.11
AMPAC										
08/23/10	IND33998				\$693.79	\$0.00	\$0.00	\$0.00	\$0.00	\$693.79
09/25/10	IND33993				\$58.32	\$0.00	\$0.00	\$0.00	\$0.00	\$58.32
Total AMPAC:					\$752.11	\$0.00	\$0.00	\$0.00	\$0.00	\$752.11
ANDERSON REGIONAL JOINT WATER SYS.										
08/31/10	WS845				\$450.00	\$0.00	\$0.00	\$0.00	\$0.00	\$450.00
Total ANDERSON REGIONAL JOINT WATER SYS.:					\$450.00	\$0.00	\$0.00	\$0.00	\$0.00	\$450.00
ASHMORE BROS., INC.										
01/28/09	105295				\$358.80	\$0.00	\$0.00	\$0.00	\$0.00	\$358.80
02/11/10	R-105776	47751	08/12/10		\$2,320.11	\$0.00	\$415.72	\$0.00	\$0.00	\$1,904.39
02/26/10	R105792				\$44.23	\$0.00	\$0.00	\$0.00	\$0.00	\$44.23
02/26/10	R-105781				(\$282.69)	\$0.00	\$0.00	\$0.00	\$0.00	(\$282.69)
03/15/10	Duminy-Trey				\$4,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,000.00
03/31/10	R105830				\$614.68	\$0.00	\$0.00	\$0.00	\$0.00	\$614.68
04/23/10	R105844				\$1,815.65	\$0.00	\$0.00	\$0.00	\$0.00	\$1,815.65
04/30/10	R105859				(\$271.05)	\$0.00	\$0.00	\$0.00	\$0.00	(\$271.05)
05/31/10	R-105880				\$1,364.90	\$0.00	\$0.00	\$0.00	\$0.00	\$1,364.90
06/29/10	R-105927				\$5,798.35	\$0.00	\$0.00	\$0.00	\$0.00	\$5,798.35
Total ASHMORE BROS., INC.:					\$15,762.98	\$0.00	\$415.72	\$0.00	\$0.00	\$15,347.26

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08/19/10	9045 001 0				\$79.99	\$0.00	\$0.00	\$0.00	\$0.00	\$79.99
Total AT&T:					\$79.99	\$0.00	\$0.00	\$0.00	\$0.00	\$79.99
BANK OF AMERICA										
08/27/10	2509 0810				\$3,837.95	\$0.00	\$0.00	\$0.00	\$0.00	\$3,837.96
Total BANK OF AMERICA:					\$3,837.96	\$0.00	\$0.00	\$0.00	\$0.00	\$3,837.96
BARNES GROUP INC.										
08/12/10	2305061001				\$155.31	\$0.00	\$0.00	\$0.00	\$0.00	\$155.31
Total BARNES GROUP INC.:					\$155.31	\$0.00	\$0.00	\$0.00	\$0.00	\$155.31
BATTERIES PLUS #227										
08/21/10	201140				\$206.03	\$0.00	\$0.00	\$0.00	\$0.00	\$206.03
08/28/10	201720				\$30.13	\$0.00	\$0.00	\$0.00	\$0.00	\$30.13
Total BATTERIES PLUS #227:					\$236.16	\$0.00	\$0.00	\$0.00	\$0.00	\$236.16
BEELE PIPELINE COMPANY, INC.										
01/31/07	R106055-1				\$2,356.62	\$0.00	\$0.00	\$0.00	\$0.00	\$2,356.62
02/28/07	R106055-2				\$270.99	\$0.00	\$0.00	\$0.00	\$0.00	\$270.99
08/31/07	106055-3				(\$0.41)	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.41)
10/21/09	R109027-1				\$981.70	\$0.00	\$0.00	\$0.00	\$0.00	\$981.70
11/24/09	R109027-2				\$11,550.26	\$0.00	\$0.00	\$0.00	\$0.00	\$11,550.26
12/23/09	R109027-3				\$7,831.62	\$0.00	\$0.00	\$0.00	\$0.00	\$7,831.62
01/25/10	R109027-4				(\$6,284.84)	\$0.00	\$0.00	\$0.00	\$0.00	(\$6,284.84)
02/25/10	R109027-5				\$340.20	\$0.00	\$0.00	\$0.00	\$0.00	\$340.20
03/25/10	R109027-6				\$591.70	\$0.00	\$0.00	\$0.00	\$0.00	\$591.70
04/30/10	R109027B-7				\$5,297.20	\$0.00	\$0.00	\$0.00	\$0.00	\$5,297.20
04/30/10	R109027-7				\$822.41	\$0.00	\$0.00	\$0.00	\$0.00	\$822.41
05/31/10	R109027B-8				\$6,717.40	\$0.00	\$0.00	\$0.00	\$0.00	\$6,717.40
06/30/10	R109027B-9				\$5,182.57	\$0.00	\$0.00	\$0.00	\$0.00	\$5,182.57
07/25/10	R109027B-1				\$7,277.76	\$0.00	\$0.00	\$0.00	\$0.00	\$7,277.76

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08/25/10	109027B-11				\$35,026.08	\$0.00	\$0.00	\$0.00	\$0.00	\$35,026.08
08/25/10	R109027B-1				\$5,707.14	\$0.00	\$0.00	\$0.00	\$0.00	\$5,707.14
Total BEELE PIPELINE COMPANY, INC.:					\$83,668.40	\$0.00	\$0.00	\$0.00	\$0.00	\$83,668.40
BLANCHARD MACHINERY CO.										
08/16/10	PC01019332				\$17.29	\$0.00	\$0.00	\$0.00	\$0.00	\$17.29
08/17/10	PC01019332				\$79.62	\$0.00	\$0.00	\$0.00	\$0.00	\$79.62
08/17/10	PC01019332				\$2,289.51	\$0.00	\$0.00	\$0.00	\$0.00	\$2,289.51
08/18/10	N1569001				\$73.97	\$0.00	\$0.00	\$0.00	\$0.00	\$73.97
08/24/10	PR01002085				(\$2,056.40)	\$0.00	\$0.00	\$0.00	\$0.00	(\$2,056.40)
08/31/10	PC01019332				\$46.09	\$0.00	\$0.00	\$0.00	\$0.00	\$46.09
Total BLANCHARD MACHINERY CO.:					\$446.08	\$0.00	\$0.00	\$0.00	\$0.00	\$446.08
BLUE EAGLE EQUIPMENT										
08/24/10	38295-0001				\$86.28	\$0.00	\$0.00	\$0.00	\$0.00	\$86.28
Total BLUE EAGLE EQUIPMENT:					\$86.28	\$0.00	\$0.00	\$0.00	\$0.00	\$86.28
BP OIL COMPANY										
08/24/10	44193 0810				\$827.90	\$0.00	\$0.00	\$0.00	\$0.00	\$827.90
Total BP OIL COMPANY:					\$827.90	\$0.00	\$0.00	\$0.00	\$0.00	\$827.90
CEMEX										
08/17/10	9419975959				\$717.79	\$0.00	\$0.00	\$0.00	\$0.00	\$717.79
08/25/10	9420029048				\$34.92	\$0.00	\$0.00	\$0.00	\$0.00	\$34.92
Total CEMEX:					\$752.71	\$0.00	\$0.00	\$0.00	\$0.00	\$752.71
CHARTER COMMUNICATIONS										
08/24/10	12304 0810				\$133.94	\$0.00	\$0.00	\$0.00	\$0.00	\$133.94
Total CHARTER COMMUNICATIONS:					\$133.94	\$0.00	\$0.00	\$0.00	\$0.00	\$133.94
CLASSIC ACE HARDWARE, INC.										

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08/02/10	065206									
08/02/10	065207				\$199.13	\$0.00	\$0.00	\$0.00	\$0.00	\$199.13
08/09/10	065280				\$33.91	\$0.00	\$0.00	\$0.00	\$0.00	\$33.91
08/09/10	065287				\$169.56	\$0.00	\$0.00	\$0.00	\$0.00	\$169.56
08/13/10	065345				\$8.47	\$0.00	\$0.00	\$0.00	\$0.00	\$8.47
08/13/10	065341				\$9.38	\$0.00	\$0.00	\$0.00	\$0.00	\$9.38
08/21/10	65424				\$243.15	\$0.00	\$0.00	\$0.00	\$0.00	\$243.15
					\$224.88	\$0.00	\$0.00	\$0.00	\$0.00	\$224.88
COUNTRY STORE AT VAUGHN'S					Total CLASSIC ACE HARDWARE, INC.:	\$888.48	\$0.00	\$0.00	\$0.00	\$888.48
08/11/10	26989									
08/14/10	26992				\$235.26	\$0.00	\$0.00	\$0.00	\$0.00	\$235.26
08/28/10	26705				\$235.90	\$0.00	\$0.00	\$0.00	\$0.00	\$235.90
					\$474.67	\$0.00	\$0.00	\$0.00	\$0.00	\$474.67
DALLAS SPECIALTY PAVING					Total COUNTRY STORE AT VAUGHN'S:	\$945.83	\$0.00	\$0.00	\$0.00	\$945.83
05/26/10	R-05379									
08/01/10	05421				\$353.75	\$0.00	\$0.00	\$0.00	\$0.00	\$353.75
08/10/10	R-05413				\$908.10	\$0.00	\$0.00	\$0.00	\$0.00	\$908.10
08/31/10	05421				\$262.20	\$0.00	\$0.00	\$0.00	\$0.00	\$262.20
08/31/10	R-05420				\$5,154.30	\$0.00	\$0.00	\$0.00	\$0.00	\$5,154.30
08/31/10	R-05421				\$100.90	\$0.00	\$0.00	\$0.00	\$0.00	\$100.90
					\$572.70	\$0.00	\$0.00	\$0.00	\$0.00	\$572.70
DEAN'S ALTERNATOR & STARTER, INC.					Total DALLAS SPECIALTY PAVING:	\$7,351.95	\$0.00	\$0.00	\$0.00	\$7,351.95
08/25/10	41511									
08/31/10	41525				\$68.90	\$0.00	\$0.00	\$0.00	\$0.00	\$68.90
					\$63.60	\$0.00	\$0.00	\$0.00	\$0.00	\$63.60
Diamond Springs Water					Total DEAN'S ALTERNATOR & STARTER, INC.:	\$132.50	\$0.00	\$0.00	\$0.00	\$132.50
06/27/10	915376 081									
					\$26.77	\$0.00	\$0.00	\$0.00	\$0.00	\$26.77

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DISCOUNT TIRE CO.										
08/28/10	7677588									
EXPRESS OIL CHANGE										
08/01/10	0756811									
08/28/10	0758353									
FEDERAL EXPRESS CORP.										
08/24/10	7-208-6241									
08/31/10	7-208-2783									
Filnt Equipment Company										
08/12/10	P14256									
08/18/10	P14340									
08/18/10	P14341									
08/20/10	P14399									
08/20/10	P14397									
08/30/10	P14589									
FOOTHILLS HYDROSEEDING, LLC										
10/23/09	Ret 10/23/									
10/23/09	Ret 10-23-									
10/30/09	Ret 10/30/									
10/30/09	Ret 10/30/									
11/06/09	Ret 11/5/0									
Total Diamond Springs Water:					\$26.77	\$0.00	\$0.00	\$0.00	\$0.00	\$26.77
Total DISCOUNT TIRE CO.:					\$30.00	\$0.00	\$0.00	\$0.00	\$0.00	\$30.00
Total EXPRESS OIL CHANGE:					\$64.73	\$0.00	\$0.00	\$0.00	\$0.00	\$64.73
Total FEDERAL EXPRESS CORP.:					\$117.23	\$0.00	\$0.00	\$0.00	\$0.00	\$117.23
Total Filnt Equipment Company:					\$181.96	\$0.00	\$0.00	\$0.00	\$0.00	\$181.96
Total Foothills Hydroseeding, LLC:					\$12.79	\$0.00	\$0.00	\$0.00	\$0.00	\$12.79
Total:					\$21.94	\$0.00	\$0.00	\$0.00	\$0.00	\$21.94
Total:					\$34.73	\$0.00	\$0.00	\$0.00	\$0.00	\$34.73
Total:					\$158.92	\$0.00	\$0.00	\$0.00	\$0.00	\$158.92
Total:					\$940.71	\$0.00	\$0.00	\$0.00	\$0.00	\$940.71
Total:					\$237.55	\$0.00	\$0.00	\$0.00	\$0.00	\$237.55
Total:					\$20.73	\$0.00	\$0.00	\$0.00	\$0.00	\$20.73
Total:					\$323.93	\$0.00	\$0.00	\$0.00	\$0.00	\$323.93
Total:					\$174.27	\$0.00	\$0.00	\$0.00	\$0.00	\$174.27
Total:					\$1,856.11	\$0.00	\$0.00	\$0.00	\$0.00	\$1,856.11
Total:					\$120.00	\$0.00	\$0.00	\$0.00	\$0.00	\$120.00
Total:					\$30.00	\$0.00	\$0.00	\$0.00	\$0.00	\$30.00
Total:					\$40.00	\$0.00	\$0.00	\$0.00	\$0.00	\$40.00
Total:					\$90.00	\$0.00	\$0.00	\$0.00	\$0.00	\$90.00
Total:					\$120.00	\$0.00	\$0.00	\$0.00	\$0.00	\$120.00

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11/06/09	Ret 11/6/0									
11/09/09	Ret 11/9/0				\$30.00	\$0.00	\$0.00	\$0.00	\$0.00	\$30.00
11/09/09	Ret 11/9/0				\$90.00	\$0.00	\$0.00	\$0.00	\$0.00	\$90.00
11/17/09	Ret 11/17/				\$30.00	\$0.00	\$0.00	\$0.00	\$0.00	\$30.00
12/01/09	Ret 11/25/				\$120.00	\$0.00	\$0.00	\$0.00	\$0.00	\$120.00
12/01/09	Ret 12/1/0				\$70.00	\$0.00	\$0.00	\$0.00	\$0.00	\$70.00
12/01/09	Ret 11/17/				\$144.00	\$0.00	\$0.00	\$0.00	\$0.00	\$144.00
12/11/09	R12/11/200				\$50.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50.00
12/11/09	R-12/11/20				\$130.00	\$0.00	\$0.00	\$0.00	\$0.00	\$130.00
12/17/09	R12/17/09				\$50.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50.00
12/22/09	R12/22/200				\$90.00	\$0.00	\$0.00	\$0.00	\$0.00	\$90.00
12/30/09	R12/30/200				\$180.00	\$0.00	\$0.00	\$0.00	\$0.00	\$180.00
12/30/09	R12/30/09				\$95.00	\$0.00	\$0.00	\$0.00	\$0.00	\$95.00
01/01/10	R01/01/201				\$35.00	\$0.00	\$0.00	\$0.00	\$0.00	\$35.00
01/01/10	R01/01/201				\$95.00	\$0.00	\$0.00	\$0.00	\$0.00	\$95.00
05/11/10	R05/11/201				\$70.00	\$0.00	\$0.00	\$0.00	\$0.00	\$70.00
					\$200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$200.00
Total FOOTHILLS HYDROSEEDING, LLC:					\$1,879.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,879.00
FRONTIER										
08/22/10	0988 0810				\$91.04	\$0.00	\$0.00	\$0.00	\$0.00	\$91.04
08/22/10	2815 0810				\$309.80	\$0.00	\$0.00	\$0.00	\$0.00	\$309.80
Total FRONTIER:					\$400.84	\$0.00	\$0.00	\$0.00	\$0.00	\$400.84
G&K SERV.S.TEXTILE LEASING SYSTEMS										
08/03/10	1105551500				\$125.47	\$0.00	\$0.00	\$0.00	\$0.00	\$125.47
08/10/10	110555345				\$125.47	\$0.00	\$0.00	\$0.00	\$0.00	\$125.47
08/17/10	1105558195				\$125.47	\$0.00	\$0.00	\$0.00	\$0.00	\$125.47
08/24/10	1105563046				\$125.47	\$0.00	\$0.00	\$0.00	\$0.00	\$125.47
08/31/10	1105568886				\$125.47	\$0.00	\$0.00	\$0.00	\$0.00	\$125.47
Total G&K SERV.S.TEXTILE LEASING SYSTEMS:					\$627.35	\$0.00	\$0.00	\$0.00	\$0.00	\$627.35

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GARDNER ASSOCIATES, INC.										
05/25/10	Dummy bench				\$1,591.88	\$0.00	\$0.00	\$0.00	\$0.00	\$1,591.88
08/02/10	4544 CAP				\$3,186.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,186.00
08/02/10	4542 CLP				\$308.00	\$0.00	\$0.00	\$0.00	\$0.00	\$308.00
03/02/10	4543 CUP				\$1,625.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,625.00
08/30/10	4673				(\$4,001.00)	\$0.00	\$0.00	\$0.00	\$0.00	(\$4,001.00)
08/30/10	4674				\$479.00	\$0.00	\$0.00	\$0.00	\$0.00	\$479.00
Total GARDNER ASSOCIATES, INC.:					\$3,188.88	\$0.00	\$0.00	\$0.00	\$0.00	\$3,188.88
GENERAL EQUIPMENT & SUPPLY, INC.										
08/24/10	103029				\$127.19	\$0.00	\$0.00	\$0.00	\$0.00	\$127.19
Total GENERAL EQUIPMENT & SUPPLY, INC.:					\$127.19	\$0.00	\$0.00	\$0.00	\$0.00	\$127.19
GOSSETT CONCRETE PIPE CO., INC.										
08/03/10	30783				\$3,124.88	\$0.00	\$0.00	\$0.00	\$0.00	\$3,124.88
08/05/10	30784				\$2,594.88	\$0.00	\$0.00	\$0.00	\$0.00	\$2,594.88
08/05/10	30775				\$3,328.40	\$0.00	\$0.00	\$0.00	\$0.00	\$3,328.40
08/06/10	30785				\$2,560.54	\$0.00	\$0.00	\$0.00	\$0.00	\$2,560.54
08/09/10	30791				\$2,594.88	\$0.00	\$0.00	\$0.00	\$0.00	\$2,594.88
08/09/10	30795				\$2,695.79	\$0.00	\$0.00	\$0.00	\$0.00	\$2,695.79
08/09/10	30795				\$2,695.79	\$0.00	\$0.00	\$0.00	\$0.00	\$2,695.79
08/10/10	30812				\$3,561.60	\$0.00	\$0.00	\$0.00	\$0.00	\$3,561.60
08/10/10	30811				\$3,561.60	\$0.00	\$0.00	\$0.00	\$0.00	\$3,561.60
08/10/10	30802				\$5,391.58	\$0.00	\$0.00	\$0.00	\$0.00	\$5,391.58
08/10/10	30813				\$3,561.60	\$0.00	\$0.00	\$0.00	\$0.00	\$3,561.60
08/12/10	30819				\$5,121.07	\$0.00	\$0.00	\$0.00	\$0.00	\$5,121.07
08/12/10	30820				\$5,256.33	\$0.00	\$0.00	\$0.00	\$0.00	\$5,256.33
08/12/10	30824				\$4,374.41	\$0.00	\$0.00	\$0.00	\$0.00	\$4,374.41
08/12/10	30821				\$3,975.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,975.00
08/16/10	30847				\$3,561.60	\$0.00	\$0.00	\$0.00	\$0.00	\$3,561.60
08/19/10	30851				\$3,588.10	\$0.00	\$0.00	\$0.00	\$0.00	\$3,588.10

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LONG UTILITY CORPORATION

For the Period From 11/01/09 To 08/31/10

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08/19/10	30850				\$3,588.10	\$0.00	\$0.00	\$0.00	\$0.00	\$3,588.10
08/19/10	30849				\$3,588.10	\$0.00	\$0.00	\$0.00	\$0.00	\$3,588.10
08/19/10	30848				\$3,588.10	\$0.00	\$0.00	\$0.00	\$0.00	\$3,588.10
08/19/10	30852				\$2,917.12	\$0.00	\$0.00	\$0.00	\$0.00	\$2,917.12
08/26/10	30878				\$127.20	\$0.00	\$0.00	\$0.00	\$0.00	\$127.20
08/26/10	30868				\$4,261.20	\$0.00	\$0.00	\$0.00	\$0.00	\$4,261.20
08/30/10	30887				\$3,581.60	\$0.00	\$0.00	\$0.00	\$0.00	\$3,581.60
08/30/10	30888				\$2,594.88	\$0.00	\$0.00	\$0.00	\$0.00	\$2,594.88
Total GOSSETT CONCRETE PIPE CO., INC.:					\$85,774.35	\$0.00	\$0.00	\$0.00	\$0.00	\$85,774.35
GRAINGER, INC.										
08/11/10	832044408				\$203.01	\$0.00	\$0.00	\$0.00	\$0.00	\$203.01
Total GRAINGER, INC.:					\$203.01	\$0.00	\$0.00	\$0.00	\$0.00	\$203.01
GREENVILLE CAR WASH, INC.										
08/25/10	8/25/10				\$79.75	\$0.00	\$0.00	\$0.00	\$0.00	\$79.75
08/25/10	8/25/10				\$129.06	\$0.00	\$0.00	\$0.00	\$0.00	\$129.06
Total GREENVILLE CAR WASH, INC.:					\$208.81	\$0.00	\$0.00	\$0.00	\$0.00	\$208.81
GREENVILLE COUNTY TAX COLLECTOR										
08/31/10	2010 VIN 1				\$508.14	\$0.00	\$0.00	\$0.00	\$0.00	\$508.14
08/31/10	2010 VIN 2				\$326.98	\$0.00	\$0.00	\$0.00	\$0.00	\$326.98
08/31/10	2010 VIN 1				\$93.60	\$0.00	\$0.00	\$0.00	\$0.00	\$93.00
Total GREENVILLE COUNTY TAX COLLECTOR:					\$928.12	\$0.00	\$0.00	\$0.00	\$0.00	\$928.12
HANSON-LEHIGH HANSON										
08/12/10	1665613				\$267.04	\$0.00	\$0.00	\$0.00	\$0.00	\$267.04
08/21/10	1673372				\$510.52	\$0.00	\$0.00	\$0.00	\$0.00	\$510.52
Total HANSON-LEHIGH HANSON:					\$777.56	\$0.00	\$0.00	\$0.00	\$0.00	\$777.56
HARDAWAY CONCRETE UPSTATE										

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08/09/10	26736				\$2,169.82	\$0.00	\$0.00	\$0.00	\$0.00	\$2,169.82
08/12/10	26901				\$372.59	\$0.00	\$0.00	\$0.00	\$0.00	\$372.59
08/18/10	27077				\$972.55	\$0.00	\$0.00	\$0.00	\$0.00	\$972.55
08/26/10	27629				\$256.52	\$0.00	\$0.00	\$0.00	\$0.00	\$256.52
Total HARDAWAY CONCRETE UPSTATE:					\$3,771.48	\$0.00	\$0.00	\$0.00	\$0.00	\$3,771.48
HD SUPPLY WATERWORKS, LTD.										
08/20/10	1799860				\$248.40	\$0.00	\$0.00	\$0.00	\$0.00	\$248.40
08/20/10	1811095				\$645.46	\$0.00	\$0.00	\$0.00	\$0.00	\$645.46
08/20/10	1784976				\$216.75	\$0.00	\$0.00	\$0.00	\$0.00	\$216.75
08/24/10	1823029				\$111.62	\$0.00	\$0.00	\$0.00	\$0.00	\$111.62
08/24/10	1831591				\$184.38	\$0.00	\$0.00	\$0.00	\$0.00	\$184.38
08/25/10	1839184				\$291.55	\$0.00	\$0.00	\$0.00	\$0.00	\$291.55
08/26/10	1846921				\$429.68	\$0.00	\$0.00	\$0.00	\$0.00	\$429.68
08/26/10	1851239				\$201.40	\$0.00	\$0.00	\$0.00	\$0.00	\$201.40
08/31/10	1868698				\$321.16	\$0.00	\$0.00	\$0.00	\$0.00	\$321.16
Total HD SUPPLY WATERWORKS, LTD.:					\$2,650.40	\$0.00	\$0.00	\$0.00	\$0.00	\$2,650.40
HERALD-JOURNAL										
08/22/10	230312271				\$330.20	\$0.00	\$0.00	\$0.00	\$0.00	\$330.20
Total HERALD-JOURNAL:					\$330.20	\$0.00	\$0.00	\$0.00	\$0.00	\$330.20
HOBBY CONSTRUCTION CO., INC.										
08/31/09	Aug 09 Ren				\$50.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50.00
09/30/09	Sept 09 Re				\$250.00	\$0.00	\$0.00	\$0.00	\$0.00	\$250.00
10/31/09	Oct 09 Ren				\$374.00	\$0.00	\$0.00	\$0.00	\$0.00	\$374.00
01/31/10	Jan 10 Ren				\$50.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50.00
02/28/10	Feb 10 Ren				\$150.00	\$0.00	\$0.00	\$0.00	\$0.00	\$150.00
03/31/10	Mar 10 Ren				\$75.00	\$0.00	\$0.00	\$0.00	\$0.00	\$75.00
04/30/10	Apr 10 Ren				\$250.00	\$0.00	\$0.00	\$0.00	\$0.00	\$250.00
05/31/10	May 10 Ren				\$375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$375.00

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06/30/10	June 10 Re				\$50.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50.00
07/01/10	Rock shot				\$4,647.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,647.00
08/01/10	July 10 re				\$200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$200.00
Total HOBBS CONSTRUCTION CO., INC.:					\$6,471.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6,471.00
HOME DEPOT CREDIT SERVICES										
08/24/10	6441 0810				\$238.53	\$0.00	\$0.00	\$0.00	\$0.00	\$238.53
Total HOME DEPOT CREDIT SERVICES:					\$238.53	\$0.00	\$0.00	\$0.00	\$0.00	\$238.53
HORIZONTAL UNLIMITED, INC										
04/15/10	3681	47474	05/23/10		\$44,550.00	\$0.00	\$41,550.00	\$0.00	\$0.00	\$3,000.00
Total HORIZONTAL UNLIMITED, INC:					\$44,550.00	\$0.00	\$41,550.00	\$0.00	\$0.00	\$3,000.00
HUGHES UTILITIES, INC.										
05/31/07	R10024-1				\$16,207.58	\$0.00	\$0.00	\$0.00	\$0.00	\$16,207.58
06/30/07	R107024-2				\$1,502.41	\$0.00	\$0.00	\$0.00	\$0.00	\$1,502.41
10/01/07	BRIDGEWAT				(\$600.02)	\$0.00	\$0.00	\$0.00	\$0.00	(\$600.02)
10/24/07	R107046-1				\$300.00	\$0.00	\$0.00	\$0.00	\$0.00	\$300.00
11/01/08	MISC-MATEI				(\$611.94)	\$0.00	\$0.00	\$0.00	\$0.00	(\$611.94)
12/23/09	R109027-1				\$2,463.75	\$0.00	\$0.00	\$0.00	\$0.00	\$2,463.75
12/31/09	R110005-2				(\$4,623.60)	\$0.00	\$0.00	\$0.00	\$0.00	(\$4,623.60)
12/31/09	R110005-1				\$4,623.46	\$0.00	\$0.00	\$0.00	\$0.00	\$4,623.46
01/25/10	R109027-2				\$5,784.46	\$0.00	\$0.00	\$0.00	\$0.00	\$5,784.46
02/23/10	R110008-1				\$1,384.59	\$0.00	\$0.00	\$0.00	\$0.00	\$1,384.59
02/25/10	R109027-3				\$4,713.79	\$0.00	\$0.00	\$0.00	\$0.00	\$4,713.79
03/23/10	R109027-4				\$2,117.10	\$0.00	\$0.00	\$0.00	\$0.00	\$2,117.10
03/31/10	R110008-2				\$3,967.11	\$0.00	\$0.00	\$0.00	\$0.00	\$3,967.11
04/30/10	R110008-3				\$7,894.44	\$0.00	\$0.00	\$0.00	\$0.00	\$7,894.44
04/30/10	R109027-5				\$95.55	\$0.00	\$0.00	\$0.00	\$0.00	\$95.55
05/26/10	R110013-1				\$7,582.48	\$0.00	\$0.00	\$0.00	\$0.00	\$7,582.48
05/31/10	R110008-4				\$5,319.72	\$0.00	\$0.00	\$0.00	\$0.00	\$5,319.72

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06/23/10	R-110008-5				(\$3,991.64)	\$0.00	\$0.00	\$0.00	\$0.00	(\$3,991.64)
07/25/10	R110013-2				\$444.60	\$0.00	\$0.00	\$0.00	\$0.00	\$444.60
07/30/10	R110008-6				\$4,534.66	\$0.00	\$0.00	\$0.00	\$0.00	\$4,534.66
07/30/10	110008-5				\$75,730.67	\$0.00	\$0.00	\$0.00	\$0.00	\$75,730.67
08/31/10	110008-Mat				(\$2,568.74)	\$0.00	\$0.00	\$0.00	\$0.00	(\$2,568.74)
08/31/10	110008-7				\$52,634.75	\$0.00	\$0.00	\$0.00	\$0.00	\$52,634.75
08/31/10	R110008-7	48307	11/03/10		\$2,770.25	\$0.00	\$0.00	\$0.00	\$0.00	\$2,770.25
Total HUGHES UTILITIES, INC.:					\$187,675.43	\$0.00	\$0.00	\$0.00	\$0.00	\$187,675.43
INTEGRITY FIRE & SAFETY, INC.										
08/25/10	53440				\$481.65	\$0.00	\$0.00	\$0.00	\$0.00	\$481.65
Total INTEGRITY FIRE & SAFETY, INC.:					\$481.65	\$0.00	\$0.00	\$0.00	\$0.00	\$481.65
ITT WATER & WASTEWATER USA										
08/01/10	07592816				\$1,902.70	\$0.00	\$0.00	\$0.00	\$0.00	\$1,902.70
08/24/10	07596756				\$23,730.41	\$0.00	\$0.00	\$0.00	\$0.00	\$23,730.41
Total ITT WATER & WASTEWATER USA:					\$25,633.11	\$0.00	\$0.00	\$0.00	\$0.00	\$25,633.11
KING ASPHALT, INC.										
08/22/10	931879				\$696.13	\$0.00	\$0.00	\$0.00	\$0.00	\$696.13
Total KING ASPHALT, INC.:					\$696.13	\$0.00	\$0.00	\$0.00	\$0.00	\$696.13
KRG UTILITY, INC.										
03/25/10	R110007-1				\$5,003.75	\$0.00	\$0.00	\$0.00	\$0.00	\$5,003.75
04/23/10	R110007-2				\$9,848.85	\$0.00	\$0.00	\$0.00	\$0.00	\$9,848.85
05/25/10	R110007-3				\$12,192.50	\$0.00	\$0.00	\$0.00	\$0.00	\$12,192.50
07/25/10	110007-4				\$8,688.60	\$0.00	\$0.00	\$0.00	\$0.00	\$8,688.60
07/25/10	R110007-4				\$965.40	\$0.00	\$0.00	\$0.00	\$0.00	\$965.40
08/25/10	110007-5				\$1,522.80	\$0.00	\$0.00	\$0.00	\$0.00	\$1,522.80
08/25/10	R110007-5				\$169.20	\$0.00	\$0.00	\$0.00	\$0.00	\$169.20

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Total KRG UTILITY, INC.:					\$38,391.10	\$0.00	\$0.00	\$0.00	\$0.00	\$38,391.10
LDI REPROPRINTING CENTERS					\$40.70	\$0.00	\$0.00	\$0.00	\$0.00	\$40.70
08/18/10	GV22063				\$44.77	\$0.00	\$0.00	\$0.00	\$0.00	\$44.77
08/23/10	GV22155				\$190.01	\$0.00	\$0.00	\$0.00	\$0.00	\$190.01
08/27/10	GV22269									
Total LDI REPROPRINTING CENTERS:					\$275.48	\$0.00	\$0.00	\$0.00	\$0.00	\$275.48
LEE LONG, JR					\$50.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50.00
01/31/10	Jan 10 Ren				\$150.00	\$0.00	\$0.00	\$0.00	\$0.00	\$150.00
02/28/10	Feb 10 Ren				\$75.00	\$0.00	\$0.00	\$0.00	\$0.00	\$75.00
03/31/10	Mar 10 Ren				\$250.00	\$0.00	\$0.00	\$0.00	\$0.00	\$250.00
04/30/10	Apr 10 Ren				\$375.00	\$0.00	\$0.00	\$0.00	\$0.00	\$375.00
05/31/10	May 10 Ren				\$50.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50.00
06/30/10	June 10 Re				\$200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$200.00
06/01/10	July 10 r									
Total LEE LONG, JR:					\$1,150.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,150.00
M.C. HAULING					\$75.04	\$0.00	\$0.00	\$0.00	\$0.00	\$75.04
08/16/10	9800									
Total M.C. HAULING:					\$75.04	\$0.00	\$0.00	\$0.00	\$0.00	\$75.04
MSC WATERWORKS GREENVILLE					(\$8,784.98)	\$0.00	\$0.00	\$0.00	\$0.00	(\$8,784.98)
07/30/10	2581343				\$11,540.76	\$0.00	\$0.00	\$0.00	\$0.00	\$11,540.76
08/01/10	2657408				\$328.60	\$0.00	\$0.00	\$0.00	\$0.00	\$328.60
08/03/10	2682702				\$81.49	\$0.00	\$0.00	\$0.00	\$0.00	\$81.49
08/03/10	2682980				\$63.28	\$0.00	\$0.00	\$0.00	\$0.00	\$63.28
08/09/10	2685164				\$143.10	\$0.00	\$0.00	\$0.00	\$0.00	\$143.10
08/10/10	2685077				\$1,671.69	\$0.00	\$0.00	\$0.00	\$0.00	\$1,671.69
08/11/10	2625757				\$328.35	\$0.00	\$0.00	\$0.00	\$0.00	\$328.35
08/12/10	2684348									

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08/18/10	2689344				\$262.36	\$0.00	\$0.00	\$0.00	\$0.00	\$262.36
08/26/10	2693568				\$492.60	\$0.00	\$0.00	\$0.00	\$0.00	\$492.60
08/26/10	2693677				\$72.08	\$0.00	\$0.00	\$0.00	\$0.00	\$72.08
08/30/10	2694628				\$6.59	\$0.00	\$0.00	\$0.00	\$0.00	\$6.59
Total MSC WATERWORKS GREENVILLE:					\$6,203.92	\$0.00	\$0.00	\$0.00	\$0.00	\$6,203.92
N.W. WHITE & COMPANY										
08/05/10	263787				\$332.85	\$0.00	\$0.00	\$0.00	\$0.00	\$332.85
08/16/10	264459				\$72.52	\$0.00	\$0.00	\$0.00	\$0.00	\$72.52
08/19/10	264536				\$89.00	\$0.00	\$0.00	\$0.00	\$0.00	\$89.00
08/23/10	264673				\$182.15	\$0.00	\$0.00	\$0.00	\$0.00	\$182.15
08/30/10	265078				\$181.69	\$0.00	\$0.00	\$0.00	\$0.00	\$181.69
Total N.W. WHITE & COMPANY:					\$858.21	\$0.00	\$0.00	\$0.00	\$0.00	\$858.21
NATIONAL PERMACRETE CO INC										
08/25/10	10812				\$2,042.30	\$0.00	\$0.00	\$0.00	\$0.00	\$2,042.30
Total NATIONAL PERMACRETE CO INC:					\$2,042.30	\$0.00	\$0.00	\$0.00	\$0.00	\$2,042.30
NORRIS SUPPLY COMPANY										
08/03/10	743568				\$503.50	\$0.00	\$0.00	\$0.00	\$0.00	\$503.50
08/06/10	74444B				\$274.25	\$0.00	\$0.00	\$0.00	\$0.00	\$274.25
08/06/10	74434B				\$629.64	\$0.00	\$0.00	\$0.00	\$0.00	\$629.64
08/10/10	74472B				\$140.45	\$0.00	\$0.00	\$0.00	\$0.00	\$140.45
08/19/10	74618B				\$180.70	\$0.00	\$0.00	\$0.00	\$0.00	\$180.70
08/24/10	74692B				\$209.35	\$0.00	\$0.00	\$0.00	\$0.00	\$209.35
08/25/10	74706B				\$57.02	\$0.00	\$0.00	\$0.00	\$0.00	\$57.02
08/25/10	74707B				\$477.00	\$0.00	\$0.00	\$0.00	\$0.00	\$477.00
08/31/10	74806B				\$98.46	\$0.00	\$0.00	\$0.00	\$0.00	\$98.46
Total NORRIS SUPPLY COMPANY:					\$2,570.37	\$0.00	\$0.00	\$0.00	\$0.00	\$2,570.37
NORTHERN SAFETY CO., INC.										

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08/13/10	P278529801				\$273.54	\$0.00	\$0.00	\$0.00	\$0.00	\$273.54
08/17/10	P278978401				\$131.40	\$2.21	\$0.00	\$0.00	\$0.00	\$129.19
Total NORTHERN SAFETY CO., INC.:					\$404.94	\$2.21	\$0.00	\$0.00	\$0.00	\$402.73
08/25/10	CT35953				\$131.23	\$0.00	\$0.00	\$0.00	\$0.00	\$131.23
Total OLD STONE TRACTOR CO., INC.:					\$131.23	\$0.00	\$0.00	\$0.00	\$0.00	\$131.23
08/24/10	13353				\$106.00	\$0.00	\$0.00	\$0.00	\$0.00	\$106.00
08/25/10	13359				\$689.00	\$0.00	\$0.00	\$0.00	\$0.00	\$689.00
08/27/10	13380				\$238.50	\$0.00	\$0.00	\$0.00	\$0.00	\$238.50
Total PANAGAKOS ASPHALT, INC.:					\$1,033.50	\$0.00	\$0.00	\$0.00	\$0.00	\$1,033.50
08/20/10	100619				\$1,153.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,153.00
Total PRIDE MECHANICAL CO., INC.:					\$1,153.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,153.00
08/12/10	2-24778-2				\$400.89	\$0.00	\$0.00	\$0.00	\$0.00	\$400.89
08/16/10	2-26545-3				\$467.17	\$0.00	\$0.00	\$0.00	\$0.00	\$467.17
08/23/10	2-27547-2				\$98.56	\$0.00	\$0.00	\$0.00	\$0.00	\$98.56
08/27/10	2-29055-2				\$28.14	\$0.00	\$0.00	\$0.00	\$0.00	\$28.14
08/27/10	2-29350				(\$110.00)	\$0.00	\$0.00	\$0.00	\$0.00	(\$110.00)
08/27/10	2-29081-3				\$199.04	\$0.00	\$0.00	\$0.00	\$0.00	\$199.04
Total PRO AUTO PARTS WAREHOUSE:					\$1,083.80	\$0.00	\$0.00	\$0.00	\$0.00	\$1,083.80
08/20/10	7482114				\$325.56	\$0.00	\$0.00	\$0.00	\$0.00	\$325.56
08/23/10	751365				\$65.09	\$0.00	\$0.00	\$0.00	\$0.00	\$65.09

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INVOICES UNPAID DETAILS BY VENDOR

LONG UTILITY CORPORATION

For the Period From 11/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
REYNOLDS INLINER, LLC					Total QUILL CORPORATION:					
08/31/10	R 4937.001				\$390.65	\$0.00	\$0.00	\$0.00	\$0.00	\$390.65
08/31/10	4937.001				\$3,969.45	\$0.00	\$0.00	\$0.00	\$0.00	\$3,969.45
					\$35,725.05	\$0.00	\$0.00	\$0.00	\$0.00	\$35,725.05
Total REYNOLDS INLINER, LLC:					\$39,694.50	\$0.00	\$0.00	\$0.00	\$0.00	\$39,694.50
ROGERS & CALLCOTT LABORATORY					\$401.40	\$0.00	\$0.00	\$0.00	\$0.00	\$401.40
08/31/10	120062				\$401.40	\$0.00	\$0.00	\$0.00	\$0.00	\$401.40
Total ROGERS & CALLCOTT LABORATORY:					\$401.40	\$0.00	\$0.00	\$0.00	\$0.00	\$401.40
SHARP BUSINESS SYSTEMS					\$101.34	\$0.00	\$0.00	\$0.00	\$0.00	\$101.34
08/20/10	6755302175				\$101.34	\$0.00	\$0.00	\$0.00	\$0.00	\$101.34
Total SHARP BUSINESS SYSTEMS:					\$101.34	\$0.00	\$0.00	\$0.00	\$0.00	\$101.34
SILT FENCE INSTALLATION, INC.					\$726.99	\$0.00	\$0.00	\$0.00	\$0.00	\$726.99
01/31/10	R-6105				\$341.94	\$0.00	\$0.00	\$0.00	\$0.00	\$341.94
07/01/10	R-6272				\$1,068.93	\$0.00	\$0.00	\$0.00	\$0.00	\$1,068.93
Total SILT FENCE INSTALLATION, INC.:					\$7,959.42	\$0.00	\$0.00	\$0.00	\$0.00	\$7,959.42
SMOKE OIL CO., LLC					\$7,959.42	\$0.00	\$0.00	\$0.00	\$0.00	\$7,959.42
08/26/10	88415				\$947.69	\$0.00	\$0.00	\$0.00	\$0.00	\$947.69
Total SMOKE OIL CO., LLC:					\$947.69	\$0.00	\$0.00	\$0.00	\$0.00	\$947.69
SPRING SERVICE - GREENVILLE					\$151.66	\$0.00	\$0.00	\$0.00	\$0.00	\$151.66
08/18/10	65661									
Total SPRING SERVICE - GREENVILLE:										
STEVE BROWN AUTOMOTIVE LLC										
08/23/10	1711									

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INVOICES UNPAID DETAILS BY VENDOR

LONG UTILITY CORPORATION

For the Period From 11/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
THE COPY SPOT, INC.					Total STEVE BROWN AUTOMOTIVE LLC:					
08/17/10	151356				\$151.66	\$0.00	\$0.00	\$0.00	\$0.00	\$151.66
					\$136.05	\$0.00	\$0.00	\$0.00	\$0.00	\$136.05
TRAVELERS REST FEED & SEED CO., INC.					Total THE COPY SPOT, INC.:					
08/31/10	58945				\$136.05	\$0.00	\$0.00	\$0.00	\$0.00	\$136.05
					\$50.88	\$0.00	\$0.00	\$0.00	\$0.00	\$50.88
U.S. PIPE & FOUNDRY CO., LLC					Total TRAVELERS REST FEED & SEED CO., INC.:					
08/31/09	CM 902992C				\$50.88	\$0.00	\$0.00	\$0.00	\$0.00	\$50.88
01/01/10	Dummy 01%				(\$778.57)	\$0.00	\$0.00	\$0.00	\$0.00	(\$778.57)
07/20/10	90321562				\$4,092.66	\$0.00	\$0.00	\$0.00	\$0.00	\$4,092.66
					\$1,071.78	\$0.00	\$0.00	\$0.00	\$0.00	\$1,071.78
U.S. POSTAL SERVICE					Total U.S. PIPE & FOUNDRY CO., LLC:					
08/31/10	Box 727				\$4,385.87	\$0.00	\$0.00	\$0.00	\$0.00	\$4,385.87
					\$110.00	\$0.00	\$0.00	\$0.00	\$0.00	\$110.00
UNITED RENTALS, INC.					Total U.S. POSTAL SERVICE:					
08/20/10	89228114-0				\$110.00	\$0.00	\$0.00	\$0.00	\$0.00	\$110.00
08/27/10	89472063-0				\$860.76	\$0.00	\$0.00	\$0.00	\$0.00	\$860.76
					\$111.90	\$0.00	\$0.00	\$0.00	\$0.00	\$111.90
UTILITY SUPPLY/HOBBY					Total UNITED RENTALS, INC.:					
08/15/10	Carolina A				\$972.66	\$0.00	\$0.00	\$0.00	\$0.00	\$972.66
					\$159.00	\$0.00	\$0.00	\$0.00	\$0.00	\$159.00
VULCAN MATERIALS CO.					Total UTILITY SUPPLY/HOBBY:					
08/18/10	559131				\$159.00	\$0.00	\$0.00	\$0.00	\$0.00	\$159.00
					\$356.90	\$0.00	\$0.00	\$0.00	\$0.00	\$356.90

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INVOICES UNPAID DETAILS BY VENDOR

LONG UTILITY CORPORATION

For the Period From 11/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
WARES AUTO PARTS										
08/24/10	799438									
08/26/10	799659									
08/27/10	799707									
08/30/10	799936									
Total VULCAN MATERIALS CO.:					\$356.90	\$0.00	\$0.00	\$0.00	\$0.00	\$356.90
					\$57.79	\$0.00	\$0.00	\$0.00	\$0.00	\$57.79
					\$7.89	\$0.00	\$0.00	\$0.00	\$0.00	\$7.89
					\$62.01	\$0.00	\$0.00	\$0.00	\$0.00	\$62.01
					\$15.94	\$0.00	\$0.00	\$0.00	\$0.00	\$15.94
Total WARES AUTO PARTS:					\$153.63	\$0.00	\$0.00	\$0.00	\$0.00	\$153.63
Total Report:					\$600,425.91	\$2.21	\$41,965.72	\$0.00	\$0.00	\$558,457.98
					Retainage Paid (Included in amount)		\$0.00			

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A/R AGING SUMMARY

LONG UTILITY CORPORATION

For the Period From 11/01/09 To 08/31/10
Aging Date: 8/31/10

<u>Customer</u>	<u>Total Owed</u>	<u>Current</u>	<u>Over 30</u>	<u>Over 60</u>	<u>Over 90</u>
BEELE POND	\$167,013.18	\$167,013.18	\$0.00	\$0.00	\$0.00
BMW - 10 BAY EXPANSION	\$17,122.3350	.00	\$0.00	\$0.00	\$17,122.33
FOOTHILLS CHILD DEV CTR	\$34,585.06	\$0.00	\$0.00	\$0.00	\$34,585.05
GRESHAM PARK PH 2 SEC 2	\$36,031.63	\$8,146.16	\$3,510.99	(\$19,384.62)	\$46,359.10
IIWY 123 WATER RELOCATION	\$68,166.26	\$39,542.00	\$19,408.68	\$0.00	\$7,215.58
MISC JOBS	\$8,926.00	\$2,125.00	\$1,755.00	\$0.00	\$3,046.00
P.H.S. WATERLINE	\$18,862.42	\$3,539.68	\$5,074.67	\$0.00	\$8,248.07
PARKER SEWER REHAB	\$388,393.72	\$168,376.00	\$117,477.08	\$10,341.49	\$92,197.71
POWDERSVILLE H.S.	\$72,369.78	\$51,223.72	\$7,175.03	\$5,908.19	\$8,062.84
STARR IVA CO2	\$90,765.38	\$51,527.38	\$3,656.73	\$18,601.23	\$15,980.02
STARR-IVA 2008 RD PROJECT DIV IV	\$58,961.00	\$0.00	\$0.00	\$0.00	\$58,961.00
UTICA SEWER PH III	\$166,218.92	\$58,400.00	\$92,204.68	(\$3,989.27)	\$19,523.51
Report Total:	\$1,120,016.28	\$547,893.78	\$250,343.64	\$12,477.02	\$309,301.81

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LONG UTILITY CORPORATION
STATUS OF CONTRACTS using COST TO COST METHOD (PERCENTAGE OF COMPLETION) THROUGH AUGUST 2010

JOB NUMBER	ADJUSTED CONTRACT	TOTAL ESTIMATED COST	TOTAL ESTIMATED PROFIT	Percent Profit	COST TO DATE	BILLED TO DATE	EARNED TO DATE	PROFIT TO DATE	PERCENT COMPLETE OF COSTS	Acct 1150 Dr UNDER BILLED	Acct 2100 Cr OVER BILLED
105603 GRESHAM PH2 SEC2	634,654.77	605,465.45	28,179.12	4.44%	605,399.74	644,351.92	631,433.91	28,099.17	99.81%	0.00	10,463.01
105607 PENDLETON PH 1	754,959.88	775,994.62	78,576.45	10.45%	675,994.93	754,959.88	754,959.88	78,975.45	100.00%	0.00	0.00
109025 KEOWEE KEY II	61,285.00	59,716.24	1,576.75	2.57%	59,716.24	61,285.00	59,716.24	1,576.75	100.00%	0.00	0.00
109028 RIDGEVIEW PS	100,832.74	100,726.67	95.07	0.05%	100,726.67	100,832.74	100,832.74	95.07	100.00%	0.00	0.00
109027 STARR IVA	1,139,232.00	1,134,500.00	(45,265.00)	-3.97%	1,145,819.31	1,239,232.00	1,103,004.42	(42,814.89)	95.82%	0.00	36,227.58
109026 STARR IVA CO 2	963,730.59	915,093.00	50,730.59	5.36%	752,647.69	936,288.90	794,592.42	41,851.53	82.44%	0.00	41,787.48
109028 CARLTON PH 4	131,510.35	131,061.53	248.77	0.19%	131,061.53	131,510.35	131,510.35	248.77	100.00%	0.00	0.00
109028 DILLARD CREEK AMENITY I	34,231.90	33,841.24	390.45	1.14%	33,841.24	34,231.90	33,841.24	390.45	100.00%	0.00	0.00
109030 DILLARD CREEK SUBDIV	35,340.75	35,102.23	238.52	0.61%	35,102.23	35,340.75	35,102.23	238.52	100.00%	0.00	0.00
110001 POWERSVILLE H.S.	299,246.70	275,390.00	23,856.70	8.55%	275,390.00	299,246.70	275,390.00	23,856.70	100.00%	0.00	0.00
110002 WEST PARK	21,285.00	21,562.27	277.27	0.11%	21,562.27	21,285.00	21,562.27	277.27	100.00%	0.00	0.00
110003 WINDMERE SUBDIV	18,678.90	18,691.74	787.16	4.00%	18,691.74	18,678.90	18,691.74	787.16	100.00%	0.00	0.00
110004 POWERSVILLE STATION	68,954.00	66,168.89	2,785.11	4.05%	66,168.89	68,954.00	66,168.89	2,785.11	100.00%	0.00	0.00
110005 TROOCOUNTY TECH	57,301.00	55,468.05	1,832.95	3.20%	55,468.05	57,301.00	55,468.05	1,832.95	100.00%	0.00	0.00
110005 BROWN ROAD	141,000.50	157,803.02	(16,799.50)	-11.91%	153,330.01	140,230.50	136,911.49	(16,718.50)	97.10%	0.00	3,209.01
110007 PARKER SEWER REHAB	3,604,042.57	3,435,000.00	169,042.57	4.70%	1,175,452.18	1,911,248.44	1,305,167.01	125,674.83	34.31%	0.00	6,079.43
110008 UTICA SEWER PHIL	461,358.82	425,635.49	35,723.43	7.74%	434,536.44	461,358.82	425,635.49	35,723.43	100.00%	0.00	0.00
110009 STEPHEN HOUSE	38,450.00	38,269.91	180.09	0.47%	38,269.91	38,450.00	38,269.91	180.09	100.00%	0.00	0.00
110010 BAYVIEW BAY EXPANSION	155,204.27	155,212.85	6,871.32	4.22%	137,444.08	155,098.37	143,496.43	6,052.35	89.80%	358.16	0.00
110011 HWY 123 WATER RELO	255,930.00	225,701.99	21,228.01	8.27%	225,701.99	255,930.00	225,701.99	21,228.01	100.00%	0.00	0.00
110012 SADDLEHORN PH3 SEC1	61,284.00	53,917.24	7,366.76	12.01%	53,917.24	61,284.00	53,917.24	7,366.76	100.00%	0.00	0.00
110013 P.H.S. WATERLINE	191,813.00	154,405.00	37,408.00	19.50%	135,845.37	136,767.09	135,845.37	37,408.00	100.00%	0.00	0.00
110014 CARD LION FINISH	344,322.80	340,046.77	4,276.03	1.24%	340,046.77	344,322.80	340,046.77	4,276.03	100.00%	0.00	0.00
110015 BEELE POND	423,901.00	423,801.00	0.00	0.00%	423,801.00	423,901.00	423,801.00	0.00	100.00%	0.00	0.00
110016 PACOLET SEWER PROJECT	289,215.00	360,546.70	7,766.20	2.00%	173,196.65	187,013.18	173,196.65	7,766.20	100.00%	0.00	0.00
MISC10 MISC10	56,764.54	57,227.14	(462.60)	-0.78%	57,227.14	56,764.54	57,227.14	(462.60)	100.00%	0.00	0.00
CLOSED 09 CLOSED 09	6,244.89	1,550.56	4,566.33	73.44%	1,550.56	6,244.89	1,550.56	4,566.33	100.00%	0.00	0.00
	10,848,464.21	10,275,871.58	570,592.53	5.24%	5,993,256.48	7,266,139.38	7,274,683.21	305,604.75	67.82%	6,980.24	98,266.52

Cost & Billed in prior years
Cost & Billed To Date adjusted
PER INCOME STATEMENT

1,302,230.73
5,687,027.73
5,687,027.73

Prior Yr. Bal.
YTD Adjust.
Prior Mo. Bal.
Curr. Mo. Adj.

2,062.00
4,925.34
16,543.93
(8,355.69)

Error (due to rounding)

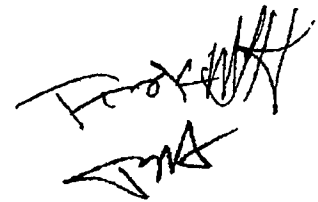
0.00 0.00

Current Year Over (Under) Billed
Current Month Over (Under) Billed

33,366.17
8,572.52

SCHEDULE A-3(4)
LIABILITIES

[SEE ATTACHED FINANCIAL STATEMENT REGARDING SOUTH ATLANTIC CONSTRUCTION, INC.]

Handwritten signature and initials, possibly "Terry" and "JMA", in black ink.

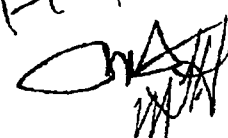
SOUTH ATLANTIC CONSTRUCTION, INC.
INCOME STATEMENT
FOR THE PERIOD 08/01/2010 THROUGH 08/31/2010

PAGE: 1

CURRENT

YTD

REVENUE FROM SALES:		
INTEREST INCOME	0	1,724
JOBS CLOSED PRIOR YRS-SAC	0	(6,345)
DISCOUNTS EARNED	0	0
MISC INCOME	75	1,280
GAIN ON SALE FIXED ASSET	0	0
GROSS JOB INCOME - SAC	815,534	4,123,600
OVER/UNDER BILLING ADJUST	25,706	18,552
PRIOR YEAR BILLINGS WIP	0	(107,037)
JOB COST	(803,436)	(3,947,161)
PRIOR YEAR COST ON WIP	0	114,417
TOTAL REVENUE FROM SALES	37,879	198,209
COST OF GOODS SOLD:		
TOTAL COST OF GOODS SOLD	0	0
GROSS PROFIT (LOSS)	37,879	198,209
OPERATING EXPENSES:		
01K COMPANY CONTRIBUTION	471	4,384
INCOME TAX EXPENSE	0	0
NS-GENERAL LIABILITY	5,770	31,948
NS-CONTRACTORS EQUIP EXP	773	3,242
NS-W/C EXPENSE	0	0
NS-COMMERCIAL PACKAGE	0	0
NS-AUTO & TRUCK	0	0
NS-UMBRELLA EXPENSE	478	2,855
NS-GROUP	0	2,054
NS-OTHER EXPENSE	7,656	78,963
SHOP-PAYROLL-SAC	0	0
OFFICE-SALARIES	0	0
ID PAYROLL	10,360	179,010
AUTO & TRUCK EXPENSE	0	0
UTILITIES	1,813	15,970
TELEPHONE & TELEGRAPH	523	4,024
MANAGEMENT FEES	1,130	9,987
PAYROLL TAXES	3,000	45,000
OTHER TAXES & LICENSES	1,595	17,565
OFFICE & GROUNDS EXPENSE	150	2,685
OFFICE RENT	279	1,484
PLANS & SPECIFICATIONS	0	0
POSTAGE & U.P.S.	0	825
OFFICE EXPENSE-MISC	0	3,686
TRAVEL/ENTERTAINMENT-SAC	0	0
UES & SUBSCRIPTIONS	13	26
ISC GENERAL EXPENSE	0	1,793
MAIL TOOLS - SAC	3	2,105
EQUIPMENT REPAIRS	963	963
	874	29,632

Frank


SOUTH ATLANTIC CONSTRUCTION, INC.
INCOME STATEMENT
FOR THE PERIOD 08/01/2010 THROUGH 08/31/2010

PAGE: 2

	CURRENT	YTD
LEGAL & PROFESSIONAL	0	
SHOP EXPENSE	0	10,500
CONTRIBUTIONS	0	0
ADVERTISING	0	0
DEPRECIATION	0	0
INTEREST EXPENSE	6,500	1,511
SAFETY EXPENSE	0	58,500
PENSION TRUST	0	0
COPIER & FAX EXPENSE	0	648
COMPUTER EXPENSE	59	0
V/C EXP-NOT FILED W/INS	100	2,046
SUPPLIES-OFFICE	0	2,989
SUPPLIES-ENGINEERING DEPT	98	0
TRAVEL REIMBURSEMENTS-OFF	188	603
PRINTING EXPENSE	0	672
IC AUTO & TRUCK EXPENSE	0	943
INDIR COST APPL TO JOB	0	100
IC TRAVEL & ENTERTAINMENT	3,883	0
INCOME TAX	0	38,328
	0	0
TOTAL OPERATING EXPENSES	48,974	478,380
OPERATING PROFIT (LOSS)	(11,096)	(280,171)
OTHER REVENUE AND EXPENSE:		
TOTAL OTHER REVENUE AND EXPENSE	0	0
NET PROFIT (LOSS)	(11,096)	(280,171)

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SOUTH ATLANTIC CONSTRUCTION, INC.
BALANCE SHEET
FOR THE PERIOD ENDING AUGUST 31, 2010

PAGE: 1

ASSETS

CURRENT ASSETS:

CAROLINA FIRST - GEN ACCT	63,100
COUNTY BANK-RAYMOND JAMES	5
ARTHUR STATE BANK	0
ACCURED INTEREST REC.	0
ACCTS RECEIVABLE - MISC	0
A/R-LOAN TO SHAREHOLDERS	100,000
A/R CONTROL CURRENT EST	1,492,927
A/R RETAINAGE	314,858
A/R CLOSED JOBS-CUR EST	0
A/R CLOSED JOBS-RETAINAGE	0
COST IN EXCESS OF BILLING	25,114
CORP TAX REFUND REC'AL	0
INSURANCE-PREMIUM DEPOSIT	0
LOAN TO STOCKHOLDERS	3,343
C.V.L.I.	0
PREPAID PAYROLL TAXES	0
DEFERRED INTEREST	0
INTER-COMPANY -HOBBY	45,000
DUE FROM SEASIDE	0

TOTAL CURRENT ASSETS

1,954,386

FIXED ASSETS:

REAL ESTATE	0
GROUNDS & PARKING LOT	0
EQUIPMENT	596,092
CONCRETE FORMING	0
AUTO & TRUCKS	177,624
OFFICE EQUIPMENT	50,742
WAREHOUSE-BUILDING	0
OFFICE-BUILDING	0
SECURITIES	0
INVESTMENT-AZTEC	0
INTER-COMPANY - HOBBY	140,000
RESERVE FOR DEPRN-SAC	568,892

TOTAL FIXED ASSETS

395,566

OTHER ASSETS:

JOBS IN PROGRESS-CONTROL	0
JOBS IN PROGRESS-ADDL ADJ.	0

TOTAL OTHER ASSETS

0

TOTAL ASSETS

2,349,952

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SOUTH ATLANTIC CONSTRUCTION, INC.
BALANCE SHEET
FOR THE PERIOD ENDING AUGUST 31, 2010

PAGE: 2

LIABILITIES

CURRENT LIABILITIES:

ACCOUNTS PAYABLE CONTROL	1,458,413
A/P ADVANCE FROM HOBBY	0
A/P CATCH UP-DEBIT(COST)	0
ACCURED WORKERS COMP.	0
ACCURED INTEREST PAYABLE	0
ACCURED PAYROLL	0
FICA TAX	0
STATE UNEMPLY-SC & GA	0
FEDERAL UNEMPLY-SC & GA	341
FEDERAL INCOME TAX-W/H	44
MISC.-DEDUCT CLEARING ACC	0
ACCURED PROPERTY TAX	0
COMPENSATION ADJUSTMENT	0
SC STATE INCOME TAX W/H	0
NC INCOME TAX - W/H	1)
NC PR DEDUCT ADCT-TEMP	0
GARNISHMENT OF WAGES	0
401K DEDUCTIONS/PYMTS	0
GA STATE INCOME TAX W/H	713)
RESERVE FOR INCOME TAX	0
BILLING IN EXCESS OF COST	0
INCOME TAXES PAYABLE	2
	(80)

TOTAL CURRENT LIABILITIES

1,458,006

LONG TERM LIABILITIES:

NOTES PAY-CARIST 03/02/01	0
NOTES PAY-CAR. 1ST-9198	0
NOTE PAYABLE-CAROLINA 1ST	0
IDS CAPITAL - COPIER LOAN	0
IDS CAPITAL - FAX LOAN	0
DEFERRED INCOME TAXES	52,417
MORTG PAY-SCN(ORIG)-BLDG	0
DEFERRED COMPENSATION	0

TOTAL LONG TERM LIABILITIES

52,417

TOTAL LIABILITIES

1,510,423

CAPITAL

CAPITAL STOCK	875
PERFERRED STOCK	0
REPURCH-PERFERRED STOCK	0
REPURCH STOCK - EAV	0
P&L (REGULAR)	0
SURPLUS-SAC	0
DIVIDENDS	1,118,824
BEGINNING BAL-TENTATIVE	0
TREASURY STOCK	0

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SOUTH ATLANTIC CONSTRUCTION, INC.
BALANCE SHEET
FOR THE PERIOD ENDING AUGUST 31, 2010

PAGE: 3

LIFE INSURANCE OFFICERS
LIFE INSURANCE PROCEEDS
Net Income This Year

0
0
(200,171)

TOTAL CAPITAL

839,529

TOTAL LIABILITIES AND CAPITAL

2,349,952

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SOUTH ATLANTIC CONSTRUCTION, INC.

PAGE: 1

GENERAL LEDGER REPORT (P22534)

OR THE PERIOD: 8/01/2010 TO 8/31/2010

COMPANY: 2

Accts Receivable
at 8/30/10

CT	DIV	DEPT	ACCOUNT DESCRIPTION	DESCRIPTION	JR POST CNTRL REFERENCE	BEGINNING BALANCE	DEBIT	CREDIT
110	108		AR CUR EST-SENECA WTP II					
110	108		ACCOUNT TOTAL:			.05		
			NET CHANGE:			.00		.00
			ENDING BALANCE:			.05		
110	206		AR CUR EST - WILSON CREEK					
110	206		ACCOUNT TOTAL:			.04-		
			NET CHANGE:			.00		.00
			ENDING BALANCE:			.04-		
110	208		AR CUR EST-REED-CRAWFORD CR					
110	208		ACCOUNT TOTAL:			.01-		
			NET CHANGE:			.00		.00
			ENDING BALANCE:			.01-		
110	209		AR CUR EST-PENDLETON/CLEM			803,704.76		
8/15/2010			JOB 209 PENDLETON	CA 6L10232001 JOB 209				
8/31/2010			JOB 209 PENDLETON	ES 6L10250002 JOB 209 PENDLETON		366,067.04		333,195.91
110	209		ACCOUNT TOTAL:			366,067.04		333,195.91
			NET CHANGE:			32,871.13		
			ENDING BALANCE:			836,575.89		
110	210		AR CUR EST- ABBVILLE HANDLS			35,720.81		
8/15/2010			JOB 210 ABBEVILLE HANDL	CA 6L10232001 JOB 210				
8/31/2010			JOB 210 ABBVL HANDLS	ES 6L10250002 JOB 210 ABBVL HANDLS		20,675.19		35,720.81
110	210		ACCOUNT TOTAL:			20,675.19		35,720.81
			NET CHANGE:			15,045.62-		
			ENDING BALANCE:			20,675.19		
110	308		AR CUR EST-EDGEFIELD WTP					
110	308		ACCOUNT TOTAL:			.01		
			NET CHANGE:			.00		.00
			ENDING BALANCE:			.01		
110	309		AR-CUR EST ABBEVILLE WTP			424,662.65		
8/05/2010			JOB 309 ABBEVILLE	CA 6L10224002 JOB 309 ABBEVILLE				
8/31/2010			JOB 309 ABBVLUPGRD	ES 6L10250002 JOB 309 ABBEVILLE UP		413,605.59		217,184.68
110	309		ACCOUNT TOTAL:			413,605.59		217,184.68
			NET CHANGE:			196,420.91		
			ENDING BALANCE:			621,083.56		
110	410		AR CUR EST-CLEMSON CLARFR					
8/31/2010			JOB 410 CLEMSON CLARIFIER	ES 6L10250002 JOB 410 CLEMSON CLA		.00		
						14,592.00		

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SOUTH ATLANTIC CONSTRUCTION, INC.

PAGE: 2

GENERAL LEDGER REPORT (P22534)

DR THE PERIOD: 8/01/2010 TO 8/31/2010
COMPANY: 2

CTY #	DIV	DEPT	ACCOUNT DESCRIPTION	DATE	DESCRIPTION	JR POST CNTAL REFERENCE	BEGINNING BALANCE	DEBIT	CREDIT
110	410		ACCOUNT TOTAL:						
			NET CHANGE:				14,592.00		.00
			ENDING BALANCE:				14,592.00		
120	206		AP CUR RET - WILSON CREEK					.04	
120	206		ACCOUNT TOTAL:					.00	.00
			NET CHANGE:				.00		
			ENDING BALANCE:				.04		
120	209		AR CUR RET-PENDLETON/CLEM				235,667.59		
8/31/2010			JOB 209 PENDLETON		ES 6L10250002 JOB 209 PENDLETON		411.14		
120	209		ACCOUNT TOTAL:				411.14		.00
			NET CHANGE:				411.14		
			ENDING BALANCE:				236,078.73		
120	309		AR-CUR RET ABBEVILLE WTP				78,606.11		
8/31/2010			JOB 309 ABBVILLUPRD		ES 6L10250002 JOB 309 ABBEVILLE WTP		182.85		
120	309		ACCOUNT TOTAL:				182.85		.00
			NET CHANGE:				182.85		
			ENDING BALANCE:				78,788.96		
FINAL TOTALS:							1,578,361.97		
BEGINNING BALANCE:							813,533.81		586,101.40
NET CHANGE:							229,432.41		
ENDING BALANCE:							1,807,794.38		

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SOUTH ATLANTIC CONSTRUCTION, INC.

PAGE: 2

AP AGED TRIAL BALANCE-CURRENT BALANCE DETAIL (P21166)

COMPANY: 2 DIVISION: ALL
AS OF: 8/31/2010 SELECTED BY: INVOICE DATE REPORT FORMAT: AGED COLUMNS
H = INVOICE ON HOLD

VENDOR		INVOICE	DATE	TERM	CODE	CURRENT	AGED TOTALS			RETAINAGE
JOB NO.	NO.	NO.	DATE	DATE	CODE	CURRENT	1 - 30	31 - 60	OVER 60	AMOUNT

	034107	7421367	8/18/2010	9/09/2010	3	206.31				.00

VENDOR TOTALS:						206.31	.00	.00	.00	.00

01170	UNITED RENTALS, INC.									
209	034012	85636286-009	8/03/2010	9/02/2010	3	553.25				.00
209	034063	89033948-001	8/04/2010	9/02/2010	3	83.74				.00
209	034064	89125564-001	8/09/2010	9/02/2010	3	373.11				.00
209	034108	89252511-001	8/16/2010	9/16/2010	3	234.26				.00

VENDOR TOTALS:						1244.36	.00	.00	.00	.00

01173	CARSON'S NUT BOLT & TOOL									
209	034065	3199963	8/09/2010	9/09/2010	3	54.88				.00
209	034097	3201129	8/16/2010	9/10/2010	3	12.50				.00
209	034109	3201221	8/17/2010	9/10/2010	3	280.90				.00

VENDOR TOTALS:						356.28	.00	.00	.00	.00

01230	NEFF RENTL									
209	034134	3154439-0002	8/20/2010	9/10/2010	3	1724.65				.00
209	034190	3164439-0002	8/20/2010	9/10/2010	3	1724.65				.00
209	034191	3154439-0002	8/20/2010	9/10/2010	3	1724.65				.00

VENDOR TOTALS:						1724.65	.00	.00	.00	.00

01235	TENCARVER MACHINERY CO.									
209	034196	185992	7/01/2010	8/30/2010	4	1975.50				219.50

VENDOR TOTALS:						.00	1975.50	.00	.00	219.50

01294	THE GUARDIAN									
	034162	81910	8/19/2010	9/02/2010	3	791.30				.00

VENDOR TOTALS:						791.30	.00	.00	.00	.00

01264	LARRY BRIGMAN									
209	034152	SEP10	8/26/2010	9/02/2010	3	500.00				.00

VENDOR TOTALS:						500.00	.00	.00	.00	.00

01315	COMMISSIONERS OF PUBLIC									
	034162	82418	8/24/2010	9/09/2010	5	27.36				.00

VENDOR TOTALS:						.00	27.36	.00	.00	.00

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SOUTH ATLANTIC CONSTRUCTION, INC.

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AP AGED TRIAL BALANCE-CURRENT BALANCE DETAIL (P21155)

COMPANY: 2 DIVISION: ALL

AS OF: 8/31/2010 SELECTED BY: INVOICE DATE

REPORT FORMAT: AGED COLUMNS

H = INVOICE ON HOLD

***** VOUCHER *****		***** INVOICE *****		***** DATE *****		***** DATE *****		***** TERM *****		***** AGED TOTALS *****		***** RETAINAGE *****	
JOB NO.	NO.	NO.	NO.	DATE	DATE	CODE	CURRENT	1 - 30	31 - 60	OVER 60		AMOUNT	
81358	TRACON, INC.			4/06/2010	5/30/2010	4						364.40	
209	833473	13285											
VENDOR TOTALS:												364.40	
81360	EASON MOBILE			8/19/2010	9/02/2010	5						364.40	
209	834111	30910											
VENDOR TOTALS:												616.91	
81465	LIVERETT FABRICATING			7/08/2010	8/30/2010	4							
309	833949	197270608		8/01/2010	9/30/2010	4							
309	834035	197350704		8/19/2010	9/30/2010	4							
309	834123	138100009											
VENDOR TOTALS:												3301.36	
81470	LOWE'S COMPANIES			8/25/2010	9/10/2010	3							
209	834102	82510		8/25/2010	9/10/2010	3							
309	834102	82510		8/25/2010	9/10/2010	3							
410	834102	82510											
VENDOR TOTALS:												1768.24	
81536	VARRY NEAL HARPER			8/15/2010	8/12/2010	3							
410	834155	WEB1510		8/15/2010	8/12/2010	3							
210	834156	WEB1510											
VENDOR TOTALS:												40.00	
81595	SOUTH CAROLINA STEEL CORP			7/27/2010	8/30/2010	4							
309	833990	1-07982											
VENDOR TOTALS:												802.50	
81641	ACTION CONCRETE CONT. INC			7/01/2010	8/30/2010	4							
209	833897	14750		8/05/2010	9/30/2010	4							
309	834018	15053											
VENDOR TOTALS:												611.63	
81657	PHILADELPHIA MIXERS			6/17/2010	7/30/2010	4							
309	833838	104595											
VENDOR TOTALS:												528.94	
TOTAL												2172.00	

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SOUTH ATLANTIC CONSTRUCTION, INC.

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AP AGED TRIAL BALANCE-CURRENT BALANCE DETAIL (P21166)

COMPANY: 2 DIVISION: ALL
AS OF: 8/31/2010 SELECTED BY: INVOICE DATE REPORT FORMAT: AGED COLUMNS
H = INVOICE ON HOLD

VOUCHER		INVOICE		DUE		TERM		AGED TOTALS				RETAILER
JOB NO.	NO.	NO.	DATE	DATE	CODE	CURRENT	1 - 30	31 - 60	OVER 60		AMOUNT	

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SOUTH ATLANTIC CONSTRUCTION, INC.

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AP AGED TRIAL BALANCE-CURRENT BALANCE DETAIL (P21166)

COMPANY: 2 DIVISION: ALL

AS OF: 8/31/2010 SELECTED BY: INVOICE DATE REPORT FORMAT: AGED COLUMNS

H = INVOICE ON HOLD

VOUCHER		INVOICE		DUE		TERM		AGED TOTALS				RETAINAGE
JOB NO.	NO.	NO.	DATE	DATE	CODE	CURRENT	1 - 30	31 - 60	OVER 60		AMOUNT	

01877	DIGITAL BLUEPRINT											
	034114 60459		8/18/2010	9/10/2010	3	187.72					.00	
VENDOR TOTALS:			187.72			187.72	.00	.00	.00		.00	
01890	JOSEPH T. WHITE											
309	034153 SEP2010		8/26/2010	9/02/2010	1	500.00					.00	
VENDOR TOTALS:			500.00			500.00	.00	.00	.00		.00	
01911	UTILITY ELECTRIC LLC											
209	033224 2251W		2/25/2010	3/30/2010	4							
209	033509 43010		4/30/2010	5/30/2010	4						1140.00	
209	033600 53110		5/31/2010	6/30/2010	4						2434.00	
209	033820 63014		6/30/2010	7/30/2010	4						1400.00	
209	033905 1		7/31/2010	8/30/2010	4						5815.00	
209	033905 5		7/31/2010	8/30/2010	4						1230.00	
209	024176 2		8/31/2010	9/30/2010	4	51817.00					4534.00	
209	034177 6		8/31/2010	9/30/2010	4	34165.77					3796.00	
VENDOR TOTALS:			141711.50			85982.77	5528.73	.00	.00		26594.00	
01918	KIRBY DWIGLE											
410	034157 WEB1510		8/15/2010	8/12/2010	3	40.00					.00	
210	034158 WEB1510		8/15/2010	8/12/2010	3	40.00					.00	
VENDOR TOTALS:			.00			.00	.00	.00	.00		.00	
02007	GARDNER ASSOCIATES, INC.											
	034019 4538		8/02/2010	9/02/2010	3	1312.20					.00	
	034020 4505		8/05/2010	9/02/2010	3	4936.00					.00	
VENDOR TOTALS:			6248.20			6248.20	.00	.00	.00		.00	
02015	NORTHWESTERN SUPPLY INC.											
209	034115 926676		8/10/2010	9/10/2010	3	155.44					.00	
VENDOR TOTALS:			155.44			155.44	.00	.00	.00		.00	
02085	THOMAS D. WILLIS											
410	034159 WEB1510		8/15/2010	8/12/2010	1	40.00					.00	
210	034160 WEB1510		8/15/2010	8/12/2010	1	40.00					.00	
VENDOR TOTALS:			.00			.00	.00	.00	.00		.00	

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SOUTH ATLANTIC CONSTRUCTION, INC.

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AP AGED TRIAL BALANCE-CURRENT BALANCE DETAIL (021166)

COMPANY: 2 DIVISION: ALL

AS OF: 8/31/2010 SELECTED BY: INVOICE DATE REPORT FORMAT: AGED COLUMNS

H = INVOICE ON HOLD

VOUCHER		INVOICE		DUE TERM		AGED TOTALS				RETAINAGE AMOUNT
JOB NO.	NO.	NO.	DATE	DATE	CODE	CURRENT	1 - 30	31 - 60	OVER 60	

02104 CYBERLINK NETWORK, INC.										
	034163	02610	8/26/2010	9/02/2010	3		40.00			.00
VENDOR TOTALS:							40.00	.00	.00	.00
02115 HENRY PHATT COMPANY										
309	034044	2063433	8/05/2010	9/30/2010	4		43.00			.00
309	034124	2071795	8/19/2010	9/30/2010	4		6170.00			.00
309	034178	2073775	8/23/2010	9/30/2010	4		25420.00			.00
VENDOR TOTALS:							31641.00	.00	.00	.00
02123 WILLIAMS SCOTSMAN, INC.										
209	034067	95160368	8/09/2010	9/09/2010	3		143.31			.00
VENDOR TOTALS:							143.31	.00	.00	.00
02128 ACS GRADING, INC.										
209	033004	122209	12/02/2009	1/30/2010	4					3645.60
209	033082	2	1/22/2010	2/28/2010	4					5876.00
209	032229	22610	2/26/2010	3/30/2010	4					850.00
209	033339	31910	3/19/2010	4/30/2010	4					800.00
209	033475	40810	4/08/2010	5/30/2010	4					3570.64
209	034104	83110	8/31/2010	9/30/2010	4		1800.00			200.00
VENDOR TOTALS:							1800.00	.00	.00	.00
02132 CAROLINA TECHNICAL										
309	033196	15491	2/23/2010	3/30/2010	4					2242.71
309	033348	15620	3/10/2010	4/30/2010	4					948.7
309	033467	15638	4/01/2010	5/30/2010	4					1000.0
309	033651	15609	5/05/2010	6/30/2010	4					1068.1
309	033813	15660	6/17/2010	7/30/2010	4					168.0
309	034036	15731	8/01/2010	9/30/2010	4		3056.64			339.6
309	034037	15732	8/01/2010	9/30/2010	4		4241.40			471.2
309	034038	15740	8/01/2010	9/30/2010	4		1710.79			190.0
309	034088	15750	8/10/2010	9/30/2010	4		5142.69			571.4
309	034089	15751	8/11/2010	9/30/2010	4		3420.46			380.5
309	034108	REMOVE	8/31/2010	9/30/2010	4		17579.98			1993.2
309	024189	83110	8/31/2010	9/30/2010	4		16758.15			1804.6
VENDOR TOTALS:							16958.15	.00	.00	.00
02134 CLEMENTS ELECTRICAL INC										
309	033360	1	3/24/2010	4/30/2010	4					1200.1

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SOUTH ATLANTIC CONSTRUCTION, INC.

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AP AGED TRIAL BALANCE-CURRENT BALANCE DETAIL (P21166)

COMPANY: 2 DIVISION: ALL
AS OF: 8/31/2010 SELECTED BY: INVOICE DATE REPORT FORMAT: AGED COLUMNS
H = INVOICE ON HOLD

JOB NO.	VOUCHER		INVOICE		DUE DATE	TERM	AGED TOTALS				RETAINAGE AMOUNT	
	NO.	NO.	DATE	DATE			CODE	CURRENT	1 - 30	31 - 60		OVER 60
309	033021	2		5/25/2010	7/30/2010	4						
309	033987	73110		7/31/2010	8/30/2010	4						1628.58
309	034125	83110		8/31/2010	9/30/2010	4						4550.00
309	034185	83110		8/31/2010	9/30/2010	4	15174.98					1686.10
309	034186	83110		8/31/2010	9/30/2010	4	11637.33					1226.37
							15174.98					1686.10
VENDOR TOTALS:		52087.33					11837.33	41650.00	.00	.00		8734.87
02135	HOSBETT CONCRETE PIPE CO											
209	034098	30823		8/12/2010	9/30/2010	4	339.20					.00
VENDOR TOTALS:		339.20					339.20	.00	.00	.00		.00
02136	COBLE TRENCH SAFETY INC.											
209	033996	40244		7/28/2010	8/30/2010	4						.00
VENDOR TOTALS:		1178.72					.00	1178.72	.00	.00		.00
02137	EDWARDS PIPING AND											
309	033522	13073		4/15/2010	5/30/2010	4						2300.00
309	033623	2		5/25/2010	6/30/2010	4						2300.00
VENDOR TOTALS:		.00					.00	.00	.00	.00		4600.00
02140	BIF											
309	033652	10290		5/01/2010	6/30/2010	4						1215.10
VENDOR TOTALS:		.00					.00	.00	.00	.00		1215.10
02145	AKORITZ SEPERATION INC											
209	033997	8480011439		7/29/2010	8/30/2010	4						
VENDOR TOTALS:		220769.91					.00	220769.91	.00	.00		24329.99
02146	ENVIRONMENTAL FABRICS INC											
209	034095	97097-1		8/01/2010	9/30/2010	4	62892.80					6539.20
VENDOR TOTALS:		62892.80					62892.80	.00	.00	.00		6539.20
02147	AC STEEL & SUPPLY INC											
309	034164	78138		8/25/2010	9/10/2010	3	133.56					.00
VENDOR TOTALS:		133.56					133.56	.00	.00	.00		.00
0215	GAZALES SUPPLY CO. INC.											

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SOUTH ATLANTIC CONSTRUCTION, INC.

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AP AGED TRIAL BALANCE-CURRENT BALANCE DETAIL (P21166)

COMPANY: 2 DIVISION: ALL

AS OF: 8/31/2010 SELECTED BY: INVOICE DATE

REPORT FORMAT: AGED COLUMNS

H = INVOICE ON HOLD

VOUCHER		INVOICE		DUE		TERM		AGED TOTALS			RETAINAGE
JOB NO.	NO.	NO.	DATE	DATE	CODE	CURRENT	1 - 30	31 - 60	OVER 60	AMOUNT	
309	034165	1786038	8/04/2010	9/10/2010	3	17.24					
309	034166	1786411	8/05/2010	9/10/2010	3	268.34				.00	
VENDOR TOTALS:		285.58				285.58	.00	.00	.00	.00	
03340	KAR-MARE										
	034055	36388	8/06/2010	9/02/2010	3	334.67				.00	
VENDOR TOTALS:		334.67				334.67	.00	.00	.00	.00	
03490	THOMPSON FABRICATING										
210	033908	1818201	7/20/2010	8/30/2010	4						
210	034039	1010202	8/01/2010	9/30/2010	4	734.02				.00	
210	034040	1010203	8/01/2010	9/30/2010	4	2102.55				.00	
210	034041	1010204	8/05/2010	9/30/2010	4	1093.54				.00	
VENDOR TOTALS:		36482.47				3930.11	32472.36	.00	.00	.00	
03360	H.W. CHANDLER, JR.										
	034154	9-2010	8/31/2010	9/02/2010	1	9.95				.00	
VENDOR TOTALS:		9.95				9.95	.00	.00	.00	.00	
04237	CEMEX CONST MATERIAL LLC										
209	033878	9419610291	7/01/2010	7/30/2010	1						
209	033879	9419626600	7/01/2010	8/30/2010	4					.00	
209	032800	9419626601	7/01/2010	8/30/2010	1	2407.25			187.62	.00	
209	032801	9419626602	7/01/2010	8/30/2010	4				146.06	.00	
209	033895	9419657373	7/01/2010	8/30/2010	4	146.06				.00	
209	033500	9419657374	7/01/2010	8/30/2010	4	268.79				.00	
209	033939	9419701581	7/07/2010	8/30/2010	4	2903.34				.00	
209	033940	9419701582	7/07/2010	8/30/2010	4	2307.62				.00	
209	033941	9419710456	7/08/2010	8/30/2010	4	888.90				.00	
209	033942	9419750353	7/14/2010	8/30/2010	4	479.36				.00	
209	033977	9419750653	7/20/2010	8/30/2010	4	1999.16				.00	
209	034001	9419757860	7/21/2010	8/30/2010	4	98.44				.00	
209	034000	04237	7/22/2010	8/30/2010	4	279.04				.00	
209	034002	9419805639	7/22/2010	8/30/2010	4	163.60				.00	
209	034023	9419826599	8/01/2010	9/30/2010	1	187.62				.00	
209	034024	9419844159	8/01/2010	9/30/2010	4	382.65				.00	
209	034025	9419862619	8/01/2010	9/30/2010	4	117.32				.00	
209	034070	9419883522	8/04/2010	9/30/2010	1	98.44				.00	
209	034117	9419946109	8/12/2010	9/30/2010	4	3871.12				.00	
209	034167	9419975940	8/17/2010	9/30/2010	4	967.78				.00	
209	034168	9419983564	8/18/2010	9/30/2010	4	464.29				.00	
						279.84				.00	

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SOUTH ATLANTIC CONSP

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DATE: 02-SEP-10 1315Z

SOUTH ATLANTIC CONSTRUCTION, INC.

附註: 9

AP AGED TRIAL BALANCE-CURRENT BALANCE DETAIL (P21165)

COMPANY: 2 DIVISION: ALL
AS OF: 8/31/2010 SELECTED BY: INVOICE DATE
H = INVOICE ON HOLD REPORT FORMAT: AGED COLUMNS

JOB NO.		VOUCHER NO.		INVOICE NO.		DUE DATE		TERM		AGED TOTALS			RETAINAGE
										1 - 30	31 - 60	OVER 60	AMOUNT
389		034169		541988749									

NO	DATE	DESCRIPTION	AMOUNT
309	03/16/94	5419983565	
309	03/18/94	942002232	
	01/18/2010	9/30/2010 4	525.98
	01/24/2010	9/30/2010 4	364.13
VENDOR TOTALS:			18956.22

04259	ATLANTIC SUPPLY 2	07/03/02	11912.63	333.68	.00	.00
309	033950 25846	7/01/2010	8/30/2010 4			
209	033919 26066	7/07/2010	8/30/2010 4	5584.00		
309	033951 26274	7/15/2010	8/30/2010 4	10500.40		.00
309	033952 26342	7/16/2010	8/30/2010 4	2596.00		.00
309	034042 26671	8/01/2010	9/30/2010 4	2665.00		.00
309	034045 26670	8/01/2010	9/30/2010 4	305.00		.00
209	034091 27023	8/13/2010	9/30/2010 4	4021.60		.00
309	034093 27031	8/13/2010	9/30/2010 4	5419.70		.00
309	034094 27032	8/13/2010	9/30/2010 4	195.00		.00
209	034092 27072	8/13/2010	9/30/2010 4	18.00		.00
209	034126 27074	8/17/2010	9/30/2010 4	311.50		.00
209	034127 27076	8/17/2010	9/30/2010 4	4367.00		.00
209	034129 27077	8/17/2010	9/30/2010 4	133.40		.00
209	034129 27078	8/17/2010	9/30/2010 4	187.62		.00
209	034130 27079	8/17/2010	9/30/2010 4	466.40		.00
209	034131 27080	8/17/2010	9/30/2010 4	62.77		.00
309	034132 27075	8/17/2010	9/30/2010 4	72.70		.00
209	034145 27081	8/17/2010	9/30/2010 4	323.00		.00
309	034142 27227	8/17/2010	9/30/2010 4	304.70		.00
309	034143 27229	8/20/2010	9/10/2010 3	8.66		.00
309	034146 27226	8/20/2010	9/10/2010 3	85.00		.00
309	034147 27228	8/20/2010	9/30/2010 4	35.00		.00
309	034148 27224	8/20/2010	9/30/2010 4	553.60		.00
309	034149 27223	8/20/2010	9/30/2010 4	768.00		.00
309	034150 27225	8/20/2010	9/30/2010 4	379.00		.00
209	034179 27311	8/24/2010	9/30/2010 4	90.00		.00
209	034180 27312	8/24/2010	9/30/2010 4	1206.00		.00
309	034181 27373	8/25/2010	9/30/2010 4	500.00		.00
				406.00		.00

04498 FERGUSON ENTERPRISES, INC
208 034071 240388

VENDOR TOTALS: 361.48

25104 ACRISON, INC.
309 033767 175118

2699.30

2690. 78

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SOUTH ATLANTIC CONSP

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DATE: 02-SEP-10 13:59

SOUTH ATLANTIC CONSTRUCTION, INC.

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AP AGED TRIAL BALANCE-CURRENT BALANCE DETAIL (P21166)

COMPANY: 2 DIVISION: ALL

AS OF: 8/31/2010 SELECTED BY: INVOICE DATE

REPORT FORMAT: AGED COLUMN

H = INVOICE ON HOLD

VOUCHER		INVOICE		DUE		TERM		AGED TOTALS			RETAINAGE AMOUNT
JOB NO.	NO.	NO.	DATE	DATE	CODE	CURRENT	1 - 30	31 - 60	OVER 60		

VENDOR TOTALS:						.00	.00	.00	.00	2580.00	
05269	WHIPPS INC.										
209	033920 14634		7/01/2010	9/30/2010	4		3400.00			.00	
VENDOR TOTALS:		3400.00				.00	3400.00	.00	.00	.00	
05441	NEW SOUTH SUPPLY, INC.										
209	034036 1182206		8/12/2010	9/30/2010	4	1204.00				.00	
VENDOR TOTALS:		1204.00				1204.00	.00	.00	.00	.00	
05487	BP OIL COMPANY										
	034170 82410		8/24/2010	9/02/2010	5						
209	034170 82410		8/24/2010	9/02/2010	5		353.43			.00	
VENDOR TOTALS:		557.47				.00	557.47	.00	.00	.00	
05802	N.W. WHITE & CO.										
209	033945 252091		7/08/2010	8/30/2010	4		831.86			.00	
209	034110 264537		8/19/2010	9/30/2010	4	662.47				.00	
209	034171 264849		8/24/2010	9/30/2010	3	367.02				.00	
000	071130 071100		07/01/2010	07/31/2010	7	100.00				.00	
VENDOR TOTALS:		2761.01				1929.15	831.86	.00	.00	.00	
06006	SHELL										
	034173 82210		8/22/2010	9/02/2010	5						
209	034173 82210		8/22/2010	9/02/2010	5		352.91			.00	
209	034173 82210		8/22/2010	9/02/2010	5		2111.89			.00	
VENDOR TOTALS:		3772.07				.00	3772.07	.00	.00	.00	
06082	SOME, INC.										
209	034043 424232		8/01/2010	9/30/2010	4	1855.00				.00	
209	034133 423724		8/17/2010	9/30/2010	4	2161.00				.00	
VENDOR TOTALS:		4016.00				4016.00	.00	.00	.00	.00	
06095	A & T FENCE CO. INC.										
209	033908 122509		12/25/2009	1/30/2010	4					1870.00	
VENDOR TOTALS:		.00				.00	.00	.00	.00	1870.00	
06100	AT&T										

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SOUTH ATLANTIC CONSP

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DATE: 02-SEP-10 13:59

SOUTH ATLANTIC CONSTRUCTION, INC.

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AP AGED TRIAL BALANCE-CURRENT BALANCE DETAIL (P21166)

COMPANY: 2 DIVISION: ALL
AS OF: 8/31/2010 SELECTED BY: INVOICE DATE REPORT FORMAT: AGED COLUMNS
H = INVOICE ON HOLD

VOUCHER		INVOICE		DUE		TERM		AGED TOTALS			RETAINAGE
JOB NO.	NO.	NO.	DATE	DATE	CODE	CURRENT	1 - 30	31 - 60	OVER 60	AMOUNT	
209	034174	81910	8/19/2010	9/09/2010	3	290.83					.00
VENDOR TOTALS:		290.83				290.83	.00	.00	.00	.00	
06171	SABELT RENTALS, INC.										
209	034119	81610	8/03/2010	9/10/2010	3	17.98					.00
VENDOR TOTALS:		17.98				17.98	.00	.00	.00	.00	
06387	RENTAL SERVICE COMPANY										
309	034075	45237566-001	8/11/2010	9/09/2010	3	453.78					.00
309	034076	45239134-001	8/11/2010	9/09/2010	3	113.42					.00
309	034120	45378180-001	8/16/2010	9/16/2010	3	178.60					.00
309	034122	45394809-001	8/17/2010	9/16/2010	3	963.00					.00
309	034124	45370262-001	8/18/2010	9/10/2010	3	82.46					.00
VENDOR TOTALS:		2192.34				2192.34	.00	.00	.00	.00	
06484	F. B. LEOPOLD, INC.										
309	034046	26023053	8/01/2010	9/30/2010	4	26697.60					2366.40
VENDOR TOTALS:		26697.60				26697.60	.00	.00	.00	2366.40	
06620	FASTENAL COMPANY										
410	034083	20855	8/09/2010	9/09/2010	3	186.38					.00
410	034084	20859	8/09/2010	9/02/2010	3	130.52					.00
410	034085	20862	8/10/2010	9/09/2010	3	94.95					.00
309	034086	7187	8/11/2010	9/09/2010	3	108.78					.00
VENDOR TOTALS:		530.43				530.43	.00	.00	.00	.00	
GRAND TOTALS:		1267941.16				666021.93	601045.49	313.60	160.00	120471.54	

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SOUTH ATLANTIC CONSTRUCTION, INC.
STATEMENT OF CONTRACTS IN PROGRESS, AUGUST 30, 2010

JOB NO	DETAIL	CONTRACT AMOUNT	TOTAL ESTIMATED COST	TOTAL ESTIMATED PROFIT	COST TO DATE	BILLED TO DATE	EARNED TO DATE	PROFIT TO DATE	(A) UNDER-BILLED (A)	(B) OVER-BILLED (B)	Stored Material	% COMPLETE
209	Pendleton/Clemson	\$ 4,721,575	\$ 4,441,574	\$ 280,001	\$ 2,602,393	\$ 2,723,154	\$ 2,735,857	\$ 133,464	\$ 12,703	\$ -	483,194	47.710%
309	Abbeville WTP Upgrade	1,575,779	1,511,529	64,250	1,299,137	1,326,102	1,338,513	39,376	12,411	-	374,451	61.180%
110	Abbeville Aerator Repair	3,356	1,271	2,085	1,270	3,356	3,354	2,084	-	-	-	99.950%
210	Abbeville Handrails	56,395	38,423	17,973	38,423	56,396	56,396	17,973	-	2	-	100.000%
310	Abbeville Reservoir	76,450	69,500	6,950	-	-	-	-	-	-	-	0.000%
410	Clemson Clarifier	14,592	5,937	8,655	5,937	14,592	14,592	8,655	-	-	-	100.000%
	Total	\$ 6,448,148	\$ 6,058,235	\$ 379,913	\$ 3,947,161	\$ 4,123,600	\$ 4,148,712	\$ 201,551	\$ 25,114	\$ 2	-	#DFV01
	Less, previously reported				114,417	107,857	114,417	-				
	Total				\$ 3,832,744	\$ 4,015,743	\$ 4,034,295	\$ 201,551				

(A) Cost and estimated earnings in excess of billings
(B) Billings in excess of cost and estimated earnings

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SOUTH ATLANTIC CONSTRUCTION, INC.

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Final Execution Version

SCHEDULE A-3(5)
LIABILITIES

[SEE ATTACHED FINANCIAL STATEMENT REGARDING
SEASIDE ENVIRONMENTAL CONSTRUCTORS, INC.]

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INCOME STATEMENT

Seaside Environmental Constructors, Inc.
For the Period From 12/01/09 To 08/31/10

		YEAR TO DATE	MONTHLY
INCOME			
	JOB INCOME		
301000	JOB INCOME	\$13,011,394.16	\$713,300.24
300000	OVER/UNDER BILLING	\$508,716.17	\$110,068.34
	Total JOB INCOME:	\$13,010,110.32	\$833,268.58
	TOTAL INCOME:	\$13,010,110.32	\$833,268.58
JOB COST			
	DIRECT JOB COSTS		
401000	SALARIES AND WAGES	\$887,896.00	\$71,636.40
402000	P/R TAXES AND INS APPLIED	\$240,919.71	\$20,030.26
403000	MATERIALS	\$4,126,168.04	\$400,875.08
404000	SUBCONTRACT	\$5,926,762.11	\$202,993.69
406000	EQUIPMENT RENTAL	\$438,653.68	\$12,878.57
405500	TOOLS AND SUPPLIES-EXPEND	\$100,407.48	\$9,695.02
408000	REPAIRS AND MAINTENANCE	\$25,012.62	\$2,023.95
407000	GAS AND OIL	\$106,340.51	\$8,760.44
409000	OTHER DIRECT JOB COST	\$1,741,686.04	\$178,887.09
430000	ADJ. PRIOR YR JOB COST	\$1,980.00	\$0.00
	Total DIRECT JOB COSTS:	\$13,673,626.49	\$908,585.30
	TOTAL JOB COST:	\$13,673,626.49	\$908,585.30
	GROSS PROFIT ON JOBS:	\$36,583.83	(\$75,316.72)

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INCOME STATEMENT

Seaside Environmental Constructors, Inc.
For the Period From 12/01/09 To 08/31/10

		YEAR TO DATE	MONTHLY
EXPENSES			
501200	Construction O/H	\$3,800.00	\$400.00
700000	Other Income(Expense)	(\$81,499.82)	\$0.00
	Total :	(\$67,699.82)	\$400.00
612600	Insurance Allac1	(\$9,409.27)	(\$847.56)
512700	Insurance Allac2	(\$2,140.07)	(\$268.44)
	Total :	(\$11,609.34)	(\$1,117.00)
INDIRECT JOB COSTS			
605000	DEPRECIATION		
610000	INTEREST	\$168,000.00	(\$24,000.00)
511000	Bank Charges	\$14,303.80	\$1,211.68
512500	GROUP INSURANCE	\$3,199.85	\$306.06
513000	INSURANCE OTHER	\$81,500.78	\$8,831.81
513600	PAYROLL TAXES (FICA)	\$107,378.55	\$13,818.62
514000	FEDERAL UNEMPLOYMENT TAX	\$78,952.28	\$5,810.08
514500	STATE UNEMPLOYMENT TAXES	\$110.88	\$0.00
680000	DIESEL,FUEL,OIL,GAS	\$80.00	\$0.00
680500	TOOLS AND SUPPLIES	\$21,841.47	\$2,788.38
581000	FINES & PENALTIES	\$1,184.67	\$508.40
581500	OTHER TAXES & LICENSES	\$3,694.08	\$0.00
584000	EQUIPMENT RENTAL EXPENSE	\$18,317.80	\$408.40
599100	P/R TAXES & INS APPLIED	\$14,428.09	\$838.23
	Total INDIRECT JOB COSTS:	(\$240,919.60)	(\$20,030.28)
G & A EXPENSES			
600000	OFFICERS SALARIES	\$272,112.41	(\$8,608.60)
603000	OFFICE SALARIES		
606000	BONUSES	\$138,787.60	\$13,860.00
610000	EDUCATION AND TRAINING	\$107,200.00	\$10,720.00
613000	MEALS & ENTERTAINMENT	\$8,662.71	\$0.00
616000	ADVERTISEMENT & PROMOTION	\$50.00	\$0.00
617000	POSTAGE	\$14,485.83	\$1,383.21
618000	OFFICE SUPPLIES	\$3,091.76	\$25.00
619000	TELEPHONE	\$5,747.74	\$187.61
621000	LEGAL AND PROFESSIONAL	\$7,029.31	\$574.47
622000	BAD DEBT	\$23,889.73	\$2,578.28
625000	DUES AND SUBSCRIPTIONS	\$28,861.50	\$412.50
626000	LICENSE AND FEES	\$988.73	\$0.00
626500	PROPERTY TAXES	\$158.00	\$169.00
627000	CONTRIBUTIONS	\$2,904.20	\$500.08
629000	PLANS AND SPECS	\$12,021.75	\$8.00
631000	OFFICE RENT	\$1,250.00	\$0.00
635000	OFFICE EXPENSE	\$10,140.69	\$883.39
637000	COMPUTER SERVICES	\$18,267.69	\$1,696.41
638000	REPAIRS AND MAINTENANCE	\$8,051.82	\$1,006.30
639000	RETIREMENT	\$7,401.22	\$540.00
647000	SAFETY EXPENSE	\$19,290.77	\$1,678.82
		\$3,954.02	\$816.22
		\$8,807.09	\$642.25

Report Printed On 10/04/10

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INCOME STATEMENT

Seaside Environmental Constructors, Inc.
For the Period From 12/01/09 To 08/31/10

		YEAR TO DATE	MONTHLY
650600	NC UNEMPLOYMENT TAX	\$24,212.00	\$437.03
650000	FEDERAL UNEMPLOYMENT	\$2,441.30	\$43.55
	Total G & A EXPENSES:	\$401,467.05	\$38,124.98
	TOTAL EXPENSES:	\$964,260.30	\$28,788.38
INCOME			
	OTHER INCOME		
702000	INTEREST EARNED	\$1,783.73	\$189.44
720000	GAIN ON SALE OF ASSETS	\$1,800.00	\$0.00
	Total OTHER INCOME:	\$3,583.73	\$189.44
	TOTAL INCOME:	\$3,583.73	\$189.44
	NET PROFIT (LOSS):	(\$814,092.74)	(\$103,925.88)

Report Printed On 10/04/10

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BALANCE SHEET

Seaside Environmental Constructors, Inc.
For the Period From 12/01/09 To 03/31/10

ASSETS		
Current Assets		
104000	PETTY CASH	
105000	CASH-B&T	\$252.14
115000	UNDERBILLINGS	\$026,018.46
120000	A/R CONTRACTS	\$106,818.05
121000	A/R RETAINAGE	\$2,125,552.44
122000	A/R - OTHER	\$332,759.42
152000	A/R EMPLOYEE GARNISH	(\$71,365.59)
172000	PREPAID INSURANCE	\$84.28
		\$7,287.78
Total CURRENT ASSETS:		\$3,127,414.98
Fixed Assets		
185000	AUTO EQUIP-TRUCKS	
186000	MACHINERY & EQUIPMENT	\$349,558.83
188000	FURNITURE AND FIXTURES	\$2,041,332.78
188500	TRAILERS	\$40,049.72
180000	ACCUMULATED DEPRECIATION	\$31,402.18
191500	Deposit on Real Estate	(\$1,487,502.20)
		\$700.00
Total FIXED ASSETS:		\$976,641.29
TOTAL ASSETS:		\$4,102,956.25

BALANCE SHEET

Seaside Environmental Constructors, Inc.
For the Period From 12/01/09 To 08/31/10

LIABILITIES

Current Liabilities

202000	ACCOUNTS PAYABLE	
202500	A/P - ACCRUED	\$2,449,908.35
204000	ACCOUNTS PAYABLE RET	\$62,447.08
205800	BB&T \$500,000	\$630,560.81
206000	J Deere 14000.90	\$214,549.85
206100	J Deere 1351.58	\$182,011.40
209800	LONG TERM LIAB.	\$17,570.12
210000	OVERBILLINGS	(\$311,986.00)
218000	401K EMPLOYEE WITHHOLDING	\$73,624.88
215500	401 Employee Loan	(\$831.03)
216000	CHILD SUPPORT WITHHOLDING	(\$52.27)
220000	FEDERAL W/H TAXES	(\$150.46)
225000	FICA	(\$1,797.67)
231000	N C W/H TAXES	(\$3,805.43)
240100	NC UNEMPLOYMENT TAX	(\$1,245.00)
241000	FEDERAL UNEMPLOYMENT TAX	\$2,467.35
260000	401K ACCRUED MATCH	\$712.40
265500	Notes Payable-Avery McCoy III	(\$86.24)
		\$500,000.00

Total CURRENT LIABILITIES: \$3,680,177.12

Long Term Liabilities

266000	NOTES PAYABLE-LONG TERM	\$344,888.00
268000	Deferred Income Taxes	\$134,215.98
		\$479,201.98

Total LONG TERM LIABILITIES: \$479,201.98

TOTAL LIABILITIES: \$4,169,379.10

Seaside Environmental Constructors, Inc.
For the Period From 12/01/09 To 08/31/10

Report Printed On 11/12/10

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INVOICES UNPAID DETAILS BY VENDOR

Seaside Environmental Constructors, Inc.

For the Period From 12/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
08/01/10	Cred#5783			Count Case-see paperwork	(\$252.18)	\$0.00	\$0.00	\$0.00	\$0.00	(\$252.18)
AT&T				Total AMH-Elohim Enterprise Concrete Construction:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
08/19/10	854-2868/A				\$556.20	\$0.00	\$0.00	\$0.00	\$0.00	\$556.20
				Total AT&T:	\$556.20	\$0.00	\$0.00	\$0.00	\$0.00	\$556.20
Bain Oil Company, Inc.				09511	\$324.86	\$0.00	\$0.00	\$0.00	\$0.00	\$324.86
07/09/10	000335			Total Bain Oil Company, Inc.:	\$324.86	\$0.00	\$0.00	\$0.00	\$0.00	\$324.86
Baker Roofing				09505	\$400.00	\$0.00	\$0.00	\$40.00	\$0.00	\$360.00
05/14/10	App#5			09505	\$2,585.05	\$0.00	\$0.00	\$258.50	\$0.00	\$2,326.55
07/28/10	App #4			Total Baker Roofing:	\$2,985.05	\$0.00	\$0.00	\$298.50	\$0.00	\$2,686.55
Barlett Tree Experts				09518	\$2,715.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,715.00
08/27/10	31753366-0			Total Barlett Tree Experts:	\$2,715.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,715.00
BB&T Bankcard Corporation					\$10,120.21	\$0.00	\$0.00	\$0.00	\$0.00	\$10,120.21
08/01/10	4251154250			Total BB&T Bankcard Corporation:	\$10,120.21	\$0.00	\$0.00	\$0.00	\$0.00	\$10,120.21
Beco Electrical Contractor, Inc.				09511	\$748.89	\$0.00	\$0.00	\$0.00	\$0.00	\$748.89
06/11/10	S0041871			Total Beco Electrical Contractor, Inc.:	\$748.89	\$0.00	\$0.00	\$0.00	\$0.00	\$748.89
Bituminous Insurance Companies				9511/P Dunn	\$369.45	\$0.00	\$0.00	\$0.00	\$0.00	\$369.45
08/24/10	182-A27814									

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Seaside Environmental Constructors, Inc.

For the Period From 12/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
BMW Landscapes										
08/09/10	Aug9									
Total Bituminous Insurance Companies:					\$369.45	\$0.00	\$0.00	\$0.00	\$0.00	\$369.45
			08502		\$7,225.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,225.00
Total BMW Landscapes:					\$7,225.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,225.00
Brunswick Electric										
07/08/10	3850234408									
07/16/10	3868029201									
08/01/10	Cr38680292									
08/01/10	Final 3868									
08/01/10	Cr38502344									
Total Brunswick Electric:					\$13.14	\$0.00	\$0.00	\$0.00	\$0.00	\$13.14
			08505		\$224.76	\$0.00	\$0.00	\$0.00	\$0.00	\$224.76
Total Builders FirstSource:					\$224.76	\$0.00	\$0.00	\$0.00	\$0.00	\$224.76
Canco Waste Management, Inc.										
07/24/10	A-5343									
07/27/10	A-5346									
07/27/10	A-5344									
08/05/10	A-5356									
08/05/10	A-5357									
Total Canco Waste Management, Inc.:					\$1,876.30	\$0.00	\$0.00	\$0.00	\$0.00	\$1,876.30
Binders and Copy Paper										
					\$158.07	\$0.00	\$0.00	\$0.00	\$0.00	\$158.07
					\$48.47	\$0.00	\$0.00	\$0.00	\$0.00	\$48.47
					\$97.00	\$0.00	\$0.00	\$0.00	\$0.00	\$97.00
					\$123.90	\$0.00	\$0.00	\$0.00	\$0.00	\$123.90

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Seaside Environmental Constructors, Inc.

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Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
08/06/10	177645-0				\$55.14	\$0.00	\$0.00	\$0.00	\$0.00	\$55.14
08/19/10	178097-0				\$210.49	\$0.00	\$0.00	\$0.00	\$0.00	\$210.49
Total Capital Office Supply:					\$693.07	\$0.00	\$0.00	\$0.00	\$0.00	\$693.07
06/23/10	06020489			09515	\$123.05	\$0.00	\$0.00	\$0.00	\$0.00	\$123.05
07/22/10	06020745			09517	\$646.43	\$0.00	\$0.00	\$0.00	\$0.00	\$646.43
07/28/10	08020611			09515	\$322.61	\$0.00	\$0.00	\$0.00	\$0.00	\$322.61
Total Carolina Chain and Cable Co:					\$1,092.09	\$0.00	\$0.00	\$0.00	\$0.00	\$1,092.09
07/22/10	19597			09516	\$2,057.94	\$0.00	\$0.00	\$0.00	\$0.00	\$2,057.94
Total Carolina Mat Incorporated:					\$2,057.94	\$0.00	\$0.00	\$0.00	\$0.00	\$2,057.94
08/17/10	1081710034			09515	\$950.36	\$0.00	\$0.00	\$0.00	\$0.00	\$950.36
08/18/10	1081810164			09515	\$226.28	\$0.00	\$0.00	\$0.00	\$0.00	\$226.28
08/20/10	1082010182			09515	\$1,161.56	\$0.00	\$0.00	\$0.00	\$0.00	\$1,161.56
08/24/10	1082410230			09515	\$158.40	\$0.00	\$0.00	\$0.00	\$0.00	\$158.40
Total Chandler Concrete Company, Inc.:					\$2,496.60	\$0.00	\$0.00	\$0.00	\$0.00	\$2,496.60
07/26/10	1640810-1			08502	\$917.00	\$0.00	\$0.00	\$0.00	\$0.00	\$917.00
08/05/10	1642379-1			08502	\$170.68	\$0.00	\$0.00	\$0.00	\$0.00	\$170.68
Total Charles Luck Stone Center:					\$1,087.68	\$0.00	\$0.00	\$0.00	\$0.00	\$1,087.68
08/18/10	8351600200			09517	\$173.68	\$0.00	\$0.00	\$0.00	\$0.00	\$173.68
Total Charter Communications:					\$173.68	\$0.00	\$0.00	\$0.00	\$0.00	\$173.68
Childers Concrete Co., Inc.										

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Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
06/18/10	65551		09510		\$534.26	\$0.00	\$0.00	\$0.00	\$0.00	\$534.26
06/26/10	65539		09510		\$388.57	\$0.00	\$0.00	\$0.00	\$0.00	\$388.57
06/30/10	65554		09510		\$291.43	\$0.00	\$0.00	\$0.00	\$0.00	\$291.43
06/30/10	CR070210		09510		(\$409.45)	\$0.00	\$0.00	\$0.00	\$0.00	(\$409.45)
07/01/10	65671		09510		\$121.43	\$0.00	\$0.00	\$0.00	\$0.00	\$121.43
07/08/10	65699		09510		\$182.54	\$0.00	\$0.00	\$0.00	\$0.00	\$182.54
07/13/10	65720		09510		\$97.14	\$0.00	\$0.00	\$0.00	\$0.00	\$97.14
07/20/10	65764		09510		\$340.00	\$0.00	\$0.00	\$0.00	\$0.00	\$340.00
08/02/10	65849		09510		\$702.42	\$0.00	\$0.00	\$0.00	\$0.00	\$702.42
08/05/10	65896		09510		\$862.01	\$0.00	\$0.00	\$0.00	\$0.00	\$862.01
08/17/10	65957		09510		\$242.86	\$0.00	\$0.00	\$0.00	\$0.00	\$242.86
08/24/10	65992		09510		\$862.01	\$0.00	\$0.00	\$0.00	\$0.00	\$862.01
08/27/10	66025		09510		\$405.65	\$0.00	\$0.00	\$0.00	\$0.00	\$405.65
Total Childers Concrete Co., Inc:					\$4,620.89	\$0.00	\$0.00	\$0.00	\$0.00	\$4,620.89
City of Clinton 08/24/10 100					Phase11 Dolar Branch Sewer	\$25,792.50	\$0.00	\$0.00	\$0.00	\$25,792.50
Total City of Clinton:					\$25,792.50	\$0.00	\$0.00	\$0.00	\$0.00	\$25,792.50
City of Winston-Salem 08/27/10 UT-0000016					09511	\$1,138.50	\$0.00	\$0.00	\$0.00	\$1,138.50
Total City of Winston-Salem:					\$1,138.50	\$0.00	\$0.00	\$0.00	\$0.00	\$1,138.50
Coble Trench Safety 07/09/10 GSO-003966					09511	\$589.60	\$0.00	\$0.00	\$0.00	\$589.60
Total Coble Trench Safety:					\$589.60	\$0.00	\$0.00	\$0.00	\$0.00	\$589.60
Concor					08/03/10 JRJ-1347	\$476.00	\$0.00	\$0.00	\$0.00	\$476.00
					08/10/10 JRJ-1354	\$1,212.00	\$0.00	\$0.00	\$0.00	\$1,212.00
					08/10/10 JRJ-1356	\$414.00	\$0.00	\$0.00	\$0.00	\$414.00

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Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid	
Contractors & Industrial Supply, Inc.					Total Concor:	\$2,102.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,102.00
08/13/10	43901		09510		\$175.28	\$0.00	\$0.00	\$0.00	\$0.00	\$175.28	
Total Contractors & Industrial Supply, Inc.:					\$175.28	\$0.00	\$0.00	\$0.00	\$0.00	\$175.28	
Cooper Electrical Construction Co.					09510	\$2,146.90	\$0.00	\$0.00	\$53.68	\$0.00	\$2,093.22
06/22/10	10952		09515		\$91,071.77	\$0.00	\$0.00	\$4,553.59	\$0.00	\$86,518.18	
07/22/10	11002		09510		\$11,960.91	\$0.00	\$0.00	\$299.02	\$0.00	\$11,661.89	
07/22/10	11001		09515		\$68,591.91	\$0.00	\$0.00	\$3,429.59	\$0.00	\$65,162.32	
08/30/10	11076		Total Cooper Electrical Construction Co.:			\$173,771.49	\$0.00	\$0.00	\$8,335.88	\$0.00	\$165,435.61
D&D Asphalt Paving & Trucking, Inc.					09511	\$47,837.00	\$0.00	\$0.00	\$0.00	\$0.00	\$47,837.00
06/01/10	5954B		09511		\$4,284.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,284.00	
08/21/10	6014		09511		\$7,837.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,837.00	
08/01/10	5954-B		09511		(\$47,837.00)	\$0.00	\$0.00	\$0.00	\$0.00	(\$47,837.00)	
08/01/10	Cr5954		09511		\$40,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$40,000.00	
08/01/10	5954-A		Total D&D Asphalt Paving & Trucking, Inc.:			\$52,121.00	\$0.00	\$0.00	\$0.00	\$0.00	\$52,121.00
Daparak, Inc.					Retainage Payment	\$2,121.12	\$0.00	\$0.00	\$0.00	\$0.00	\$2,121.12
07/30/09	08305 RET		Total Daparak, Inc.:			\$2,121.12	\$0.00	\$0.00	\$0.00	\$0.00	\$2,121.12
Dean's Inc.						\$5,995.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,995.00
07/01/10	1007114				\$11,850.00	\$0.00	\$0.00	\$0.00	\$0.00	\$11,850.00	
08/01/10	1008098		Total Dean's Inc.:			\$17,845.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17,845.00
Dean's Wrecker Service Inc.											

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06/16/10	100716			07509						
06/28/10	1007146			09512	\$250.00	\$0.00	\$0.00	\$0.00	\$0.00	\$250.00
07/05/10	1007177			08517	\$300.00	\$0.00	\$0.00	\$0.00	\$0.00	\$300.00
08/01/10	1008169			09517	\$435.00	\$0.00	\$0.00	\$0.00	\$0.00	\$435.00
				09517	\$450.00	\$0.00	\$0.00	\$0.00	\$0.00	\$450.00
Total Dean's Wrecker Service Inc.:					\$1,435.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,435.00
Duke Energy										
08/01/10	1777598671			09510	\$74.07	\$0.00	\$0.00	\$0.00	\$0.00	\$74.07
08/25/10	1777598671			09510	\$92.81	\$0.00	\$0.00	\$0.00	\$0.00	\$92.81
08/25/10	1499004251			09510	\$99.67	\$0.00	\$0.00	\$0.00	\$0.00	\$99.67
08/31/10	1293432987			09510	\$86.86	\$0.00	\$0.00	\$0.00	\$0.00	\$86.86
Total Duke Energy:					\$353.41	\$0.00	\$0.00	\$0.00	\$0.00	\$353.41
Duncan Parnell										
08/20/10	S2934743.0			09515	\$226.82	\$0.00	\$0.00	\$0.00	\$0.00	\$226.82
Total Duncan Parnell:					\$226.82	\$0.00	\$0.00	\$0.00	\$0.00	\$226.82
Erosion Supply Company										
07/28/10	398276			08503	\$242.44	\$0.00	\$0.00	\$0.00	\$0.00	\$242.44
08/03/10	398311			08502	\$376.59	\$0.00	\$0.00	\$0.00	\$0.00	\$376.59
08/13/10	398334			08502	\$1,026.32	\$0.00	\$0.00	\$0.00	\$0.00	\$1,026.32
08/13/10	398355			08502	\$106.13	\$0.00	\$0.00	\$0.00	\$0.00	\$106.13
Total Erosion Supply Company:					\$1,751.48	\$0.00	\$0.00	\$0.00	\$0.00	\$1,751.48
Fastenal Industrial & Construction Supplies										
06/28/10	NCLEA1513			09505	\$133.83	\$0.00	\$0.00	\$0.00	\$0.00	\$133.83
06/28/10	NCLEA13271			09505	(\$1,270.24)	\$0.00	\$0.00	\$0.00	\$0.00	(\$1,270.24)
08/01/10	NCRAL1338			09515	\$167.92	\$0.00	\$0.00	\$0.00	\$0.00	\$167.92
08/06/10	NCRA320851			09515	\$243.77	\$0.00	\$0.00	\$0.00	\$0.00	\$243.77
08/06/10	NCRA32084			09515	\$379.94	\$0.00	\$0.00	\$0.00	\$0.00	\$379.94
08/09/10	NCERAL138			09515	\$97.62	\$0.00	\$0.00	\$0.00	\$0.00	\$97.62

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08/11/10	NCRAL1382		09515		\$1,546.79	\$0.00	\$0.00	\$0.00	\$0.00	\$1,546.79
06/31/10	NCRAL1388		09518		\$201.91	\$0.00	\$0.00	\$0.00	\$0.00	\$201.91
Total Fastenal Industrial & Construction Supplies:					\$1,501.54	\$0.00	\$0.00	\$0.00	\$0.00	\$1,501.54
Ferguson Enterprises										
06/02/10	0730079		09517		\$5,958.57	\$0.00	\$0.00	\$0.00	\$0.00	\$5,958.57
06/15/10	0732842		09517		\$1,777.88	\$0.00	\$0.00	\$0.00	\$0.00	\$1,777.88
07/07/10	0735444		09516		\$145.46	\$0.00	\$0.00	\$0.00	\$0.00	\$145.46
07/14/10	0737473		09505		\$40.52	\$0.00	\$0.00	\$0.00	\$0.00	\$40.52
07/16/10	0737473-1		09505		\$13.91	\$0.00	\$0.00	\$0.00	\$0.00	\$13.91
07/20/10	0738576		09505		\$134.67	\$0.00	\$0.00	\$0.00	\$0.00	\$134.67
07/30/10	15318/1536		09504		(\$22.01)	\$0.00	\$0.00	\$0.00	\$0.00	(\$22.01)
08/01/10	SC70508		09505		\$5.02	\$0.00	\$0.00	\$0.00	\$0.00	\$5.02
08/01/10	0739669		09518		\$46,230.61	\$0.00	\$0.00	\$2,311.53	\$0.00	\$43,919.08
08/01/10	SC70043		09510		\$33.46	\$0.00	\$0.00	\$0.00	\$0.00	\$33.46
08/02/10	0739669-1		09518		\$34,856.70	\$0.00	\$0.00	\$1,732.83	\$0.00	\$32,923.87
08/05/10	0741213		09516		\$27.84	\$0.00	\$0.00	\$0.00	\$0.00	\$27.84
08/10/10	0740010		09517		\$666.63	\$0.00	\$0.00	\$0.00	\$0.00	\$666.63
08/17/10	1346082-4		09510		\$1,851.57	\$0.00	\$0.00	\$0.00	\$0.00	\$1,851.57
Total Ferguson Enterprises:					\$91,520.83	\$0.00	\$0.00	\$4,044.36	\$0.00	\$87,476.47
Final Grade, Inc. of Jo. Co.										
08/10/10	12415		06502		\$1,703.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,703.00
Total Final Grade, Inc. of Jo. Co.:					\$1,703.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,703.00
Froehling & Robertson, Inc.										
08/25/10	049501		08502		\$3,342.50	\$0.00	\$0.00	\$0.00	\$0.00	\$3,342.50
Total Froehling & Robertson, Inc.:					\$3,342.50	\$0.00	\$0.00	\$0.00	\$0.00	\$3,342.50
Furniture City Glass & Mirror Co										
08/04/10	140689		09510		\$696.82	\$0.00	\$0.00	\$0.00	\$0.00	\$696.82

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GA Industries Inc.										
04/20/09	2910			Total Furniture City Glass & Mirror Co:	\$696.82	\$0.00	\$0.00	\$0.00	\$0.00	\$696.82
					\$2,055.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,055.00
Total GA Industries Inc.:					\$2,055.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,055.00
Gardner Associates, Inc.										
06/01/10	4217/4216/				\$3,308.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,308.00
06/03/10	4238/4238				\$6,894.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6,894.00
06/22/10	4307/4306				\$8,199.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,199.00
07/01/10	4362/4361/				\$3,308.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,308.00
08/02/10	4535/4534/				\$3,308.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,308.00
08/05/10	4557/4555				\$7,707.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,707.00
08/23/10	4667				\$5,074.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,074.00
08/30/10	4671				(\$4,633.00)	\$0.00	\$0.00	\$0.00	\$0.00	(\$4,633.00)
Total Gardner Associates, Inc.:					\$33,165.00	\$0.00	\$0.00	\$0.00	\$0.00	\$33,165.00
Godwin Pumps of America, Inc.										
07/15/10	400052457			09511	\$2,545.08	\$0.00	\$0.00	\$0.00	\$0.00	\$2,545.08
07/18/10	400062731			09511	\$315.17	\$0.00	\$0.00	\$0.00	\$0.00	\$315.17
Total Godwin Pumps of America, Inc.:					\$2,860.23	\$0.00	\$0.00	\$0.00	\$0.00	\$2,860.23
Great Lakes Petroleum co										
08/03/10	17019501			09515	\$509.35	\$0.00	\$0.00	\$0.00	\$0.00	\$509.35
08/19/10	17283401			09515	\$467.89	\$0.00	\$0.00	\$0.00	\$0.00	\$467.89
08/25/10	17382301			09515	\$508.86	\$0.00	\$0.00	\$0.00	\$0.00	\$508.86
Total Great Lakes Petroleum co:					\$1,486.10	\$0.00	\$0.00	\$0.00	\$0.00	\$1,486.10
Guaranteed Supply Company										
07/21/10	1175679			09510	\$336.27	\$0.00	\$0.00	\$0.00	\$0.00	\$336.27
07/25/10	1180689			09510	\$454.71	\$0.00	\$0.00	\$0.00	\$0.00	\$454.71

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08/05/10	1182861		09510							
08/05/10	1182863		09515		\$119.35	\$0.00	\$0.00	\$0.00	\$0.00	\$119.35
08/05/10	1182863-R		09510		\$132.21	\$0.00	\$0.00	\$0.00	\$0.00	\$132.21
08/09/10	1183357		09510		\$107.75	\$0.00	\$0.00	\$0.00	\$0.00	\$107.75
08/09/10	1183370-R		09510		\$108.94	\$0.00	\$0.00	\$0.00	\$0.00	\$108.94
08/11/10	1184179		09510		\$107.75	\$0.00	\$0.00	\$0.00	\$0.00	\$107.75
08/16/10	1184854		09510		\$1,078.47	\$0.00	\$0.00	\$0.00	\$0.00	\$1,078.47
08/26/10	1187145		09510		\$579.48	\$0.00	\$0.00	\$0.00	\$0.00	\$579.48
			09510		\$1,762.64	\$0.00	\$0.00	\$0.00	\$0.00	\$1,762.64
Total Guaranteed Supply Company:					\$4,787.57	\$0.00	\$0.00	\$0.00	\$0.00	\$4,787.57
H D Supply Waterworks, LTD										
05/14/10	1367568		09512		\$201.46	\$0.00	\$0.00	\$0.00	\$0.00	\$201.46
05/25/10	1405497		09516		\$61.96	\$0.00	\$0.00	\$0.00	\$0.00	\$61.96
05/25/10	1376323		09516		\$506.96	\$0.00	\$0.00	\$0.00	\$0.00	\$506.96
05/28/10	1422529		09512		\$236.28	\$0.00	\$0.00	\$0.00	\$0.00	\$236.28
06/03/10	1409203		09516		\$2,267.26	\$0.00	\$0.00	\$0.00	\$0.00	\$2,267.26
06/03/10	1443449		09512		\$908.64	\$0.00	\$0.00	\$0.00	\$0.00	\$908.64
06/03/10	1448478		09512		\$262.70	\$0.00	\$0.00	\$0.00	\$0.00	\$262.70
06/04/10	1451326		07509		\$148.47	\$0.00	\$0.00	\$0.00	\$0.00	\$148.47
06/07/10	1458208		07509		\$262.36	\$0.00	\$0.00	\$0.00	\$0.00	\$262.36
06/09/10	1470344		07509		\$118.53	\$0.00	\$0.00	\$0.00	\$0.00	\$118.53
06/17/10	1505742		09516		\$833.83	\$0.00	\$0.00	\$0.00	\$0.00	\$833.83
06/17/10	1475738		09516		\$160.61	\$0.00	\$0.00	\$0.00	\$0.00	\$160.61
06/23/10	1540264		09516		\$899.48	\$0.00	\$0.00	\$0.00	\$0.00	\$899.48
06/23/10	1097230		09511		\$138.17	\$0.00	\$0.00	\$0.00	\$0.00	\$138.17
06/25/10	1374655		09516		\$586.75	\$0.00	\$0.00	\$0.00	\$0.00	\$586.75
06/25/10	1532686		09516		\$212.10	\$0.00	\$0.00	\$0.00	\$0.00	\$212.10
06/25/10	1534704		09516		\$32.18	\$0.00	\$0.00	\$0.00	\$0.00	\$32.18
06/25/10	1543992		09516		\$625.90	\$0.00	\$0.00	\$0.00	\$0.00	\$625.90
06/30/10	1551651		09516		\$289.02	\$0.00	\$0.00	\$0.00	\$0.00	\$289.02
07/02/10	1506553		09517		\$4,580.96	\$0.00	\$0.00	\$0.00	\$0.00	\$4,580.96

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Seaside Environmental Constructors, Inc.

For the Period From 12/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
07/02/10	1290144		09517							
07/02/10	1316462		09517		\$2,026.20	\$0.00	\$0.00	\$0.00	\$0.00	\$2,026.20
07/16/10	1811624		09517		\$5,485.97	\$0.00	\$0.00	\$0.00	\$0.00	\$5,485.97
07/15/10	1623518		09517		\$5,313.29	\$0.00	\$0.00	\$0.00	\$0.00	\$5,313.29
07/15/10	1625787		09517		\$717.23	\$0.00	\$0.00	\$0.00	\$0.00	\$717.23
07/21/10	1654232		09516		\$752.69	\$0.00	\$0.00	\$0.00	\$0.00	\$752.69
07/26/10	1685020		09516		\$277.15	\$0.00	\$0.00	\$0.00	\$0.00	\$277.15
07/26/10	1648678		09516		\$224.00	\$0.00	\$0.00	\$0.00	\$0.00	\$224.00
07/29/10	1700593		09516		\$314.84	\$0.00	\$0.00	\$0.00	\$0.00	\$314.84
08/01/10	1732275		09517		\$390.49	\$0.00	\$0.00	\$0.00	\$0.00	\$390.49
08/01/10	1486058		09517		(\$3,316.01)	\$0.00	\$0.00	\$0.00	\$0.00	(\$3,316.01)
08/09/10	1753122		09504		\$12,389.63	\$0.00	\$0.00	\$0.00	\$0.00	\$12,389.63
08/10/10	1762969		09515		\$1,433.12	\$0.00	\$0.00	\$0.00	\$0.00	\$1,433.12
08/13/10	1787384		09517		\$348.34	\$0.00	\$0.00	\$0.00	\$0.00	\$348.34
08/25/10	1569675		09517		\$5,403.06	\$0.00	\$0.00	\$0.00	\$0.00	\$5,403.06
08/25/10	1826219		09517		\$37,283.95	\$0.00	\$0.00	\$0.00	\$0.00	\$37,283.95
08/25/10	1732181		09517		\$1,293.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,293.00
08/25/10	1589361		09517		\$3,620.40	\$0.00	\$0.00	\$0.00	\$0.00	\$3,620.40
08/25/10	1649788		09516		\$16,387.75	\$0.00	\$0.00	\$0.00	\$0.00	\$16,387.75
					\$436.86	\$0.00	\$0.00	\$0.00	\$0.00	\$436.86
Total H D Supply Waterworks, LTD:					\$104,118.59	\$0.00	\$0.00	\$0.00	\$0.00	\$104,118.59
H&E Equipment Services										
05/13/10	90028584		09514		\$4,348.08	\$0.00	\$0.00	\$0.00	\$0.00	\$4,348.08
06/02/10	90037462		09503		\$162.00	\$0.00	\$0.00	\$0.00	\$0.00	\$162.00
07/01/10	90065187		09515		\$2,586.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,586.00
07/22/10	90032640		09511		\$1,195.03	\$0.00	\$0.00	\$0.00	\$0.00	\$1,195.03
07/30/10	90082290		9009		\$2,597.54	\$0.00	\$0.00	\$0.00	\$0.00	\$2,597.54
08/04/10	90096601		08502		\$969.75	\$0.00	\$0.00	\$0.00	\$0.00	\$969.75
08/12/10	90103776		09517		\$976.43	\$0.00	\$0.00	\$0.00	\$0.00	\$976.43
08/19/10	90110387		09517		\$1,032.41	\$0.00	\$0.00	\$0.00	\$0.00	\$1,032.41
08/26/10	90120440				\$719.66	\$0.00	\$0.00	\$0.00	\$0.00	\$719.66

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Seaside Environmental Constructors, Inc.

For the Period From 12/01/09 To 08/31/10

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08/31/10	90124732			09517	\$1,298.54	\$0.00	\$0.00	\$0.00	\$0.00	\$1,298.54
HENDRICK CHEVROLET										
08/19/10	CTCS39387			Total H&E Equipment Services:	\$15,888.46	\$0.00	\$0.00	\$0.00	\$0.00	\$15,888.46
					\$136.25	\$0.00	\$0.00	\$0.00	\$0.00	\$136.25
Total HENDRICK CHEVROLET:					\$136.25	\$0.00	\$0.00	\$0.00	\$0.00	\$136.25
Hertz Equipment Rental										
05/15/10	25043853-0			09511	\$337.89	\$0.00	\$0.00	\$0.00	\$0.00	\$337.89
06/15/10	25044066-0			09511	\$138.55	\$0.00	\$0.00	\$0.00	\$0.00	\$138.55
05/18/10	25053154-0			09510	\$137.67	\$0.00	\$0.00	\$0.00	\$0.00	\$137.67
06/21/10	25055109-0			09512	\$10.78	\$0.00	\$0.00	\$0.00	\$0.00	\$10.78
07/02/10	25080784-0			08503	\$294.21	\$0.00	\$0.00	\$0.00	\$0.00	\$294.21
07/15/10	25086898-0			09511	\$1,610.99	\$0.00	\$0.00	\$0.00	\$0.00	\$1,610.99
08/20/10	25174259-0			09511	\$46.34	\$0.00	\$0.00	\$0.00	\$0.00	\$46.34
08/23/10	25178157-0			09511	\$358.74	\$0.00	\$0.00	\$0.00	\$0.00	\$358.74
Total Hertz Equipment Rental:					\$2,935.17	\$0.00	\$0.00	\$0.00	\$0.00	\$2,935.17
Heyward Services, Inc.										
08/23/10	8390			09510	\$106.75	\$0.00	\$0.00	\$0.00	\$0.00	\$106.75
Total Heyward Services, Inc.:					\$106.75	\$0.00	\$0.00	\$0.00	\$0.00	\$106.75
Hilti, Inc.										
08/21/10	1608026731			09515	\$226.08	\$0.00	\$0.00	\$0.00	\$0.00	\$226.08
08/01/10	1608183603			09515	\$3,745.57	\$0.00	\$0.00	\$0.00	\$0.00	\$3,745.57
08/11/10	1608255357			09515	(\$3,579.25)	\$0.00	\$0.00	\$0.00	\$0.00	(\$3,579.25)
08/11/10	1608255353			09515	\$1,515.88	\$0.00	\$0.00	\$0.00	\$0.00	\$1,515.88
Total Hilti, Inc.:					\$1,908.28	\$0.00	\$0.00	\$0.00	\$0.00	\$1,908.28
Ikon Financial Services										
07/27/10	32558724				\$87.28	\$0.00	\$0.00	\$0.00	\$0.00	\$87.28

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07/29/10	1023880953									
08/04/10	82770736				\$87.28	\$0.00	\$0.00	\$0.00	\$0.00	\$87.28
08/23/10	83092745				\$733.55	\$0.00	\$0.00	\$0.00	\$0.00	\$733.55
					\$257.53	\$0.00	\$0.00	\$0.00	\$0.00	\$257.53
Total Ikon Financial Services:					\$1,165.64	\$0.00	\$0.00	\$0.00	\$0.00	\$1,165.64
					\$194.00	\$0.00	\$0.00	\$0.00	\$0.00	\$194.00
Total Jackson Lewis Attorneys at Law:					\$194.00	\$0.00	\$0.00	\$0.00	\$0.00	\$194.00
JFP Ink										
07/30/10	18668				\$144.82	\$0.00	\$0.00	\$0.00	\$0.00	\$144.82
08/03/10	18694				\$45.65	\$0.00	\$0.00	\$0.00	\$0.00	\$45.65
08/08/10	18723			09518	\$39.76	\$0.00	\$0.00	\$0.00	\$0.00	\$39.76
08/10/10	18750				\$34.14	\$0.00	\$0.00	\$0.00	\$0.00	\$34.14
08/13/10	18725				\$7.54	\$0.00	\$0.00	\$0.00	\$0.00	\$7.54
08/16/10	18793				\$8.73	\$0.00	\$0.00	\$0.00	\$0.00	\$8.73
08/24/10	18829				\$25.86	\$0.00	\$0.00	\$0.00	\$0.00	\$25.86
08/25/10	18845				\$322.11	\$0.00	\$0.00	\$0.00	\$0.00	\$322.11
08/31/10	18863				\$46.50	\$0.00	\$0.00	\$0.00	\$0.00	\$46.50
08/31/10	18893				\$54.69	\$0.00	\$0.00	\$0.00	\$0.00	\$54.69
					\$24.06	\$0.00	\$0.00	\$0.00	\$0.00	\$24.06
Total JFP Ink:					\$753.86	\$0.00	\$0.00	\$0.00	\$0.00	\$753.86
					\$14,000.90	\$0.00	\$0.00	\$0.00	\$0.00	\$14,000.90
					\$1,351.56	\$0.00	\$0.00	\$0.00	\$0.00	\$1,351.56
Total John Deere Credit:					\$15,352.46	\$0.00	\$0.00	\$0.00	\$0.00	\$15,352.46
				09516	\$2,658.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,658.00
				09517	\$3,200.00	\$0.00	\$0.00	\$320.00	\$0.00	\$2,880.00

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Seaside Environmental Constructors, Inc.

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Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
Klebs Porta Johns					Total Jones and Associates:					
07/21/10	7/21/10 In			09517	\$5,858.00	\$0.00	\$0.00	\$320.00	\$0.00	\$5,538.00
					\$65.00	\$0.00	\$0.00	\$0.00	\$0.00	\$65.00
K-M Machine Company, Inc					Total Klebs Porta Johns:					
07/09/10	59818			09510	\$65.00	\$0.00	\$0.00	\$0.00	\$0.00	\$65.00
07/09/10	59816			08503	\$3,426.45	\$0.00	\$0.00	\$0.00	\$0.00	\$3,426.45
08/11/10	60077			09515	\$1,107.67	\$0.00	\$0.00	\$0.00	\$0.00	\$1,107.67
08/19/10	60109			09510	\$1,015.01	\$0.00	\$0.00	\$0.00	\$0.00	\$1,015.01
08/30/10	60176			09515	\$914.91	\$0.00	\$0.00	\$0.00	\$0.00	\$914.91
					\$1,603.32	\$0.00	\$0.00	\$0.00	\$0.00	\$1,603.32
Lee Air Conditioners, Inc.					Total K-M Machine Company, Inc:					
08/01/10	S121291			07510	\$8,067.36	\$0.00	\$0.00	\$0.00	\$0.00	\$8,067.36
					\$511.45	\$0.00	\$0.00	\$0.00	\$0.00	\$511.45
Level Cross Surveying					Total Lee Air Conditioners, Inc.:					
08/01/10	502			09516	\$511.45	\$0.00	\$0.00	\$0.00	\$0.00	\$511.45
06/02/10	509			08505	\$2,062.50	\$0.00	\$0.00	\$0.00	\$0.00	\$2,062.50
06/02/10	508			08505	\$1,086.25	\$0.00	\$0.00	\$0.00	\$0.00	\$1,086.25
07/08/10	528			08503	\$3,429.25	\$0.00	\$0.00	\$0.00	\$0.00	\$3,429.25
08/10/10	549			09510	\$596.75	\$0.00	\$0.00	\$0.00	\$0.00	\$596.75
					\$1,999.50	\$0.00	\$0.00	\$0.00	\$0.00	\$1,999.50
LLC Trucking					Total Level Cross Surveying:					
07/23/10	2006-754			09516	\$9,174.25	\$0.00	\$0.00	\$0.00	\$0.00	\$9,174.25
07/30/10	2006-763			09516	\$787.50	\$0.00	\$0.00	\$0.00	\$0.00	\$787.50
07/30/10	2006-765				\$525.00	\$0.00	\$0.00	\$0.00	\$0.00	\$525.00
07/30/10	2006-764			09515	\$206.25	\$0.00	\$0.00	\$0.00	\$0.00	\$206.25
					\$989.18	\$0.00	\$0.00	\$0.00	\$0.00	\$989.18

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07/30/10	2006-762			09516						
08/06/10	2006-758			09515	\$150.00	\$0.00	\$0.00	\$0.00	\$0.00	\$150.00
08/08/10	2006-759			08502	\$217.26	\$0.00	\$0.00	\$0.00	\$0.00	\$217.26
03/06/10	2006-767			09516	\$431.25	\$0.00	\$0.00	\$0.00	\$0.00	\$431.25
08/13/10	2006-770			09516	\$1,612.50	\$0.00	\$0.00	\$0.00	\$0.00	\$1,612.50
08/20/10	2006-780			09516	\$450.00	\$0.00	\$0.00	\$0.00	\$0.00	\$450.00
				09515	\$1,305.30	\$0.00	\$0.00	\$0.00	\$0.00	\$1,305.30
Total LLC Trucking:					\$6,674.24	\$0.00	\$0.00	\$0.00	\$0.00	\$6,674.24
Locklear Boring										
06/07/10	11496			09517	\$23,520.00	\$0.00	\$0.00	\$1,176.00	\$0.00	\$22,344.00
08/28/10	11500			08516	\$3,332.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,332.00
08/01/10	11505			09517	\$28,260.00	\$0.00	\$0.00	\$0.00	\$0.00	\$28,260.00
Total Locklear Boring:					\$55,112.00	\$0.00	\$0.00	\$1,176.00	\$0.00	\$53,936.00
Lowes										
08/17/10	5213101046				\$5,806.99	\$0.00	\$0.00	\$0.00	\$0.00	\$5,806.99
Total Lowes:					\$5,806.99	\$0.00	\$0.00	\$0.00	\$0.00	\$5,806.99
Luck Stone										
08/01/10	947453			09515	\$793.13	\$0.00	\$0.00	\$0.00	\$0.00	\$793.13
08/15/10	949009			09515	\$986.69	\$0.00	\$0.00	\$0.00	\$0.00	\$986.69
08/31/10	951178			09515	\$486.54	\$0.00	\$0.00	\$0.00	\$0.00	\$486.54
Total Luck Stone:					\$2,266.36	\$0.00	\$0.00	\$0.00	\$0.00	\$2,266.36
M C Precast Concrete, Inc.										
08/06/10	20174			09516	\$1,131.38	\$0.00	\$0.00	\$0.00	\$0.00	\$1,131.38
Total M C Precast Concrete, Inc.:					\$1,131.38	\$0.00	\$0.00	\$0.00	\$0.00	\$1,131.38
Mainline Supply Company/MSC Waterworks										
03/01/10	2552821B			09512	\$12,047.71	\$0.00	\$0.00	\$0.00	\$0.00	\$12,047.71
04/14/10	2632665			09512	\$1,008.26	\$0.00	\$0.00	\$0.00	\$0.00	\$1,008.26

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05/19/10	2649356			09512	\$59.78	\$0.00	\$0.00	\$0.00	\$0.00	\$59.78
05/24/10	2651043			09511	\$72.58	\$0.00	\$0.00	\$0.00	\$0.00	\$72.58
05/28/10	2655465			09505	\$840.66	\$0.00	\$0.00	\$0.00	\$0.00	\$840.66
06/10/10	2614102			09510	\$1,098.38	\$0.00	\$0.00	\$0.00	\$0.00	\$1,098.38
06/10/10	2632942			09510	\$975.93	\$0.00	\$0.00	\$0.00	\$0.00	\$975.93
06/10/10	2632998			09510	\$1,488.39	\$0.00	\$0.00	\$0.00	\$0.00	\$1,488.39
06/10/10	2632967			09510	\$192.15	\$0.00	\$0.00	\$0.00	\$0.00	\$192.15
06/10/10	2622184			09510	\$1,806.21	\$0.00	\$0.00	\$0.00	\$0.00	\$1,806.21
06/10/10	2633154			09510	\$1,195.50	\$0.00	\$0.00	\$0.00	\$0.00	\$1,195.50
06/10/10	2654685			09510	\$48.29	\$0.00	\$0.00	\$0.00	\$0.00	\$48.29
06/10/10	2633158			09510	\$5,085.01	\$0.00	\$0.00	\$0.00	\$0.00	\$5,085.01
06/10/10	2647460			09510	\$162.36	\$0.00	\$0.00	\$0.00	\$0.00	\$162.36
06/10/10	2617014		08/31/10	09510	\$2,793.09	\$0.00	\$2,236.66	\$0.00	\$0.00	\$556.43
06/10/10	2633029			09510	\$7,799.45	\$0.00	\$0.00	\$0.00	\$0.00	\$7,799.45
06/28/10	2664294			09510	\$5,095.08	\$0.00	\$0.00	\$0.00	\$0.00	\$5,095.08
07/01/10	2633658			09515	\$4,914.75	\$0.00	\$0.00	\$0.00	\$0.00	\$4,914.75
07/01/10	2645287			09510	\$1,572.21	\$0.00	\$0.00	\$0.00	\$0.00	\$1,572.21
07/01/10	2652087			09510	\$1,064.09	\$0.00	\$0.00	\$0.00	\$0.00	\$1,064.09
07/01/10	2647543			09510	\$394.98	\$0.00	\$0.00	\$0.00	\$0.00	\$394.98
07/01/10	2666806			09510	\$285.03	\$0.00	\$0.00	\$0.00	\$0.00	\$285.03
07/01/10	2633209			09510	\$2,069.63	\$0.00	\$0.00	\$0.00	\$0.00	\$2,069.63
07/02/10	2665482			09515	\$649.72	\$0.00	\$0.00	\$0.00	\$0.00	\$649.72
07/06/10	2669895			09516	\$950.35	\$0.00	\$0.00	\$0.00	\$0.00	\$950.35
07/14/10	2671143			09515	\$1,637.77	\$0.00	\$0.00	\$0.00	\$0.00	\$1,637.77
07/15/10	2674528			09516	(\$2,295.23)	\$0.00	\$0.00	\$0.00	\$0.00	(\$2,295.23)
07/15/10	2671915			09516	\$619.69	\$0.00	\$0.00	\$0.00	\$0.00	\$619.69
07/16/10	2674084			09515	\$364.33	\$0.00	\$0.00	\$0.00	\$0.00	\$364.33
07/16/10	2655316			09516	\$598.29	\$0.00	\$0.00	\$0.00	\$0.00	\$598.29
07/16/10	2678785			09515	\$64.05	\$0.00	\$0.00	\$0.00	\$0.00	\$64.05
07/16/10	2674764			09515	\$1,978.62	\$0.00	\$0.00	\$0.00	\$0.00	\$1,978.62
07/16/10	2674957			09515	\$340.68	\$0.00	\$0.00	\$0.00	\$0.00	\$340.68

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Seaside Environmental Constructors, Inc.

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Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
07/18/10	2675099		09515							
07/20/10	2675668		09515		\$306.06	\$0.00	\$0.00	\$0.00	\$0.00	\$306.06
07/21/10	2678188		09515		\$2,291.99	\$0.00	\$0.00	\$0.00	\$0.00	\$2,291.99
07/27/10	2673384		09515		\$1,585.69	\$0.00	\$0.00	\$0.00	\$0.00	\$1,585.69
07/27/10	2676755		09515		\$1,284.58	\$0.00	\$0.00	\$0.00	\$0.00	\$1,284.58
07/29/10	2881154		09511		\$721.93	\$0.00	\$0.00	\$0.00	\$0.00	\$721.93
07/30/10	2685095		09515		\$66.81	\$0.00	\$0.00	\$0.00	\$0.00	\$66.81
07/30/10	2680517		09517		\$6,875.94	\$0.00	\$0.00	\$0.00	\$0.00	\$6,875.94
07/30/10	2680511		09516		\$223.20	\$0.00	\$0.00	\$0.00	\$0.00	\$223.20
08/01/10	2674604		09510		\$17.16	\$0.00	\$0.00	\$0.00	\$0.00	\$17.16
08/01/10	2644973		09515		\$1,136.89	\$0.00	\$0.00	\$0.00	\$0.00	\$1,136.89
08/01/10	2685299		09515		\$3,882.90	\$0.00	\$0.00	\$0.00	\$0.00	\$3,882.90
08/01/10	2678527		09515		\$585.47	\$0.00	\$0.00	\$0.00	\$0.00	\$585.47
08/03/10	26859793		09515		\$174.22	\$0.00	\$0.00	\$0.00	\$0.00	\$174.22
08/03/10	2683905		09515		\$5,480.77	\$0.00	\$0.00	\$0.00	\$0.00	\$5,480.77
08/03/10	2682042		09515		\$808.66	\$0.00	\$0.00	\$0.00	\$0.00	\$808.66
08/10/10	2685484		09515		\$74.86	\$0.00	\$0.00	\$0.00	\$0.00	\$74.86
08/10/10	2687695		09515		\$343.70	\$0.00	\$0.00	\$0.00	\$0.00	\$343.70
08/13/10	2685626		09515		\$4,493.76	\$0.00	\$0.00	\$0.00	\$0.00	\$4,493.76
08/16/10	2688347		09515		\$1,476.56	\$0.00	\$0.00	\$0.00	\$0.00	\$1,476.56
08/16/10	2688716		09515		\$349.11	\$0.00	\$0.00	\$0.00	\$0.00	\$349.11
08/17/10	2689052		09515		\$12.06	\$0.00	\$0.00	\$0.00	\$0.00	\$12.06
08/17/10	2689058		09515		\$442.70	\$0.00	\$0.00	\$0.00	\$0.00	\$442.70
08/17/10	2688016		09515		\$378.65	\$0.00	\$0.00	\$0.00	\$0.00	\$378.65
08/17/10	2688014		09515		\$633.19	\$0.00	\$0.00	\$0.00	\$0.00	\$633.19
08/17/10	2688733		09515		\$271.37	\$0.00	\$0.00	\$0.00	\$0.00	\$271.37
08/17/10	2690352		09515		\$370.48	\$0.00	\$0.00	\$0.00	\$0.00	\$370.48
08/17/10	2685581		09515		\$761.45	\$0.00	\$0.00	\$0.00	\$0.00	\$761.45
08/20/10	2661033		09515		\$1,287.62	\$0.00	\$0.00	\$0.00	\$0.00	\$1,287.62
08/20/10	2691890		09515		\$2,754.09	\$0.00	\$0.00	\$0.00	\$0.00	\$2,754.09
08/23/10	2693217		09515		\$715.00	\$0.00	\$0.00	\$0.00	\$0.00	\$715.00
			09515		\$206.25	\$0.00	\$0.00	\$0.00	\$0.00	\$206.25

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Seaside Environmental Constructors, Inc.

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Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
08/24/10	2691550									
08/25/10	2689337			09515	\$71.85	\$0.00	\$0.00	\$0.00	\$0.00	\$71.85
08/25/10	2695100			09511	\$726.51	\$0.00	\$0.00	\$0.00	\$0.00	\$726.51
08/26/10	2693858			09515	\$11,108.83	\$0.00	\$0.00	\$0.00	\$0.00	\$11,108.83
08/30/10	2685570			09515	\$1,071.06	\$0.00	\$0.00	\$0.00	\$0.00	\$1,071.06
08/30/10	2685671			09515	\$2,247.64	\$0.00	\$0.00	\$0.00	\$0.00	\$2,247.64
				09515	\$3,693.82	\$0.00	\$0.00	\$0.00	\$0.00	\$3,693.82
Total Mainline Supply Company/MSC Waterworks:					\$118,240.62	\$0.00	\$2,235.65	\$0.00	\$0.00	\$114,003.96
Martin Marietta Materials										
06/14/10	8612754			09505	\$532.94	\$0.00	\$0.00	\$0.00	\$0.00	\$532.94
06/21/10	8634147			09505	\$2,364.63	\$0.00	\$0.00	\$0.00	\$0.00	\$2,364.63
06/21/10	8634152			09517	\$183.86	\$0.00	\$0.00	\$0.00	\$0.00	\$183.86
06/28/10	8653041			09505	\$477.52	\$0.00	\$0.00	\$0.00	\$0.00	\$477.52
06/28/10	8652355			09517	\$561.28	\$0.00	\$0.00	\$0.00	\$0.00	\$561.28
06/30/10	8666887			09517	\$684.75	\$0.00	\$0.00	\$0.00	\$0.00	\$684.75
07/12/10	8683924			09505	\$971.43	\$0.00	\$0.00	\$0.00	\$0.00	\$971.43
07/19/10	8697784			09505	\$573.15	\$0.00	\$0.00	\$0.00	\$0.00	\$573.15
07/19/10	8697617			09505	\$258.30	\$0.00	\$0.00	\$0.00	\$0.00	\$258.30
07/26/10	8710295			09517	\$164.19	\$0.00	\$0.00	\$0.00	\$0.00	\$164.19
07/31/10	8737261			09517	\$259.80	\$0.00	\$0.00	\$0.00	\$0.00	\$259.80
07/31/10	8738154			09505	\$5,012.50	\$0.00	\$0.00	\$0.00	\$0.00	\$5,012.50
08/09/10	8757858			09517	\$320.63	\$0.00	\$0.00	\$0.00	\$0.00	\$320.63
08/16/10	8770563			09510	\$2,505.29	\$0.00	\$0.00	\$0.00	\$0.00	\$2,505.29
08/16/10	8770501			09517	\$736.05	\$0.00	\$0.00	\$0.00	\$0.00	\$736.05
08/23/10	8786326			09505	\$2,326.96	\$0.00	\$0.00	\$0.00	\$0.00	\$2,326.96
08/30/10	8810877			09510	\$1,591.52	\$0.00	\$0.00	\$0.00	\$0.00	\$1,591.52
08/31/10	8821732			09517	\$108.90	\$0.00	\$0.00	\$0.00	\$0.00	\$108.90
08/31/10	8821784			09510	\$353.74	\$0.00	\$0.00	\$0.00	\$0.00	\$353.74
Total Martin Marietta Materials:					\$19,977.44	\$0.00	\$0.00	\$0.00	\$0.00	\$19,977.44
Melton Electric Inc.										

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Seaside Environmental Constructors, Inc.

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06/30/10	Appl#9			09505	\$25,178.89	\$0.00	\$0.00	\$1,258.94	\$0.00	\$23,919.95
07/31/10	App#10			09505	\$439,324.00	\$0.00	\$0.00	\$21,966.20	\$0.00	\$417,357.80
Total Melton Electric Inc.:					\$464,502.89	\$0.00	\$0.00	\$23,225.14	\$0.00	\$441,277.75
Mid Atlantic Crane										
05/04/10	IN18589			09515	\$9,851.43	\$0.00	\$0.00	\$463.45	\$0.00	\$9,487.98
05/04/10	IN18588			09505	\$9,036.83	\$0.00	\$0.00	\$0.00	\$0.00	\$9,036.83
Total Mid Atlantic Crane:					\$18,988.26	\$0.00	\$0.00	\$463.45	\$0.00	\$18,524.91
MSP Pump & Trench/Stone's Pump										
05/06/10	45440-0001			09511	\$3,985.06	\$0.00	\$0.00	\$0.00	\$0.00	\$3,985.06
05/17/10	45711-0001			09514	\$194.22	\$0.00	\$0.00	\$0.00	\$0.00	\$194.22
05/25/10	45756-0001			09516	\$268.57	\$0.00	\$0.00	\$0.00	\$0.00	\$268.57
Total MSP Pump & Trench/Stone's Pump:					\$4,447.85	\$0.00	\$0.00	\$0.00	\$0.00	\$4,447.85
NC Global TransPark Authority										
03/24/09	050109-33			09509	\$550.00	\$0.00	\$0.00	\$0.00	\$0.00	\$550.00
Total NC Global TransPark Authority:					\$550.00	\$0.00	\$0.00	\$0.00	\$0.00	\$550.00
Neff Rental, Inc.										
04/30/10	4337994-00			09512	\$1,478.45	\$0.00	\$0.00	\$0.00	\$0.00	\$1,478.45
05/07/10	4338392-00			09511	\$2,138.83	\$0.00	\$0.00	\$0.00	\$0.00	\$2,138.83
05/07/10	4336221-00			09511	\$962.42	\$0.00	\$0.00	\$0.00	\$0.00	\$962.42
05/11/10	4441215-00			09517	\$1,302.06	\$0.00	\$0.00	\$0.00	\$0.00	\$1,302.06
05/12/10	4338447-00			09512	\$2,113.77	\$0.00	\$0.00	\$0.00	\$0.00	\$2,113.77
05/14/10	4337994-00			09512	\$658.43	\$0.00	\$0.00	\$0.00	\$0.00	\$658.43
05/17/10	4840526-00			09514	\$301.47	\$0.00	\$0.00	\$0.00	\$0.00	\$301.47
05/25/10	2376839-00			09516	\$289.33	\$0.00	\$0.00	\$0.00	\$0.00	\$289.33
05/28/10	4441849-00			09517	\$482.38	\$0.00	\$0.00	\$0.00	\$0.00	\$482.38
06/07/10	4253691-00			07509	\$499.11	\$0.00	\$0.00	\$0.00	\$0.00	\$499.11
06/10/10	4441729-00			09517	\$891.37	\$0.00	\$0.00	\$0.00	\$0.00	\$891.37

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05/11/10	4142739-00			09505	\$1,347.30	\$0.00	\$0.00	\$0.00	\$0.00	\$1,347.30
05/14/10	4340679-00			09514	\$2,930.04	\$0.00	\$0.00	\$0.00	\$0.00	\$2,930.04
06/16/10	4143032-00			09505	\$1,269.84	\$0.00	\$0.00	\$0.00	\$0.00	\$1,269.84
07/01/10	4337281			09511	\$1,533.11	\$0.00	\$0.00	\$0.00	\$0.00	\$1,533.11
07/01/10	2378541			09517	\$1,156.56	\$0.00	\$0.00	\$0.00	\$0.00	\$1,156.56
07/01/10	4253358-00			09616	\$1,190.84	\$0.00	\$0.00	\$0.00	\$0.00	\$1,190.84
07/09/10	4142739-00			09505	\$48.68	\$0.00	\$0.00	\$0.00	\$0.00	\$48.68
07/09/10	4142739-00			09505	\$1,161.93	\$0.00	\$0.00	\$0.00	\$0.00	\$1,161.93
07/12/10	2377320-00			09517	\$6,719.08	\$0.00	\$0.00	\$0.00	\$0.00	\$6,719.08
07/16/10	4442095-00			09508	\$409.88	\$0.00	\$0.00	\$0.00	\$0.00	\$409.88
07/22/10	4253358-00			09516	(\$215.50)	\$0.00	\$0.00	\$0.00	\$0.00	(\$215.50)
07/22/10	4254130-00			09515	\$5,572.03	\$0.00	\$0.00	\$0.00	\$0.00	\$5,572.03
07/29/10	2377762-00			09516	\$2,433.30	\$0.00	\$0.00	\$0.00	\$0.00	\$2,433.30
08/04/10	2377693-00			09515	\$570.45	\$0.00	\$0.00	\$0.00	\$0.00	\$570.45
08/05/10	4442532-00			09517	\$404.94	\$0.00	\$0.00	\$0.00	\$0.00	\$404.94
08/19/10	2377952-00			09515	\$1,517.01	\$0.00	\$0.00	\$0.00	\$0.00	\$1,517.01
08/24/10	4841670-00			10501	\$441.28	\$0.00	\$0.00	\$0.00	\$0.00	\$441.28
08/24/10	4841649-00			10501	\$885.48	\$0.00	\$0.00	\$0.00	\$0.00	\$885.48
08/31/10	4442509-00			09517	\$640.73	\$0.00	\$0.00	\$0.00	\$0.00	\$640.73
Total Neff Rental, Inc.:					\$41,132.69	\$0.00	\$0.00	\$0.00	\$0.00	\$41,132.69
New Dba Oil Corporation										
06/22/10	494596			09516	\$357.89	\$0.00	\$0.00	\$0.00	\$0.00	\$357.89
06/24/10	494622			09516	\$355.83	\$0.00	\$0.00	\$0.00	\$0.00	\$355.83
06/28/10	494647			09516	\$157.27	\$0.00	\$0.00	\$0.00	\$0.00	\$157.27
06/30/10	494655			09516	\$379.17	\$0.00	\$0.00	\$0.00	\$0.00	\$379.17
07/07/10	494720			09516	\$365.07	\$0.00	\$0.00	\$0.00	\$0.00	\$365.07
07/09/10	494728			09516	\$413.88	\$0.00	\$0.00	\$0.00	\$0.00	\$413.88
07/12/10	494743			09516	\$69.65	\$0.00	\$0.00	\$0.00	\$0.00	\$69.65
07/14/10	495013			09516	\$234.05	\$0.00	\$0.00	\$0.00	\$0.00	\$234.05
07/21/10	495059			09516	\$382.40	\$0.00	\$0.00	\$0.00	\$0.00	\$382.40

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Seaside Environmental Constructors, Inc.
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07/25/10	495108									
07/28/10	495104			09516	\$184.07	\$0.00	\$0.00	\$0.00	\$0.00	\$184.07
07/28/10	495112			09516	\$102.47	\$0.00	\$0.00	\$0.00	\$0.00	\$102.47
08/02/10	495291			09516	\$23.40	\$0.00	\$0.00	\$0.00	\$0.00	\$23.40
08/02/10	495290			09518	\$27.97	\$0.00	\$0.00	\$0.00	\$0.00	\$27.97
08/09/10	495348			09516	\$167.83	\$0.00	\$0.00	\$0.00	\$0.00	\$167.83
08/11/10	495362			09516	\$112.84	\$0.00	\$0.00	\$0.00	\$0.00	\$112.84
				09516	\$72.42	\$0.00	\$0.00	\$0.00	\$0.00	\$72.42
Total New Dixie Oil Corporation:					\$3,436.21	\$0.00	\$0.00	\$0.00	\$0.00	\$3,436.21
New Hope Auto Parts										
06/12/10	093632			09515	\$216.58	\$0.00	\$0.00	\$0.00	\$0.00	\$216.58
08/24/10	094071			09515	\$300.62	\$0.00	\$0.00	\$0.00	\$0.00	\$300.62
08/27/10	94177			09515	\$28.08	\$0.00	\$0.00	\$0.00	\$0.00	\$28.08
Total New Hope Auto Parts:					\$545.28	\$0.00	\$0.00	\$0.00	\$0.00	\$545.28
P. M. Torres Construction, LLC										
06/07/10	1191-006			09511	\$4,601.03	\$0.00	\$0.00	\$0.00	\$0.00	\$4,601.03
06/07/10	1201-002			09512	\$1,478.70	\$0.00	\$0.00	\$0.00	\$0.00	\$1,478.70
06/07/10	1303-001			07509	\$2,028.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,028.00
06/07/10	1189-005			08503	\$1,343.55	\$0.00	\$0.00	\$0.00	\$0.00	\$1,343.55
07/18/10	1197-008				\$566.50	\$0.00	\$0.00	\$0.00	\$0.00	\$566.50
07/18/10	1189-00007			08503	\$1,318.20	\$0.00	\$0.00	\$0.00	\$0.00	\$1,318.20
07/18/10	1300-0002			07509	\$380.25	\$0.00	\$0.00	\$0.00	\$0.00	\$380.25
07/18/10	1197-009			09516	\$754.00	\$0.00	\$0.00	\$0.00	\$0.00	\$754.00
07/18/10	1191-0007			09511	\$1,631.25	\$0.00	\$0.00	\$0.00	\$0.00	\$1,631.25
07/18/10	1189-0006			08514	\$861.90	\$0.00	\$0.00	\$0.00	\$0.00	\$861.90
07/18/10	1191-007			09511	\$1,115.40	\$0.00	\$0.00	\$0.00	\$0.00	\$1,115.40
07/18/10	1197-011			09516	\$601.75	\$0.00	\$0.00	\$0.00	\$0.00	\$601.75
07/18/10	1197-010			09516	\$580.00	\$0.00	\$0.00	\$0.00	\$0.00	\$580.00
07/18/10	1189-0008			08503	\$290.00	\$0.00	\$0.00	\$0.00	\$0.00	\$290.00
07/24/10	0159			09516	\$1,578.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,578.00

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07/30/10	0162			09516						
07/30/10	0160			09516	\$623.50	\$0.00	\$0.00	\$0.00	\$0.00	\$623.50
08/03/10	0165			09516	\$1,348.50	\$0.00	\$0.00	\$0.00	\$0.00	\$1,348.50
08/08/10	0165			08502	\$587.25	\$0.00	\$0.00	\$0.00	\$0.00	\$587.25
08/10/10	0158			09516	\$5,633.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,633.00
08/14/10	0169			09504	\$601.75	\$0.00	\$0.00	\$0.00	\$0.00	\$601.75
					\$1,723.80	\$0.00	\$0.00	\$0.00	\$0.00	\$1,723.80
Paul D Williams Hauling					Total P. M. Torres Construction, LLC:					
06/23/10	3789			09517	\$33,645.33	\$0.00	\$0.00	\$0.00	\$0.00	\$33,645.33
05/30/10	3763			09517	\$182.11	\$0.00	\$0.00	\$0.00	\$0.00	\$182.11
07/14/10	3811			09517	\$75.71	\$0.00	\$0.00	\$0.00	\$0.00	\$75.71
07/21/10	3886			09517	\$159.78	\$0.00	\$0.00	\$0.00	\$0.00	\$159.78
08/02/10	3953			09517	\$63.49	\$0.00	\$0.00	\$0.00	\$0.00	\$63.49
08/10/10	3958			09512	\$132.03	\$0.00	\$0.00	\$0.00	\$0.00	\$132.03
08/11/10	3983			09517	\$56.28	\$0.00	\$0.00	\$0.00	\$0.00	\$56.28
08/11/10	09517-007			09517	\$946.72	\$0.00	\$0.00	\$0.00	\$0.00	\$946.72
					\$480.62	\$0.00	\$0.00	\$0.00	\$0.00	\$480.62
Pedro Pastrana Construction					Total Paul D Williams Hauling:					
07/01/10	Invoice #7			09510	\$2,096.74	\$0.00	\$0.00	\$0.00	\$0.00	\$2,096.74
					\$10,940.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,940.00
Petroleum Services, Inc					Total Pedro Pastrana Construction:					
08/10/10	14922			09517	\$10,940.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,940.00
					\$726.71	\$0.00	\$0.00	\$0.00	\$0.00	\$726.71
Pirtek Piedmont Triad					Total Petroleum Services, Inc:					
06/21/10	S1398623.0			09510	\$726.71	\$0.00	\$0.00	\$0.00	\$0.00	\$726.71
					\$260.07	\$0.00	\$0.00	\$0.00	\$0.00	\$260.07
Total Pirtek Piedmont Triad:					\$260.07	\$0.00	\$0.00	\$0.00	\$0.00	\$260.07

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Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
Pitney Bowes										
08/11/10	Late Fee/A				\$32.00	\$0.00	\$0.00	\$0.00	\$0.00	\$32.00
Total Pitney Bowes:					\$32.00	\$0.00	\$0.00	\$0.00	\$0.00	\$32.00
Pleasant Mount Welding, Inc.										
08/05/10	14775			09515	\$6,307.00	\$0.00	\$0.00	\$315.35	\$0.00	\$5,991.65
Total Pleasant Mount Welding, Inc.:					\$6,307.00	\$0.00	\$0.00	\$315.35	\$0.00	\$5,991.65
Precision Pipe & Products, Inc.										
08/25/10	3821			09518	\$38,790.00	\$0.00	\$0.00	\$0.00	\$0.00	\$38,790.00
Total Precision Pipe & Products, Inc.:					\$38,790.00	\$0.00	\$0.00	\$0.00	\$0.00	\$38,790.00
Progress Energy										
08/03/10	7785883544			09517	\$230.75	\$0.00	\$0.00	\$0.00	\$0.00	\$230.75
Total Progress Energy:					\$230.75	\$0.00	\$0.00	\$0.00	\$0.00	\$230.75
Queen's Hauling, Inc.										
07/28/10	22438			09510	\$1,045.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,045.00
08/02/10	22459			09510	\$3,146.25	\$0.00	\$0.00	\$0.00	\$0.00	\$3,146.25
08/03/10	22451			09510	\$1,312.31	\$0.00	\$0.00	\$0.00	\$0.00	\$1,312.31
08/03/10	22450			09510	\$792.50	\$0.00	\$0.00	\$0.00	\$0.00	\$792.50
08/18/10	22465			09510	\$3,034.90	\$0.00	\$0.00	\$0.00	\$0.00	\$3,034.90
Total Queen's Hauling, Inc.:					\$9,330.96	\$0.00	\$0.00	\$0.00	\$0.00	\$9,330.96
R W Moore Equipment Co., Inc.										
05/07/10	6112			09512	\$2,181.78	\$0.00	\$0.00	\$0.00	\$0.00	\$2,181.78
08/11/10	6215			09517	\$2,181.78	\$0.00	\$0.00	\$0.00	\$0.00	\$2,181.78
08/22/10	184282			09515	\$915.58	\$0.00	\$0.00	\$0.00	\$0.00	\$915.58
08/23/10	184163			09515	\$1,925.39	\$0.00	\$0.00	\$0.00	\$0.00	\$1,925.39
08/25/10	184328			09516	\$670.36	\$0.00	\$0.00	\$0.00	\$0.00	\$670.36
08/29/10	6314			09517	\$2,181.78	\$0.00	\$0.00	\$0.00	\$0.00	\$2,181.78

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07/01/10	144856			09516						
07/10/10	144952			09515	\$54.80	\$0.00	\$0.00	\$0.00	\$0.00	\$54.80
07/13/10	184561			09515	\$345.39	\$0.00	\$0.00	\$0.00	\$0.00	\$345.39
07/22/10	184685			09515	\$372.20	\$0.00	\$0.00	\$0.00	\$0.00	\$372.20
07/30/10	184729			09515	\$484.45	\$0.00	\$0.00	\$0.00	\$0.00	\$484.45
08/12/10	145705			09515	\$1,245.13	\$0.00	\$0.00	\$0.00	\$0.00	\$1,245.13
08/16/10	184913			09515	\$120.26	\$0.00	\$0.00	\$0.00	\$0.00	\$120.26
					\$485.78	\$0.00	\$0.00	\$0.00	\$0.00	\$485.78
Total R W Moore Equipment Co., Inc.:					\$13,164.68	\$0.00	\$0.00	\$0.00	\$0.00	\$13,164.68
Raleigh Paving				09517	\$5,314.80	\$0.00	\$0.00	\$0.00	\$0.00	\$5,314.80
08/30/10	202746									
Total Raleigh Paving:					\$5,314.80	\$0.00	\$0.00	\$0.00	\$0.00	\$5,314.80
Raleigh-Durham Rubber & Gasket Co., Inc.				07509	\$394.37	\$0.00	\$0.00	\$0.00	\$0.00	\$394.37
06/24/10	00205800									
Total Raleigh-Durham Rubber & Gasket Co., Inc.:					\$394.37	\$0.00	\$0.00	\$0.00	\$0.00	\$394.37
Randolph Acoustical and Drywall, Inc.				09510	\$14,064.00	\$0.00	\$0.00	\$0.00	\$0.00	\$14,064.00
07/01/10	Statement									
07/23/10	Statement/			09510	\$4,312.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,312.00
08/25/10	Completed			09510	\$1,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,000.00
Total Randolph Acoustical and Drywall, Inc.:					\$19,376.00	\$0.00	\$0.00	\$0.00	\$0.00	\$19,376.00
Rankin Grading, Inc.				09512	\$362.83	\$0.00	\$0.00	\$0.00	\$0.00	\$362.83
05/05/10	25-10									
05/12/10	27-10			09512	\$198.81	\$0.00	\$0.00	\$0.00	\$0.00	\$198.81
05/12/10	25-10			09511	\$4,655.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,655.00
05/19/10	28-10			09511	\$1,735.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,735.00
05/25/10	29-10			09511	\$300.00	\$0.00	\$0.00	\$0.00	\$0.00	\$300.00
06/16/10	30-10			09511	\$411.50	\$0.00	\$0.00	\$0.00	\$0.00	\$411.50
07/28/10	31-10			09511	\$156.60	\$0.00	\$0.00	\$0.00	\$0.00	\$156.60

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ROOM, Inc Utility Contractor					Total Rankin Grading, Inc.:					
06/22/10	1179-849			09517	\$7,819.74	\$0.00	\$0.00	\$0.00	\$0.00	\$7,819.74
06/24/10	1179-851			09517	\$14,677.79	\$0.00	\$0.00	\$733.89	\$0.00	\$13,943.90
06/28/10	Credit for			09516	\$24,462.98	\$0.00	\$0.00	\$1,223.14	\$0.00	\$23,239.84
07/09/10	Change ord			09516	(\$5,373.75)	\$0.00	\$0.00	\$0.00	\$0.00	(\$5,373.75)
07/22/10	Credit HDD			09516	(\$3,740.00)	\$0.00	\$0.00	\$0.00	\$0.00	(\$3,740.00)
08/01/10	Crt 179-849			09517	(\$2,325.00)	\$0.00	\$0.00	\$0.00	\$0.00	(\$2,325.00)
					(\$7,957.49)	\$0.00	\$0.00	\$0.00	\$0.00	(\$7,957.49)
Ready Mixed Concrete Co					Total ROOM, Inc Utility Contractor:					
06/24/10	819395			09518	\$19,744.53	\$0.00	\$0.00	\$1,957.03	\$0.00	\$17,787.50
07/07/10	822427			09511	\$125.53	\$0.00	\$0.00	\$0.00	\$0.00	\$125.53
07/09/10	823244			09511	\$636.80	\$0.00	\$0.00	\$0.00	\$0.00	\$636.80
08/20/10	834430			09511	\$270.45	\$0.00	\$0.00	\$0.00	\$0.00	\$270.45
08/31/10	837033			09518	\$352.28	\$0.00	\$0.00	\$0.00	\$0.00	\$352.28
					\$494.03	\$0.00	\$0.00	\$0.00	\$0.00	\$494.03
Red Star Oil Co.					Total Ready Mixed Concrete Co:					
08/01/10	Cr67434		08/31/10	08502	\$1,879.09	\$0.00	\$0.00	\$0.00	\$0.00	\$1,879.09
					(\$965.73)	\$0.00	(\$613.60)	\$0.00	\$0.00	(\$352.13)
Red Valve Company, Inc.					Total Red Star Oil Co.:					
08/19/10	135514			09515	(\$965.73)	\$0.00	(\$613.60)	\$0.00	\$0.00	(\$352.13)
					\$7,443.86	\$0.00	\$0.00	\$0.00	\$0.00	\$7,443.86
Reedy Fork Paving					Total Red Valve Company, Inc.:					
08/27/10	2010-065			09510	\$7,443.86	\$0.00	\$0.00	\$0.00	\$0.00	\$7,443.86
					\$57,187.57	\$0.00	\$0.00	\$2,855.38	\$0.00	\$54,328.19
					Total Reedy Fork Paving:					
					\$57,187.57	\$0.00	\$0.00	\$2,855.38	\$0.00	\$54,328.19

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Rightmyer Machine Rentals, Inc.										
05/30/10	46144		09/16		\$347.49	\$0.00	\$0.00	\$0.00	\$0.00	\$347.49
07/14/10	46222		09/16		\$83.00	\$0.00	\$0.00	\$0.00	\$0.00	\$83.00
07/21/10	48268		09/16		\$1,454.63	\$0.00	\$0.00	\$0.00	\$0.00	\$1,454.63
07/30/10	45319		09/16		\$581.85	\$0.00	\$0.00	\$0.00	\$0.00	\$581.85
08/11/10	45397		09/16		\$208.95	\$0.00	\$0.00	\$0.00	\$0.00	\$208.95
Total Rightmyer Machine Rentals, Inc.:					\$2,675.92	\$0.00	\$0.00	\$0.00	\$0.00	\$2,675.92
Roanoke Porta-Johns										
07/31/10	70141		09/16		\$70.04	\$0.00	\$0.00	\$0.00	\$0.00	\$70.04
08/31/10	70455		09/16		\$28.06	\$0.00	\$0.00	\$0.00	\$0.00	\$28.06
Total Roanoke Porta-Johns:					\$98.10	\$0.00	\$0.00	\$0.00	\$0.00	\$98.10
Rogers Tapping Service, Inc.										
04/07/10	11467		09/12		\$670.00	\$0.00	\$0.00	\$0.00	\$0.00	\$670.00
04/07/10	11466		09/11		\$300.00	\$0.00	\$0.00	\$0.00	\$0.00	\$300.00
04/07/10	Credit for			Back Charge for 09/12	(\$3,253.07)	\$0.00	\$0.00	\$0.00	\$0.00	(\$3,253.07)
05/04/10	11517		09/16		\$1,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,000.00
06/14/10	11602		09/16		\$500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$500.00
07/06/10	11640		09/16		\$300.00	\$0.00	\$0.00	\$0.00	\$0.00	\$300.00
07/12/10	11652		09/15		\$410.00	\$0.00	\$0.00	\$0.00	\$0.00	\$410.00
Total Rogers Tapping Service, Inc.:					(\$73.07)	\$0.00	\$0.00	\$0.00	\$0.00	(\$73.07)
Ross Valve Manufacturing Co.										
08/05/10	IND1028188		09/16		\$294.65	\$0.00	\$0.00	\$0.00	\$0.00	\$294.65
Total Ross Valve Manufacturing Co.:					\$294.65	\$0.00	\$0.00	\$0.00	\$0.00	\$294.65
S & B Portable Toilets, LLC										
07/21/10	11585		09/05		\$120.93	\$0.00	\$0.00	\$0.00	\$0.00	\$120.93
08/20/10	11635		09/05		\$15.12	\$0.00	\$0.00	\$0.00	\$0.00	\$15.12

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S & W Ready Mix Concrete Company					Total S & B Portable Toilets, LLC:					
05/27/10	0000779818		09505		\$138.05	\$0.00	\$0.00	\$0.00	\$0.00	\$138.05
05/28/10	0000779752		09505		\$565.78	\$0.00	\$0.00	\$0.00	\$0.00	\$565.78
05/10/10	000781089		09505		\$274.88	\$0.00	\$0.00	\$0.00	\$0.00	\$274.88
06/11/10	000781186		09505		\$1,414.44	\$0.00	\$0.00	\$0.00	\$0.00	\$1,414.44
					\$424.33	\$0.00	\$0.00	\$0.00	\$0.00	\$424.33
S&ME, Inc.					Total S & W Ready Mix Concrete Company:					
05/25/10	416669		09512		\$2,679.43	\$0.00	\$0.00	\$0.00	\$0.00	\$2,679.43
07/20/10	422205		09514		\$353.65	\$0.00	\$0.00	\$0.00	\$0.00	\$353.65
					\$505.50	\$0.00	\$0.00	\$0.00	\$0.00	\$605.50
Seaside Utilities, Inc.					Total S&ME, Inc.:					
08/01/10	2010-3		08502		\$959.15	\$0.00	\$0.00	\$0.00	\$0.00	\$959.15
					\$27,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$27,500.00
Seegars Fence Company, Inc.					Total Seaside Utilities, Inc.:					
08/23/10	RMT 17732		09518		\$27,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$27,500.00
					\$516.00	\$0.00	\$0.00	\$0.00	\$0.00	\$516.00
Shoreline Productions, Inc.					Total Seegars Fence Company, Inc.:					
06/14/10	604103		09518		\$516.00	\$0.00	\$0.00	\$0.00	\$0.00	\$516.00
					\$225.00	\$0.00	\$0.00	\$0.00	\$0.00	\$225.00
Shotwell Landfill, Inc.					Total Shoreline Productions, Inc.:					
06/30/10	10007		08502		\$226.00	\$0.00	\$0.00	\$0.00	\$0.00	\$226.00
08/02/10	10165		09516		\$937.31	\$0.00	\$0.00	\$0.00	\$0.00	\$937.31
					\$133.24	\$0.00	\$0.00	\$0.00	\$0.00	\$133.24
Total Shotwell Landfill, Inc.:					\$1,070.55	\$0.00	\$0.00	\$0.00	\$0.00	\$1,070.55

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Sides Contracting Co., Inc.										
08/04/10	17952			09511	\$1,100.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,100.00
08/31/10	18044-A			09511	\$2,850.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,850.00
Total Sides Contracting Co., Inc.:					\$3,950.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,950.00
Signage Industries Corp										
08/20/10	10-0120			09510	\$3,216.17	\$0.00	\$0.00	\$0.00	\$0.00	\$3,216.17
Total Signage Industries Corp:					\$3,216.17	\$0.00	\$0.00	\$0.00	\$0.00	\$3,216.17
Site Services										
06/25/10	12129				\$506.40	\$0.00	\$0.00	\$0.00	\$0.00	\$506.40
08/01/10	Onwrong in				(\$506.40)	\$0.00	\$0.00	\$0.00	\$0.00	(\$506.40)
Total Site Services:					\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Site Services, Inc.										
08/01/10	12129a				\$506.40	\$0.00	\$0.00	\$0.00	\$0.00	\$506.40
Total Site Services, Inc.:					\$506.40	\$0.00	\$0.00	\$0.00	\$0.00	\$506.40
Sleep Inn										
07/09/10	July 9th -			09516	\$2,508.10	\$0.00	\$0.00	\$0.00	\$0.00	\$2,508.10
08/31/10	August			09516	\$1,289.88	\$0.00	\$0.00	\$0.00	\$0.00	\$1,289.88
Total Sleep Inn:					\$3,797.98	\$0.00	\$0.00	\$0.00	\$0.00	\$3,797.98
Smith, Currie & Hancock LLP										
07/31/10	294984			08502	\$3,025.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,025.00
08/31/10	295369				\$412.50	\$0.00	\$0.00	\$0.00	\$0.00	\$412.50
Total Smith, Currie & Hancock LLP:					\$3,437.50	\$0.00	\$0.00	\$0.00	\$0.00	\$3,437.50
Smith-Carolina Corp										
08/31/10	00005382			09517	\$20,681.54	\$0.00	\$0.00	\$0.00	\$0.00	\$20,681.54

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Total Smith-Carolina Corp:					\$20,681.54	\$0.00	\$0.00	\$0.00	\$0.00	\$20,681.54
Southern Asphalt, Inc										
08/03/10	2315		09505		\$14,052.50	\$0.00	\$0.00	\$0.00	\$0.00	\$14,052.50
Total Southern Asphalt, Inc:					\$14,052.50	\$0.00	\$0.00	\$0.00	\$0.00	\$14,052.50
Southern Paint and Waterproofing Company, Inc										
07/14/10	20776		09510		\$1,612.30	\$0.00	\$0.00	\$80.62	\$0.00	\$1,531.68
08/13/10	20863		09510		\$533.64	\$0.00	\$0.00	\$0.00	\$0.00	\$533.64
08/13/10	20862		09510		\$2,222.85	\$0.00	\$0.00	\$111.14	\$0.00	\$2,111.71
Total Southern Paint and Waterproofing Company, Inc:					\$4,368.79	\$0.00	\$0.00	\$191.76	\$0.00	\$4,177.03
Standard Glass Company										
07/21/10	0950-08SU-		09505		\$2,200.00	\$0.00	\$0.00	\$110.00	\$0.00	\$2,090.00
Total Standard Glass Company:					\$2,200.00	\$0.00	\$0.00	\$110.00	\$0.00	\$2,090.00
Stewart Mechanical, LLC										
06/25/10	App#7		09505		\$39,980.00	\$0.00	\$0.00	\$1,999.00	\$0.00	\$37,981.00
07/26/10	App #8		09505		\$8,970.00	\$0.00	\$0.00	\$448.50	\$0.00	\$8,521.50
Total Stewart Mechanical, LLC:					\$48,950.00	\$0.00	\$0.00	\$2,447.50	\$0.00	\$46,502.50
Sunbelt Rentals, Inc.										
06/11/10	25456827-0		07509		\$1,030.30	\$0.00	\$0.00	\$0.00	\$0.00	\$1,030.30
06/14/10	25523865-0		09514		\$550.29	\$0.00	\$0.00	\$0.00	\$0.00	\$550.29
06/16/10	24077689-0		09515		\$2,363.60	\$0.00	\$0.00	\$0.00	\$0.00	\$2,363.60
07/09/10	25688649-0		08503		\$2,199.57	\$0.00	\$0.00	\$0.00	\$0.00	\$2,199.57
07/14/10	25972719-0		09515		\$257.83	\$0.00	\$0.00	\$0.00	\$0.00	\$257.83
08/09/10	26312980-0		09515		\$360.96	\$0.00	\$0.00	\$0.00	\$0.00	\$360.96
Total Sunbelt Rentals, Inc.:					\$6,782.55	\$0.00	\$0.00	\$0.00	\$0.00	\$6,782.55
System East Inc. SEI										

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Seaside Environmental Constructors, Inc.

For the Period From 12/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
04/01/10	08-047-02			08505	\$7,881.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,881.00
Total System East Inc. SEI:					\$7,881.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,881.00
Taylor, Wiseman & Taylor										
04/28/10	0136652			09516	\$1,430.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,430.00
06/14/10	0137152			07509	\$607.50	\$0.00	\$0.00	\$0.00	\$0.00	\$607.50
Total Taylor, Wiseman & Taylor:					\$2,037.50	\$0.00	\$0.00	\$0.00	\$0.00	\$2,037.50
TEC Utilities Supply, Inc.										
06/28/10	50-0000287			08506	\$5,413.36	\$0.00	\$0.00	\$0.00	\$0.00	\$5,413.36
06/29/10	50-0000287			08503	\$48.49	\$0.00	\$0.00	\$0.00	\$0.00	\$48.49
06/29/10	50-0000287			08503	\$312.48	\$0.00	\$0.00	\$0.00	\$0.00	\$312.48
06/29/10	50-0000287			08503	\$96.44	\$0.00	\$0.00	\$0.00	\$0.00	\$96.44
06/29/10	50-0000287			08503	\$1,920.10	\$0.00	\$0.00	\$0.00	\$0.00	\$1,920.10
06/29/10	50-0000287			08503	\$206.67	\$0.00	\$0.00	\$0.00	\$0.00	\$206.67
06/30/10	50-0000288			08503	\$21.44	\$0.00	\$0.00	\$0.00	\$0.00	\$21.44
07/06/10	50-0000289			08503	\$150.85	\$0.00	\$0.00	\$0.00	\$0.00	\$150.85
08/11/10	50-0000303			09504	\$525.03	\$0.00	\$0.00	\$0.00	\$0.00	\$525.03
08/12/10	50-0000303			09504	\$81.35	\$0.00	\$0.00	\$0.00	\$0.00	\$81.35
08/18/10	50-0000306			09515	\$325.61	\$0.00	\$0.00	\$0.00	\$0.00	\$325.61
08/23/10	50-0000306			09515	\$235.97	\$0.00	\$0.00	\$0.00	\$0.00	\$235.97
08/27/10	50-0000309			09515	\$443.93	\$0.00	\$0.00	\$0.00	\$0.00	\$443.93
08/30/10	50-0000309			09514	\$110.98	\$0.00	\$0.00	\$0.00	\$0.00	\$110.98
08/31/10	50-00003101			09504						
Total TEC Utilities Supply, Inc.:					\$9,892.70	\$0.00	\$0.00	\$0.00	\$0.00	\$9,892.70
Tencarva Machinery Company										
08/05/10	192986			09517	\$89,083.39	\$0.00	\$0.00	\$4,454.17	\$0.00	\$84,629.22
Total Tencarva Machinery Company:					\$89,083.39	\$0.00	\$0.00	\$4,454.17	\$0.00	\$84,629.22
The Hutchinson Group, Ltd										
07/01/10	4441-001			07509	\$7,455.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,455.00

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INVOICES UNPAID DETAILS BY VENDOR

Seaside Environmental Constructors, Inc.

For the Period From 12/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
Total The Hutchinson Group, Ltd:					\$7,455.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,455.00
The Jameson Inn of Dunn, NC										
08/05/10	0063-88482			09517	\$277.52	\$0.00	\$0.00	\$0.00	\$0.00	\$277.52
Total The Jameson Inn of Dunn, NC:					\$277.52	\$0.00	\$0.00	\$0.00	\$0.00	\$277.52
The News and Observer										
07/20/10	TKWGS40700				\$173.00	\$0.00	\$0.00	\$0.00	\$0.00	\$173.00
07/20/10	TKWGS0700				\$173.00	\$0.00	\$0.00	\$0.00	\$0.00	\$173.00
Total The News and Observer:					\$346.00	\$0.00	\$0.00	\$0.00	\$0.00	\$346.00
Tidewater Sealants Corporation										
08/20/10	10-0112			09515	\$436.00	\$0.00	\$0.00	\$21.80	\$0.00	\$414.20
Total Tidewater Sealants Corporation:					\$436.00	\$0.00	\$0.00	\$21.80	\$0.00	\$414.20
Travelers										
02/13/10	POC2246P4				\$1,294.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,294.00
Total Travelers:					\$1,294.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,294.00
Triad Sheet Metal & Mechanical, Inc.										
06/14/10	11727			09510	\$4,791.00	\$0.00	\$0.00	\$239.55	\$0.00	\$4,551.45
07/14/10	11819			09510	\$2,200.00	\$0.00	\$0.00	\$110.00	\$0.00	\$2,090.00
07/14/10	11820			09510	\$1,847.00	\$0.00	\$0.00	\$92.35	\$0.00	\$1,754.65
Total Triad Sheet Metal & Mechanical, Inc.:					\$8,838.00	\$0.00	\$0.00	\$441.90	\$0.00	\$8,396.10
U S Pipe & Foundry Co, LLC										
06/11/10	90318562			09516	\$19,794.86	\$0.00	\$0.00	\$0.00	\$0.00	\$19,794.86
06/14/10	90318762			09516	\$20,251.41	\$0.00	\$0.00	\$0.00	\$0.00	\$20,251.41
06/16/10	90318997			09516	\$6,429.52	\$0.00	\$0.00	\$0.00	\$0.00	\$6,429.52
06/16/10	90318996			09517	\$87,440.42	\$0.00	\$0.00	\$0.00	\$0.00	\$87,440.42
06/16/10	90319209			09517	\$97,922.70	\$0.00	\$0.00	\$0.00	\$0.00	\$97,922.70

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INVOICES UNPAID DETAILS BY VENDOR

Seaside Environmental Constructors, Inc.

For the Period From 12/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
06/22/10	90319443			09517	\$71,537.93	\$0.00	\$0.00	\$0.00	\$0.00	\$71,537.93
06/28/10	90315895			09517	\$49,380.55	\$0.00	\$0.00	\$0.00	\$0.00	\$49,380.55
06/30/10	90320231			09517	\$24,751.77	\$0.00	\$0.00	\$0.00	\$0.00	\$24,751.77
07/19/10	90321485			09517	\$96,675.39	\$0.00	\$0.00	\$0.00	\$0.00	\$96,675.39
08/02/10	90322588			09517	\$19,606.69	\$0.00	\$0.00	\$0.00	\$0.00	\$19,606.69
08/11/10	90323278			09517	\$3,859.07	\$0.00	\$0.00	\$0.00	\$0.00	\$3,859.07
08/17/10	90323879			09517	\$4,045.40	\$0.00	\$0.00	\$0.00	\$0.00	\$4,045.40
08/26/10	90324397			09517	\$654.21	\$0.00	\$0.00	\$0.00	\$0.00	\$654.21
08/30/10	90324559			09517	\$4,164.99	\$0.00	\$0.00	\$0.00	\$0.00	\$4,164.99
Total U.S. Pipe & Foundry Co., LLC:					\$506,514.92	\$0.00	\$0.00	\$0.00	\$0.00	\$506,514.92
USA Blue Book										
07/15/10	192171			09510	\$950.38	\$0.00	\$0.00	\$0.00	\$0.00	\$950.38
Total USA Blue Book:					\$950.38	\$0.00	\$0.00	\$0.00	\$0.00	\$950.38
Utility Supply Co., Inc.										
08/15/10	2025007			Membership Dues	\$159.00	\$0.00	\$0.00	\$0.00	\$0.00	\$159.00
Total Utility Supply Co., Inc.:					\$159.00	\$0.00	\$0.00	\$0.00	\$0.00	\$159.00
Verizon Wireless										
08/25/10	6489031928				\$1,673.27	\$0.00	\$0.00	\$0.00	\$0.00	\$1,673.27
Total Verizon Wireless:					\$1,673.27	\$0.00	\$0.00	\$0.00	\$0.00	\$1,673.27
Via Electric Company										
07/23/10	Estimate #			09517	\$3,084.56	\$0.00	\$0.00	\$0.00	\$0.00	\$3,084.56
07/23/10	Est #1			09517	\$2,967.09	\$0.00	\$0.00	\$0.00	\$0.00	\$2,967.09
07/23/10	Est #1-A			09517	\$2,849.29	\$0.00	\$0.00	\$0.00	\$0.00	\$2,849.29
08/25/10	Est No 3			09517	\$3,975.75	\$0.00	\$0.00	\$0.00	\$0.00	\$3,975.75
08/25/10	Est No #2			09517	\$4,213.25	\$0.00	\$0.00	\$0.00	\$0.00	\$4,213.25
Total Via Electric Company:					\$17,089.94	\$0.00	\$0.00	\$0.00	\$0.00	\$17,089.94

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INVOICES UNPAID DETAILS BY VENDOR

Seaside Environmental Constructors, Inc.
For the Period From 12/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
Vulcan Industries, Inc										
08/05/10	10537-1010			10501	\$29,092.50	\$0.00	\$0.00	\$0.00	\$0.00	\$29,092.50
Total Vulcan Industries, Inc:					\$29,092.50	\$0.00	\$0.00	\$0.00	\$0.00	\$29,092.50
Vulcan Materials Company & Affiliates										
07/15/10	317215			09511	\$851.06	\$0.00	\$0.00	\$0.00	\$0.00	\$851.06
Total Vulcan Materials Company & Affiliates:					\$851.06	\$0.00	\$0.00	\$0.00	\$0.00	\$851.06
Wake County Revenue Dept										
07/21/10	0006505632			Perm Tag-Trailers	\$49.18	\$0.00	\$0.00	\$0.00	\$0.00	\$49.18
07/21/10	0006505436			2009 PJTM AZ87489 TL	\$31.03	\$0.00	\$0.00	\$0.00	\$0.00	\$31.03
07/21/10	0006487471			2008 Kraf AZ48238 TL	\$13.61	\$0.00	\$0.00	\$0.00	\$0.00	\$13.61
07/21/10	0006458533			2010 Bus Property Tax	\$11,479.75	\$0.00	\$0.00	\$0.00	\$0.00	\$11,479.75
08/18/10	0510358365				\$94.51	\$0.00	\$0.00	\$0.00	\$0.00	\$94.51
08/15/10	0510359353				\$137.35	\$0.00	\$0.00	\$0.00	\$0.00	\$137.35
08/18/10	0510359354				\$124.55	\$0.00	\$0.00	\$0.00	\$0.00	\$124.55
Total Wake County Revenue Dept:					\$11,929.98	\$0.00	\$0.00	\$0.00	\$0.00	\$11,929.98
Wake Stone Corporation										
05/28/10	N93774			09516	\$891.56	\$0.00	\$0.00	\$0.00	\$0.00	\$891.56
07/07/10	N93899			09516	\$898.72	\$0.00	\$0.00	\$0.00	\$0.00	\$898.72
07/16/10	N94059			09516	\$377.33	\$0.00	\$0.00	\$0.00	\$0.00	\$377.33
07/22/10	N94157			09516	\$126.25	\$0.00	\$0.00	\$0.00	\$0.00	\$126.25
07/27/10	N94209			09516	\$433.65	\$0.00	\$0.00	\$0.00	\$0.00	\$433.65
08/04/10	N94358			09516	\$476.25	\$0.00	\$0.00	\$0.00	\$0.00	\$476.25
08/09/10	N94422			09504	\$540.37	\$0.00	\$0.00	\$0.00	\$0.00	\$540.37
08/30/10	T76597			08503	\$173.75	\$0.00	\$0.00	\$0.00	\$0.00	\$173.75
08/31/10	K30275			08503	\$25.00	\$0.00	\$0.00	\$0.00	\$0.00	\$25.00
08/31/10	S91008				\$28.53	\$0.00	\$0.00	\$0.00	\$0.00	\$28.53
Total Wake Stone Corporation:					\$3,571.41	\$0.00	\$0.00	\$0.00	\$0.00	\$3,571.41

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INVOICES UNPAID DETAILS BY VENDOR

Seaside Environmental Constructors, Inc.

For the Period From 12/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
Warren Auto Parts										
08/23/10	142433			09505	\$40.84	\$0.00	\$0.00	\$0.00	\$0.00	\$40.84
Total Warren Auto Parts:					\$40.84	\$0.00	\$0.00	\$0.00	\$0.00	\$40.84
Waste Industries										
07/07/10	0012644018			09510	\$849.58	\$0.00	\$0.00	\$0.00	\$0.00	\$849.58
07/07/10	0012581226			09505	\$2.96	\$0.00	\$0.00	\$0.00	\$0.00	\$2.96
07/07/10	0012452420			09505	\$1,299.10	\$0.00	\$0.00	\$0.00	\$0.00	\$1,299.10
07/07/10	0012639399			09510	\$438.64	\$0.00	\$0.00	\$0.00	\$0.00	\$438.64
07/07/10	0012608030			09510	\$176.22	\$0.00	\$0.00	\$0.00	\$0.00	\$176.22
07/19/10	0012667384			09510	\$322.36	\$0.00	\$0.00	\$0.00	\$0.00	\$322.36
08/01/10	12809994			09505	\$774.32	\$0.00	\$0.00	\$0.00	\$0.00	\$774.32
08/01/10	12826230			09510	\$855.72	\$0.00	\$0.00	\$0.00	\$0.00	\$855.72
08/01/10	12773474			09510	\$175.76	\$0.00	\$0.00	\$0.00	\$0.00	\$175.76
08/31/10	0013044263			09510	\$750.21	\$0.00	\$0.00	\$0.00	\$0.00	\$750.21
08/31/10	0010328895			09510	\$20.50	\$0.00	\$0.00	\$0.00	\$0.00	\$20.50
08/31/10	0015006170			09510	\$2.78	\$0.00	\$0.00	\$0.00	\$0.00	\$2.78
Total Waste Industries:					\$5,668.15	\$0.00	\$0.00	\$0.00	\$0.00	\$5,668.15
Wilmington Ruber & Gasket										
07/21/10	00049396			09505	\$160.18	\$0.00	\$0.00	\$0.00	\$0.00	\$160.18
Total Wilmington Ruber & Gasket:					\$160.18	\$0.00	\$0.00	\$0.00	\$0.00	\$160.18
Work Smart										
07/28/10	72356				\$350.00	\$0.00	\$0.00	\$0.00	\$0.00	\$350.00
08/04/10	72430				\$640.00	\$0.00	\$0.00	\$0.00	\$0.00	\$640.00
Total Work Smart:					\$990.00	\$0.00	\$0.00	\$0.00	\$0.00	\$990.00
Young Construction Co.LLC										
03/03/09	003629-IN				\$27,450.00	\$0.00	\$0.00	\$2,745.00	\$0.00	\$24,705.00
08/28/09	0003826-IN	28004	01/11/10		\$57,815.00	\$0.00	\$54,924.25	\$0.00	\$0.00	\$2,890.75

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INVOICES UNPAID DETAILS BY VENDOR

Seaside Environmental Constructors, Inc.

For the Period From 12/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
09/01/09	CR003629-1		08505							
09/21/09	0003858-IN		09512		(\$27,450.00)	\$0.00	\$0.00	\$0.00	\$0.00	(\$27,450.00)
02/03/10	0003995-IN		08502		\$23,155.00	\$0.00	\$0.00	\$0.00	\$0.00	\$23,155.00
					\$11,050.00	\$0.00	\$0.00	\$0.00	\$0.00	\$11,050.00
Total Young Construction Co.LLC:					\$92,020.00	\$0.00	\$54,924.25	\$2,745.00	\$0.00	\$34,350.75
Total Report:					\$2,559,942.88	\$0.00	\$56,547.31	\$83,407.22	\$0.00	\$2,449,988.35
					Retainage Paid (included in amount)		\$0.00			

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SEASIDE ENVIRONMENTAL CONSTRUCTORS, INC.

STATEMENT OF CONTRACTS IN PROGRESS, August 2010

JOB NO.	DETAIL	CONTRACT AMOUNT	TOTAL ESTIMATED COST	TOTAL ESTIMATED PROFIT/(LOSS)	COST TO DATE	BILLED TO DATE	EARNED TO DATE	PROFIT/(LOSS) TO DATE	Accr 1150 UNDER BILLED (A)	Accr 2100 OVER BILLED (B)	Stored Material	% COMPLETE
8502	Town of Zerkow	1,382,582.72	1,844,301.78	34,830.92	1,844,281.78	1,882,852.71	1,882,852.71	38,650.95	-	-	-	-
8503	Sanbrook Rd. Storm	641,175.76	676,547.55	(35,371.77)	676,547.55	641,175.76	641,175.76	(35,371.77)	-	-	-	100.0000%
8505	Hugler Blvd.	2,646,735.53	2,761,164.82	(114,429.29)	2,761,154.61	2,646,735.53	2,646,735.53	(114,429.29)	-	-	-	100.0000%
8506	S. Regional Transfer P	4,735,457.05	4,625,457.05	110,000.00	4,625,457.05	4,735,457.05	4,735,457.05	110,000.00	-	-	-	100.0000%
9504	34" Reseal Waterline	1,200,291.81	1,176,305.22	23,986.59	1,176,305.12	1,200,291.81	1,200,291.81	23,986.59	-	-	-	100.0000%
9505	Oak Island Vacuum St	4,157,091.63	3,733,151.35	423,940.28	3,733,151.35	4,157,091.63	4,157,091.63	423,940.28	-	-	-	100.0000%
9510	GED-HF Transfer Pcs	6,425,976.21	6,209,000.00	216,976.21	6,129,070.44	6,360,310.57	6,360,310.57	231,240.13	-	-	-	100.0000%
9511	Whitson Sales Trunk	1,132,004.50	1,508,342.39	(376,337.89)	1,508,342.39	1,132,004.50	1,132,004.50	(376,337.89)	-	-	10,160.53	96.8300%
9512	Randolph 24" Water	1,721,363.23	1,653,151.76	(68,211.47)	1,653,151.76	1,721,363.23	1,721,363.23	(68,211.47)	-	-	-	100.0000%
9514	Town of Griffin	311,534.20	316,770.47	(5,236.27)	316,770.47	311,534.20	311,534.20	(5,236.27)	-	-	-	100.0000%
9515	Probers WTP	1,901,042.73	1,744,000.00	157,042.73	1,744,000.00	1,901,042.73	1,901,042.73	157,042.73	-	-	48,524.57	77.4500%
9516	North Hampton Water	1,914,922.00	1,725,000.00	189,922.00	1,714,970.52	1,914,922.00	1,903,865.00	189,922.00	-	-	11,107.78	99.4200%
9517	City of Dean	1,642,000.00	1,507,000.00	135,000.00	1,507,000.00	1,642,000.00	1,642,000.00	135,000.00	-	-	-	100.0000%
9518	Sanitary Sewer Impton	1,422,455.00	1,222,000.00	200,455.00	1,222,000.00	1,422,455.00	1,422,455.00	200,455.00	-	-	-	100.0000%
10501	Cherry Point	54,790.00	34,000.00	20,790.00	34,000.00	54,790.00	54,790.00	20,790.00	-	-	-	100.0000%
9009	Closed Jobs 05/9999	12,577.91	465.00	12,112.91	465.00	12,577.91	12,577.91	12,112.91	-	-	-	100.0000%
9009	Closed Jobs 09/9999	-	(5,553.28)	5,553.28	(5,553.28)	-	-	5,553.28	-	-	-	100.0000%
To balance		-	-	-	0.15	0.39	-	0.24	-	-	-	-
Total		\$51,770,326.57	\$ 31,118,002.59	\$ 695,225.98	\$29,105,170.41	\$29,465,172.15	\$ 27,615,510.51	\$395,192.63	\$ 106,816.00	\$ 73,624.83	\$ -	\$ -

Less, previously reported

Total

Per Income Statement

Difference

YTD Adj. \$ 226,383.95 \$ (822,102.12)

YTD Adj. \$ 226,383.95 \$ (822,102.12)

Current Year Over (Under) Billed - Accr 3060 \$ (595,716.17)

Current Month Over (Under) Billed - Accr 3060 \$ (119,968.56)

(A) Cost and estimated earnings in excess of billings

SCHEDULE A-3(6)
LIABILITIES

[SEE ATTACHED FINANCIAL STATEMENT REGARDING SEASIDE UTILITIES, INC.]

Final Copy
OK

INCOME STATEMENT

SEASIDE UTILITIES, INC

For the Period From 10/01/09 To 00/31/10

		YEAR TO DATE	MONTHLY
INCOME			
301000	JOB INCOME	\$17,990,751.15	\$2,903,596.92
303000	DISCOUNTS	\$3,004.89	\$0.00
306000	OVER/UNDER BILLING	\$725,503.73	(\$397,906.10)
	Total :	\$18,719,339.77	\$2,505,690.82
	TOTAL INCOME:	\$18,719,339.77	\$2,505,690.82

JOB COST

400000	DIRECT JOB COST	\$267.64	\$267.64
401000	SALARIES AND WAGES	\$1,612,613.19	\$196,273.21
402000	P/R TAXES AND INS APPLIED	\$483,706.49	\$58,882.10
403000	MATERIALS	\$9,560,255.27	\$1,406,440.84
404000	SUBCONTRACT	\$3,779,001.77	\$470,044.66
405000	EQUIPMENT RENTAL	\$162,175.51	\$22,660.92
405500	TOOLS AND SUPPLIES-EXPEND	\$103,319.68	\$17,674.04
406000	REPAIRS AND MAINTENANCE	\$120.65	\$0.00
407000	GAS AND OIL	\$269,896.04	\$33,327.71
408000	CO EQUIP APPL JOB COST	\$846,192.04	\$100,728.35
409000	OTHER DIRECT JOB COST	\$958,200.33	\$102,532.66
	Total :	\$17,785,748.61	\$2,408,832.13
	TOTAL JOB COST:	\$17,785,748.61	\$2,408,832.13

GROSS PROFIT ON JOBS: \$933,591.16 \$96,858.69

INCOME STATEMENT

SEASIDE UTILITIES, INC

For the Period From 10/01/09 To 08/31/10

		YEAR TO DATE	MONTHLY
EXPENSES			
501000	MECHANIC & OTHER SALARIES	\$262,616.41	\$23,568.40
501200	CONSTRUCTION OVERHEAD	\$28,072.95	\$2,600.00
505000	DEPRECIATION	\$627,000.00	\$57,000.00
510000	INTEREST	\$1,185.74	\$0.00
510500	SHOP EXPENSE	\$74,587.93	\$6,344.58
512000	SERVICE CHARGES	\$1.50	\$0.00
512400	VEHICLE MAINTENANCE	\$213,214.44	\$36,244.20
525000	OTHER TAXES AND LICENSES	\$15,469.36	\$0.00
530000	GROUP INSURANCE	\$204,316.60	\$11,699.91
535000	INSURANCE OTHER	\$233,009.73	\$1,147.48
535500	LIFE INSURANCE - OFFICERS	\$7,050.30	\$1,192.00
540000	PAYROLL TAXES	\$188,467.90	\$19,511.74
555000	UNIFORMS	\$13,147.13	\$1,005.16
580000	DIESEL FUEL OIL GAS	\$23,429.15	\$674.51
599100	P/R TAXES & INS APPLIED	(\$483,706.49)	(\$58,862.10)
599200	EQUIP APPLIED TO JOBS	(\$846,459.68)	(\$100,895.99)
600000	OFFICERS SALARIES	\$146,800.00	\$14,875.00
603000	OFFICE SALARIES	\$336,628.88	\$29,467.74
605000	BONUSES	\$99,491.08	\$0.00
609000	ADVERTISING	\$500.00	\$500.00
611000	TRAVEL	\$2,162.09	\$0.00
612000	BID EXPENSES	\$8,651.76	\$0.00
613000	MEALS & ENTERTAINMENT	\$18,955.18	\$1,070.24
617000	POSTAGE	\$13,013.50	\$1,385.45
618000	OFFICE SUPPLIES	\$16,353.92	\$2,327.06
619000	TELEPHONE	\$25,434.50	\$1,821.09
621000	LEGAL AND PROFESSIONAL	\$33,057.36	\$1,750.00
626000	LICENSE AND FEES	\$4,488.96	\$0.00
627000	CONTRIBUTIONS	\$2,487.54	\$0.00
629000	PLANS AND SPECS	\$6,773.74	\$250.00
630000	MANAGEMENT FEE	\$280.00	\$0.00
631000	OFFICE RENT	\$93,885.00	\$8,515.00
633000	OFFICE UTILITIES	\$8,870.06	\$1,052.87
635000	OFFICE EXPENSE	\$43,156.04	\$3,070.30
639000	RETIREMENT	\$10,501.97	\$545.76
641000	MISCELLANEOUS	(\$433.68)	(\$60.00)
643000	MEDICAL EXPENSES	\$1,167.98	\$0.00
647000	SAFETY EXPENSE	\$3,264.36	\$40.00
651000	S.C. UNEMPLOYMENT	\$5,898.77	\$223.41
651500	NC UNEMPLOYMENT	\$372.85	\$198.65
653000	FEDERAL UNEMPLOYMENT	\$3,936.36	\$158.25
700000	OTHER INCOME (EXPENSE)	(\$19,716.48)	(\$8,693.68)
Total :		\$1,425,152.70	\$61,607.03

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INCOME STATEMENT

SEASIDE UTILITIES, INC

For the Period From 10/01/09 To 08/31/10

		YEAR TO DATE	MONTHLY
TOTAL EXPENSES:		\$1,425,152.70	\$61,607.03
INCOME			
702000	INTEREST EARNED	\$7,335.43	\$261.80
702500	PROCESSING FEE	\$597.50	\$50.00
715000	SERVICE CHARGES	(\$2,247.47)	(\$192.98)
Total:		\$5,685.46	\$118.90
TOTAL INCOME:		\$5,685.46	\$118.90
NET PROFIT (LOSS):		(\$485,876.08)	\$35,370.56

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BALANCE SHEET**SEASIDE UTILITIES, INC**

For the Period From 10/01/09 To 09/30/10

ASSETS

105000	CASH-CAROLINA FIRST	\$1,504,216.85
105500	PAYROLL-CAROLINA FIRST	(\$43,526.00)
106000	CAROLINA FIRST-ACCTS PAY.	\$0.00
106200	CAROLINA FIRST ACCTS PAYABLE	(\$85,197.15)
106300	FIRST CITIZEN BANK	\$297,059.60
106500	PETTY CASH	\$562.08
106700	PETTY CASH M.B. OFC.	\$366.81
115000	UNDESBILLINGS	\$607,303.01
120000	A/R CONTRACTS	\$3,130,229.33
121000	A/R RETAINAGE	\$1,291,001.18
122000	A/R - CARL BENTON CONST.	\$94,155.22
122300	SEASIDE ENVIRONMENTAL B/C	\$9,023.25
122400	A/R BEN COX	\$1,141.27
130000	A/R - OTHER	\$56,793.00
130000	A/R R. HOBBY	\$485,811.28
134000	A/R HOBBY INTERCOMPANY	\$51,875.15
150000	A/R EMPLOYEES	\$12,025.06
153600	A/R 401K LOAN	(\$377.25)
156000	SHAREHOLDER LOAN-KIRK LEVEL	\$5,000.00
185000	AUTO EQUIP-TRUCKS	\$910,310.21
186000	MACHINERY & EQUIPMENT	\$6,121,564.05
188000	FURNITURE AND FIXTURES	\$111,085.67
188500	TRAILERS	\$124,227.87
189000	LEASEHOLD IMPROVEMENTS	\$104,377.77
190000	ACCUMULATED DEPRECIATION	(\$6,104,942.51)
191000	EDISTO PIPE DREAM, LLC	\$258,839.25
Total :		\$9,002,825.06

TOTAL ASSETS: \$9,002,825.06

BALANCE SHEET**SEASIDE UTILITIES, INC**

For the Period From 10/01/09 To 08/31/10

LIABILITIES

1		
202000	ACCOUNTS PAYABLE	\$3,120,379.23
202200	RETAINAGE PAYABLE	\$338,906.70
207200	N/P DON MOULTON	\$3,400.00
209800	LONG TERM LIAB.	\$7,200.00
210000	OVERBILLINGS	\$1,034,063.28
215000	401k EMPLOYEE WITHHOLDING	\$1,915.88
216000	CHILD SUPPORT WITHHOLDING	\$393.19
220000	FEDERAL W/H TAXES	\$4,294.40
225000	FICA	\$7,892.77
230000	S C W/H TAXES	\$2,444.08
231000	NC W/H TAXES	(\$95.00)
240000	SC UNEMPLOYMENT TAXES	\$343.85
240100	NC UNEMPLOYMENT TAXES	(\$3,395.43)
300	FEDERAL UNEMPLOYMENT TAX	(\$3,474.52)
266000	NOTES PAYABLE-LONG TERM	(\$7,200.00)
Total :		\$4,507,168.43

TOTAL LIABILITIES: \$4,507,168.43

BALANCE SHEET

SEASIDE UTILITIES, INC

For the Period From 10/01/09 To 08/31/10

OWNER'S EQUITY

1			
275000	CAPITAL STOCK		\$1,036.00
276000	ADDL PAID IN CAPITAL		\$69,964.00
278000	RETAINED EARNINGS		\$4,810,532.71
9999		Total :	\$4,981,532.71
9999	Net Income		(\$485,876.08)
	Total Undistributed Income :		(\$485,876.08)

TOTAL OWNER'S EQUITY: \$4,495,656.63TOTAL LIABILITIES & EQUITY: \$9,002,826.06

Accounts Receivable Master File Listing by Job

					For the Period From 10/01/09 To 08/31/10			
Customer Number	Customer	Job #	Job Name	Contract	Current Billed JTD Billed	Current Retainage JTD Retainage	Current Recd JTD Recd	Amount Due
MT. OLIVE WWTP UPGRADE					CustContact:			
06367		03367	MT. OLIVE WWTP UPGRA	\$0.00	\$27,063.50	(\$100,000.00)	\$15,751.00	
					\$9,282,898.85	\$0.00	\$9,028,184.50	\$254,714.45
OAK ISLAND					CustContact:			
04297		07408	OAK ISLAND	\$0.00	\$0.00	\$0.00	\$0.00	
					\$0.00	\$7,502.75	\$0.00	\$0.00
OAK ISLAND					CustContact:			
07408		07408	OAK ISLAND	\$0.00	\$0.00	\$0.00	\$0.00	
					\$0.00	(\$7,502.75)	\$0.00	\$0.00
BOLTON APARTMENTS (08428)					CustContact:			
08428		08428	BOLTON APARTMENTS	\$0.00	\$0.00	\$0.00	\$0.00	
					\$346,553.70	\$0.00	\$346,553.70	\$0.00
REMOUNT RD UT RELOCATES (08429)					CustContact:			
08429		08429	REMOUNT ROAD UTILITY	\$0.00	\$0.00	\$0.00	\$0.00	
					\$719,982.32	\$0.00	\$719,982.32	\$0.00
VEREEN TRACT - DR S. GREENBURG (08431)					CustContact:			
08431		08431	VEREEN TRACT - DR. ST	\$0.00	\$14,805.00	\$0.00	\$14,794.75	
					\$88,002.75	\$0.00	\$87,992.50	\$10.25
544 - GLENN'S BAY RD 20" WM (08432)					CustContact:			
08432		08432	544-GLENN'S BAY RD 20"	\$0.00	\$0.00	\$0.00	\$0.00	
					\$1,313,909.70	\$0.00	\$1,313,909.70	\$0.00
WEST BRUNSWICK REG WATER RECLAM (08436)					CustContact:			
08436		08436	West Brunswick Regional	\$0.00	\$347,059.58	(\$486,733.52)	\$834,893.10	
					\$19,151,924.03	(\$0.20)	\$19,151,924.23	\$0.00

					For the Period From 10/01/09 To 08/31			
Customer Number	Customer	Job #	Job Name	Contract	Current Billed JTD Billed	Current Retainage JTD Retainage	Current Recd JTD Recd	Amount Due
CANE BAY ELEMENTARY (08437)					CustContact:		Phone:	
08437		08437	Cane Bay Elementary	\$0.00	\$0.00	\$0.00	\$0.00	
					\$302,748.60	\$0.00	\$302,748.60	\$0.00
CENTER OF ARTS & ACADEMICS (08442)					CustContact:		Phone:	
08442		08442	CENTER OF ARTS & ACA	\$0.00	\$0.00	\$0.00	\$0.00	
					\$448,970.98	\$0.00	\$433,758.82	\$15,212.16
PAWLEYS AREA WWTP EXP PH 3 (08443)					CustContact:		Phone:	
08443		08443	PAYLEYS AREA WWTP E	\$0.00	\$0.00	\$0.00	\$0.00	
					\$1,643,657.46	\$0.00	\$1,643,657.46	\$0.00
CONWAY CLARIFIER (08444)					CustContact:		Phone:	
08444		08444	CONWAY CLARIFIER	\$0.00	\$0.00	\$0.00	\$0.00	
					\$3,093,875.40	\$0.00	\$3,093,875.40	\$0.00
ASHLEY PHOSPHATE OFC PARK (08446)					CustContact:		Phone:	
08446		08446	ASHLEY PHOSPHATE OF	\$0.00	\$0.00	\$0.00	\$0.00	
					\$57,868.53	\$0.00	\$57,868.53	\$0.00
ASHLEY ROBERTS (08447)					CustContact:		Phone:	
08447		08447	ASHLEY ROBERTS HOUS	\$0.00	\$0.00	\$0.00	\$0.00	
					\$19,300.00	\$0.00	\$19,300.00	\$0.00
R.B. STALL HIGH SCHOOL (08449)					CustContact:		Phone:	
08449		08449	R.B. STALL HIGH SCHOO	\$0.00	\$18,396.39	(\$32,463.37)	\$24,314.04	
					\$656,373.30	\$0.00	\$629,827.57	\$26,545.73
DORCHESTER PUMP ST NO 3 UP (08450)					CustContact:		Phone:	
08450		08450	DORCHESTER PUMP ST	\$0.00	\$0.00	\$0.00	\$0.00	
					\$2,102,589.35	\$0.00	\$2,102,589.35	\$0.00
DRAKESBOROUGH PH 2 (08451)					CustContact:		Phone:	

Customer Number	Customer	Job #	Job Name	Contract	For the Period From 10/01/09 To 08/31/			
					Current Billed JTD Billed	Current Retainage JTD Retainage	Current Recd JTD Recd	Amount Due
08451		08451	DRAKESBOROUGH PH 2	\$0.00	\$0.00	\$0.00	\$0.00	
			JOHNSVILLE WATER SYS IMP - CONT 2 (08453)		\$173,678.90	\$0.00	\$173,678.90	\$0.00
08453		08453	WATER SYSTEM IMP JOH	\$0.00	CustContact: \$40,470.17	(578,730.05)	Phone: \$118,459.26	
			RO PLANT #2 CON.OUTFALL EXT (08454)		\$1,604,477.44	\$0.00	\$1,604,477.26	\$0.18
08454		08454	RO PLANT #2 CONCENTR	\$0.00	CustContact: \$0.00	\$0.00	Phone: \$0.00	
			BUCK INVESTMENT HOTEL (08455)		\$369,993.42	\$0.00	\$369,993.42	\$0.00
08455		08455	BUCK INVESTMENT HOT	\$0.00	CustContact: \$0.00	\$0.00	Phone: \$0.00	
			HARNETT COUNTY CONT. 2 (08456)		\$139,923.40	\$0.00	\$139,923.40	\$0.00
08456		08456	HARNETT COUNTY CONT	\$0.00	CustContact: \$324,410.48	(\$218,952.33)	Phone: \$643,362.79	
			INSTALL 2 PIPE LINES AT SCHWARTZ (08457)		\$4,597,863.05	\$0.00	\$4,597,863.05	\$0.00
08457		08457	INSTALL TWO PIPE LINES	\$0.00	CustContact: \$0.00	\$0.00	Phone: \$0.00	
			FOREST HILLS WS IMP (09458)		\$125,316.65	\$0.00	\$125,316.65	\$0.00
09458		09458	FOREST HILLS WS IMP	\$0.00	CustContact: \$0.00	\$0.00	Phone: \$0.00	
			CANE BAY PUMP STATION # 7 (09459)		\$364,524.16	\$0.00	\$364,524.16	\$0.00
09459		09459	CANE BAY PUMP STATIO	\$0.00	CustContact: \$0.00	\$0.00	Phone: \$0.00	
			PINE NEEDLE PUMP STATION UPG (09460)		\$562,705.73	\$29,758.65	\$532,947.08	\$0.00
09460		09460	PINE NEEDLE PUMP STA	\$0.00	CustContact: \$1,400.00	\$0.00	Phone: \$1,400.00	
					\$140,900.00	\$0.00	\$140,900.00	\$0.00

					For the Period From 10/01/09 To 08/31.			
Customer Number	Customer	Job #	Job Name	Contract	Current Billed JTD Billed	Current Retainage JTD Retainage	Current Recd JTD Recd	Amount Due
HARDEEVILLE WWTP (09461)					<i>CustContact:</i>		<i>Phone:</i>	
09461		09461	HARDEEVILLE WWTP RE	\$0.00	\$0.00	\$0.00	\$0.00	
					\$276,812.73	\$0.00	\$276,812.73	\$0.00
SQUIRE POPE ROAD SEWER IMP					<i>CustContact:</i>		<i>Phone:</i>	
09462		09462	SQUIRE POPE RD SEWE	\$0.00	\$0.00	(\$38,986.07)	\$38,986.07	
					\$389,860.65	\$0.00	\$389,860.65	(\$0.01)
HABITAT FOR HUMANITY MC (09463)					<i>CustContact:</i>		<i>Phone:</i>	
09463		09463	HABITAT FOR HUMANITY	\$0.00	\$0.00	\$0.00	\$0.00	
					\$24,290.80	\$0.00	\$24,290.80	\$0.00
Sewer Repair Montague Plant. (09464)					<i>CustContact:</i>		<i>Phone:</i>	
09464		09464	SEWER REPAIR MONTAG	\$0.00	\$0.00	\$0.00	\$0.00	
					\$30,730.00	\$0.00	\$30,730.00	\$0.00
THE WOODLANDS OF COLUMBIA (09465)					<i>CustContact:</i>		<i>Phone:</i>	
09465		09465	THE WOODLANDS	\$0.00	\$0.00	\$0.00	\$0.00	
					\$39,100.00	\$0.00	\$0.00	\$39,100.00
BERLIN MYERS PKWY PH 3 W RELOCATE (09466)					<i>CustContact:</i>		<i>Phone:</i>	
09466		09466	ORANGEBURG RD. RELO	\$0.00	\$0.00	\$0.00	\$0.00	
					\$22,277.50	\$0.00	\$22,277.50	\$0.00
DUNMEYER HILL RD WL UPGRADE (09467)					<i>CustContact:</i>		<i>Phone:</i>	
09467		09467	DUNMEYER	\$0.00	\$0.00	\$0.00	\$0.00	
					\$30,274.55	\$0.00	\$30,274.55	\$0.00
FLORENCE WWTP (09468)					<i>CustContact:</i>		<i>Phone:</i>	
09468		09468	FLORENCE WWTP	\$0.00	\$8,328,459.95	\$832,846.00	\$5,900,293.80	
					\$8,492,859.95	\$849,266.00	\$6,048,073.80	\$1,595,320.15
Sumter Cooper Booster PS at Hwy 176 (09469)					<i>CustContact:</i>		<i>Phone:</i>	

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For the Period From 10/01/09 To 08/31:

Customer Number	Customer	Job #	Job Name	Contract	Current Billed JTD Billed	Current Retainage JTD Retainage	Current Recd JTD Recd	Amount Due
09469	09469		SANTEE COOPER BOOST	\$0.00	\$2,287,570.35	\$0.00	\$2,195,000.02	
					\$2,287,570.35	\$0.00	\$2,195,000.02	\$92,570.33
Water Main Rehab Along SC Hwy 400 O'burg (9470)					CustContact:	Phone:		
09470	09470		WATER MAIN REHAB SC	\$0.00	\$232,027.45	(\$52,734.43)	\$264,761.88	
					\$759,371.70	\$0.00	\$759,371.70	\$0.00
JOHNSONVILLE MIDWAY HWY (09471)					CustContact:	Phone:		
09471	09471		MIDWAY HIGHWAY JOHN	\$0.00	\$67,534.45	(\$19,311.20)	\$82,477.30	
					\$386,790.20	\$0.00	\$362,922.30	\$3,867.90
MT. PLEASANT RIFLE RANGE RD WWTP (09472)					CustContact:	Phone:		
09472	09472		MT. PLEASANT RIFLE RA	\$0.00	\$620,809.01	\$31,040.45	\$569,768.56	
					\$620,809.01	\$31,040.45	\$569,768.56	\$0.00
REHAB 42", 36" SEWER DPU O'BURG (09473)					CustContact:	Phone:		
09473	09473		REHAB 42", 36" & 24" SEW	\$0.00	\$327,220.20	\$0.00	\$322,673.20	
					\$327,220.20	\$0.00	\$322,673.20	\$4,547.00
DANTZLER DRIVE (09474)					CustContact:	Phone:		
09474	09474		DANTZLER DRIVE	\$0.00	\$38,638.60	\$0.00	\$38,638.60	
					\$38,638.60	\$0.00	\$38,638.60	\$0.00
FAIRMONT SOUTH (09475)					CustContact:	Phone:		
09475	09475		FAIRMONT SOUTH	\$0.00	\$38,737.70	\$0.00	\$34,863.93	
					\$38,737.70	\$0.00	\$34,863.93	\$3,373.77
SANDY ISLAND WTP					CustContact:	Phone:		
10476	10476		SANDY ISLAND WTP	\$0.00	\$45,388.17	\$0.00	\$45,388.17	
					\$45,388.17	\$0.00	\$45,388.17	\$0.00
PUMP STATION REHAB WILLIAMSBURG COUNTY (10477)					CustContact:	Phone:		
10477	10477		PS REHAB WILLIAMSBUR	\$0.00	\$88,270.70	\$0.00	\$88,270.70	
					\$88,270.70	\$0.00	\$88,270.70	\$0.00

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					For the Period From 10/01/09 To 08/31/			
Customer Number	Customer	Job #	Job Name	Contract	Current Billed JTD Billed	Current Retainage JTD Retainage	Current Recd JTD Recd	Amount Due
6" & 4" Water Main Ext Orchard Sub					CustContact:		Phone:	
10478		10478	6" & 4" ORCHARD SUBDIV	\$0.00	\$63,370.40	\$0.00	\$63,370.40	
					\$63,370.40	\$0.00	\$63,370.40	\$0.00
DANIEL ISLAND WWTF OUTFALL (10479)					CustContact:		Phone:	
10479		10479	DANIEL ISLAND WWTF O	\$0.00	\$33,511.50	\$0.00	\$33,511.49	
					\$33,511.50	\$0.00	\$33,511.49	\$0.01
LUCAS ST. PUMP STATION 15					CustContact:		Phone:	
10480		10480	LUCAS ST. PUMP STATION	\$0.00	\$472,876.30	\$47,287.63	\$301,355.45	
					\$472,876.30	\$47,287.63	\$301,355.45	\$124,232.22
BOLTON'S LANDING PHASE 3					CustContact:		Phone:	
10481		10481	BOLTON'S LANDING PHA	\$0.00	\$258,874.90	\$25,887.48	\$232,987.41	
					\$258,874.90	\$25,887.48	\$232,987.41	\$0.00
SCHWARTZ W'WTP WALK BRIDGE ADDT (10482)					CustContact:		Phone:	
10482		10482	SCHWARTZ WWTP WALK	\$0.00	\$128,500.00	\$0.00	\$96,855.84	
					\$128,500.00	\$0.00	\$96,855.84	\$31,644.16
HEMMINGWAY - THOMPSON RD (10483)					CustContact:		Phone:	
10483		10483	HEMMINGWAY - THOMPS	\$0.00	\$488,648.15	\$26,114.91	\$410,448.20	
					\$488,648.15	\$26,114.91	\$410,448.20	\$52,085.04
DRAKESBOROUGH PHASE 3 (10484)					CustContact:		Phone:	
10484		10484	DRAKESBOROUGH PHAS	\$0.00	\$288,316.70	\$28,831.67	\$256,975.03	
					\$288,316.70	\$28,831.67	\$256,975.03	\$2,610.00
CENTRAL BERKELEY WTP (10485)					CustContact:		Phone:	
10485		10485	CENTRAL BERKELEY WT	\$0.00	\$3,310,291.30	\$252,814.57	\$2,233,931.77	
					\$3,310,291.30	\$252,814.57	\$2,233,931.77	\$823,544.96
VC PUMP STATION - NC SEWER (10486)					CustContact:		Phone:	

For the Period From 10/01/09 To 08/31,								
Customer Number	Customer	Job #	Job Name	Contract	Current Billed JTD Billed	Current Retainage JTD Retainage	Current Recd JTD Recd	Amount Due
10486		10486	VC PUMP STATION	\$0.00	\$24,990.00	\$0.00	\$0.00	
					\$24,990.00	\$0.00	\$0.00	\$24,990.00
2009 MISCELLANEOUS					Cust/Contract:		Phone:	
2009		2009	MISC. JOBS 2009	\$0.00	\$0.00	\$0.00	\$0.00	
					\$32,425.18	\$0.00	\$30,859.96	\$1,565.23
2010 MISC JOBS					Cust/Contract:		Phone:	
2010		2010	2010 MISC JOBS	\$0.00	\$72,712.22	\$0.00	\$38,916.22	
					\$72,712.22	\$0.00	\$38,916.22	\$33,796.00
Grand Total					\$17,990,751.15	\$216,911.75	\$14,842,147.98	
					\$66,360,925.26	\$1,291,001.17	\$61,939,694.39	\$3,130,229.50

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INVOICE UNPAID DETAILS BY VENDOR

SEASIDE UTILITIES, INC

For the Period From 10/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
ACCESS POINT INC.										
08/31/10	2754544				\$147.08	\$0.00	\$0.00	\$0.00	\$0.00	\$147.08
Total ACCESS POINT INC.:					\$147.08	\$0.00	\$0.00	\$0.00	\$0.00	\$147.08
ACCESS PORTABLE TOILETS										
08/17/10	233811				\$254.64	\$0.00	\$0.00	\$0.00	\$0.00	\$254.64
08/17/10	233810				\$144.64	\$0.00	\$0.00	\$0.00	\$0.00	\$144.64
08/23/10	234024				\$55.00	\$0.00	\$0.00	\$0.00	\$0.00	\$55.00
08/25/10	234135				\$55.00	\$0.00	\$0.00	\$0.00	\$0.00	\$55.00
Total ACCESS PORTABLE TOILETS:					\$509.28	\$0.00	\$0.00	\$0.00	\$0.00	\$509.28
ACTION BOLT & SUPPLY, INC.										
08/24/10	32199				\$280.29	\$0.00	\$0.00	\$0.00	\$0.00	\$280.29
08/31/10	303394-1				\$566.52	\$0.00	\$0.00	\$0.00	\$0.00	\$566.52
Total ACTION BOLT & SUPPLY, INC.:					\$846.81	\$0.00	\$0.00	\$0.00	\$0.00	\$846.81
AIRGAS NATIONAL WELDERS										
08/11/10	25416276				\$174.89	\$0.00	\$0.00	\$0.00	\$0.00	\$174.89
08/18/10	25435486				\$72.32	\$0.00	\$0.00	\$0.00	\$0.00	\$72.32
08/20/10	25444037				\$138.00	\$0.00	\$0.00	\$0.00	\$0.00	\$138.00
08/31/10	25535198				\$30.41	\$0.00	\$0.00	\$0.00	\$0.00	\$30.41
Total AIRGAS NATIONAL WELDERS:					\$415.62	\$0.00	\$0.00	\$0.00	\$0.00	\$415.62
ALLEN GRADING COMPANY, INC.										
01/30/08		50519	11/05/09	Retainage Payment	\$18,900.00	\$0.00	\$8,900.00 (\$18,900.00)	\$0.00	\$0.00	\$10,000.00
Total ALLEN GRADING COMPANY, INC.:					\$18,900.00	\$0.00	\$8,900.00 (\$18,900.00)	\$0.00	\$0.00	\$10,000.00
ALLIANZ GLOBAL CORPORATE & SPECIALTY										
08/19/10	30276				\$2,351.15	\$0.00	\$0.00	\$0.00	\$0.00	\$2,351.15
08/22/10	28294				\$481.23	\$0.00	\$0.00	\$0.00	\$0.00	\$481.23
08/22/10	28296				\$2,351.15	\$0.00	\$0.00	\$0.00	\$0.00	\$2,351.15

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SEASIDE UTILITIES, INC

For the Period From 10/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
ATLANTIC COAST AUTO PARTS					Total ALLIANZ GLOBAL CORPORATE & SPECIALTY:					
08/05/10	466050				\$5,183.53	\$0.00	\$0.00	\$0.00	\$0.00	\$5,183.53
08/09/10	466304				\$110.00	\$0.00	\$0.00	\$0.00	\$0.00	\$110.00
09/10/10	466408				\$38.98	\$0.00	\$0.00	\$0.00	\$0.00	\$38.98
08/18/10	466951				\$25.69	\$0.00	\$0.00	\$0.00	\$0.00	\$25.69
09/24/10	467416				\$14.97	\$0.00	\$0.00	\$0.00	\$0.00	\$14.97
08/28/10	467558				\$12.95	\$0.00	\$0.00	\$0.00	\$0.00	\$12.95
08/28/10	467729				\$32.93	\$0.00	\$0.00	\$0.00	\$0.00	\$32.93
08/31/10	467958				\$15.32	\$0.00	\$0.00	\$0.00	\$0.00	\$15.32
					\$115.40	\$0.00	\$0.00	\$0.00	\$0.00	\$115.40
ATLANTIC COAST STEEL & SUPPLY, INC.					Total ATLANTIC COAST AUTO PARTS:					
08/20/10	38780				\$387.22	\$0.00	\$0.00	\$0.00	\$0.00	\$387.22
					\$131.15	\$0.00	\$0.00	\$0.00	\$0.00	\$131.15
					\$131.15	\$0.00	\$0.00	\$0.00	\$0.00	\$131.15
AUSTIN SAND, LLC					Total ATLANTIC COAST STEEL & SUPPLY, INC.:					
08/17/10	27384				\$1,116.48	\$0.00	\$0.00	\$0.00	\$0.00	\$1,116.48
08/24/10	27389				\$134.88	\$0.00	\$0.00	\$0.00	\$0.00	\$134.88
					\$1,251.36	\$0.00	\$0.00	\$0.00	\$0.00	\$1,251.36
B.P. OIL COMPANY					Total AUSTIN SAND, LLC:					
08/24/10	26252376				\$1,934.66	\$0.00	\$0.00	\$0.00	\$0.00	\$1,934.66
08/31/10	26320438				\$797.20	\$0.00	\$0.00	\$0.00	\$0.00	\$797.20
					\$2,731.86	\$0.00	\$0.00	\$0.00	\$0.00	\$2,731.86
BARNHILL'S PUMPING AND PORT-A-JOHN SERVICE					Total B.P. OIL COMPANY:					
08/31/10	3975				\$305.84	\$0.00	\$0.00	\$0.00	\$0.00	\$305.84
					\$305.84	\$0.00	\$0.00	\$0.00	\$0.00	\$305.84
					\$305.84	\$0.00	\$0.00	\$0.00	\$0.00	\$305.84

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INVOICE UNPAID DETAILS BY VENDOR

SEASIDE UTILITIES, INC

For the Period From 10/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
08/26/10	XX00800-4			BCW&S	\$63.36	\$0.00	\$0.00	\$0.00	\$0.00	\$63.36
Total BCW&S:					\$63.36	\$0.00	\$0.00	\$0.00	\$0.00	\$63.36
12/17/08	HIGDON BAC			BEN COX COMPANY LLC	(\$390.00)	\$0.00	\$0.00	\$0.00	\$0.00	(\$390.00)
01/08/09	bc prolate				(\$1,867.50)	\$0.00	\$0.00	\$0.00	\$0.00	(\$1,867.50)
Total BEN COX COMPANY LLC:					(\$2,257.50)	\$0.00	\$0.00	\$0.00	\$0.00	(\$2,257.50)
08/17/10	2010090898			BERKELEY COUNTY TREASURER	\$498.00	\$0.00	\$0.00	\$0.00	\$0.00	\$498.00
08/31/10	2010090823				\$186.19	\$0.00	\$0.00	\$0.00	\$0.00	\$186.19
Total BERKELEY COUNTY TREASURER:					\$684.19	\$0.00	\$0.00	\$0.00	\$0.00	\$684.19
08/31/10	3922			BERKELEY COUNTY WATER AND SANITATION AUTH.	\$98.84	\$0.00	\$0.00	\$0.00	\$0.00	\$98.84
Total BERKELEY COUNTY WATER AND SANITATION AUTH.:					\$98.84	\$0.00	\$0.00	\$0.00	\$0.00	\$98.84
08/18/10	xx80007 8/			BERKELEY ELECTRIC COOP	\$145.00	\$0.00	\$0.00	\$0.00	\$0.00	\$145.00
Total BERKELEY ELECTRIC COOP:					\$145.00	\$0.00	\$0.00	\$0.00	\$0.00	\$145.00
08/17/10	PC0500508C			BLANCHARD MACHINERY CO.	\$46.01	\$0.00	\$0.00	\$0.00	\$0.00	\$46.01
08/18/10	PC0201967C				\$29.57	\$0.00	\$0.00	\$0.00	\$0.00	\$29.57
08/27/10	PC0500509C				\$348.49	\$0.00	\$0.00	\$0.00	\$0.00	\$348.49
08/27/10	P1392403				\$7,775.40	\$0.00	\$0.00	\$0.00	\$0.00	\$7,775.40
08/30/10	PC0500509C				\$27.21	\$0.00	\$0.00	\$0.00	\$0.00	\$27.21
Total BLANCHARD MACHINERY CO.:					\$8,226.68	\$0.00	\$0.00	\$0.00	\$0.00	\$8,226.68
BONITZ CONTRACTING COMPANY INC										

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SEASIDE UTILITIES, INC

For the Period From 10/01/09 To 08/31/10

Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
08/13/10	176988				\$35,847.00	\$0.00	\$0.00	\$3,584.70	\$0.00	\$32,262.30
				Total BONITZ CONTRACTING COMPANY INC:	\$35,847.00	\$0.00	\$0.00	\$3,584.70	\$0.00	\$32,262.30
				BUSH'S CONTAINER SERVICE						
08/16/10	455				\$400.00	\$0.00	\$0.00	\$0.00	\$0.00	\$400.00
				Total BUSH'S CONTAINER SERVICE:	\$400.00	\$0.00	\$0.00	\$0.00	\$0.00	\$400.00
				CAPE ROMAIN CONTRACTORS INC						
08/19/10	393201				\$62,750.00	\$0.00	\$0.00	\$6,275.00	\$0.00	\$56,475.00
				Total CAPE ROMAIN CONTRACTORS INC:	\$62,750.00	\$0.00	\$0.00	\$6,275.00	\$0.00	\$56,475.00
				CARL BENTON CONSTRUCTION						
07/31/08	Pay Est 3				\$42,550.00	\$0.00	\$0.00	\$4,255.00	\$0.00	\$38,295.00
07/31/08	Pay Est no				\$3,000.00	\$0.00	\$0.00	\$300.00	\$0.00	\$2,700.00
07/31/08	July 2008				(\$63,538.72)	\$0.00	\$0.00	\$0.00	\$0.00	(\$63,538.72)
08/31/08	083108 074				\$2,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,000.00
08/31/08	083108 074				\$1,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,500.00
08/31/08	Aug 2008 D				(\$48,853.24)	\$0.00	\$0.00	\$0.00	\$0.00	(\$48,853.24)
08/31/08	Pay Est No				\$23,280.05	\$0.00	\$0.00	\$2,326.00	\$0.00	\$20,954.05
10/31/08	Oct Deduct				(\$31,265.50)	\$0.00	\$0.00	\$0.00	\$0.00	(\$31,265.50)
10/31/08	06367 10/0				\$6,750.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6,750.00
10/31/08	08457 #1				\$7,875.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,875.00
10/31/08	Pay Est 6				\$2,706.77	\$0.00	\$0.00	\$270.67	\$0.00	\$2,436.10
10/31/08	08455 10/0				\$4,600.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,600.00
04/30/09	09461 4/09				\$2,250.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,250.00
04/30/09	08450 4/09				\$4,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,500.00
04/30/09	Deducts 4/				(\$28,900.24)	\$0.00	\$0.00	\$0.00	\$0.00	(\$28,900.24)
04/30/09	PAY EST 3				\$16,247.01	\$0.00	\$0.00	\$1,624.70	\$0.00	\$14,622.31
08/31/10	Aug 2010 1				\$12,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12,000.00
08/31/10	Aug 2010 1				\$800.00	\$0.00	\$0.00	\$0.00	\$0.00	\$800.00
08/31/10	Deducts Au				(\$18,253.04)	\$0.00	\$0.00	\$0.00	\$0.00	(\$18,253.04)

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SEASIDE UTILITIES, INC

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Invoice Date	Invoice Number	Check Number	Check Date	Reason for Expense	Invoice Amt	Discount Taken	Total Paid	Retainage	Work Comp	Net Amount Unpaid
08/31/10	Aug 2010 1				\$20,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$20,000.00
	CAROLINA EAST MASONARY, INC			Total CARL BENTON CONSTRUCTION:	(\$40,771.91)	\$0.00	\$0.00	\$8,775.37	\$0.00	(\$49,548.28)
07/31/10	03				\$19,520.00	\$0.00	\$0.00	\$1,952.00	\$0.00	\$17,568.00
08/31/10	App No 4 0				\$2,066.00	\$0.00	\$0.00	\$206.60	\$0.00	\$1,859.40
08/31/10	Lake Moul				\$1,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,000.00
	CAROLINA FIRST			Total CAROLINA EAST MASONARY, INC:	\$22,586.00	\$0.00	\$0.00	\$2,158.80	\$0.00	\$20,427.40
08/24/10	xx9896				\$2,515.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,515.00
	CAROLINA MARINE CONSTRUCTION INC.			Total CAROLINA FIRST:	\$2,515.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,515.00
08/24/10	13				\$8,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,000.00
	CAROLINA SAND, INC.			Total CAROLINA MARINE CONSTRUCTION INC.:	\$8,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,000.00
08/24/10	15438				\$627.98	\$0.00	\$0.00	\$0.00	\$0.00	\$627.98
	CENTRAL TRUE VALUE & SUPPLY CO., INC.			Total CAROLINA SAND, INC.:	\$627.98	\$0.00	\$0.00	\$0.00	\$0.00	\$627.98
08/31/10	stml 3107				\$1,590.88	\$0.00	\$0.00	\$0.00	\$0.00	\$1,590.88
	CHARLESTON RUBBER & GASKET CO., INC.			Total CENTRAL TRUE VALUE & SUPPLY CO., INC.:	\$1,590.88	\$0.00	\$0.00	\$0.00	\$0.00	\$1,590.88
08/16/10	00351957				\$84.34	\$0.00	\$0.00	\$0.00	\$0.00	\$84.34
	CICA, INC.			Total CHARLESTON RUBBER & GASKET CO., INC.:	\$84.34	\$0.00	\$0.00	\$0.00	\$0.00	\$84.34
08/25/10	1588				\$5,986.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,986.00

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SEASIDE UTILITIES, INC

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CNH CAPITAL					Total CICA, INC.:	\$5,986.00	\$0.00	\$0.00	\$0.00	\$5,986.00
08/20/10	xxx18752 8					\$584.52	\$0.00	\$0.00	\$0.00	\$584.52
COASTAL FASTENER & SUPPLY, INC.					Total CNH CAPITAL:	\$584.52	\$0.00	\$0.00	\$0.00	\$584.52
08/13/10	351571					\$73.27	\$0.00	\$0.00	\$0.00	\$73.27
CONCRETE SUPPLY OF SOUTH CAROLINA, LLC					Total COASTAL FASTENER & SUPPLY, INC.:	\$73.27	\$0.00	\$0.00	\$0.00	\$73.27
08/08/10	25886					\$7,566.48	\$0.00	\$0.00	\$0.00	\$7,566.48
08/06/10	25887					\$1,791.18	\$0.00	\$0.00	\$0.00	\$1,791.18
08/10/10	25913					\$866.70	\$0.00	\$0.00	\$0.00	\$866.70
05/12/10	25983					\$607.50	\$0.00	\$0.00	\$0.00	\$607.50
08/13/10	25982					\$3,783.24	\$0.00	\$0.00	\$0.00	\$3,783.24
08/18/10	26079					\$3,661.20	\$0.00	\$0.00	\$0.00	\$3,661.20
08/20/10	26134					\$2,928.96	\$0.00	\$0.00	\$0.00	\$2,928.96
08/26/10	26245					\$3,207.39	\$0.00	\$0.00	\$0.00	\$3,207.39
08/26/10	26246					\$305.10	\$0.00	\$0.00	\$0.00	\$305.10
08/27/10	26264					\$3,478.14	\$0.00	\$0.00	\$0.00	\$3,478.14
CONSTRUCTION EQUIP REPAIR					Total CONCRETE SUPPLY OF SOUTH CAROLINA, LLC:	\$28,195.89	\$0.00	\$0.00	\$0.00	\$28,195.89
08/26/10	7930					\$349.50	\$0.00	\$0.00	\$0.00	\$349.50
DAN-KEL, INC.					Total CONSTRUCTION EQUIP REPAIR:	\$349.50	\$0.00	\$0.00	\$0.00	\$349.50
08/26/10	10516					\$1,100.00	\$0.00	\$0.00	\$0.00	\$1,100.00
					Total DAN-KEL, INC.:	\$1,100.00	\$0.00	\$0.00	\$0.00	\$1,100.00

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