

THE STATE OF SOUTH CAROLINA
In the Supreme Court

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APR 23 2018

Appeal from South Carolina
Court of Common Pleas

S.C. SUPREME COURT

R. Markley Dennis, Jr., Circuit Court Judge

RECEIVED

CASE NO. 2013-CP-10-1686

APR 23 2018

APPELLATE CASE 2015-001848

S.C. SUPREME COURT

OPINION No. 2018-UP-030 (January 17, 2018)

Church of God and Church of God of South Carolina, *Petitioners*
Appellants,

v.

Mark Estes, Patricia Estes, Michael Timothy Brooks, Individually and as Trustee for Church of God at North Charleston Trust, Adam Boyer, Individually and as Trustee for Church of God at North Charleston, Rolando River Osorio As Trustee For Church Of God At North Charleston Trust and North Palm Ministries, Inc., North Palm Community Church and Crescom Bank, Successor by Merger to Community First Bank and its Successor Crescom Bank, Defendants.

Of Whom Crescom Bank is theRespondent,

v.

Thomas Propes and Marc Campbell, Third Party
Defendants.

APPENDIX

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**THE STATE OF SOUTH CAROLINA
In the Court of Appeals**

**Appeal from Charleston County
Court of Common Pleas**

R. Markley Dennis, Jr., Circuit Court Judge

Appellate Case No. 2015-001848

Church of God and Church of God of South Carolina,Appellants,

v.

Mark Estes, Patricia Estes, Michael Timothy Brooks, Individually and as Trustee for Church of God at North Charleston Trust, Adam Boyer, Individually and as Trustee for Church of God at North Charleston, Rolando River Osorio, Individually and as Trustee at Church of God at North Charleston, and North Palm Ministries, Inc., North Palm Community Church and Community First Bank and its Successor Crescom Bank, Defendants.

Of Whom Crescom Bank is theRespondent,

v.

Thomas Propes and Marc Campbell, Third Party
Defendants.

RECORD ON APPEAL

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STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)
)
CHURCH OF GOD AND CHURCH)
OF GOD OF SOUTH CAROLINA,)

Plaintiffs,)

vs.)

MARK ESTES, PATRICIA ESTES,)
MICHAEL TIMOTHY BROOKS,)
INDIVIDUALLY AND AS TRUSTEE)
FOR CHURCH OF GOD AT NORTH)
CHARLESTON TRUST, ADAM)
BOYER INDIVIDUALLY AND AS)
TRUSTEE FOR CHURCH OF GOD)
AT NORTH CHARLESTON,)
ROLANDO RIVER OSORIO)
INDIVIDUALLY AND AS TRUSTEE)
AT CHURCH OF GOD AT NORTH)
CHARLESTON, AND NORTH PALM)
MINISTRIES, INC., NORTH PALM)
COMMUNITY CHURCH AND)
COMMUNITY FIRST BANK AND)
ITS SUCCESSOR CRESCOM BANK,)

Defendants,)

v.)

THOMAS PROPES AND MARC)
CAMPBELL,)

Third Party Defendants.)

IN THE COURT OF COMMON PLEAS)
)
CIVIL ACTION NO. 2013-CP-10-1686)

**ORDER GRANTING DEFENDANT
COMMUNITY FIRST BANK AND ITS
SUCCESSOR, CRESCOM BANK'S MOTION
FOR SUMMARY JUDGMENT**

2015 MAY 11 10:24
JULIE J. ARMSTRONG
CLERK OF COURT

FILED

On April 2, 2015, this Court conducted a hearing on Defendant Community First Bank and its successor Crescom Bank's ("*Crescom*") Motion for Summary Judgment. Matt Tillman of Womble Carlyle Sandridge & Rice and Charlie Altman of Altman & Coker appeared on behalf of Crescom. George Kefalos and Oana Johnson of George J. Kefalos, P.A. appeared on

behalf of the Plaintiffs. For the reasons set forth below, this Court GRANTS Crescom's Motion for Summary Judgment and dismisses Crescom from this lawsuit.

FACTUAL BACKGROUND

A. Organization of the Church of God and Property Ownership.

The North Charleston Church of God ("NCCOG") was formerly a local congregation affiliated with the Plaintiffs, the Church of God and Church of God of South Carolina. Plaintiff Church of God is the national body which delegates authority to regional organizations, including the Plaintiff Church of God of South Carolina. The Church of God of South Carolina then has oversight over the local congregations within its territory, including the NCCOG. The Church of God of South Carolina is managed by a State Overseer who may appoint District Overseers to carry out the business of the Church. The Plaintiffs dissolved the NCCOG on or about March 22, 2010.

The property at issue is located at 5505 North Rhett Avenue in North Charleston, South Carolina (the "**Property**"). The Property was conveyed to the NCCOG in 1985 by deed from Lillian Buckner. The deed provides:

The said Local Board of Trustees shall have full right, power and authority to sell, exchange, transfer and convey said property, or to borrow money and pledge the said real estate for the repayment of the same, and to execute all necessary deeds, conveyances, etc., provided the proposition shall first be presented to a regular or called conference of the said local church, presided over by the State Overseer of the Church of God, or one whom he may appoint, and the project approved by two-thirds of all members of the said local congregations present and voting.

The NCCOG owned the Property from 1985 until the events described herein.

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B. NCCOG/North Palm Ministries.

On October 11, 2005, Defendant Mark Estes incorporated North Palm Ministries, Inc. ("*North Palm*"). The NCCOG operated as North Palm from that date forward (collectively referred to as "*NCCOG/North Palm*"). Defendant Mark Estes was pastor of NCCOG/North Palm and District Overseer for the Charleston area for the Plaintiff Church of God of South Carolina. Defendant Patricia Estes was the Exhorter of NCCOG/North Palm (Mark and Patricia Estes collectively referred to as the "*Estes Defendants*"). Defendants Adam Boyer, Timothy Brooks and Rolando Osorio ("*Trustee Defendants*") were the trustees of NCCOG/North Palm.

C. Relevant Transactions.

a. 2007 Loan.

On or about October 15, 2007, North Palm received a loan from Crescom in the amount of \$700,000. NCCOG/North Palm hired a local Charleston attorney to close this loan. The note was executed on behalf of NCCOG/North Palm by the Trustee Defendants. The mortgage securing this loan ("*2007 Mortgage*") was executed by the Trustee Defendants on behalf of NCCOG – the record owner of the Property. The Trustee Defendants provided the closing attorney with a resolution signed by NCCOG/North Palm Recording Secretary Lisa Carey indicating that the members and financial supporters of the Church unanimously approved the transaction. The proceeds of this loan were used in part to pay off an existing loan secured by a mortgage on the Property to First Reliance Bank, as well as other debts of NCCOG/North Palm. In addition, NCCOG/North Palm received proceeds in the amount of \$310,809.43.

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b. Lease to Seacoast Church.

On or about October 9, 2008, NCCOG/North Palm outgrew the facilities located on the Property and moved to a new location. It leased the Property to Seacoast Church. The lease was a five year lease, ending in 2013, in which Seacoast Church agreed to pay the NCCOG the sum of \$9,200 per month. The lease amount increased periodically, to \$10,500 per month. The lease also contained an option to purchase, in amounts starting at \$1,625,000 and increasing to \$1,775,000 by the end of the term. Seacoast Church stayed current on the lease until it purchased the Property on July 15, 2010.

c. 2009 Loan.

On or about March 23, 2009, North Palm received a loan from Crescom in the amount of \$75,000 which was secured by a second mortgage signed by the Trustee Defendants on behalf of NCCOG ("2009 Mortgage"). As with the prior loan, the Trustee Defendants provided the closing attorney with a resolution signed by Recording Secretary Lisa Carey indicating that the members and financial supporters of the Church unanimously approved the transaction. NCCOG/North Palm received proceeds in the amount of \$74,032.50.

D. Dissolution of the North Charleston Church of God and Sale of the Property.

In late 2009, North Palm had defaulted on both loans. In the latter months of 2009 and early months of 2010, Defendant Mark Estes and Church of God State Overseer Thomas Propes discussed Mr. Estes' grievances with the Church of God. These discussions culminated in Mark Estes' resignation as a Pastor and District Overseer with the Church of God on March 12, 2010. No later than this date, Thomas Propes became concerned about the NCCOG congregation and the status of the Property. On March 22, 2010, State Overseer Propes appointed Pastor Mark Campbell as the new District Overseer and tasked him with handling disposition of the Property.

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On March 31, 2010, Mark Campbell was provided with a copy of the 2007 and 2009 Mortgages. He spoke with Crescom Bank and determined that the loans were in default. Campbell entered negotiations with the lessee of the Property, Seacoast Church. This culminated in the sale of the Property to Seacoast Church on July 15, 2010 for \$780,000. Pastor Campbell did no due diligence prior to selling the Property. He did not order an appraisal, did not speak with a real estate broker, did not list the Property, and did not market the Property to any potential buyer other than Seacoast Church.

NCCOG/North Palm purchased the Property with its own money, all payments made on any loans were made by NCCOG/North Palm, and all costs related to the Property were paid by NCCOG/North Palm. No payments of any kind related to the Property were made by Plaintiffs. Plaintiffs, however, did receive \$20,000 at the time of the sale to Seacoast.

Upon selling the Property, the Plaintiffs repaid the Crescom loans, without protest in any form, in return for satisfaction of the 2007 and 2009 Mortgages. Crescom duly satisfied the mortgages, having no knowledge that the Plaintiffs contested the validity of those mortgages.

STANDARD OF REVIEW

In evaluating a motion for summary judgment, a court must view "the evidence and all reasonable inferences . . . in the light most favorable to the non-moving party." *Hansson v. Scalise Builders of S.C.*, 374 S.C. 352, 355, 650 S.E.2d 68, 70 (2007). However, if, after granting such deference to the non-moving party, it is apparent to the court that "there is no genuine issue as to any material fact," and the moving party is entitled to judgment "as a matter of law," the court should grant summary judgment. *Id.* (quoting S.C. R. Civ. P. 56(c)).

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ORDER

1. ALL OF PLAINTIFFS' CLAIMS AGAINST CRESCOM ARE BARRED BY THE VOLUNTARY PAYMENT DEFENSE.

It is undisputed that after assuming ownership of the Property the Plaintiffs sold the Property and paid off the loans, without protest, to secure satisfaction of the 2007 and 2009 Mortgages. “[A] person cannot use the courts to recover money voluntarily or consensually paid with full knowledge of all of the facts and without fraud, duress, or extortion in some form.” 66 Am Jur 2d *Restitution and Implied Contracts* § 92 (2014). “Thus, it is universally recognized that money voluntarily paid under a claim of right to payment and with knowledge of the facts by the person making the claim cannot be recovered on the ground that the claim was illegal, or that there was not liability to pay in the first instance.” *Id.* Further, the “question of whether a payment is voluntary or involuntary is one of law where the facts are undisputed” *Id.*

Under South Carolina law, “all payments are presumed to be voluntary until the contrary is made to appear.” *Baker v. Allen*, 220 S.C. 141, 151, 66 S.E.2d 618, 622 (1951) (*citing Moody v. Stem*, 214 S.C. 45, 51 S.E.2d 163 (1948)). Therefore, the burden is on the payor to show that the payment was made involuntarily. *Id.* This is a difficult burden to overcome, and even evidence of payment under protest may not be sufficient to establish that the payment was made involuntarily. *Baker*, 220 S.C. at 151, 66 S.E.2d at 622.

In their Complaint and answers to Crescom’s discovery requests, Plaintiffs have admitted that they were aware of the 2007 and 2009 Mortgages and the fact that the debt may have been unauthorized prior to selling the Property and paying the debt owed to Crescom. There is no evidence that the Plaintiffs protested or expressed any concerns to Crescom prior to paying the debt. Having made the payment with full knowledge, the Plaintiffs must cite evidence that the payment was involuntary – that is, the payment was the result of fraud, duress, or extortion. The

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Plaintiffs have cited no evidence to support a claim that the payment was made as a result of fraud, duress or extortion. Therefore, all of Plaintiffs' claims are barred under the voluntary payment doctrine and must be dismissed as a matter of law.

2. PLAINTIFFS' SLANDER CAUSE OF ACTION IS BARRED UNDER THE LIMITATIONS PERIOD SET FORTH IN S.C. CODE § 15-3-550(1).

The statute of limitations for an action for libel or slander is two years. S.C. Code Ann. § 15-3-550(1). Where, as in South Carolina, there is no statute expressly referring to actions for slander of title, the statute of limitations applicable to libel and slander applies. 50 Am. Jur. 2d *Libel and Slander* § 541 (2014). Therefore, the statute of limitations for Plaintiffs' slander of title cause of action is two years.

South Carolina does not recognize the discovery rule in slander cases, and therefore the Plaintiffs' slander of title claim accrued on the date of publication. *Jones v. City of Folly Beach*, 326 S.C. 360, 369, 483 S.E.2d 770, 775 (Ct. App. 1997) ("The trial court was correct in granting Peoples's motion for summary judgment because South Carolina has not adopted the discovery rule in libel and slander cases."); *see also* 50 Am Jur 2d *Libel and Slander* § 541 (2014) ("A right of action for slander of title accrues, and the statute of limitations commences to run, at the time of the publication of the slander."). The Plaintiffs claim that the slander of title occurred upon recordation of the mortgages (one in 2007 and one in 2009). Therefore, the slander of title claim accrued well over two years before the Plaintiff filed this lawsuit on March 20, 2013.

Even if the discovery rule applied, the Plaintiffs actually knew about the 2007 Mortgage and 2009 Mortgage no later than March of 2010. The Plaintiffs filed this action on March 20, 2013 – well over two years after discovery. Therefore, Plaintiffs' slander of title claim is barred under S.C. Code Ann. § 15-3-550(1).

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3. THERE IS NO EVIDENCE THAT CRESCOM HAD KNOWLEDGE OF, OR PARTICIPATED IN, THE OTHER DEFENDANTS' ALLEGED BREACHES OF FIDUCIARY DUTIES, AND THEREFORE THE PLAINTIFFS' AIDING AND ABETTING CAUSE OF ACTION IS HEREBY DISMISSED.

The Plaintiffs allege that Crescom aided and abetted the following alleged breaches of fiduciary duties: (1) failing to seek or obtain authorization for signing mortgage documents; (2) failing to inform Plaintiff of diverting the funds in amounts exceeding \$385,000 for personal purposes or for the benefit of Defendant North Palm Ministries; (3) misappropriating over \$385,000 in Plaintiffs' funds and assets, which have not been repaid; (4) failing to inform Plaintiffs that they had used their resources to form, develop and conduct business as a new church, unaffiliated with the Plaintiff; and (5) failing to protect the assets of the Trust for which they were acting as Trustees.

The elements for the cause of action for aiding and abetting a breach of fiduciary duty are: "(1) a breach of a fiduciary duty owed to the plaintiff[;] (2) the defendant's knowing participation in the breach[;] and (3) damages." *Future Group, II v. Nationsbank*, 324 S.C. 89, 99, 478 S.E.2d 45, 50 (1996). "The gravamen of the claim is the defendant's knowing participation in the fiduciary's breach." *Id.*; see *Gordon v. Busbee*, 397 S.C. 119, 133-34, 723 S.E.2d 822, 830 (Ct. App. 2012) (affirming the grant of directed verdict in favor of an attorney on aiding and abetting breach of personal representative's fiduciary duty and finding that even if the attorney should have conducted additional investigation into the assets of the estate, that does not constitute evidence of actual knowledge of improper activity on the personal representative's part).

There is no evidence that Crescom had actual knowledge of, or participated in, the alleged breaches of fiduciary duty committed by the Estes Defendants and the Trustee Defendants. The activities allegedly perpetrated by the Estes Defendants and Trustee

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Defendants related to Church activities, and are totally unrelated to Crescom's lending activities. Therefore, Plaintiffs' aiding and abetting breach of fiduciary duty claim is dismissed as a matter of law.

4. THE PLAINTIFFS' CONVERSION CAUSE OF ACTION IS DISMISSED AS A MATTER OF LAW.

Conversion is defined as the unauthorized assumption in the exercise of the right of ownership over goods or personal chattels belonging to another to the exclusion of the owner's rights. *SSI Med. Servs., Inc. v. Cox*, 301 S.C. 493, 498, 392 S.E.2d 789, 792 (1990). To establish the tort of conversion, the plaintiff must establish either title to or right to the possession of the personal property. *Crane v. Citicorp Nat'l Servs., Inc.*, 313 S.C. 70, 72, 437 S.E.2d 50, 52 (1993) (superseded by statute on other grounds).

The Plaintiffs allege that Crescom "exercised unauthorized dominion and control over Plaintiff's funds and assets, as well as assets obtained as a result of the improper use of Plaintiffs' resources, including, but not limited to [the Property] and Plaintiffs' funds." There is no evidence that Crescom asserted a right of ownership or control over any of the Plaintiffs' assets. The undisputed evidence demonstrates that Crescom loaned money to the NCCOG. It never exercised any control over those funds, or the disposition of those funds after the money was transferred. To the extent the Plaintiffs assert that the alleged conversion related to the 2007 and 2009 Mortgages, that allegation is unsupported by South Carolina law. *Hawkins v. City of Greenville*, 358 S.C. 280, 297, 594 S.E.2d 557, 566 (Ct. App. 2004) ("It is well settled that a conversion action does not lie when alleging the exercise of dominion or control over real property."). Therefore, the Plaintiffs' conversion claim fails and is dismissed as a matter of law.

5. THE PLAINTIFFS' QUANTUM MERUIT CAUSE OF ACTION IS DISMISSED AS A MATTER OF LAW.

To prevail on a quantum meruit claim, a plaintiff must prove: "(1) [a] benefit conferred by [the] plaintiff upon the defendant; (2) realization of that benefit by the defendant; and (3) retention of the benefit by the defendant under circumstances that make it inequitable for him to retain it without paying its value." *Gignilliat v. Gignilliat, Savitz & Bettis, L.L.P.*, 385 S.C. 452, 467, 684 S.E.2d 756, 764 (2009). "It is axiomatic that a claim for quantum meruit will not lie absent evidence of unjust enrichment." *Id.* Further, if the plaintiff is seeking compensation under a quantum meruit theory in the presence of an express contract which has not been abandoned or rescinded, the plaintiff may not recover under quantum meruit. *Swanson v. Stratos*, 350 S.C. 116, 122, 564 S.E.2d 117, 120 (Ct. App. 2002).

There is no evidence Crescom was unjustly enriched. Crescom simply loaned money to NCCOG/North Palm and was repaid for that loan upon the sale to Seacoast Church. It did not retain any benefit conferred upon it by the Plaintiffs or any other entity. It merely *provided* a benefit.

Further, the Plaintiffs never contributed to the purchase, maintenance or repair of the Property. They now seek repayment of the loans made by Crescom to NCCOG/North Palm because the Estes Defendants allegedly absconded with loan proceeds. Therefore, there is no evidence that the Plaintiffs conferred a benefit on Crescom.

Finally, there is no dispute that NCCOG/North Palm and Crescom entered into a contract, by which Crescom loaned funds in exchange for the promise of repayment. Plaintiffs' quantum meruit claim is merely a breach of contract action disguised in equity.

For these reasons, Plaintiffs' quantum meruit cause of action is dismissed as a matter of law.

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6. CRESCOM'S MOTION IS GRANTED BECAUSE THE PLAINTIFFS ARE BOUND BY THE ACTIONS OF THEIR AGENTS – THE ESTES DEFENDANTS AND THE CLOSING ATTORNEY – INVOLVED IN THE SUBJECT TRANSACTIONS.

An agent contracting with the authority of his principal binds him to the same extent as if the principal personally made the contract. *S.C. Ins. Co. v. James C. Greene and Co.*, 290 S.C. 171, 183, 348 S.E.2d 617, 624 (Ct. App. 1986). Thus, the principal is liable via the agent by reason of his consent to be bound. *Id.*

The subject transactions were closed by an attorney hired by the NCCOG/North Palm. To the extent the closing attorney failed to ensure that proper approvals were in place before closing the loans to NCCOG/North Palm, those failures are imputable to the Plaintiffs. *See Koutsogiannis v. BB&T*, 365 S.C. 145, 149, 616 S.E.2d 425, 428 (2005) (“In the attorney-client relationship, clients are generally bound by their attorneys' acts or omissions during the course of the legal representation that fall within the apparent scope of their attorneys' authority.”).

The Plaintiffs are also bound by the representations made and knowledge possessed by the Estes Defendants, Trustee Defendants and other officials cloaked with the authority of the Church of God and Church of God of South Carolina. The relevant transactions were authorized by the members and financial supporters of NCCOG/North Palm and by Mark Estes – a District Overseer for the Plaintiffs. The subject notes and mortgages were signed by the Trustee Defendants, who hold the property in trust for Plaintiff Church of God. Finally, the Church provided the closing attorney with a resolution signed by Recording Secretary Lisa Carey. These actions are imputable to the Plaintiffs. Therefore, there is no genuine issue of material fact as to any theory of liability and Plaintiffs' causes of action are dismissed as a matter of law.

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7. PLAINTIFFS' REMAINING CAUSES OF ACTION AGAINST CRESCOM ARE BARRED BY THE THREE YEAR STATUTE OF LIMITATIONS SET FORTH IN S.C. CODE ANN. § 15-3-530.

Plaintiffs' aiding and abetting, conversion and quantum meruit causes of action are governed by a three year statute of limitations. S.C. Code Ann. §15-3-530.¹

The limitations period "begins to run when the plaintiff knew or by the exercise of reasonable diligence should have known that he had a cause of action." *Gibson v. Bank of Am., N.A.*, 383 S.C. 399, 405-406, 680 S.E.2d 778, 782 (Ct. App. 2009) (citations and quotations omitted). "The exercise of reasonable diligence means simply that an injured party must act with some promptness where the facts and circumstances of an injury would put a person of common knowledge and experience on notice that some right of his has been invaded or that some claim against another party might exist." *Id.* at 406, 680 S.E.2d at 782. "When there is no conflicting evidence or when only one reasonable inference can be drawn from the evidence, the determination of when a party knew or should have known that he or she had a claim becomes a matter of law to be decided by the trial court. *Id.* at 407, 680 S.E.2d at 782. The Plaintiffs had both actual and constructive notice that the NCCOG pledged the Property prior to March 20, 2010.

The Plaintiffs had reason to know of their potential claims before March 20, 2010 – three years prior to commencement of this lawsuit. The Estes Defendants resigned their Church of God credentials by letter dated March 12, 2010. No later than that date, Church of God of South Carolina State Overseer Thomas Propes became concerned with the status of the North Charleston congregation and the Property. Propes named Mark Campbell as new District Overseer and asked Campbell to obtain any information concerning property issues that may be

¹ Plaintiffs' quantum merit claim is equitable. However, it is governed by the three year statute of limitations. *McConnell v. Crocker*, 217 S.C. 334, 60 S.E.2d 673 (1950).

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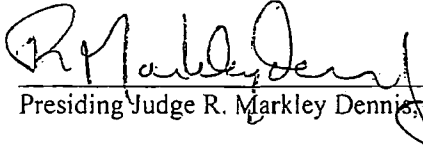
lingering. Therefore, Overseer Propes, an agent of the Plaintiffs, had actual concerns about the status of the Property no later than March 12, 2010.

In addition, NCCOG/North Palm were required to complete a Monthly Treasurer's Report and send it to the office of the Church of God of South Carolina and Church of God. These Monthly Treasurer's Reports provide the method by which the local Churches report certain financial data, including Church property value and indebtedness. NCCOG/North Palm habitually failed to complete and submit the Monthly Treasurer's Report, including the property valuation and indebtedness section. Well before March of 2010, the Plaintiffs repeatedly sent deficiency letters to Defendant Mark Estes and asked Overseer Propes to intervene. Despite these concerns, the Plaintiffs never followed up on the missing reports and information. Had they followed up on the reports, they would have discovered outstanding debt and mortgages well before March 20, 2010.

Finally, on January 13, 2010, Defendant Mark Estes sent a letter to Church of God of South Carolina State Overseer Propes, in which Estes expressed his concerns with Church leadership and promised to account for checks that had bounced. In addition, Estes claimed the checks bounced because "checks given to us by the *other church assuming our lease bounced.*" Overseer Propes testified that he read the letter, but does not recall this sentence. Nevertheless, Overseer Propes admitted that the sentence may have caused him to wonder where NCCOG/North Palm was conducting services "if [he] gave it thought." Whether or not Overseer Propes "gave it thought" is irrelevant. He received notice that NCCOG/North Palm was leasing the Property on January 13, 2010, and the limitation period accrued on that date. The Plaintiffs filed this lawsuit more than three years later, and their claims are therefore time barred.

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For the reasons set forth above, Defendant Community First Bank and its successor Crescom Bank's Motion for Summary Judgment is **GRANTED**. Crescom is hereby dismissed from this lawsuit.



Presiding Judge R. Markley Dennis, Jr.

Charleston, South Carolina
May 5, 2015

RMD/14

STATE OF SOUTH CAROLINA)

IN THE COURT OF COMMON PLEAS)

COUNTY OF CHARLESTON)

NINTH JUDICIAL CIRCUIT)
CASE NO.: 2013-CP-10-1686)

Church of God and Church of God South Carolina,)

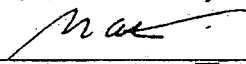
**MOTION AND ORDER INFORMATION
FORM AND COVERSHEET**

Plaintiff,)

vs.)

Mark Estes, et al.)

Defendant.)

Plaintiff's Attorney: George J. Kefalos, Esq. 46 A State Street Charleston, SC 29401	Defendant's Attorney: Matthew E. Tillman, SC Bar No. 70338 WOMBLE GARLYLE SANDRIDGE & RICE, LLP P.O. Box 999 [5 Exchange Street, 29401] Charleston, SC 29402-0999 Main: (843) 722-3400; Fax: 843-723-7398 mtillman@wcsr.com <i>Attorneys for Defendant Crescom Bank, successor by merger to Community First Bank</i>												
<input type="checkbox"/> MOTION HEARING REQUESTED (attach written motion and complete SECTIONS I and III) <input type="checkbox"/> FORM MOTION, NO HEARING REQUESTED (complete SECTIONS II and III) <input checked="" type="checkbox"/> PROPOSED ORDER/CONSENT ORDER (complete SECTIONS II and III)													
<p align="center">SECTION I: Hearing Information</p> Nature of Motion: _____ Estimated Time Needed: _____ Court Reporter Needed: <input type="checkbox"/> YES / <input type="checkbox"/> NO													
<p align="center">SECTION II: Motion/Order Type</p> <input type="checkbox"/> Written motion attached <input checked="" type="checkbox"/> Form Motion/Order I hereby move for relief or action by the court as set forth in the attached proposed order. <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;">  Signature of Attorney for <input type="checkbox"/> Plaintiff / <input checked="" type="checkbox"/> Defendant </div> <div style="text-align: center;"> April 20, 2015 Date submitted </div> </div>													
<p align="center">SECTION III: Motion Fee</p> <input type="checkbox"/> PAID - AMOUNT: \$25.00 <input checked="" type="checkbox"/> EXEMPT: <table border="0" style="margin-left: 20px;"> <tr> <td><input type="checkbox"/> Rule to Show Cause in Child or Spousal Support</td> <td><input type="checkbox"/> Domestic Abuse or Abuse and Neglect</td> </tr> <tr> <td><input type="checkbox"/> Indigent Status</td> <td><input type="checkbox"/> State Agency v. Indigent Party</td> </tr> <tr> <td><input type="checkbox"/> Sexually Violent Predator Act</td> <td><input type="checkbox"/> Post-Conviction Relief</td> </tr> <tr> <td><input type="checkbox"/> Motion for Stay in Bankruptcy</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Motion for Publication</td> <td><input type="checkbox"/> Motion for Execution (Rule 69, SCRPC)</td> </tr> <tr> <td colspan="2"><input checked="" type="checkbox"/> Proposed order submitted at request of the court; or, reduced to writing from motion made in open court per judge's instructions</td> </tr> </table> Name of Court Reporter: _____ <input type="checkbox"/> Other: _____		<input type="checkbox"/> Rule to Show Cause in Child or Spousal Support	<input type="checkbox"/> Domestic Abuse or Abuse and Neglect	<input type="checkbox"/> Indigent Status	<input type="checkbox"/> State Agency v. Indigent Party	<input type="checkbox"/> Sexually Violent Predator Act	<input type="checkbox"/> Post-Conviction Relief	<input type="checkbox"/> Motion for Stay in Bankruptcy		<input type="checkbox"/> Motion for Publication	<input type="checkbox"/> Motion for Execution (Rule 69, SCRPC)	<input checked="" type="checkbox"/> Proposed order submitted at request of the court; or, reduced to writing from motion made in open court per judge's instructions	
<input type="checkbox"/> Rule to Show Cause in Child or Spousal Support	<input type="checkbox"/> Domestic Abuse or Abuse and Neglect												
<input type="checkbox"/> Indigent Status	<input type="checkbox"/> State Agency v. Indigent Party												
<input type="checkbox"/> Sexually Violent Predator Act	<input type="checkbox"/> Post-Conviction Relief												
<input type="checkbox"/> Motion for Stay in Bankruptcy													
<input type="checkbox"/> Motion for Publication	<input type="checkbox"/> Motion for Execution (Rule 69, SCRPC)												
<input checked="" type="checkbox"/> Proposed order submitted at request of the court; or, reduced to writing from motion made in open court per judge's instructions													
<p align="center">JUDGE'S SECTION</p> <input type="checkbox"/> Motion Fee to be paid upon filing of the attached order. <input type="checkbox"/> Other: _____	JUDGE CODE <u>2060</u> Date: _____												
<p align="center">CLERK'S VERIFICATION</p> Collected by: _____ Date Filed: _____ <input type="checkbox"/> MOTION FEE COLLECTED: \$ _____ <input type="checkbox"/> CONTESTED - AMOUNT DUE: \$ _____													

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

IN THE COURT OF COMMON PLEAS)
Case No. 2013-CP-10-1686)

Church of God and Church of God)
of South Carolina)

Plaintiffs,)

Mark Estes, et al)

Defendants.)

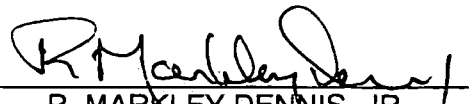
ORDER

2015 JUL 29 PM 4:07
JULIE J. ARMSTRONG
CLERK OF COURT

FILED

This matter comes before me upon Plaintiff's Motion to Alter or Amend Order Granting Defendant Crescom's Motion for Summary Judgment, filed 5/26/2015 by and through counsel. After fully considering said Motion, this Court finds no need for oral argument in this matter and therefore the Motion to Alter or Amend Order Granting Defendant Crescom's Motion for Summary Judgment is denied;

AND IT IS SO ORDERED!


R. MARKLEY DENNIS, JR.
Presiding Judge

Charleston, South Carolina

July 28, 2015

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)
)
CHURCH OF GOD, CHURCH OF GOD OF)
SOUTH CAROLINA AND CHURCH OF GOD AT)
NORTH CHARLESTON,)

IN THE COURT OF COMMON PLEAS

CIVIL ACTION COVERSHEET

Plaintiff(s))

2013-CP - 10-

1686

vs.)

MARK ESTS, PATRICA ESTES, MICHAEL TIMOTHY)
BROOKS, INDIVIDUALLY AND AS TRUSTEE FOR)
CHURCH OF GOD AT NORTH CHARLESTON TRUST,)
ADAM BOYER INDIVIDUALLY AND AS TRUSTEE FOR)
CHURCH OF GOD AT NORTH CHARLESTON, ROLANDO)
RIVER OSORIO INDIVIDUALLY AND AS TRUSTEE FOR)
CHURCH OF GOD AT NORTH CHARLESTON, AND NORTH)
PALM MINISTRIES, INC., NORTH PALM COMMUNITY)
CHURCH AND COMMUNITY FIRST BANK AND ITS)
SUCCESSOR CRESCON BANK,)

Defendant(s))

Submitted By: Oana D. Johnson
Address: 46 A State Street
Charleston, SC 29401

SC Bar #: 100373
Telephone #: (843) 722-6612
Fax #: (843) 377-1310
Other:
E-mail: oana@kefaloslaw.com

NOTE: The coversheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for the use of the Clerk of Court for the purpose of docketing. It must be filled out completely, signed, and dated. A copy of this coversheet must be served on the defendant(s) along with the Summons and Complaint.

DOCKETING INFORMATION (Check all that apply)

*If Action is Judgment/Settlement do not complete

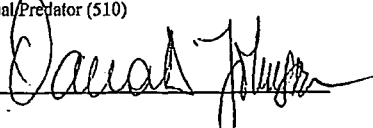
- JURY TRIAL demanded in complaint. NON-JURY TRIAL demanded in complaint.
 This case is subject to ARBITRATION pursuant to the Court Annexed Alternative Dispute Resolution Rules.
 This case is subject to MEDIATION pursuant to the Court Annexed Alternative Dispute Resolution Rules.
 This case is exempt from ADR. (Proof of ADR/Exemption Attached)

NATURE OF ACTION (Check One Box Below)

- | | | | |
|---|---|--|--|
| Contracts | Torts - Professional Malpractice | Torts - Personal Injury | Real Property |
| <input type="checkbox"/> Constructions (100) | <input type="checkbox"/> Dental Malpractice (200) | <input type="checkbox"/> Assault/Slander/Libel (300) | <input type="checkbox"/> Claim & Delivery (400) |
| <input type="checkbox"/> Debt Collection (110) | <input type="checkbox"/> Legal Malpractice (210) | <input checked="" type="checkbox"/> Conversion (310) | <input type="checkbox"/> Condemnation (410) |
| <input type="checkbox"/> Employment (120) | <input type="checkbox"/> Medical Malpractice (220) | <input type="checkbox"/> Motor Vehicle Accident (320) | <input type="checkbox"/> Foreclosure (420) |
| <input type="checkbox"/> General (130) | Previous Notice of Intent Case # | <input type="checkbox"/> Premises Liability (330) | <input type="checkbox"/> Mechanic's Lien (430) |
| <input type="checkbox"/> Breach of Contract (140) | 20__-CP-____ | <input type="checkbox"/> Products Liability (340) | <input type="checkbox"/> Partition (440) |
| <input type="checkbox"/> Other (199) | <input type="checkbox"/> Notice/ File Med Mal (230) | <input type="checkbox"/> Personal Injury (350) | <input type="checkbox"/> Possession (450) |
| | <input type="checkbox"/> Other (299) | <input type="checkbox"/> Wrongful Death (360) | <input type="checkbox"/> Building Code Violation (460) |
| | | <input checked="" type="checkbox"/> Other (399) BREACH OF FIDUCIARY DUTY, FRAUD, AIDING AND ABETTING, AND UNJUST ENRICHMENT, | <input type="checkbox"/> Other (499) |
| Inmate Petitions | Administrative Law/Relief | Judgments/Settlements | Appeals |
| <input type="checkbox"/> PCR (500) | <input type="checkbox"/> Reinstate Drv. License (800) | <input type="checkbox"/> Death Settlement (700) | <input type="checkbox"/> Arbitration (900) |
| <input type="checkbox"/> Mandamus (520) | <input type="checkbox"/> Judicial Review (810) | <input type="checkbox"/> Foreign Judgment (710) | <input type="checkbox"/> Magistrate-Civil (910) |
| <input type="checkbox"/> Habeas Corpus (530) | <input type="checkbox"/> Relief (820) | <input type="checkbox"/> Magistrate's Judgment (720) | <input type="checkbox"/> Magistrate-Criminal (920) |
| <input type="checkbox"/> Other (599) | <input type="checkbox"/> Permanent Injunction (830) | <input type="checkbox"/> Minor Settlement (730) | <input type="checkbox"/> Municipal (930) |
| | <input type="checkbox"/> Forfeiture-Petition (840) | <input type="checkbox"/> Transcript Judgment (740) | <input type="checkbox"/> Probate Court (940) |
| | <input type="checkbox"/> Forfeiture-Consent Order (850) | <input type="checkbox"/> Lis Pendens (750) | <input type="checkbox"/> SCDOT (950) |
| | <input type="checkbox"/> Other (899) | <input type="checkbox"/> Transfer of Structured Settlement Payment Rights Application (760) | <input type="checkbox"/> Worker's Comp (960) |
| | | | <input type="checkbox"/> Zoning Board (970) |
| | | | <input type="checkbox"/> Public Service Comm. (990) |

- | | | | |
|--|--|--|---|
| Special/Complex /Other | | <input type="checkbox"/> Confession of Judgment (770) | <input type="checkbox"/> Employment Security Comm (991) |
| <input type="checkbox"/> Environmental (600) | <input type="checkbox"/> Pharmaceuticals (630) | <input type="checkbox"/> Petition for Workers Compensation Settlement Approval (780) | <input type="checkbox"/> Other (999) |
| <input type="checkbox"/> Automobile Arb. (610) | <input type="checkbox"/> Unfair Trade Practices (640) | <input type="checkbox"/> Other (799) | |
| <input type="checkbox"/> Medical (620) | <input type="checkbox"/> Out-of State Depositions (650) | | |
| <input type="checkbox"/> Other (699) | <input type="checkbox"/> Motion to Quash Subpoena in an Out-of-County Action (660) | | |
| | <input type="checkbox"/> Sexual Predator (510) | | |

Submitting Party Signature:



Date:

~~1/16/13~~ 3/20/13

Note: Frivolous civil proceedings may be subject to sanctions pursuant to SCRCF, Rule 11, and the South Carolina Frivolous Civil Proceedings Sanctions Act, S.C. Code Ann. §15-36-10 et. seq.

FOR MANDATED ADR COUNTIES ONLY

Allendale, Anderson, Beaufort, Clarendon, Colleton, Florence, Greenville, Hampton, Horry, Jasper, Lee, Lexington, Pickens (Family Court Only), Richland, Sumter, Union, Williamsburg, and York

SUPREME COURT RULES REQUIRE THE SUBMISSION OF ALL CIVIL CASES TO AN ALTERNATIVE DISPUTE RESOLUTION PROCESS, UNLESS OTHERWISE EXEMPT.

You are required to take the following action(s):

1. The parties shall select a neutral and file a "Proof of ADR" form on or by the 210th day of the filing of this action. If the parties have not selected a neutral within 210 days, the Clerk of Court shall then appoint a primary and secondary mediator from the current roster on a rotating basis from among those mediators agreeing to accept cases in the county in which the action has been filed.
2. The initial ADR conference must be held within 300 days after the filing of the action.
3. Pre-suit medical malpractice mediations required by S.C. Code §15-79-125 shall be held not later than 120 days after all defendants are served with the "Notice of Intent to File Suit" or as the court directs. (Medical malpractice mediation is mandatory statewide.)
4. Cases are exempt from ADR only upon the following grounds:
 - a. Special proceeding, or actions seeking extraordinary relief such as mandamus, habeas corpus, or prohibition;
 - b. Requests for temporary relief;
 - c. Appeals
 - d. Post Conviction relief matters;
 - e. Contempt of Court proceedings;
 - f. Forfeiture proceedings brought by governmental entities;
 - g. Mortgage foreclosures; and
 - h. Cases that have been previously subjected to an ADR conference, unless otherwise required by Rule 3 or by statute.
5. In cases not subject to ADR, the Chief Judge for Administrative Purposes, upon the motion of the court or of any party, may order a case to mediation.
6. Motion of a party to be exempt from payment of neutral fees due to indigency should be filed with the Court within ten (10) days after the ADR conference has been concluded.

Please Note: You must comply with the Supreme Court Rules regarding ADR.
Failure to do so may affect your case or may result in sanctions.

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

IN THE COURT OF COMMON PLEAS
IN THE NINTH JUDICIAL CIRCUIT

CHURCH OF GOD, CHURCH OF)
GOD OF SOUTH CAROLINA and)
CHURCH OF GOD AT NORTH)
CHARLESTON)

Civil Action No. 2013-CP-10-1686

Plaintiffs,

SUMMONS
(JURY TRIAL DEMANDED)

vs.

MARK ESTES, PATRICIA ESTES,)
MICHAEL TIMOTHY BROOKS,)
INDIVIDUALLY AND AS TRUSTEE)
FOR CHURCH OF GOD AT NORTH)
CHARLESTON TRUST, ADAM BOYER)
INDIVIDUALLY AND AS TRUSTEE FOR)
CHURCH OF GOD AT NORTH)
CHARLESTON, ROLANDO RIVER)
OSORIO INDIVIDUALLY AND AS)
TRUSTEE FOR CHURCH OF GOD AT)
NORTH CHARLESTON, AND NORTH)
PALM MINISTRIES, INC., NORTH)
PALM COMMUNITY CHURCH)
AND COMMUNITY FIRST BANK AND)
ITS SUCCESSOR CRESCON BANK)

Defendant.

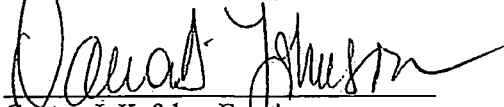
FILED
2013 MAR 20 PM 4:20
JULIE J. ARMSTRONG
CLERK OF COURT
BY _____

TO: THE DEFENDANT(S) ABOVE-NAMED:

YOU ARE HEREBY SUMMONED and required to appear and defend the allegations of the Complaint herein, a copy of which is herewith served upon you, and to serve a copy of your responsive pleadings upon the subscriber at his office, 46A State Street, Charleston SC 29401, within thirty (30) days after the service hereof, exclusive of the day of such service, and if you fail to appear and defend within the time aforesaid, judgment will be entered against you by default for the relief demanded in the Complaint.

GEORGE J. KEFALOS, P.A.

BY:


George J. Kefalos, Esquire

Oana D. Johnson, Esquire
46A State Street, Charleston, SC 29401
P: 843-722-6612 F: 843-377-1871
George@kefaloslaw.com
oana@kefaloslaw.com

ATTORNEYS FOR THE PLAINTIFFS

On this 20 day of March, 2013
Charleston, South Carolina

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

CHURCH OF GOD, CHURCH OF)
GOD OF SOUTH CAROLINA and)
CHURCH OF GOD AT NORTH)
CHARLESTON)

Plaintiffs,)

vs.)

MARK ESTES, PATRICIA ESTES,)
MICHAEL TIMOTHY BROOKS,)
INDIVIDUALLY AND AS TRUSTEE)
FOR CHURCH OF GOD AT NORTH)
CHARLESTON TRUST, ADAM BOYER)
INDIVIDUALLY AND AS TRUSTEE FOR)
CHURCH OF GOD AT NORTH)
CHARLESTON, ROLANDO RIVER)
OSORIO INDIVIDUALLY AND AS)
TRUSTEE FOR CHURCH OF GOD AT)
NORTH CHARLESTON, AND NORTH)
PALM MINISTRIES, INC., NORTH)
PALM COMMUNITY CHURCH)
AND COMMUNITY FIRST BANK AND)
ITS SUCCESSOR CRESCON BANK)

Defendant.)

IN THE COURT OF COMMON PLEAS
IN THE NINTH JUDICIAL CIRCUIT

Civil Action No. 2013-CP-10-

1686

COMPLAINT
(JURY TRIAL DEMANDED)

BY _____
JULIE J. ARMSTRONG
CLERK OF COURT
2013 MAR 20 PM 4:20

FILED

Plaintiffs Church of God, Church of God of South Carolina and Church of God at North Charleston, complaining of the above named Defendants do hereby state and allege as follows:

1. The Plaintiff Church of God is a non for profit, charitable corporation, organized under the laws of a state other than South Carolina, conducting business through its ecclesiastical association with Church of God in South Carolina and holding and equitable interest in property located in Charleston County, South Carolina. It was incorporated on June 26, 1945.

2. Plaintiff Church of God has a centralized form of church government and is the highest authority of the Church of God governing all the ownership of all church property, real and personal as described in of the General Assembly of the Church of God Minutes (the "Minutes"), as amended from time to time, hereby Exhibit 1.
3. That Plaintiff Church of God of South Carolina is a non for profit, charitable corporation organized under the laws of South Carolina, conducting business and holding property in Charleston County, South Carolina. It was incorporated on November 6, 1946.
4. The Church of God of South Carolina is a nonprofit corporation operating in the state of Carolina. Ecclesiastically it is governed by the General Assembly of the Church of God, as set out in the Minutes. The State Overseer/Administrative Bishop of the Church of South Carolina is the executive director of the Church of God in South Carolina and is appointed by the International Executive Committee of Church of God. His duties and authorities include, among others, appointing pastors, setting churches in order, approving the selection, purchasing and construction of all local church properties within the Churches of God in South Carolina, and other duties and authorities, as set in the Minutes.
5. Plaintiff The Church of God at North Charleston is an unincorporated entity organized under the laws of South Carolina, conducting business and holding property in Charleston County, South Carolina.
6. Plaintiff The Church of God of North Charleston is governed by the Minutes.
7. Defendant Mark Estes is an individual and resident of Charleston County, South Carolina, and was at times relevant hereto, appointed or employed as Pastor for Plaintiff Church of God at North Charleston.

8. Defendant Patricia Estes is an individual and resident of Charleston County, South Carolina and was at times relevant hereto appointed or employed as Exhorter for Plaintiff Church of God at North Charleston.
9. Defendant Rolando Rivera Osario, is an individual and resident of Charleston County South Carolina and was at all times relevant hereto acting as Trustee for Plaintiff the Church of God at North Charleston.
10. Defendant Michael Timothy Brooks, is an individual and resident of Charleston County South Carolina and was at all times relevant hereto acting as Trustee for the Plaintiff Church of God at North Charleston.
11. Defendant Adam Boyer, is an individual and resident of Charleston County South Carolina and was at all times relevant hereto acting as Trustee for the Plaintiff Church of God at North Charleston.
12. By virtue of their employment and/or appointment, Defendants Mark Estes and Patricia Estes stood in a position of trust and confidence to the Plaintiffs and owed Plaintiffs a fiduciary duty to act towards Plaintiffs.
13. By virtue of their appointment as Trustees Defendants Michael Timothy Brooks, Adam Boyer and Rolando Rivera Osario stood in a position of trust and confidence to Plaintiffs and owed Plaintiffs a fiduciary duty to act towards Plaintiffs.
14. Defendant North Palm Ministries, Inc., is a non for profit corporation, organized under the laws of the State of South Carolina, with office in Charleston County.
15. Defendant North Palm Community Church is a non for profit corporation, organized under the laws of the State of South Carolina, with office in Charleston County.

16. Defendant First Community Bank and its successor Crescon Bank are banks organized and existing under the laws of a state other than South Carolina, licensed to do business in the State of South Carolina, and doing business in Charleston County, South Carolina.
17. That in October 1985, Plaintiff Church of God at North Charleston purchased a piece of property located at 5505 North Rhett Avenue, North Charleston, SC (herein North Rhett Property), in October 1985.
18. The property was deeded to Clyde A. Stanford, William H. Sylvester and Edward E. Cooper, Trustees and constituting the Local Board of Trustees of the Church of God at North Charleston, in Charleston County (Exhibit 2 -Deed), an unincorporated local church governed by the Minutes.
19. That if the Local Board of Trustees ceased to exist or to perform its duties, the State Overseer has the power to declare all offices vacant and the Board of Trustees of the Plaintiff Church of God for South Carolina should automatically hold title to the property.
20. The deed provides that the Local Board of Trustees shall hold title to, manage and control the said real estate for the general use and benefit of the Plaintiff Church of God.(Exhibit 2)
21. The deed further provides that the Local Board should obtain proper approval to transfer, encumber or otherwise alienate its real property, from the Plaintiff Church of God as required by the Deed.
22. The deed further provides that the limitations set forth in the deed are those appearing in the Minutes, which state as follows:

“The said Local Board of Trustees shall have full right, power and authority to buy property for the use or benefit

of the local congregation; to sell, hypothecate, exchange, transfer, and convey any of the local property for the repayment of the same; and to execute all necessary deeds, conveyances, and so forth, provided that each of the following conditions is met: (1) the proposition shall first be presented to a regular or called conference of the local church; (2) presided over by the state overseer, or one whom he may appoint; (3) approved by a two thirds majority vote; and (4) provided further that the board have a certification, in writing, from the state overseer, or one whom he may appoint that the proposition is not adverse to the interest of the Church of God." (emphasis added).

23. That as pastor for Plaintiff Church of God at North Charleston, Mark Estes and Patricia Estes, together with the defendants Trustees, occupied the North Rhett Property consistent with the Minutes and for the benefit of the ministry advanced by Plaintiffs.
24. On October 11, 2005, Mark Estes, secretly incorporated North Palm Ministries, Inc., with the Secretary of State for the State of South Carolina, without notice to and approval of the Church of God as required by its Minutes.
25. Upon information and belief, this incorporation was pursuant to a plan whereby Mark Estes and Patricia Estes could wrongfully divert property belonging to the Plaintiffs to their own private and personal use in furtherance of their own agenda, in violation of their duty of loyalty to the Plaintiffs.
26. On March 26, 2010, Mark Estes, secretly incorporated North Palm Community Church, as a non profit corporation, with the Secretary of State for the State of South Carolina, without notice to and approval of the Plaintiff Church of God as required by the Minutes.
27. Upon information and belief, this incorporation was also pursuant to a plan whereby Mark Estes and Patricia Estes could wrongfully divert property belonging to the Plaintiffs

to their own private and personal use in furtherance of their own agenda, in violation of their duty of loyalty to the plaintiff.

28. On October 15, 2007, Community First Bank made a loan in the original principal amount of \$700,000, to North Palm Ministries, Inc., the note for such loan was signed by Defendants Michael Timothy Brooks as Trustee, Rolando Rivera Osorio as Trustee, and Adam Boyer as Trustee (herein Trustee Defendants), as Trustees for North Palm Ministries. (Exhibit 3)
29. On October 15, 2007, Community First Bank placed a mortgage on property located at 5505 North Rhett Avenue (Exhibit 4) and owned by Church of God of North Charleston, as security for the loan made to North Palm Ministries. This mortgage was placed without the authority or approval of Plaintiffs as lawful owners of the property.
30. The mortgage was unlawfully signed by Defendants Michael Timothy Brooks as Trustee, Rolando Rivera Osorio as Trustee, and Adam Boyer as Trustee (herein Trustee Defendants) pursuant to a plan whereby Mark Estes, Patricia Estes and the Trustee Defendants could wrongfully divert property belonging to Plaintiffs to their own private and personal use in furtherance of their own agenda and in violation of their duty of loyalty to the plaintiffs.
31. That Trustee Defendants did not have authority to sign said mortgage, encumbering the property located at 5505 North Rhett Avenue (Exhibit 1).
32. That despite notice that Trustee Defendants did not have authority to encumber property, Defendant Community First Bank attached a mortgage to Plaintiffs' property.
33. That Defendant Community First Bank disbursed over \$310,000 of the loan proceeds to North Palm Ministries Inc.

34. That Defendant Community First Bank knew or in the exercise of reasonable care should have known that it did not have authorization from Plaintiffs to disburse the funds secured by a mortgage on Plaintiff's property.
35. On October 15, 2007, Defendant North Palm Ministries, Inc., secretly purchased two properties located at 7138 Cross County Road, Charleston County, South Carolina (herein Cross County property) and 7167 and 7171 Bryhawke Circle, Charleston County (herein Bryhawke properties), using the proceeds from the loan secured by the property located at 5505 North Rhett Avenue.
36. That Defendant North Palm Ministries used Plaintiffs' funds to make a down payment for the purchase of the Cross County and Bryhawke properties.
37. That on March 23, 2009, Community First Bank made a loan in the original principal amount of \$75,000, to North Palm Ministries, Inc., the note for such loan was signed by Defendants Michael Timothy Brooks as Trustee, Rolando Rivera Osorio as Trustee, and Adam Boyer as Trustee (herein Trustee Defendants) , as Trustees for North Palm Ministries.(Exhibit 5)
38. On October March 23, 2009, Community First Bank placed another mortgage on property located at 5505 North Rhett Avenue (Exhibit 6) and owned by Plaintiff Church of God of North Charleston, as security for the loan made to North Palm Ministries.
39. The mortgage was signed unlawfully by Defendants Michael Timothy Brooks as Trustee, Rolando Rivera Osorio as Trustee, and Adam Boyer as Trustee (herein Trustee Defendants) pursuant to a plan whereby Mark Estes, Patricia Estes and the Trustee Defendants could wrongfully divert property belonging to Plaintiffs to their own private

and personal use in furtherance of their own agenda and in violation of their duty of loyalty to the plaintiffs.

40. That Trustee Defendants did not have authority to sign said mortgage, encumbering the property located at 5505 North Rhett Avenue (Exhibit 1).
41. That despite notice that Trustee Defendants did not have authority to encumber property, Defendant Community First Bank attached a mortgage to Plaintiffs' property.
42. That Defendant Community First Bank disbursed the loan proceeds to North Palm Ministries Inc.
43. That Defendant Community First Bank knew or in the exercise of reasonable care should have known that it did not have authorization from Plaintiffs to disburse the funds.
44. That Trustee Defendants never sought approval from the Church of God as required, prior to signing mortgages.
45. That upon information and belief Defendants Estes and Trustee Defendants intentionally concealed their action in violation of their duties of loyalty to Plaintiffs.
46. That Defendant Community First Bank released the funds to North Palm Ministries without proper authorization from Plaintiffs.
47. That North Palm Ministries failed to make payments on the mortgages issued by Community First Bank.
48. In March 2010, Defendant Mark Estes surrendered ecclesiastical ministerial credentials/ordination with Plaintiffs.
49. On March 22, 2010, Plaintiff learned of the encumbrances that Defendants placed on the North Rhett Property.

50. Plaintiff sold the North Rhett Property and was forced to satisfy the unauthorized mortgages issued by Defendant Community First Bank.
51. Defendant North Palm Ministries continues to own the properties located at 7138 Cross County Road, Charleston County, South Carolina (herein Cross County property) and 7167 Bryhawke Circle, purchased in part using fraudulently obtained funds, through encumbrances placed on Plaintiff's North Rhett Property.
52. On October 12, 2007, Defendant Patricia Estes, without authority from Plaintiff, signed a lease agreement, leasing the North Rhett Property and begins collecting rent.
53. That all lease payments were used for the benefit of Defendants Mark and Patricia Estes and/or North Palm Ministries.
54. That on October 9, 2008, Defendant Mark Estes, without authority from Plaintiff, signed a new lease to Seacoast Community Church for the North Rhett property and continues to collect rent.
55. That all rent payments were used for the benefit of Mark Estes, Patricia Estes, and/or North Palm Ministries.
56. That when Defendant North Palm Ministries failed to make mortgage payments for the unauthorized mortgage placed on the North Rhett Property, Defendant Community First Bank demanded that Seacoast Community Church pay make the lease payments directly to it.
57. That Defendant Community First Bank received numerous payments directly from Seacoast Community Church.

**FOR A FIRST CAUSE OF ACTION
BREACH OF FIDUCIARY DUTY AS TO DEFENDANTS PATRICIA ESTES,
MARK ESTES, AND TRUSTEES DEFENDANTS**

58. Plaintiffs reallege paragraphs 1 through 57 as fully set forth here.
59. That as the Pastor, Exhorter and Trustees, Defendants owed strict fiduciary duties to Plaintiff.
60. That Defendants failed to fulfill their obligations to Plaintiff, failed to faithfully execute services and breached their duties to Plaintiff in various ways, including by:
- a. Failing to seek or obtain authorization for signing mortgage documents.
 - b. Failing to inform Plaintiff of diverting the funds in amounts exceeding \$385,000 for personal purposes or for the benefit of Defendant North Palm Ministries.
 - c. Misappropriating over \$385,000 in Plaintiff's funds and assets, which have not been repaid.
 - d. Failing to inform Plaintiffs that they had used their resources to form, develop and conduct business as a new church, unaffiliated with Plaintiff.
 - e. Failing to protect the assets of the Trust for which they were acting as Trustees
61. As a direct and proximate cause of Defendants' fiduciary duties, Plaintiff has been damaged in an amount that far exceeds \$400,000, directly misappropriated for the use of Defendants.
62. Because of the willful, wanton and intentional nature of Defendants' conduct and the abuse of their position of trust, Plaintiff is informed and believes that it is entitled to Judgment against Defendants in an amount for actual, punitive damages, attorneys fees and cost and any other damages this court may deem fair.

**FOR A SECOND CAUSE OF ACTION
FRAUD AND CONSTRUCTIVE FRAUD AS TO DEFENDANTS MARK ESTES,
PATRICIA ESTES AND TRUSTEE DEFENDANTS**

63. Plaintiff realleges paragraphs 1 through 57 as set forth herein.
64. From year 2007 through 2010, Defendants had a duty of full disclosure to plaintiffs.
65. From years 2007 through 2010, Defendants Estes and Trustee Defendants made representations to the Plaintiffs through its financial documents and disclosures regarding the nature of the transactions they conducted in and on plaintiffs behalf.
66. From years 2007 through 2010, Defendants Estes and Trustee Defendants failed to disclose the actions they took without authorization from plaintiffs, including, but not limited to the signing of the mortgage documents dated October 15, 2007 and March 23, 2009 and Leases dated October 12, 2007 and October 9, 2008, without Plaintiffs' consent and using the proceeds of the transactions for their personal benefit.
67. Defendants' representations and omissions were false and Defendants knew their representations were false and Defendants were not entitled and received amounts that were not authorized by Plaintiff.
68. Each of the representations or omissions were made with the purpose of inducing Plaintiff to rely on them.
69. Plaintiff relied on Defendants' misrepresentation, in ignorance of the representations' falsity and it has been and continues to be damaged as a result of the belated discovery of the facts regarding unauthorized mortgages and leases and Defendants' use of the funds.
70. Because of the willful, wanton and intentional nature of Defendants' conduct and the abuse of their position of trust, Plaintiff is informed and believes that it is entitled to Judgment against Defendants in an amount for actual, punitive damages, attorneys fees and cost and any other damages this court may deem fair.

FOR A THIRD CAUSE OF ACTION

CONVERSION AS TO ALL DEFENDANTS

71. Plaintiff realleges paragraphs 1 through 67 as if fully set forth here.
72. Over the past several years, both directly and through the actions of others taken at their direction and control, or with their approval, Defendants came to exercise unauthorized dominion and control over Plaintiff's funds and assets, as well as assets obtained as a result of the improper use of Plaintiff's resources, including but not limited to Plaintiff's property located at 5505 North Rhett Avenue and Plaintiff's funds.
73. Defendants' dominion and control over the property has been to the exclusion of, and in defiance of, the Plaintiff's rights, or has otherwise interfered with the rights of Plaintiff in and to such property.
74. Plaintiff has been damaged by Defendants' conversion of Plaintiff's property, in an amount to be determined at trial.
75. Plaintiff is informed and believes that they are entitled to a judgment in plaintiff's favor for actual and punitive damages and attorneys fees and cost.

**FOR A FOURTH CAUSE OF ACTION
AIDING AND ABETTING THE BREACH OF FIDUCIARY DUTY AS TO
DEFENDANTS COMMUNITY FIRST BANK AND ITS SUCCESSOR**

76. The foregoing paragraphs are incorporated herein by reference.
77. Defendants Estees and Trustees Defendants breached the fiduciary duties owed to Plaintiff.
78. By and through the conduct alleged herein, the Defendant Community First Bank, aided and abetted Defendants Estees and Trustee Defendants, in the breach of the fiduciary duties owed to Plaintiff.

79. As a direct and proximate result of the Plaintiff's aiding and abetting Defendants, Plaintiff was damaged.

**FOR A FIFTH CAUSE OF ACTION
SLANDER OF TITLE AS TO DEFENDANT COMMUNITY FIRST BANK AND
ITS SUCCESSOR**

80. The foregoing paragraphs are incorporated herein by reference.

81. Defendants' acts constituting slander include, but are not limited to attaching mortgages to Plaintiffs' property.

82. Defendants willfully recorded the mortgages.

83. Defendants were on notice that they did not have proper authorization to issue the mortgages.

84. Defendants intended that willful publication of the unauthorized mortgages would result in damage to the pecuniary interest of plaintiffs, or recognized or should have recognized that it would have that effect.

85. By willfully publishing said mortgages, Defendants caused damages to the Plaintiffs, including the impaired marketability of the property and the necessity to expend greater effort and expenses that would otherwise have not been required to sell the property.

86. Plaintiffs are informed and believe that they are entitled to damages.

**FOR A SIXTH CAUSE OF ACTION
AIDING AND ABETTING SLANDER OF TITLE AS TO DEFENDANTS ESTEES
AND TRUSTEE DEFENDANTS**

87. The foregoing paragraphs are incorporated herein by reference.

88. Defendants Community First Bank slandered Plaintiffs' title to the property located at 5505 North Rhett Avenue.

89. By and through the conduct alleged herein, the Defendants Estees and Trustee Defendants, aided and abetted Defendants Estees and Trustee Defendants, in publishing the slanderous statements.

90. As a direct and proximate result of the Plaintiff's aiding and abetting Defendants, Plaintiff was damaged.

91. Plaintiffs are informed and believe they are entitled to damages.

**FOR A SEVENTH CAUSE OF ACTION
UNJUST ENRICHMENT AS TO DEFENDANTS COMMUNITY FIRST BANK AND
ITS SUCCESSOR**

92. The foregoing paragraphs are incorporated herein by reference.

93. The Plaintiffs paid Defendants in excess of \$700,000 to clear the title for the property located at 5505 North Rhet Avenue.

94. It would be unconscionable and against fundamental principles of justice for the Defendants to retain such incentive, particularly in view of the extensive fraud, misrepresentation and manipulation engaged in by defendants regarding the mortgages placed on Plaintiffs' property.

95. Plaintiffs are informed and believe that Defendants have been unjustly enriched by the mentioned payments and must return such payments, including, but not limited to payments made upon the sale of the property and lease payments received, to the Plaintiffs with interest.

**FOR AN EIGHT CAUSE OF ACTION
RESULTING TRUST AS TO DEFENDANT NORTH PALM MINISTRIES**

96. The foregoing paragraphs are incorporated herein by reference.

97. Defendant North Palm Ministries, Inc. used in excess of \$310,000 of Plaintiffs funds to purchase the Bryhawk and Cross County properties.

98. Title to Bryhawk and Cross County property was issued in the name of the Defendant,

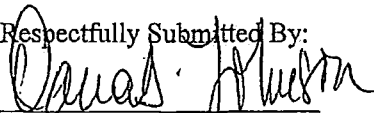
99. Plaintiffs are informed and believe that they have an equitable title to the Bryhawk and Cross County Properties and defendant holds the title in trust for Plaintiffs.

100. Defendants have repudiated and denied plaintiffs' interest in the property and plaintiffs are informed and believe that defendants intend to sell the property and receive and convert all the proceeds of the property to its own use.

101. Plaintiffs are informed and believe that they are entitled to an order imposing a trust on the property to secure Plaintiffs interest in the property.

WHEREFORE, the Plaintiffs **CHURCH OF GOD, CHURCH OF GOD OF SOUTH CAROLINA** and **CHURCH OF GOD AT NORTH CHARLESTON**, pray for judgment against the Defendants for equitable relief and/or for actual, special, consequential, and punitive damages to the fullest extent allowed by law in the amount determined by the trier of fact, for the costs of this action, for such equitable relief as the Court may deem appropriate, and for such other relief as this Honorable Court deems just, prudent, and proper.

Respectfully Submitted By:



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ATTORNEYS FOR PLAINTIFFS

On this 20 day of March 2013
Charleston, SC

EXHIBIT 1

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Email: hfcsup@sccog.com

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Email: wmhfc@sccog.com

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Email: kristi.vicars@sccog.com

HFC Social Worker: Lynn Schmid
(864) 967-8987 Ext. 205

Mauldin Campground Supervisor:
Tim Haulbrook
Home Phone: (864) 918-6093

Pee Dee Campground Supervisor:
Carlton Lane
Cell: (843) 229-0984

INTERNATIONAL OFFICES ADMINISTRATION

International Executive Committee

General Overseer Raymond F. Culpepper
 First Assistant General Overseer Timothy M. Hill
 Second Assistant General Overseer Mark L. Williams
 Third Assistant General Overseer David M. Griffis
 Secretary General Wallace J. Sibley

International Executive Council of Eighteen

T. Bryan Cutshall, H. Loran Livingston, William E. Isaacs, David C. Cooper, Tony D. Scott,
 Donald M. Walker, Grant McClung, R. Lamar Vest, Jentezen Franklin, Oliver L. McMahan,
 Fedlyn A. Beason, David E. Ramirez, Gary W. Sears, Nick Park, David Munguia,
 Michael R. Chapman, Mark L. Walker, and M. Thomas Propes.

DIRECTORY

Church of God International Offices
 Post Office Box 2430, Cleveland, TN 37320-2430
 Phone: (423) 472-3361

Benefits Board	(423) 478-7131
Black Ministries	(423) 478-7829
Business and Records	(423) 478-7780
Care Ministries.....	(423) 478-7140
Chaplains Commission	(423) 478-7706
Communications/Public Relations/Media Ministries	(423) 478-7112
Division of Education	(423) 478-7308
Evangelism and Home Missions.....	(423) 478-7103
Family Ministries	(423) 478-7195
Hispanic Ministries	(423) 478-7164
Lay Ministries	(423) 478-7286
Legal Services	(423) 478-7056
Men and Women of Action.....	(423) 478-7955
Military & Multi-Cultural Ministries.....	(423) 478-7259
Ministerial Development/School of Ministry	(423) 478-7011
Ministry to Israel.....	(423) 478-7087
Music Ministries	(423) 478-7784
Pathway Press	(423) 476-4512
Publications Toll Free (<i>for Church Orders Only</i>).....	(800) 553-8506
Stewardship Ministries.....	(423) 478-7179
Theological Seminary	(423) 478-1131
Women's Ministries.....	(423) 478-7170
World Missions	(423) 478-7190
Youth and Christian Education.....	(423) 478-7225

Lee University
 Post Office Box 3450
 Cleveland, TN 37320-3450
 (423) 614-8000

2008-2010 STATE BOARDS

STATE COUNCIL

J. Mark Daniel
Joseph P. Grice
Jerry David Love
Richard E. Porterfield
James H. Shealy
A. Russell Miles
Bruce C. Fox
Stuart A. Jacobs
Michael Lynn Wooten
Henry Albert Sims, Jr.
Christopher David Sustar
Joseph H. Vicars, II

ALTERNATES

Vincent Collins
Bobby Johnson

STATE YOUTH & C.E. BOARD

Neal P. Nolan
Derrick W. Jones
G. Scott Hager
Timothy L. Henderson
Edward A. Hardee
M. Eric Shuler
Tray Brown
Terry L. Wilkerson
Jason C. Garner

ALTERNATES

Kim Hager
Daniel A. Murray

CHURCH MINISTRIES BOARD

Vincent D. Collins
Milton K. Stubblefield
Thomas D. Suttle
Donald Childers
B. Doyle Roberts
Wayne Hodge
J. Ronald Grant

ALTERNATES

Robert Wells
C. Mac Gilliam

HOME FOR CHILDREN BOARD

Fred D. Bryant
Thomas W. Wallace II
L. Keith Vaughn
Phillip Napier
Edward O. Harris
Randy L. Caulder
Stoney Abercrombie

STATE BOARD OF TRUSTEES

Lee W. Black
Edwin L. Huggins
Joe Hood
Roy Burroughs
William F. Waters

WOMEN'S MINISTRIES BOARD

LaQuita Propes, State WM President
Becky Copley, Girls Ministries Coordinator
Kim Allen, WM CM Coordinator
Pam Childers, HFC Coordinator
Marilyn Patterson
Gloria Herring
Jackie Sims
Brandi Grubbs
Melody Vaughn
Emily Sutton
Rhonda Wells

MINISTERIAL DEVELOPMENT BOARD

Terry Sherfield
Robert Wells
Charles Ledford
Jonathan Hodges
David L. Kemp
Timothy A. Kerns
C. Edwin Allen Jr., Liaison

STATE LAYMEN'S BOARD

Wayne Derrick, Chairman
Neil Wilson
Wayne Huskamp

MAULDIN CAMPGROUND COMMITTEE

(Joint Committee)

Bruce C. Fox, Chairman
Michael Wooten
Joseph H. Vicars
Verson M. Hodges, Jr.
Larry E. Sluder
C. Parnell Coward
C. Edwin Allen, Jr., Liaison

WORLD MISSIONS BOARD

Kevin Jones, Chairman
Arizona DeVane
Eduardo Nieves
Mark Fleming
Michael Coward
John Petty
Ken Anderson, Field Representative
M. Thomas Propes, Liaison

STATE MUSIC COORDINATOR

Bob McCuen

STATE MUSIC COMMITTEE

Brian Rhodes
Angie Murphy
Jonathan Sawyer
Curtis Terry
Steve Knight
Danny Knight
Greg Copley, Liaison

LEE ALUMNI BOARD

Charles B. Turner, President
Timothy Carter
Neil DuBose
John Harbin
Aaron Hodges
Kenneth McDonald
Jonathan Phillips
Greg Copley, Liaison

**MINISTERIAL SCREENING
COMMITTEE**

William F. Waters, Chairman
Benny B. Burton
Larry Flippo

STATE EXAMINING BOARDS

EXHORTERS

Willie V. Sutton, Chairman
James A. Patterson
Allen Smith
Allan Black

ORDAINED MINISTERS

Edgar Foster, Chairman
Mikeal L. Starrick
Patrick Dye

ORDAINED BISHOPS

Alton L. Stone, Jr.
D. Walter Barwick
Paul Herring

**RETIRED MINISTERS
FELLOWSHIP BOARD**

Thomas Ashley, President
Billy Bowman
R. P. Grice
R. J. Lambert
Bobby Wynn
R. R. Herring
T. T. Madden
James B. Grant
C. Edwin Allen, Jr., Liaison

PRISON COMMISSION

Wallace Purvis, Coordinator
Barbara Pettit
Robert Edward Kelley
Ron Goode
Don Gray

DECLARATION OF FAITH

We Believe

1. In the verbal inspiration of the Bible.
2. In one God eternally existing in three persons; namely, the Father, Son, and Holy Ghost.
3. That Jesus Christ is the only begotten Son of the Father, conceived of the Holy Ghost, and born of the Virgin Mary. That Jesus was crucified, buried, and raised from the dead. That He ascended to heaven and is today at the right hand of the Father as the Intercessor.
4. That all have sinned and come short of the glory of God and that repentance is commanded of God for all and necessary for forgiveness of sins.
5. That justification, regeneration, and the new birth are wrought by faith in the blood of Jesus Christ.
6. In sanctification subsequent to the new birth, through faith in the blood of Christ; through the Word, and by the Holy Ghost.
7. Holiness to be God's standard of living for His people.
8. In the baptism with the Holy Ghost subsequent to a clean heart.
9. In speaking with other tongues as the Spirit gives utterance and that it is the initial evidence of the baptism in the Holy Ghost.
10. In water baptism by immersion, and all who repent should be baptized in the name of the Father, and of the Son, and of the Holy Ghost.
11. Divine healing is provided for all in the Atonement.
12. In the Lord's Supper and washing of the saints' feet.
13. In the pre-millennial second coming of Jesus. First, to resurrect the righteous dead and to catch away the living saints to Him in the air. Second, to reign on the earth a thousand years.
14. In the bodily resurrection; eternal life for the righteous, and eternal punishment for the wicked.

2008 SOUTH CAROLINA STATE MINISTERS MEETING

October 27-28, 2008
Praise Cathedral Church of God
Greer, South Carolina

STATE PROGRAM

I. Agenda

That we adopt the agenda as presented by the State Council.

II. State Meetings

A. State Ministers Meeting

1. That the State Ministers Meeting convene at a time set by the state overseer/administrative bishop. The first half-day of the meeting will begin at 1:00 p.m. for business. Elections for boards will be the first order of business on the second (full) day of the meeting beginning with the State Council nominations, etc.
2. That the agenda for the State Ministers Meeting be sent to the ministers at least seven (7) days prior to the meeting.
3. That we have a motions committee appointed by the state overseer/administrative bishop to receive motions between the time the State Council meets and/or during the State Ministers Meeting, to be presented when the adopted agenda is completed.
4. That in the presentation of motions to the State Ministers Meeting, all dates be made current and all completed items be deleted automatically. Motions affected by current dates or completed jobs will not be presented to the ministers.
5. That the State Council be authorized to handle general housekeeping motions. *(This includes amending current motions to conform to rulings by the International General Assembly.)*
6. That the minutes of the 1984 South Carolina State Ministers Meeting be adopted as our permanent book of minutes. Further, that only those items that need to be amended or added be considered for future meetings.
7. That the state office furnishes a copy of the *State Ministers Meeting Minutes* and ministerial directory to each South Carolina minister and each local church clerk.
8. That all state ministers meeting minutes (called or regular) be mailed to each South Carolina minister.

III. State Council

A. Selection

1. That ministers, in conference, shall elect a board of councilors to the state overseer/administrative bishop (the state overseer/administrative bishop serving as ex-officio chairman) according to the International General Assembly ruling.
2. The council shall consist of ordained bishops who are in good standing.
3. That a member be elected for a two year term and be eligible to succeed himself one term.
4. That election to the State Council takes precedence over all other boards.

B. Vacancy

That when a councilor fills the unexpired office of another state councilor, he becomes eligible for re-election, provided he has served less than one year.

C. Duties and Authorities

That the duties and authorities of the State Council be as outlined in the *International General Assembly Minutes*.

D. Additional Responsibility

That the salary of the Home for Children director be set by the State Council.

IV. Boards

- A. That no person be eligible to serve on more than one standing, elected or appointed board simultaneously, with the exception of the State Board of Trustees. Further, that an elected or appointed board member be eligible to succeed himself for one (1) two-year term. (This does not apply to the Home for Children Board of Directors, which must comply with South Carolina state law.) That non-elected standing board and committee members be selected by the state overseer/administrative bishop and approved by the State Council. *Exemption: The Ministerial Development Board is exempt from term limit requirements.*
- B. Further, that no person serve on a standing elected or appointed board who is not current in their church or personal ministerial reports. (This would not apply to church reports which were in arrears prior to their appointment as pastor.) Further, that those inconsistent in reporting not be placed in nomination for an elected or appointed board after January 1, 1991. In order to comply with this, the person must be notified by letter from the state overseer/administrative bishop if the report is in arrears. That the state overseer/administrative bishop notify the minister who is delinquent with his report not less than sixty (60) days prior to a state meeting or an

election. That thirty (30) days prior to state ministers meeting be the cutoff date for catching up delinquent reports.

General Information: Church and Ministers reports should be received (not postmarked) in the State Office by the 5th of each month.

- C. Those names of persons receiving less than twenty (20) votes for election to a board or committee not be read aloud.
- D. That the various boards and committees make recommendations pertaining to their departments, and that the State Council, with the state overseer/administrative bishop, outlines the agenda to present to the State Ministers Meeting.
- E. That two (2) alternates be selected for each elected board. In the event of a vacancy, the first alternate shall fill the vacancy, etc. (Alternates to the State Council shall be eligible to serve on other elected boards.) That state boards and committee meetings take precedence over all other obligations and responsibilities except general church obligations and extreme cases of emergency. Any unauthorized absence or excessive tardiness will constitute automatic expulsion from a board or committee. Dismissal procedures shall be as follows:
 - 1. The chairman is to notify the state overseer/administrative bishop of absenteeism and/or excessive tardiness.
 - 2. The state overseer/administrative bishop will notify the erring member in writing and the absentee member's dismissal from the appointed or elected board will be authorized by the State Council.
 - 3. The state overseer/administrative bishop will then fill the vacancy in the appropriate manner.
 - 4. When vacancies occur after July 1st of the International General Assembly year, no replacement shall be made until the next State Ministers Meeting.

V. Building and Properties Policies

- A. The state overseer/administrative bishop shall approve the selection, purchase, and construction of all church, parsonage, or Sunday School properties, together with the respective district overseer.
- B. That no church be permitted to launch a building program which would obligate it to pay as monthly installments an amount equal to more than two percent (2%) of its gross tithes during the past twelve (12) months, unless authorized by the State Council. Building programs which cannot be determined by the gross tithes are to be passed upon by the State Council.

General Information: Please contact the state overseer/administrative bishop's office for an application for approval that includes the proper procedures and guidelines. Approvals which require State Council approval must be received two weeks prior to a State Council meeting.

VI. Aged Ministers

A. Reformation Sunday

The pastor of each local church shall set aside *Reformation Sunday* (the last Sunday in October) annually in honor of aged ministers for the purpose of raising a special love offering, and said receipts are to be sent to the Church of God General Secretary-Treasurer (*International General Assembly*). Clerks are to note this amount on the monthly report sent to the State Office. Further, that pastors and state leaders seek to identify, encourage, and make use of the talents of retired ministers and their spouses through every available means.

B. Five Percent

Every minister is encouraged to send five percent (5%) of his/her gross income from the ministry to the Aged Ministers Retirement Fund at the end of each month with his/her monthly report.

C. Medicare Supplement Insurance/Health Insurance Assistance

All ministers and their spouses who retire in South Carolina because of age (65) or disability and are eligible to receive other state program benefits may be assisted with \$40 a month to help with their health insurance if they meet all qualifications.

Note: Restrictions apply. Contact the state overseer/administrative bishop's office for an application or for more information.

VII. Bank Account

A. Bank Account for Local Churches

That all churches set up a bank account, and all disbursements be made by checks signed by the pastor and clerk or treasurer.

B. Finance Committee

1. Inasmuch as there is an ever-increasing responsibility upon those handling money in the churches, we recommend that where practical, local churches have a finance committee composed of the clerk, treasurer, and other member. The treasurer and third member shall be elected by the church and pastor's council. The duty of said committee shall be to receive and check all funds.
2. All disbursements must be approved by the church and pastor's council, and all major disbursements must be approved by the church in conference. All checks must be signed by the clerk or treasurer and pastor.
3. That all Women's Ministries monies be disbursed as outlined in the *International General Assembly Minutes*. The secretary-treasurer shall disburse monies when authorized to do so by the Women's Ministries, the president, and with the approval of the pastor.

VIII. Camps, Conferences and Conventions

- A. That the Mauldin Camp Meeting dates be set by the state overseer/administrative bishop and the State Council. Further, we recommend the Mauldin Camp Meeting begin each year on the 4th Sunday evening of June (to include the last full week in June) and end on the following Friday evening.

2009 Date: June 21-26

2010 Date: June 20-25

- B. That no services be scheduled in the afternoons for the annual Camp Meeting at the Mauldin Campground. Further, that the evening services begin at 6:00 p.m. on Sunday and at 6:30 p.m. for the remainder of the evening services. A detailed schedule of all Camp Meeting services and activities will be announced and advertised to all churches, etc.
- C. That the Eastern Camp Meeting dates be set by the state overseer/administrative bishop and the State Council.
- D. That we have an annual state-wide winter meeting with the location and time of said meeting to be determined by the state overseer/administrative bishop and the State Council.

IX. Deeds

- A. All deeds on new church property are to be submitted to the State Office for approval before they are recorded in their respective counties.
- B. Further, that all deeds and/or forms for purchasing real estate and all documents of incorporation must include the newly amended essential clauses in accordance with the *International General Assembly Minutes*.

X. District Organization

A. District Meetings

That each district has a regular district meeting, alternating between fellowship meeting, youth, and evangelism rallies.

B. Annual Conferences

That each church holds an annual conference, and that a financial report be presented to the church.

C. District Overseer

He shall promote evangelism in the churches and new fields, attend his district conventions and, in conjunction with the state overseer/administrative bishop, shall pass on the selection and purchase of property in his respective district.

XI. Missions

A. Statement of Ministry

Church of God World Missions affirms the belief that God is a missionary God. The triune God acts for the redemption of man: The Father ordered the plan of salvation, the Son actuated it, and the Holy Spirit executes it. The Father sent the Son; the Son gave His life in obedient sacrifice; and the Holy Spirit draws mankind to salvation.

The authority for ministry in Church of God World Missions resides in the Holy Spirit, who equips and empowers; in the Word, which commissions and guides; and in the church, which structures and supports.

The vision of World Missions is:

Proclamation: To lead Church of God congregations in World Evangelism with every local church, proclaiming His message to all people of the earth by available means.

Planting: To establish a Biblical church in every nation of the world and among every ethnic group in which God opens the door for us.

Preparation: To provide resources and opportunities for the training and mentoring of leaders in every nation and cultural group.

Partnership: To partner with the local Church of God congregations in order to assist them in fulfilling the global visions that God has given them.

B. State/Regional World Missions Board

1. Selection

i. That the state have a state World Missions board consisting of not more than five and not less than three members. The board shall consist of ministers or laymen who have shown strong support for world evangelization.

ii. The board and board chairman shall be appointed biennially by the state overseer/administrative bishop.

iii. That the board meets as often as the state overseer/administrative bishop and chairman deem necessary.

2. **Duties and Responsibilities**

- i. To promote world evangelization in the Church of God in the state.
- ii. To promote state, district, and local world missions conferences, seminars, banquets, and so forth.
- iii. To assist with the scheduling of field representatives and missionaries on furlough.

C. District Missions Representative

1. **Selection**

That each district overseer or one appointed by the state overseer/administrative bishop serve as the district missions representative.

2. **Duties and Responsibilities**

- i. Shall be responsible for the promotion of World Missions programs in the churches on his district.
- ii. Shall meet with the pastors on his district to provide information about World Missions and to encourage participation in its ministries.
- iii. Shall conduct not less than one district missions rally each year.
- iv. Shall cooperate with the state missions representative in the promotion of World Missions.
- v. Shall assist World Missions in the promotion of state and regional missions seminars.

D. Local Missions Committee

Each pastor is asked to appoint a local missions committee for his church. The chairperson will serve as the local missions representative. The representative's name should be sent to World Missions. Information may be obtained from the state missions representative.

1. **Selection**

The local church missions committee is appointed by the local church pastor.

2. **Duties and Responsibilities**

- i. Shall have primary responsibility for helping the pastor establish and maintain a World Missions program in the church.
- ii. Shall distribute "Save Our World" magazine and other missions publications.

- iii. Shall maintain a missions bulletin board or interest center in the church, using materials and suggestions sent by the state missions representative or World Missions.
- iv. Shall keep missions prayer requests before the church.
- v. Shall cooperate with the Sunday School, the Family Training Hour, and other church department leaders to insure constant missions emphasis within their programs.
- vi. Shall perform any other missions-related task as assigned by the pastor.
- vii. Shall make a periodic report of missions activity within the church.
- viii. Shall work with the pastor in emphasizing missions at least one Sunday each month.

E. Missions Heritage Sunday

Each church is encouraged to observe "Missions Heritage Sunday" annually in October or at a time designated by the local pastor.

F. Christ's Birthday Offering

Each church is encouraged to participate in the *Christ's Birthday Offering*, which is used for the *Hunger and Disaster Relief Fund* of World Missions. The annual suggested date is in December or at a time designated by the local pastor. Each family is encouraged to contribute a minimum of \$20 as a Christmas gift to assist with demands for funds created by famines, emergencies and disasters which occur regularly around the world. Support materials will be supplied by World Missions.

G. Each church is encouraged to participate in the *Love the World Sunday* annually in February. Support materials will be supplied by World Missions.

H. Each church is encouraged to participate in *Humanitarian Sunday*. This annual suggested date is in June or at a date set by the local pastor. Support materials will be supplied by World Missions.

I. Each church is encouraged to participate in the *Day of Prayer for World Missions*. The annual suggested date is March or at a date set by the local pastor. Support material will be supplied by World Missions.

J. Each pastor is encouraged to share with his/her church the ministries of World Missions on a regular basis. Printed and video resources are available upon request.

K. Each church is encouraged to pray for unreached people, groups, and where feasible, adopt one as a prayer focus. Also, pray regularly for missionaries and for those around the world who are suffering.

- L. Each state is encouraged to conduct a state or regional missions conference. The Mission Field Representative liaison can assist with the arrangements. Also, local churches are encouraged to conduct a local missions conference.
- M. Short-term missionary trips should be encouraged to inform and inspire persons about World Missions.
- N. Each church is encouraged to set an annual World Missions goal of an amount equal to one month's average tithes.
- O. **State Program Deadlines**

That all monies on the state program be raised and received into the State Office no later than *August 15 of each year, in order to receive credit on the current year's program. (Note: *Award Deadlines for each department may be different.)

P. **Five Percent Mission**

That each pastor be sure that the five percent (5%) is sent each month. One-half is to be sent to the state office; one-half is to be sent to the International Offices with the monthly clerk's report.

Q. **Missions Awards**

1. That an award of recognition be given on the basis of the total amount raised for the cause of World Missions; i.e., five percent missions, state program, special projects. The Camp Meeting award deadline for World Missions' contributions is **April 30th** (received at the International Offices, Cleveland, TN). The International Office provides the State Office with a contribution list of World Missions monies received through April 30th.
2. Said recognition is based on per capita membership classifications as follows:

Group I.....	1 to 50 members
Group II.....	51 to 100 members
Group III.....	101 to 175 members
Group IV.....	176 to 250 members
Group V.....	251 to 350 members
Group VI.....	351 members and above
3. Further, that recognition be given to the church giving the largest amount to the cause of World Missions.

R. That pastors thoroughly review all items listed in the *Ministries Planning Guide* from International Offices pertaining to missions and that these items be observed as state program items.

That every minister be urged to attend the Camp Meeting missions service. Further, that every pastor promote this service in the local church prior to Camp Meeting.

- S. Each church is encouraged to host a *Love for Israel Sunday* annually in May or a date set by the local pastor. Support material will be supplied upon request.

XII. State Program Honor Roll Offering

That the following offerings be collected and sent annually to their respective destinations by their awards deadline dates, or not later than August 15. Upon request from the local pastor or treasurer, a check-up sheet will be generated and sent that will reflect the progress made toward the goal.

A. World Missions

1. That all monies sent in by local churches and individuals designated as World Missions be credited to the respective local church and be sent directly to the World Missions department in Cleveland, Tennessee (including 2.5% on monthly treasurer's report sent to International Offices).
2. Home Missions
That all monies sent in by local churches and individuals designated as Home Missions be credited to the respective local church (including 2.5% on monthly treasurer's report sent to the State Office).
3. YWEA Offering
That all monies sent in by local churches and individuals designated as YWEA be credited to the respective local church. These funds are to be sent to the State Office to the attention of the state Youth and Christian Education director by the date set by the Youth and Christian Education Department.

B. Home for Children

1. Four (4) cents per Sunday School attendee or morning worship attendee (to be sent on monthly treasurer's report sent to the State Office).
2. Easter Offering (to be sent to the South Carolina Home for Children by the date set by the Home for Children to be considered for awards).
3. Harvest Festival (to be sent to the South Carolina Home for Children by the date set by the Home for Children to be considered for awards).

C. **Aged Ministers** (To be sent to International Offices or State Office with October's church report. This offering is for Christmas gifts for retired ministers and widows).

D. **Education Week** (to be sent to International Offices or State Office with March's church report. This offering has been used for the Education department expenses, printing of materials, and scholarships. This offering has decreased over the years and now is mostly used for expenses).

XIII. Music Ministry

A. Music Ministries

In recognition that *Music Ministries VIP* is a general organization of the Church of God, comprised of state and national chapters and that membership is open to all musicians in the Church of God, entitling each individual to benefits, publications, privileges, and programs thereof, we recommend that each church endeavor to have all its very important people partnering in music ministry to enroll in this fellowship for the purpose of promoting music ministry, establishing identity as a music minister, and further growth in spiritual realms.

B. International Music Explosion

Let it be noted that the International Music Explosion is held on an annual basis. This conference is the setting for refreshing concerts, stimulating seminars, and great fellowship. Church musicians and worship leaders are encouraged to participate in this conference as an investment in their individual ministry and for the impact they will bring back to their local churches.

C. Teaching and Training Materials

1. Believing that the church must provide resources for its members to receive training and motivation, the Department of Music Ministry and *Spirit Sound* Music Group are available as resources for music ministry training materials and other services for local churches.
2. Such resources important to ministry are the *Church Music Manual* with its presentation of music ministry, ideas of operations and administration and advice in practical ideas. Other tools include the video "Vocal Techniques", a children's musical production guide, and audio cassettes on specific music ministry topics.
3. Additional services available through *Spirit Sound* are recording and production of recorded materials with which to impact the community.
4. Encourage state personnel and local churches to promote and attend state and general *Music Explosions*. (Dates TBA)

XIV. State Ministerial Development Board

A. Selection

1. That we have a State Board of Ministerial Development consisting of five ordained bishops or ordained ministers, and where possible, at least one qualified layman. *Note: The Ministerial Development Board is exempt from term limit requirements.*
2. That the board and board chairman be appointed biennially by the state overseer/administrative bishop and approved by the State Council.

3. That the board meets as often as the state overseer/administrative bishop and chairman deem necessary.
4. That members be selected on the basis of experience, training, and background in the various areas of ministerial development.
5. That members be chosen who have the respect and trust of the ministers in the state. Board members should be selected who are models for other ministers and recognized leaders who are mentors of others.
6. That the members of the board include men who are strong in areas of training, education, ministerial examination/licensure and care/counseling.

B. State Board of Ministerial Development Chairman

1. That the chairman be appointed by the state overseer/administrative bishop with the primary responsibility and accountability for all areas of ministerial development in the state.
2. That the state chairman serves as the primary contact person between the State Office and the Office of Ministerial Development to insure that all areas of the program of ministerial development are effectively coordinated and administered.

C. Duties and Responsibilities

That the duties and responsibilities of the State Ministerial Development Board shall be:

1. To implement and supervise, under the direction of the state overseer/administrative bishop, the educational programs promoted or suggested by the church.
2. To promote Church of God educational institutions at the state level.
3. To help implement the Ministerial Internship Program (MIP).
4. To stimulate and nurture continuing education programs at all levels.
5. To serve in an advisory capacity to churches, kindergartens, or day cares who are in the process of developing such programs.
6. To promote and supervise the Ministerial Development Institutes (MDI).
 - i. That the Ministerial Development Institutes (MDI) be implemented by the state ministerial development board, working in cooperation with the state evangelism director, who shall serve as liaison to the board.
 - ii. That we endeavor to conduct at least one MDI annually.

- iii. That a survey be made to determine the desire of ministers concerning participation in the MDI program with option for different courses, locations, times, formats, etc.
- iv. That local churches be notified that the Ministerial Development Institutes are state-sponsored programs. Therefore, if funds are available, churches are encouraged to assist their pastor and staff (and spouse/s) to attend the MDI sessions in a manner similar to assistance provided for attendance at Camp Meeting, Prayer Conference, etc.

D. General Education

1. Office of Ministerial Care

That all ministers be encouraged to send a monthly contribution of at least \$5.00 with their report for support of the Office of Ministerial Care.

2. The Timothy Plan

That each pastor be familiarized with *The Timothy Plan* and promote its usefulness and effectiveness to laymen with ministry potential.

3. Ministerial Internship Program

That the Ministerial Internship Program (MIP) be promoted in each state as a mandatory church program for the benefit of ministers seeking to advance in ministerial rank.

4. Ministerial Development Institute Program

That each minister and layman seek to expand his biblical knowledge and spiritual enrichment by participating in the annual Ministerial Development Institute (MDI).

5. Education Week

That Education Week be promoted in each church in the state with an emphasis on ministerial development and education. Further, that each church receive a freewill offering for education and ministerial development, to be sent to the General Secretary-Treasurer with the March church clerk's report.

6. Christian School Conference

That where possible, churches with Christian schools provide means for their teachers and administrators to attend the annual Christian school conference.

7. Church-Related Colleges

- i. That we reaffirm our commitment to our church-related colleges by praying regularly for the administration, faculty, and students, and by actively participating in their recruitment efforts.

- ii. That each local pastor encourage alumni to actively participate in state alumni activities, and consult with the state overseer/administrative bishop in developing regional workshops and seminars for the ministry in areas of biblical theology, pastoral and personal growth, pastoral administration, counseling, preaching, and such like, in cooperation with the general educational goals of the church.

8. Church of God Theological Seminary

- i. Whereas the Church of God Theological Seminary is the denomination's only graduate school for training and equipping ministers and laity for ministry, and is recognized as the arm for nurturing, perpetuating, and proclaiming the Pentecostal/holiness doctrines and practices of the church, the seminary is committed to supporting the various state and local ministers by providing the following:
 - a. Thursday only, intensive J-Term (January, June, and July), extension, and on-site programs for busy pastors and laity. (i.e., the annual Seminar on Ministry.)
 - b. Master's Degrees which integrate biblical, historical, doctrinal and practical ministerial areas along with special Master's degrees which concentrate on ministerial leadership, counseling, missions, pastoral ministries, youth ministry, missions (urban and world), clinical pastoral training, chaplaincies, and other specialized ministries.
 - c. A Doctor of Ministry program designed to produce pastoral leaders who can mentor others in ministry.
- ii. That the Church of God Theological Seminary, state leadership, and local churches join in partnership to give financial support to qualified candidates for ministry by:
 - a. Each minister, where possible, include in their report a minimum monthly gift of \$5.00 under the category "training ministers", and that pastors encourage their churches, where possible, to include a minimum monthly gift of \$10.00 under the same category in their church clerk's report.
 - b. Supporting and promoting the Pastor's Enrichment Program (PEP), which encourages local churches to assist local pastors to attend the Theological Seminary. (The seminary will give half tuition with the church/pastor paying the other half.)
 - c. Encouraging men and women to attend the Theological Seminary so they may prepare for more effective ministry, be grounded in the great classical doctrines of Pentecost and

holiness, and establish a closer bond with the Church of God through the study of its history and faith.

- d. Remember the Theological Seminary in prayer and encourage young men and women to attend the seminary, which is fully committed to the spiritual, doctrinal, and ministerial emphases of the Church of God.
- e. Promote and encourage attendance at the Annual Seminar on Ministry.
- f. Where and when possible, involve students, faculty, staff, and administration in state and local services and seminars.

9. **Church of God School of Ministry**

In order to provide more in-depth personalized ministerial training, the School of Ministry and the Office of Ministerial Development have developed the *Certificate in Ministerial Studies (CIMS)* for all Church of God ministers and ministerial prospects.

That all ministers be encouraged to avail themselves of the educational opportunities offered by the Church of God School of Ministry, and that all ministers be encouraged to complete the personal and confidential *Minister's Education Survey Form* and return it to the School of Ministry.

10. **Ministerial Development Program**

The evolving vision of the Ministerial Development Program is to shape a person for an effective, God-called ministry. The MIP has two functions: (1) to help the individual discover his/her calling and to understand ministry, and (2) to train the individual to accomplish his/her calling in ministry. The MIP achieves these two functions through its Calling and Ministry Studies (CAMS) and through its specific components – MIP Ministry Formation Studies, MIP Seminars, and MIP Practicum.

There are four important concepts in the evolving vision of the MIP. These four simple concepts contain all the MIP components:

i. **Pre-Credentialing Workshops/Calling and Ministry Studies (CAMS)**

The credentialing of Church of God ministers is a ministry formation process. In this process, the church partners with the individual in order to help the individual develop the abilities to fulfill his/her divine call and divine place of ministry. This developmental journey occurs through personal discovering, education, training, and becoming a credentialed minister in the Church of God.

Preparation to enter the Ministerial Internship Program begins with Precredentialing/CAMS. Designated by the Executive Committee and

accepted by the Executive Council as a prerequisite to the MIP, Pre-Credentialing/CAMS will provide the church with a clear profile of spiritual development, behavioral history, and mental health of every ministerial candidate.

The purpose of the Calling and Ministry Studies (CAMS) is twofold:

- o to help the applicant determine his/her calling and understand the meaning and practices of ministry, and
- o to help the church assess the applicant's suitability and capability for credentialed ministry in the Church of God. Fulfilling the twofold purpose is beneficial to the applicant and to the denomination. As one realizes what God has called him/her to do and the individual carries out the calling, then he is enriched personally and the church is enhanced.

The objectives of the Pre-credentialing Workshop/CAMS program are aimed at focusing and affirming the call of ministry on the individual being considered. This program is founded on seven objectives in the preparation and development the candidate for ministry.

a. OBJECTIVES

- (1) To birth an environment of learning and experience out of the wonderful message of our Lord, "Follow me, and I will make you fishers of men" (Matthew 4:19).
 - o "make" – a process of creating and developing that produces or fulfills the purpose and intent of the call.
- (2) To determine, through instruction and dialogue, the applicant's readiness and/or eligibility for full-time ministry in the Church of God.
 - o To address particular personal qualities that are essential to an effective ministry.
 - o To direct the applicant in the understanding and measuring of spiritual disciplines and qualifications/requirements of ministry.
 - o To understand the concept that all Christians are ministers (servants) – with an array of ministerial opportunities – used as an action word (verb) – who actively, dutifully, functionally, and effectively work for the Lord and His people.
 - o Spiritual references: Colossians 3:23; Ephesians 4:1; Joshua 1:8; I Corinthians 11:1; II Corinthians 4:7; I Timothy 3:2-6; Titus 1:6-8; Acts 4:18; II Corinthians 3:1-3.

- (3) To develop men and women into spiritual leaders – maximizing their potentials, setting their boundaries, and focusing on their gifts – in order to better equip them to reach this and future generations.
- The target of endeavor is to devote the applicant's priorities that will place him/her, the church, and the gospel of Jesus Christ in the focal point of society.
 - To make application of spiritual truths, while gaining 'knowledge and practice' genre of the learning experience.
 - To appoint, separate, call, and send men and women into the harvest who have a definite call with a specific purpose to lead with wisdom and sensitivity others into the kingdom.
 - Scripture references: Ephesians 4; Psalms 23:1; I Corinthians 1:10; Hebrews 10:5; Luke 4:6-19; John 15; Colossians 4:17; I Corinthians 16:15; II Corinthians 5:18; Romans 12:7; I Corinthians 1:26-29.
- (4) To reaffirm the Church of God in its uncompromising identity as a Pentecostal church – a church of its heritage, story, polity, structure, and future – with the belief of the full manifestation of the fruit of the Spirit in the lives of believers, and the operation of the spiritual gifts in the life of the church.
- To understand and practice the Church of God mission and statement of vision; thus calling for a public commitment and identity with the church.
 - Scriptural reference: Ephesians 1-6; Matthew 16:13- 20; Acts 1-4.
- (5) To encourage personal application to scriptural principles relative to spiritual growth, financial stability, personal development, physical exercise and fitness, time management and priority setting, and of the building of healthy relationships among church and community.

- o Scriptural references: Colossians 3:1-17-25; 4:5; I Timothy 4:6-16; Philippians 2:2-16; Ephesians 5:1-20; 6:1-4; II Corinthians 3; I Corinthians 5:16-20; Romans 12:1-2; 15:14; I Corinthians 10:31; Proverbs 22:1; I Chronicles 29:11; Luke 12:15; Matthew 7:11; James 1:17.

(6) To promote a life of integrity, character and influence.

- o A reason why so many people struggle with integrity issues is that they tend to look outside themselves to explain any deficiencies in character. The development of integrity is an outside work of the Holy Spirit.
- o To model consistency of character to win and influence people.
- o Scriptural reference: II Timothy 3:13-14; Psalm 101:6; Job 5:27; Psalm 7:8; I Kings 9:4-5; I Chronicles 29:17; Genesis 39:4.

(7) To prepare the applicant (and spouse, if applicable) for future planning and implementation of the call to ministry.

- o To map the future of the applicant in the process of credentialing, placement, and possible opportunities.
- o To maintain a constant communication link with the applicant for follow-up and encouragement.

b. The Pre-credentialing Workshops/CAMS will consist of a three-day intensive that will introduce the applicant to the following:

- (1) Call of God on their life
- (2) Qualifying Elements of Ministry Calling
- (3) Spiritual Leadership
- (4) Church of God 101
- (5) Building a Life of Integrity
- (6) Time Management
- (7) Personal Body Training
- (8) Preparation for the Exhorter Exam or Lay Leadership Program
- (9) Three (3) required CIMS courses:
 - o *Knowing Your Church*
 - o *Learning the Practices of Ministry*
 - o *Understanding Yourself and Others*

- c. Each applicant will be required to cooperate with his/her pastor in mentoring and counseling experiences designed to assess the candidate's preparation for ministry. The candidate's spouse will be required to attend the workshops and participate in the assessment process.
- d. State Screening Committee
 - (1) The Licensing Secretary will schedule an appointment for the candidate to meet with the State Screening Committee during the Pre-Credentialing Workshop/CAMS program.
 - (2) The following assessment tools will be administered:
 - o A marital review had been completed.
 - o A background check has been conducted.
 - o A clinical psychological profile has been completed.
 - (3) The State Screening Committee shall determine, after interviewing the candidate, his/her qualifications for ministry and make recommendations for advancement to the state overseer/administrative bishop and Ministerial Development Board.

ii. **Candidate Status**

When an applicant clears the approval process and completes the Pre-credentialing Workshops/CAMS program, an application will be made to the state overseer/administrative bishop for the rank of exhorter ministry. He or she becomes a candidate for the rank of exhorter and is admitted to the MIP process. The word *candidate* was chosen because Webster's primary definition for candidate is, "one who aspires to or is nominated to an office, membership, or award."

iii. **Ministry Formation Studies (MFS)**

MFS provides knowledge about the Bible, doctrine, and practical ministry through nine (9) Certificate in Ministerial Studies (CIMS) courses. These nine courses are offered by the state Ministerial Development Office as MIP/DLC (Ministerial Internship Program/Distant Learning Centers).

- a. The Ministry Formation Studies shall consist of the following CIMS courses:
 - o *Journey Through the Old Testament*
 - o *A Journey Through the New Testament*
 - o *Living the Faith*
 - o *Knowing the Holy Spirit*

- *Leading with Integrity*
- *Equipping People for Ministry*
- *Planting and Growing Churches*
- *Helping People in Crisis*
- *Preaching the Word Today*

- b. A candidate who previously has completed any CIMS courses or their equivalent will receive Ministry Formation Studies credit by supplying the appropriate transcripts for review by the registrar.

iv. **MIP Seminars**

The MIP Seminars add to the insights presented through the Ministry Formation Studies by offering practical and relevant topics that are taught by experienced ministers. In addition to the knowledge gained through the topics in the MIP seminars, the seminar leaders are able to inspire and motivate the MIP candidates in committing themselves to their calling. Also, fellowship with seminar attendees enhances awareness of ministry in the church and offers mutual support, as well as encouragement. The MIP Seminars will consist of six to eight (6-8) monthly sessions.

v. **MIP Practicum**

The MIP Practicum offers the MIP candidate a nine-month (9) intensive, providing an opportunity to gain insight through mentoring by a seasoned pastor and through practical, hands-on experience. This deeper level of mentoring enables the MIP candidate to experience firsthand his/her calling in ministry, which promotes the development of ministerial knowledge and skills. In preparing the MIP candidate for the rank of ordained minister and for ministry, the MIP purposes to help the MIP candidate in the following ways:

- a. Deepen his/her relationship with God
- b. Increase his/her knowledge of the Bible, doctrine, and ministry
- c. Acquire ministerial skills
- d. Build a mutual relationship with the denomination, peers, and ministers.

vi. **Sequence and Length for MIP Components**

Ministry Formation Studies must be completed before the candidate can enter the seminars and practicum phases of the MIP. The candidate has four years to complete the MIP. Although MIP can be completed in less than four years, a format for completion will be adopted for the candidate that adjusts to his or her pace for the four-year limitation.

vii. **Completing the MIP**

The completion of the MIP begins with a recommendation to the state overseer/administrative bishop that the candidate has successfully completed the MIP and is eligible to prepare for the ordination examination. This recommendation comes from the Ministerial Development Board, based on the successful completion of outlined program.

MINUTES 2008
CHURCH OF GOD
BOOK OF DISCIPLINE,
CHURCH ORDER,
AND GOVERNANCE

Containing
Extant Rulings of the Church of God
International General Assemblies
1906 through 2008

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72nd International General Assembly

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CHURCH GOVERNMENT—
STATE

S23. STATE OVERSEERS (60th A., 1984, pp. 42, 43)**I. Selection**

1. The state overseers shall be appointed by the International Executive Committee, and a rating instrument shall be designed to indicate the state overseers' performance, and this rating sheet shall substitute for the preference ballot as the primary source of information. Also, that a place be provided on the rating sheet for the individual's preference for state overseer.

2. Further, that state overseers be installed in a commissioning service at the International General Assembly.

II. Qualifications

The office of state overseer is an honored and vital position in the Church of God (Acts 20:28). It is therefore fitting that the person who serves in this capacity be a person of strong spiritual authority and able to demonstrate capable leadership qualities, such as

1. The ability to oversee persons as well as programs (Acts 20:28).

2. An attitude of submission to those over him in the Lord (Hebrews 13:7).

3. Leadership qualities to motivate and delegate responsibilities for efficient operation (1 Corinthians 16:1; 1 Timothy 1:18, 19; 5:1, 2).

4. Sensitivity to those whom he serves by exemplifying compassion, trustworthiness, concern, and integrity (Hebrews 6:10; 1 Timothy 1:18, 19; 4:12, 13; 6:12; 1 Thessalonians 2:1-12; 2 Corinthians 4:1-3; 6:3-12a).

5. Adaptability to the cultural differences and changing role of church ministry (Acts 6:1-7; 2 Timothy 4:1, 2).

III. Accountability

1. He shall be accountable to those who appoint him and dedicated to those whom he serves (2 Timothy 2:4, 5; Luke 16:2).

2. He shall be a model by demonstrating Christlike attributes in his lifestyle and administration (2 Corinthians 6:3, 4a).

3. He shall be diligent in his relationship with his family, his community, his colleagues, and those over him in the Lord, so as not to bring a reproach to his witness and position (1 Timothy 3:2, 4, 5; 1 Corinthians 12:18, 20, 25, 28-30; 1 Thessalonians 5:12, 13; Romans 14:16; James 4:11; 1 Timothy 6:12, 14; 2 Timothy 2:24, 25).

4. He shall stay abreast of the times in terms of administration, finances, office procedures and techniques, and communications.

5. He shall be evaluated periodically by the International Executive Committee.

IV. Orientation

Overseers who are appointed for the first time shall be given a period of orientation immediately following their appointment by the International Executive Committee.

V. Term of Office (64th A., 1992, p. 88; 69th A., 2002, p. 48)

The state overseer's term of office shall be for two years, terminating the Sunday following the close of the International General Assembly. He shall be eligible to succeed himself for an additional term in the same state. Any additional terms in the same state beyond the two terms (four years) must meet the following criteria:

1. He must receive a minimum of a two-thirds majority of the vote of the ministers [in his state or region].
2. The success of his administration must merit said consideration [for an additional term in the same state].
3. The International Executive Committee must believe his reappointment to be in the best interest of the state.

The tenure of office [for the state overseer] is for a maximum of 12 years in nonmission states. He may serve all or part of his tenure in any state or number of states depending upon the above-stated criteria. He may be eligible for reappointment as a state overseer after serving in some other capacity for at least two years.

VI. Duties and Authorities (25th A., 1930, p. 21; 28th A., 1933, p. 43; 39th A., 1944, p. 23; 41st A., 1946, p. 26; 42nd A., 1948, pp. 28-30; 44th A., 1952, p. 35)

The state overseer shall

1. Arrange for and assist in conducting a general evangelistic campaign throughout his state or territory.
2. Appoint district overseers, pastors, and make changes or fill vacancies in pastorates, when necessary.
3. Approve the setting in order of churches before organization is effective.
4. Approve the selection, purchase, and construction of all church, parsonage, or Sunday school properties, together with the respective district overseers.
5. Officiate at all ordination services in his territory, sign credentials of all ministers in his territory who have been approved by the general overseer, or return such credentials to the general overseer, giving reasons for not signing.
6. Sign revocation when terminating the ministry of any individual.

7. Discontinue inactive churches; sign a report of same on forms prepared for this use and send to the general overseer.
8. Transfer members of churches which have ceased to exist, to the church most convenient for the member.
9. Appoint any officer in a local church, Family Training Hour and/or YPB, Sunday school, or Women's Ministries, when necessary.
10. Pass on all questionnaires of applicants to the ministry in his territory who are considered worthy, and sign such applications, showing his endorsement of the applicant before submitting applications to the general overseer.
11. Decide the bounds of each district in his state or territory.
12. Report the organization of new churches to the secretary general on forms prepared for same.
13. Conduct a convention on each district once each year, or group two or more districts for one convention, and at least one state convention, giving general instructions in doctrine and general interests of the church.
14. Call district or state ministers' meetings or prayer conferences to arrange for the state program.
15. Before launching large financial state projects, have the approval of the International Executive Committee.
16. Where the state overseer is serving as pastor, or has relatives who are members of the church, or other conditions that would render him incapable of giving a fair trial to an offending member who has been excluded from the church, he has a right to appeal to the general overseer, who shall select two ordained bishops to sit with him to decide whether or not the offending party should have another trial.
17. The state overseer, with the district overseer, may authorize exhorters to pastor churches, baptize, and receive members into the church, when such authority is necessary or in case of an emergency.
18. The state overseer shall make monthly reports to the general overseer on forms prepared for such reports.
19. Leave all records pertaining to the state work, such as minister's reports, church treasurer's reports, ledgers, financial records, state board decisions, or any other record of importance, in the files in the state office for his successor's information.
20. Live in the state or province over which he is made overseer.

S24. STATE COUNCIL

I. Selection

The ministers of each state, in conference, shall elect a board of councilors to the state overseer (the state overseer serving as *ex officio* chairman) after the following manner:

1. States having 251 or more churches elect not less than 12 ministers.
2. States having 91-250 churches elect not less than 10 ministers.
3. States having 61-90 churches elect not less than eight ministers.
4. States having 21-60 churches elect not less than six ministers.
5. States having up to 20 churches elect not less than four ministers (63rd A., 1990, pp. 79, 80).

With the exception of national, territorial, provincial, or mission states, all councilmen must be ordained bishops. When sufficient ordained bishops are not available in national, territorial, provincial, or mission states, ordained ministers may be appointed as councilmen by the general overseer and respective state overseer (61st A., 1966, p. 62).

II. Duties and Authorities

The State Council shall

1. With the state overseer, have supervision of the state missions money, surplus tithes, state parsonage, campground, and all other funds received and disbursed by the state treasury.
2. After state office expenses have been paid, be authorized to use the surplus tithes of tithes from the state treasury to supplement the income of underpaid pastors and evangelists (43rd A., 1950, p. 15; 45th A., 1954, pp. 29, 30; [1974]).
3. Meet as often as the ministers and the overseer [in the state] deem necessary.
4. Consider and pass on appeals and applications for help on new projects, evangelism, needy ministers, or such emergencies as may arise from time to time.
5. Counsel and act with the state overseer in the study and preparation of recommendations for the State Ministers' Conference (43rd A., 1950, pp. 19, 20).
6. With the state overseer, employ the state secretary and treasurer and set salary, and so forth. However, where the state overseer receives the limit in salary and expense, no member of his immediate family shall be employed as state secretary and treasurer.

S25. STATE BOARD OF TRUSTEES

1. In each state, territory, or country where needed, the state overseer shall, at a state meeting or called meeting of the ministers of the church, or at a state convention of the membership of the church, appoint a State Board of Trustees of not less than five male members. (Any three members of the said board, with the consent of the state overseer, shall have authority to make all necessary transactions or arrangements for the sale or transfer of property, or for the borrowing of money and pledging of property to secure the payment of the same, and to execute all necessary conveyances pursuant to the direction of the International Executive Committee [1994]).

2. Members of the State Board of Trustees shall hold office until their successors are appointed, and this board shall hold title to manage, and control, or cause to be managed and controlled, pursuant to the direction of the church, all real estate in which the churches or membership of the churches in the state hold a common or general right of interest. These boards shall use the said properties, including, without limitation, campgrounds, state parsonages, and the like, for the sole and exclusive benefit of the Church of God.

3. The said State Board of Trustees shall also hold title to, manage, or cause to be managed and controlled, pursuant to the direction of the Church of God (Cleveland, Tennessee) all real and personal properties in places where no church has been organized (53rd A., 1970, Item 15, pp. 44-46; [1994]).

4. Provided further, that the State Board of Trustees is hereby authorized and empowered, with the consent of the state overseer, to transfer and convey to a Local Board of Trustees, and without a conference of the ministry of the state, such trust property for use of a church, for which such Local Board of Trustees are the trustees (43rd A., 1950, p.17; [1994]).

5. As directed by the state/regional overseer and state/regional council of the Church of God (Cleveland, Tennessee), the State/Regional Board of Trustees shall have the right to purchase, sell, transfer and convey, or to borrow money and pledge state/regional-owned property to secure the repayment of the same, at any time, provided that the amount involved annually shall not be more than the following schedule:

Category	Amount
5-star	\$750,000
4-star	\$500,000

AAA	\$350,000
AA	\$250,000
A	\$200,000
Others	as approved by the International Executive Committee

If the amount involved shall be more than the above schedule, then the said proposition or transaction shall be submitted to the International Executive Committee for consideration and, if approved, also to a duly constituted conference of the ministry of the state/region, which will require a two-thirds majority vote for approval. If the said conference shall approve the proposition by a two-thirds majority vote of those attending, then the State/Regional Board of Trustees, with the consent of the state/regional overseer, shall have full power to purchase, sell, hypothecate, transfer, and convey any of the said property, or to borrow money and pledge the property for the repayment of the same. (This applies only to the states/regions in the U.S.A. and Canada.) (69th A., 2002, pp. 48, 49)

6. In the case of mission states, approval of the International Executive Committee shall be necessary to borrow money or to encumber the state in any manner (53rd A., 1970, pp. 44-46; 62nd A., 1988, Journal, pp. 49, 50; [1994]).

7. Any person appointed to the State Board of Trustees shall be a male member in good standing of the Church of God. If at any time, any member of any Board of Trustees shall cease to be a member in good standing, or if by reason of death, removal, incapacity, or unwillingness to perform all duties of his office, his place on the Board of Trustees may be declared vacant: on the General Board by the general overseer; on a State Board by the state overseer; on a Local Board by a local church conference; and the same authority that declares said office vacant shall appoint a person to serve until the time for regular appointments, and the one so appointed shall have all authority held by the one removed (35th A., 1940, pp. 32-34; [1994]).

S26. STATE BOARD OF MINISTERIAL DEVELOPMENT

(57th A., 1978, pp. 37, 38; 64th A., 1992, p. 78)

I. Selection

1. Each state shall have a State Board of Ministerial Development.
2. The board and board chairman shall be appointed biennially by the state overseer and approved by the State Council.

3. The board shall consist of not more than five and not less than three members, and may consist of ordained ministers or bishops, and where possible, at least one qualified layman.

4. The board shall meet as often as the state overseer and chairman deem necessary.

II. Duties and Responsibilities

The State Board of Ministerial Development shall

1. Implement and supervise, under the direction of the state overseer, the educational programs promoted or suggested by the [church].

2. Promote Church of God educational institutions at the state level.

3. Help implement the Ministerial Internship Program.

4. Stimulate and nurture continuing education programs at all levels.

5. Serve in an advisory capacity to churches who sponsor Christian day schools, kindergartens, or day-care centers, or who are in the process of developing such programs.

6. Promote and supervise the Ministerial Development Institutes (MDI).

7. Consult with the state overseer in developing annual regional workshops and seminars for the ministry in areas of Biblical theology, pastoral and personal growth, pastoral administration, counseling, preaching, and such like, in cooperation with the [general church].

8. Work with the Center for Ministerial Care in meeting the needs of ministers and their families.

S27. STATE YOUTH AND CHRISTIAN EDUCATION BOARD

(53rd A., 1970, p. 39, p. 41; 67th A., 1998, p. 52)

I. Selection

1. Each state shall have a State Youth and Christian Education Board.

2. The board shall be elected by the ministers of the state.

3. The Board shall consist of not less than three members, who may be either ordained ministers or bishops. In states/regions where the administrative bishop and state council shall determine there are not enough qualified ministers to consider, exhorters who hold credentials with a ministerial file number, and report to state and

international headquarters on a monthly basis, shall be considered eligible to serve (72nd A., 2008).

II. Duties and Authorities

1. The board shall meet as often as the state [Youth and Christian Education] director and state overseer deem necessary.

2. The board shall counsel with and assist the state overseer and state [Youth and Christian Education] director in drafting and promoting a program of Christian education for the local churches in each state, to be ratified by the ministers of the state.

3. The board shall, with the state [Youth and Christian Education] director, plan and conduct a state youth camp (or camps and other state youth activities) as deemed necessary in each respective state.

S28. STATE YOUTH AND CHRISTIAN EDUCATION DIRECTOR

(64th A., 1972, pp. 42, 43, 44; 55th A., 1974, p. 53; 56th A., 1976, pp. 48, 49, 55; 69th A., 2002, p. 50; 71st A., 2006, p. 46)

I. Selection

1. The state Youth and Christian Education director shall be nominated by the state overseer and elected by the State Council prior to the International General Assembly.

2. The state youth and Christian education director's term of office shall be for two years, with a maximum of eight consecutive years in a respective non-mission state. (Effective 2008.)

3. Credentialed ministers (where practical) shall be used to fill the office.

II. Duties and Authorities

The state Youth and Christian Education director shall

1. Work under the supervision of the state overseer;

2. Draft a state program under the supervision of the state overseer that will implement the program and policies of Christian education recommended by the General Youth and Christian Education Board. This would include the adoption of the Christian Education Standard, the establishment of the Sunday school in each local church, the establishment of Family Training Hour and/or YPE in each local church, and the implementation of all other recommended Christian education agencies as needed.

3. Stimulate interest in behalf of Bible schools, colleges, and home and foreign missions.

4. Visit the churches in his state, ministering the Word, conducting seminars and workers conferences, and consulting with the pastor and his staff in areas of Christian education.

5. Plan for and promote the general interest of the Home for Children.

6. Appoint, with the district overseer, a district Youth and Christian Education director on each district. Each state shall formulate its own plan for district directors' travel expense.

S29. STATE EVANGELISM AND HOME MISSIONS DIRECTOR

54th A., 1972, pp. 55, 56; 55th A., 1974, p. 57; 56th A., 1976, pp. 48, 49, 55; 71st A., 2006, p. 46

I. Selection

1. The state overseer shall submit to the State Council the names of nominees for state Evangelism and Home Missions director for election prior to the International General Assembly. Ordained bishops (where practical) shall be used to fill the office.

2. The state evangelism and home mission director's term of office shall be for two years, with a maximum of eight consecutive years in a respective non-mission state. (Effective 2008.)

II. Duties and Authorities

The state evangelism director shall

1. Be responsible for the home missions program in the state as directed by the state overseer.

2. With the State Evangelism Board, draft a state program under the supervision of the state overseer that will implement the program and policies of Evangelism and Home Missions as recommended by the General Evangelism and Home Missions Board. This would include the establishing of Pioneers for Christ; Men's Fellowships; senior adult, child evangelism, and tract ministries in each local church; and the implementation of all other recommended Evangelism and Home Missions programs as provided.

3. Provide leadership and guidance in the establishing of new churches.

4. Visit the churches in his state to preach the Word and conduct seminars and conferences on evangelism and personal soulwinning.

5. Counsel with pastors and local church staffs in all phases of the general and state Evangelism and Home Missions programs (55th A., 1974, p. 57).

6. Work to enhance the status of the evangelists in his state and assist them in problems that are peculiar to their ministries.

7. Create ways and means to enhance evangelistic outreach in the state (54th A., 1972, pp. 55, 56).

S30. EVANGELISM PROGRAM

Each state is to participate in simultaneous revival efforts during the month of October, with a membership emphasis at the conclusion of the revival (1980).

S31. EVANGELISTIC ASSOCIATIONS

Evangelistic associations or other organizations of this type shall not be organized within the Church of God without the express approval of the International Executive Council. All existing organizations shall be either approved by the International Executive Council or be dissolved (50th A., 1964, p. 55).

S32. STATE WORLD MISSIONS BOARD (64th A., 1992, p. 75)

I. Selection

1. Each state shall have a State World Missions Board.
2. The board and board chairman shall be appointed biennially by the state overseer.
3. The board shall consist of not more than five and not less than three members. The members shall be ministers or laymen who have shown strong support for world evangelization.
4. The board shall meet as often as the state overseer and chairman deem necessary.

II. Duties and Responsibilities

The State World Missions Board shall

1. Promote world evangelization in the Church of God in the state.
2. Promote state, district, and local world missions conferences, seminars, banquets, and so forth.
3. Assist with the scheduling of field representatives and missionaries on furlough.

S33. STATE MUSIC BOARD (58th A., 1960, p. 37; (1994))

I. Selection

1. Each state shall have a State Music Board.

2. The board and board chairman shall be appointed biennially by the state overseer.

3. The board shall consist of not more than five and not less than three members and should consist of ministers, ministers of music, and qualified laymen.

4. The board shall meet as often as the state overseer and chairman deem necessary.

II. Duties and Responsibilities

The State Music Board shall

1. Promote the ministry of music in the Church of God in the state.

2. Implement and supervise, under the direction of the state overseer, the musical programs promoted by the Department of Music Ministries.

3. Consult with the state overseer in developing state or regional workshops or seminars for ministers of music, choir directors, pianists, organists, and other interested church musicians.

4. Provide a fellowship for church musicians on the state level which will provide for the interchange of information, current trends, and resource materials in church music.

5. Assist in the placement of church musicians when called upon.

6. Assist local churches in establishing and improving their music programs.

7. Periodically study the musical needs and interests of the churches in the state.

S34. DISTRICT OVERSEERS

I. Selection

Each district shall be under the care and supervision of a district overseer, appointed by the state overseer.

II. Duties and Authorities

The district overseer shall

1. Conduct conferences in each of the churches on his district. However, he may authorize the local pastor to conduct the conference, (65th A., 1994, Item 7, p. 83).

2. See that a general evangelistic effort is put forth in his district during the year.

3. See that the state program is carried out in the churches of his district.

4. Assist the state overseer in the appointment of pastors, when called upon to do so.

5. Together with the state overseer, pass on the selection, purchase, and construction of all church properties on his district.

S35. DISTRICT YOUTH AND CHRISTIAN EDUCATION DIRECTOR

The district overseer is, by virtue of his office, district Youth and Christian Education director, but if the work requires, the state Youth and Christian Education director, together with the district overseer, may appoint an assistant to serve in this capacity (41st A., 1946, p. 29).

S36. WOMEN'S MINISTRIES (STATE)

(60th A., 1964, p. 65; 53rd A., 1970, p. 43; 59th A., 1982, p. 43; 67th A., 1998, p. 52.)

I. Purpose and Objectives

To facilitate this ministry each state shall institute whatever means they deem advisable in keeping with the declared purposes of the Church of God Department of Women's Ministries.

II. President

1. The office of Church of God Women's Ministries president [at the state level] shall be created.

2. The wife of the state overseer shall fill this office.

3. The purpose of this office shall be to provide leadership for the Women's Ministries [at the state level] in cooperation with the general [Department of Women's Ministries] program (1982).

CHURCH GOVERNMENT—
LOCAL

S37. RELATIONSHIP OF LOCAL CHURCH TO THE INTERNATIONAL GENERAL ASSEMBLY

(58th A., 1980, pp. 88, 89; [1994]).

1. The Church of God (Cleveland, Tennessee, U.S.A.) has a centralized (by legal definition "hierarchical") form of church government. The International General Assembly, the highest authority of the Church of God, governs the ownership of all church property, both real and personal. All property is held in trust for members composing said International General Assembly. The local churches, the names of which are officially registered with the Church of God, Cleveland, Tennessee, U.S.A. are the results of the faithful services of the ministers and representatives of the International General Assembly; and these churches, when thus received by the representatives of the International General Assembly, then become and compose constituents of the International General Assembly. Therefore, the right of any local church as a whole to withdraw from the International General Assembly is not recognized and does not exist, but those members who prove disloyal to the government and teachings as promulgated from time to time by the International General Assembly, or who are otherwise disorderly, are to be dealt with as individuals.

2. The International General Assembly of the Church of God (Cleveland, Tennessee, U.S.A.) is that organized body with full power and authority to designate the teachings, principles, and practices of all the local churches composing said Assembly.

3. The International General Assembly governs the operation (including ownership of all real and personal property) of the Church of God, Cleveland, Tennessee, U.S.A., at all structural levels: international, national, state/territorial, district, and local. The International General Assembly has vested in the office of the state overseer authority over the local churches. Some of his powers, all of which are more fully explained elsewhere in the Supplement of this book of *Minutes*, can be exercised to remove pastors, to appoint pastors, or a special Board of Trustees, which may be the State Board of Trustees, to hold title to local property.

4. A Local Board of Trustees shall hold title to, manage, and control, pursuant to the direction of the local congregation, all real estate owned by the local congregation by which they are selected, provided that all such property shall be used, managed, and controlled for the sole and exclusive use and benefit of the Church of God, Cleveland, Tennessee, U.S.A. In the event that the majority or all of the local

church depart from the faith or discontinue fellowship with the organization, the state overseer shall at any time have power to appoint other trustees to hold the property for the Church of God.

5. Local churches, when they have been accepted into the Church of God, are therefore bound by the decisions of the International General Assembly in matters of doctrine, teaching, and polity.

S38. LOCAL CHURCH DEVELOPMENT PLAN (72nd A., 2008)

A Local Church Development Plan shall be implemented by the International Executive Committee, in conjunction with each respective state/regional overseer, for the purpose of increasing the effectiveness of local churches in the fulfillment of their mission, through a plan designed to involve lay leadership, together with pastoral oversight, for church growth in the twenty-first century.

This shall be a standardized plan designed to meet the needs of local churches at each numerical level.

S39. MEMBERS (45th A., 1954, p. 27; 61st A., 1986, p. 54; 68th A., 2000, p. 83)

I. Procedure for Receiving Members Into the Church

A. Church Membership

Church membership is Scriptural, and any person presenting himself as a prospective member is making a serious and far-reaching decision. It is the responsibility of the pastor to see that all persons making themselves available for membership are fully informed of the doctrine, teachings, government, and heritage of the Church of God. In keeping with this responsibility, the pastor shall inform all persons presenting themselves for membership through one or more of the following ways:

1. Counsel with prospective members privately concerning the membership requirements and their responsibilities to them.
2. Conduct special membership classes where prospective members are taught membership requirements.
3. Read and explain the membership requirements in a public meeting.

B. Procedure for Receiving Members

Following this [the foregoing] procedure, the minister shall invite prospective members to stand before the altar and face the congregation. The minister shall then proceed by giving the following charge to the applicants as he stands before them.

1. You realize in presenting yourself for membership that you are assuming a solemn obligation, and it is expected that you will always be true to your promise and faithfully fulfill and discharge your obligation as a loyal member.

2. Do you publicly confess and testify that you know the Lord Jesus Christ as your personal Savior in the full pardon of your sins? (The applicant(s) will answer, I do.)

3. Are you willing to walk in the light of the Scripture as it shines upon your path? (I am.)

4. Are you willing to abide by and subscribe to the discipline of the Church of God as outlined by the Scripture and set forth in the Minutes of the International General Assembly? (I am.)

5. Are you willing to support the church with your attendance and temporal means to the best of your ability as the Lord prospers you? (I am.)

6. Do you agree to be subject to the counsel and admonition of those who are over you in the Lord? (I do.)

7. If there be any member who has a legal objection to any of these becoming members of the Church of God, the objector may now so state.

8. By the authority vested in me as a minister of the Church of God, I take great pleasure in welcoming you into this membership and extending to you the right hand of fellowship. May I encourage you to call for the services of your pastor when needed.

9. I have confidence that you will ever be a faithful member and a blessing to the church and that the church will be a blessing to you. I pray our fellowship will always be bound together with unbroken love. (The minister shall then pray.)

C. Instructions

It would be well to have a musical background while the church gives the right hand of fellowship.

It is believed that friends of the church should be extended the privilege of bidding the new members Godspeed in like manner (45th A., 1954, p. 27).

II. Local Church Leadership (65th A., 1994, Item 4, p. 86)

We affirm the Scriptural pattern of elders and deacons (Acts 6:1-7; 1 Timothy 3:1-13; 4:14; 2 Timothy 2:2; Titus 1:6-9) and every local congregation, in consultation with the state and territorial overseers, is encouraged to implement this Scriptural pattern of leadership.

Further, the National Pastors Advisory Council shall make available quality materials to assist overseers and pastors in the implementation of this Scriptural pattern.

III. Local Church Part of the Assembly

1. The local churches, the names of which are officially registered with the Church of God, Cleveland, Tennessee, U.S.A., are the result of the faithful services of the ministers and representatives of the International General Assembly; and these churches, when thus received by the representatives of the International General Assembly, then became and composed a part of the International General Assembly. Therefore, the right of any local church as a whole to withdraw from the International General Assembly is not recognized and does not exist, but those members who prove disloyal to the government and teachings as promulgated from time to time by the International General Assembly, or who are otherwise disorderly, are to be dealt with as individuals (15th A., 1920, p. 50; 45th A., 1954, pp. 27, 28; 50th A., 1964, p. 54).

2. If a church is organized and they do not accept the teachings of the International General Assembly, they cannot be recognized by headquarters [at any level of church government] as a Church of God (15th A., 1920, p. 68).

IV. Requirements of Members

A. Exclusion for Nonattendance

Members should be excluded from the Church of God for nonattendance of the regular services of the church of which they are members, unless they have a good reason. Notice the question is only for continued nonattendance; this doesn't mean just for a few times missing service (20th A., 1925, p. 41).

B. Stand Against Gambling

Inasmuch as the Church of God believes gambling to be contrary to Christian principle and practice; and

Inasmuch as there has been a tendency to compromise among some states and churches, teaching that state lotteries, bingo games, games of chance, and so forth, are not contrary to present Christian moral standards; therefore

The Church of God continues its stated opposition to the evils of gambling and urges its people to exhibit by precept and example its belief in the high standards of holiness conduct required of all believers (50th A., 1964, p. 65).

C. Holy Living and Modesty

"Love not the world, neither the things that are in the world. If any man love the world, the love of the Father is not in him. For all that is in the world, the lust of the flesh, and the lust of the eyes, and the pride of life, is not of the Father, but is of the world" (1 John 2:15,16).

"In like manner also, that women adorn themselves in modest apparel, with shamefacedness and sobriety, not with broided hair, or gold, or pearls, or costly array" (1 Timothy 2:9).

"Whose adorning let it not be that outward adorning of plaiting the hair, and of wearing of gold, or of putting on of apparel; but let it be the hidden man of the heart, in that which is not corruptible, even the ornament of a meek and quiet spirit, which is in the sight of God of great price" (1 Peter 3:3, 4) (35th A., 1940, p. 31; 66th A., 1996, p. 61).

V. Local Church and Retired Ministers (70th A., 2004 p. 58)

That each local church establish a program to "Adopt a Retired Church of God Minister," recognizing them on special days of their lives (i.e. birthdays, anniversaries, hospitalizations) and assisting them financially when they are invited to speak or on aforementioned occasions.

S40. MEMBERSHIP

I. Transfer of Membership

1. When a member in good standing moves from the vicinity of one church to another, a letter of recommendation should be given on request, in harmony with [the scripture] "I commend unto you Phebe our sister, which is a servant of the church which is at Cenchrea: that ye receive her in the Lord, as becometh saints" (Romans 16:1, 2) (1st A., 1906, Bk. Min., p. 18).

2. Inasmuch as we live in a mobile society which affects many of the constituents of the church, it is important that pastors and leaders show care and concern in assisting members in relocating, by making available to them information relative to the churches in the area to which they are moving.

3. A member's name should remain on the membership roll until an official request for transfer is received (64th A., 1992, p. 77).

4. Requests for transfers should be granted within two weeks, when requested by the proper authorities, providing no charges are pending. Transfers may be granted or members' transfers may be received at any regular church service (46th A., 1956, p. 24).

5. Inasmuch as the Full Gospel Church of God in Southern Africa is a part of the Church of God in America, it should be understood that the transfer of membership between local churches of the respective countries is reciprocal; but in no case is it legal to retain local church membership in both countries (46th A., 1956, p. 23).

II. Associate Membership Not Permitted

Inasmuch as the local Church of God membership is composed of Christians who have accepted the teachings, doctrines, and government of the Church of God, and who have been formally received into its fellowship; therefore, no local church has authority to set up or recognize an associate membership of Christians who, for some reason, have not been formally received into its fellowship (45th A., 1954, p. 28).

III. Membership Roll

The pastor and church treasurer shall maintain an accurate, up-to-date membership roll, staying in contact with members who are unable to attend church regularly and members who are in the Armed Forces, encouraging them to attend and transfer their membership to a local Church of God or Ministry to the Military Center in the area where they are stationed (63rd A., 1990, p. 78).

IV. Excluded Members

1. Individuals who have been excluded from any local church shall not be admitted to membership in any other local church until fellowship has been established in business session with the church from which they were excluded. And if the church has been disbanded where he/she was a member, his/her case must be passed on by the state overseer of the state where he/she was excluded and the district overseer where he/she now lives.

2. In case excluded members are put forward by those in authority, such as being used as Sunday school teachers, or otherwise given prominence in the church, especially over protest of the church that excluded them, such action shall be considered disloyalty and all those who do such should be dealt with accordingly (29th A., 1934, p. 56).

V. Procedure in Dealing With Member

If a member who is not a minister shall be charged with any offense which makes it necessary to deal with the member, formal charges in writing shall be given to the member not less than three days (when practical) prior to the time and place of the meeting. The member shall have a right to be heard and offer corroborating testimony at the meeting. Further, the charges shall be heard and a decision rendered by the local church and pastor's council or (if a

church does not have a pastor's council or board of elders) by the male members who are present at the meeting and in good standing with the church. Disciplinary options include but are not limited to: official reprimand, restitution, censure, restrictions, and, where necessary, excommunication.

In those cases in which he deems it in the best interests of the local church to do so, the state/regional overseer shall have the authority to excommunicate an unruly or uncooperative member without a formal hearing. A member disfellowshipped by a state/regional overseer shall have the right to appeal to the International Executive Committee within 10 days of the written notice of the overseer's action. The decision of the International Executive Committee is final, with no further recourse for appeal by the member. The local church must remove the member's name from the membership roll when notified of the action by the state overseer (71st A., 2006, p. 48).

VI. Right to Appeal

If the member is not satisfied with the decision of the conference, he/she may appeal. The complainant must, within ten (10) days, notify the state overseer (in writing) the reasons for dissatisfaction. In such case, the church treasurer and pastor must furnish the state overseer the full information (in writing) of the business meeting in which the member was excluded.

The state overseer shall have power to make the final decision in the matter of the appeal. If in his judgment the case warrants calling a state board, he may do so. In either case there shall be no further appeal.

In the event the appeal is sustained, the state overseer shall notify the pastor and treasurer in writing of the decision, and instructions shall be that the pastor or treasurer read the letter to the male members in a council meeting. If the appeal hearing results in clearing the member of formal charges, he/she shall be reinstated in good standing without delay.

When a member wishes his/her membership dropped from the roll of a local church, his/her request shall be made in writing to the pastor, with a copy to the treasurer. His/her request shall be granted by the church in conference, provided he has been a loyal member and there are no charges pending. Since this action will have been instigated by the member, he/she needs no notification (31st A., 1936, p. 34; 38th A., 1943, p. 30; 42nd A., 1948, p. 29; 54th A., 1972, p. 53).

S41. CONFERENCES

I. Purpose

A church conference is a business meeting for the purpose of transacting any business necessary for the operation of the local church (65th A., 1994, Item 7, p. 88).

II. Who May Conduct a Conference

1. No pastor has the right to hold a conference without permission from the district overseer (22nd A., 1927, p. 32; 46th A., 1956, p. 25; 54th A., 1972, p. 54).

2. No conference shall be held in the district except under the direction or supervision of the district overseer. This does not exclude the authority of the overseer of the state, which is fully explained in the *Minutes of the International General Assembly* (19th A., 1917, p. 36).

3. In any instance where there is not a sufficient number of active members in the local church to assist in conducting a conference, the state or district overseer, and two or more ministers whom he may select, shall make full disposition of all matters that may demand attention.

4. The state and district overseers should see that at least one conference a year is conducted in each local church in their respective state or territory (37th A., 1942, p. 36; 65th A., 1994, Item 7, p. 88).

5. The local church has a right to appoint a committee in conference to look after some affairs of the church. Such a committee, however, is to do nothing that would conflict with or violate the local, state, and general church program and government, or create confusion (46th A., 1956, pp. 25, 26).

III. Regular Conference

1. The regular conference, consisting of the membership, is called or set for any regularly designated time by the pastor or district overseer. The purpose of the conference is to inform the church of its financial status. The church conference shall also consider any other business referred to it by the pastor and his church council. All major disbursements must be approved by the church in conference.

2. The regular conference should be announced at least ten (10) days before it is to occur.

IV. Called Conference

1. The called conference consists of all members of the local church who wish to attend, said conference to convene at a time set

by the pastor to take care of business arising between the regular conferences. This does not exclude the rights of the state and district overseers to call or moderate conferences in local churches (65th A., 1994, Item 7, p. 88).

2. When it is necessary to have a called conference, all members of the local church should be notified if possible. (46th A., 1954, p. 32).

V. Order of Conferences

Robert's Rules of Order Newly Revised shall serve as the guide for conducting all business conferences.

Usual order of business:

1. Financial reports of various departments of the church
2. Other reports of committees, and so forth
3. Transfer of membership, if any
4. Unfinished business left from previous meeting
5. New business

S42. PASTOR

I. Appointment of Pastors

1. The authority for the appointment of pastors is vested in the state overseer (45th A., 1954, p. 34; 51st A., 1966, p. 59).

2. Local churches are to refrain from taking action on the selection of pastors until authorized to do so by the state overseer (28th A., 1933, p. 38).

3. The state overseer shall appoint the pastor subsequent to consultation with the district overseer, and after having given members of the local church an opportunity to express themselves regarding their desire for pastor of their choice (61st A., 1986, p. 53).

4. The state overseer may call for an expression from the membership (at least 16 years of age) when there is an apparent decline in the spiritual health and well-being of the local church (61st A., 1986, p. 53).

5. The signature [of the individual expressing a pastoral preference] is required on the local church uniform pastoral preference ballot (49th A., 1962, p. 53).

PASTORAL PREFERENCE EXPRESSION	
Name of church _____	
Are you a member of this local church?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you attend services regularly?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you pay tithes regularly to this church?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you recommend a pastoral change?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If yes, whom do you recommend for pastor? _____	
Signature _____	

II. Procedure for Effecting a Pastoral Change

When a pastor desires a pastoral change, he/she shall submit a letter of request to the state overseer, who shall keep this request in strictest confidence, except with those involved in the placement process (61st A., 1986, p. 53).

III. Procedure for Laity Contacting State Overseer

The state overseer serves both the ministry and laity; therefore, when loyal, tithing members of a local church have a legitimate concern as it relates to the welfare of their church, they have the right and privilege to contact their state overseer, after they have contacted their pastor and district overseer. All concerns expressed to the state overseer should be communicated to the pastor and district overseers with the names of the individuals expressing such concerns. These concerns should be preferably in writing, not as part of a petition (63rd A., 1990, p. 76).

IV. Assistant Pastor

1. Where assistant pastors are needed, they are to be nominated by the local church and pastor, subject to the approval and appointment of the state overseer.

2. The pastor's wife shall be considered ineligible for appointment as his assistant (44th A., 1952, p. 31).

V. Reformation Sunday Offering

The pastor of each local church shall set aside Reformation Sunday (the last Sunday in October) annually in honor of aged min-

isters for the purpose of raising a special love offering, said receipts to be sent to the Church of God Secretary-General (64th A., 1992, B., 3., p. 247).

S43. CHURCH AND PASTOR'S COUNCIL

(34th A., 1934, p. 22; 50th A., 1964, pp. 57, 58; 51st A., 1966, p. 60; 56th A., 1976, pp. 50, 51)

I. Selection

1. When a local church deems it practical to have a Church and Pastor's Council, said council shall be elected by the governing body of the church consisting of the loyal members. Members of the Church and Pastor's Council shall be loyal male members of the church.
2. This council is to be elected biennially and by ballot.
3. A system of rotation may be used whereby council members will serve a designated length of time.
4. In the event the office of one of the council members is vacated between elections because the incumbent dies, becomes disabled, or is in any other way disqualified, the pastor is to submit to the governing body of the local church the names of the two men who received the next highest number of votes in the last election, so that one may be selected to fill the vacancy. Alternates may be elected during the regular election to fill any vacancies.

II. Size and Chairmanship

The number on the Church and Pastor's Council shall be

- Membership up to 100, not less than three (3) councilors.
- Membership 101-225, not less than five (5) councilors.
- Membership 226-350, not less than seven (7) councilors.
- Membership 351-500, not less than nine (9) councilors.
- Membership 501 and over, not less than twelve (12) councilors.

The pastor shall serve as chairman of the Church and Pastor's Council, shall call all regular monthly or quarterly meetings, and may call special meetings as needed. No meeting shall be called without the permission of the pastor, district overseer, or state overseer.

III. Qualifications for Church and Pastor's Council

"Wherefore, brethren, look ye out among you seven men of honest report, full of the Holy Ghost and wisdom, whom we may appoint over this business" (Acts 6:3).

For a male member to serve on the Church and Pastor's Council, he must be

1. A loyal member of the church, adhering to its teachings.
2. Baptized in the Holy Ghost.
3. Faithful in tithing.
4. A regular church attendant.
5. One who works in harmony with the local, state, and general church's program and reflects a cooperative attitude toward the progress of the church.

IV. Duties and Responsibilities

1. The Church and Pastor's Council, under the direction of the pastor, shall promote the general and state outreach programs of the church.
2. The Church and Pastor's Council shall work in harmony with the pastor and assist him, when called upon, in the institution and direction of the local church program in the following areas:

Spiritual

The Church and Pastor's Council, under the direction of the pastor, shall encourage spiritual growth of the local congregation with emphasis on personal Bible reading, prayer, family devotions, tithing and giving, Christian service, and personal witnessing.

Financial

The Church and Pastor's Council, under the direction of the pastor, shall approve the disbursement of church funds. (This does not include Women's Ministries monies.) All major disbursements must be approved by the church in conference. Each congregation shall determine what amount constitutes a major disbursement.

Physical

The Church and Pastor's Council, under the direction of the pastor, shall provide and maintain proper building facilities for the congregation and a proper residence for the pastor. The council shall see that all church properties are properly insured and tax-exempt, when the secular government provides such exemption.

S44. CHURCH TREASURER

(1st A., 1906, Bk. Min., p. 15; 13th A., 1917, Bk. Min., pp. 19, 286; 24th A., 1929, p. 23; 30th A., 1935, p. 26; 45th A., 1954, p. 26; 49th A., 1962, p. 33; 50th A., 1964, p. 58; 51st A., 1966, p. 60; 55th A., 1974, p. 54; 56th A., 1976, pp. 51, 52; [1976]; 65th A., 1994, Item 10, p. 89; 68th A., 2000, p. 82.)

I. Selection

1. A church treasurer shall be appointed by the pastor and confirmed by the council and/or the church body.

2. The church treasurer or a member of the council may serve as recording secretary of the Church and Pastor's Council.

3. Each local church is to provide the treasurer with a copy of the current *Minutes of the International General Assembly*. An adequate bookkeeping system, such as the recommended Church of God bookkeeping system, is to be used in all churches.

II. Qualifications of Church Treasurer

To serve as church treasurer one must be

1. A loyal member of the church, adhering to its teachings.
2. Baptized in the Holy Ghost.
3. Faithful in tithing.
4. A regular church attendant.
5. One who performs duties under the supervision of the pastor and with his approval.
6. One who works in harmony with the church's program and reflects a cooperative attitude with reference to the progress of the local church.
7. Any exceptions to the above qualifications must be approved by the state overseer.

III. Duties and Responsibilities of Church Treasurer

The church treasurer shall

1. Determine and maintain an accurate record of the date of the organization of the church and all other vital information pertaining to the local church organization.
2. Keep an accurate record of the names and addresses of all local church members.
3. Report monthly to the secretary general, on MAP (Moving Active Pentecostals) ministry forms, the names and addresses of all members moving from their local church to another area.
4. Record and maintain accurate minutes of all church conferences and business transactions (loans, property transactions, and so forth).
5. Maintain an accurate record of all the local church conferences and disbursements, at the church, where possible.
6. Prepare monthly reports and send one copy to the secretary general and one copy to the state overseer by the fifth of each month on the [reporting] forms provided by the secretary general's office.
7. Prepare a financial report for each quarterly conference.

8. Furnish an itemized list of all receipts and disbursements to the pastor each week.

9. Disburse money from the church treasury under the direction of the pastor. (The pastor and treasurer are to sign all authorized checks.)

S45. FINANCIAL SYSTEM

(25th A., 1930, p. 21; 45th A., 1954, p. 32; 56th A., 1976, p. 53; 62nd A., 1988, Journal, p. 50; 65th A., 1994, Item 5, p. 86).

I. Finance Committee

Because of an ever-increasing responsibility upon those handling money in the local churches, each church is to have a Finance Committee.

A. Selection

The Finance Committee shall consist of the treasurer and two other members. The second and third members shall be appointed by the pastor and confirmed by the Church and Pastor's Council and/or the members of the church (70th A., 2004 p. 56).

B. Qualifications of Finance Committee Members

A member of the Finance Committee must be

1. A loyal member of the church, adhering to its teachings.
2. Baptized in the Holy Ghost.
3. Faithful in tithing.
4. A regular church attendant.
5. One who works in harmony with the church's programs and reflects a cooperative attitude with reference to the progress of the local church.
6. Any exceptions to the above qualifications must be approved by the state overseer.

C. Duties and Responsibilities of the Finance Committee

The Finance Committee shall

1. Receive and count all monies.
2. Prepare funds for deposit.

II. Tithing

Inasmuch as the International General Assembly has from time to time endeavored to set forth the best system of paying and distributing tithes, and since some minor changes have been a bit confusing,

we recommend that all past rulings under the tithing system be made to conform to the following:

1. All members and ministers of the Church of God shall pay tithes into the church where they are members.

2. Local church treasurers shall send five percent (5%) of all tithes paid into the treasury to the secretary general, Cleveland, Tennessee, U.S.A., with their monthly report, and an equal amount (5%) to their state treasurer with their monthly report. The remainder shall be for the support of the pastor.

3. Surplus tithes are to be used for the benefit of the ministry as may be decided by the state overseer, pastor, and local church, and churches having surplus tithes are encouraged to sponsor a work in a new field within the state, or in some mission state or territory. Each new work in a mission state or territory, sponsored by a local church, shall be under the direction of the respective state overseer and local church sponsoring such work. A monthly report of the progress of the new work shall be furnished to the sponsoring church (33rd A., 1938, pp. 50, 51; 36th A., 1941, p. 48; 38th A., 1943, p. 30; 45th A., 1954, p. 29; [1986]).

III. Church Reports (65th A., 1994, Item 6, pp. 86-88)

A. Consistency in Reporting

The principle of local churches giving a tithe of their tithe for worldwide ministry has been a part of Church of God practice from its earliest days. As a Scriptural principle (Genesis 14:18-20; 28:20-22; Malachi 3:10; Luke 11:42; 1 Corinthians 9:6-9; 16:2; Hebrews 7:1-21) and an approved program of the International General Assembly, tithing the tithe provides a way for each local church to have a part in contributing to the worldwide ministry of the church. Through faithfulness and consistency in this practice, the local church extends its ministry far beyond its own borders and releases God's blessing in the same way that a church member's practice of tithing brings blessings into his/her personal life.

Where there is delinquency in local church reporting (reports and/or finances), the following procedures are recommended:

1. When a church is two months delinquent in reporting, the state overseer shall meet personally with the pastor, relative to correcting the matter.
2. When the church is three months delinquent, a board of inquiry shall be appointed to investigate and make recommendations.

3. Should the delinquency continue, a state board shall be appointed to consider the filing of appropriate charges.
4. Where the foregoing investigation has proven fault on the part of a pastor, that he not be considered for any appointment or position until proper disposition has been made for payment of the delinquent funds.

B. Accumulated Delinquent Funds

The state overseer is required to fully inform any pastoral candidate of the current financial condition of the prospective church prior to finalization of said candidate's appointment.

Where there has been an accumulation of delinquent funds from a local church for which the present pastor is not responsible, the following procedures are recommended:

1. That the state overseer or a committee appointed by him shall meet with the current pastor to study the situation and make recommendations for an appropriate resolution of the problem according to one of the following options:
 - Immediate payment
 - Payment plan
 - Partial payment and partial assistance
 - Full assistance be given when the above options have been exercised and it is beyond the ability of the local church to satisfy the delinquent debt within a maximum of 12 months.

NOTE: There is no provision for forgiveness of ministry money owed. However, assistance may be provided through funds being made available by (1) an individual, (2) another local church, (3) the state office, (4) international headquarters, or any combination of the above.

2. When all other sources for payment of the delinquent amount have been exhausted, the state overseer shall have the right to appeal to the secretary general with a proposal providing for mutual participation in the payment of the accumulated delinquent funds. Further, that a standing committee of action chaired by the secretary general be appointed by the general overseer to consider and make final disposition of such proposals.

the religious conviction that a centralized (by legal definition "hierarchical") form of government is Biblically mandated.

2. Title to all real and personal property now owned or hereafter acquired by the Church of God (Cleveland, Tennessee, U.S.A.) at any structural level shall be held by and/or conveyed and transferred to its duly elected or appointed trustees and their successors in office in trust for the use and benefit of the Church of God (Cleveland, Tennessee, U.S.A.). Every instrument of conveyance of real estate shall contain the appropriate trust clauses under the caption "Deeds" as set forth in Section V below.

3. No state, council, board, agency, local church, individual, or other entity of a local Church of God can financially obligate the Church of God (Cleveland, Tennessee, U.S.A.) without prior written specific consent from the International Executive Committee.

IV. All Property Owned in Trust for Church of God (Cleveland, Tennessee)

Title to all properties held at general or state/territorial level, or by a local church, shall be held in trust for the Church of God (Cleveland, Tennessee, U.S.A.) subject to the provisions outlined in the *International General Assembly Minutes*. Should any member or members, in whole or in part, decide to withdraw from the Church of God (Cleveland, Tennessee, U.S.A.), or to take action contrary to the polity of the Church of God (Cleveland, Tennessee, U.S.A.), it is understood that the ownership of all property, both real and personal, remains with the Church of God (Cleveland, Tennessee, U.S.A.) [1994].

V. Standard Deeds Recognizing Trust Ownership [1994]

In order to secure the right of property, real and personal, care shall be taken that all conveyances and deeds be drawn and executed in due conformity to the laws of the respective states, provinces and countries in which the property is situated, and also consistent with the *International General Assembly Minutes'* provisions that property is held in trust for the Church of God (Cleveland, Tennessee, U.S.A.). All deeds or other written instruments by which properties are held or hereafter acquired for the use and benefit of the Church of God (Cleveland, Tennessee, U.S.A.) shall contain one of the following applicable statements:

1. To have and to hold by the General Board of Trustees and their successors in trust; for the exclusive use and benefit of the Church of God, Cleveland, Tennessee, U.S.A.

the Church of God for that state shall automatically then hold title to said property as evidenced by an appropriate instrument filed in the local county register of deeds [1994].

D. The limitations set forth herein are those appearing in the *Minutes of the International General Assembly* of the Church of God most currently in effect and said *Minutes* are expressly incorporated herein by reference [1994].

4. Standard Church of God Warranty Deed Forms are available from the International Offices of the Church of God (Cleveland, Tennessee, U.S.A.) and should be used whenever practical. The standard Church of God Warranty Deed (printed form) shall contain the essential language recited in Section V, Item 3, A-D above, as amended from time to time by the International General Assembly. Printed standard Church of God Warranty Deed forms dated prior to 1994 are sufficient as they likewise establish the ownership of local church properties in an express trust for the Church of God (Cleveland, Tennessee, U.S.A.).

VI. Registration of Deeds [1994]

All deeds shall be registered or recorded directly upon their execution in their respective county courthouses. Copies of the executed deeds for general, state, and local properties shall be maintained as follows:

General properties—office of the secretary general

State properties—office of the state/territorial secretary-treasurer

Local properties—offices of the state/territorial overseer and local church treasurer

Before any deed is recorded, it is to have the written approval of the proper person: general properties, by the secretary general; state and local properties, by the state or territorial overseer.

VII. Insurance

Pastors and churches are required to keep all property under their care adequately insured where practical (38th A., 1943, p. 30).

VIII. Church Legal Liability (65th A., 1994, Item 9, p. 89)

Inasmuch as the National Child Care Act of 1993 has direct legal impact and implications with regard to ministry to minors, it is recommended that all church pastors, staff ministers, church leaders, and volunteer workers be informed of the general statement of the law. Further, since state laws regarding child abuse differ from state to state, it is imperative that all church pastors, staff ministers, church

leaders, and volunteer workers make a thorough study of respective state laws and take all necessary steps for compliance and legal safeguard.

S47. LOCAL BOARD OF TRUSTEES ^[1994]

I. Selection

Each local church or congregation that owns any property (either real or personal), shall appoint a Local Board of Trustees, to consist of not less than three members, said board to be selected by the local congregation in a business meeting.

II. Duties and Authorities

1. Members of the Local Board of Trustees shall hold office until their successors are appointed. The Local Board of Trustees shall hold title to, manage and control, pursuant to the direction of the local congregation, not inconsistent with the *International General Assembly Minutes*, all real estate and personal property owned by the local congregation by which they are selected, provided that all such property shall be used, managed, and controlled for the sole and exclusive use and benefit of the Church of God (Cleveland, Tennessee, U.S.A.).

2. The said Local Board of Trustees shall have full right, power, and authority to buy property for the use or benefit of the local congregation; to sell, hypothecate, exchange, transfer, and convey any of the local property held by it, or to borrow money and pledge the said property for the repayment of the same; and to execute all necessary deeds, conveyances, and so forth, provided that each of the following conditions is met: (1) the proposition shall first be presented to a regular or called conference of the local church; (2) presided over by the state overseer, or one whom he may appoint; (3) approved by a two-thirds majority vote; and (4) provided further that the board have a certification, in writing, from the state overseer, or one whom he may appoint, that the proposition is not adverse to the interest of the Church of God (Cleveland, Tennessee, U.S.A.).

3. If any local church shall cease to function or exist, or remain in good standing with the Church of God (Cleveland, Tennessee, U.S.A.), then the Local Board of Trustees shall hold the local property, both real and personal, in trust for the Church of God (Cleveland, Tennessee, U.S.A.) generally in the state or territory where located, and said local board shall convey the local property as directed by the state/territorial overseer to the state/territorial Board of Trustees, to be used and disposed of by it for the use and benefit of the church in

that state/territory generally; or said state/territorial board may use the said property, or the proceeds derived from the sale of the same, for the founding of another church in the state/territory, or the promotion of one already existing.

III. Removal/Replacement

1. If the Local Board of Trustees has ceased to exist or perform its duties, then the state overseer shall have the authority to declare all offices thereon vacant and to appoint a special board of successor trustees, which may be the State Board of Trustees for that state, who shall thereupon automatically hold title to all property.

2. Furthermore, in the event of dissension within a local church of the Church of God, the state overseer of the Church of God for the state in which the local church is located shall have authority to declare the offices of the Local Board of Trustees vacant and to appoint a special Board of Trustees, which may be the State Board of Trustees, as successors to the Local Board of Trustees, and such special board so appointed shall automatically then hold title to the local property both real and personal.

3. If a sufficient number of qualified members are not available in any local church to constitute the Board of Trustees, another or others may be selected from another church.

4. Any person appointed to said Local Board of Trustees shall be a member in good standing of the Church of God. If at any time, any member of the said local board shall cease to be a member in good standing, or if by any reason, whether of death, removal, incapacity, or unwillingness to perform any duty of his office, or further, at the discretion of the state overseer, his place on the board may be declared vacant by the state overseer. The same authority that declares said office vacant is authorized to appoint another person to serve until the time for regular appointments, and the one so appointed shall have the same authority, responsibilities and duties as held by the one removed.

S48. INCORPORATION OF LOCAL CHURCHES [1994]

The Church of God is incorporated in the state of Tennessee as a 501 (C) (3) not-for-profit organization. There are certain occasions that require a local church to incorporate. It is understood that an incorporated local church does not lose its ecclesiastical relationship to the Church of God (Cleveland, Tennessee, U.S.A.) and the attributes of that relationship. The act of incorporation merely creates a legal entity

to hold in trust the properties, both real and personal, of the Church of God (Cleveland, Tennessee, U.S.A.).

All churches that request to incorporate must first be approved in writing by the International Executive Committee. All charter/documents for incorporation of a local church must include the following clauses:

A. Providing a place of worship for its members, who shall be members in good standing of the Church of God, Cleveland, Tennessee, U.S.A., and conducting the affairs of the congregation according to the rules and regulations of the Church of God, Cleveland, Tennessee, U.S.A., and specifically the *International General Assembly Minutes* of the Church of God, Cleveland, Tennessee, U.S.A., promoting the cause of Christianity in accord with the teachings, tenets, and customs of the Church of God, Cleveland, Tennessee, U.S.A., receiving, managing, and disbursing gifts, bequests, and other funds for the benefit of the congregation and the Church of God, Cleveland, Tennessee, U.S.A., owning and maintaining suitable buildings and facilities necessary for their acquisition, upkeep, maintenance and sale, all in accord with the *International General Assembly Minutes* of the Church of God, Cleveland, Tennessee, U.S.A.

B. In the event this corporation shall cease to exist, or depart from the polity of the Church of God, Cleveland, Tennessee, U.S.A., as expressed in the *International General Assembly Minutes* of the Church of God, Cleveland, Tennessee, U.S.A., and otherwise, the assets of the corporation shall revert to the State Trustees for the Church of God in the state of _____, or to one or more organizations described in Section 501 (C) (3) of the Internal Revenue Code (U.S.A.) or the corresponding sections of any prior or future Internal Revenue Code (U.S.A.). Further, that the proceeds/assets from the disposition must go directly into real property purchases or improvements.

C. Once a charter for incorporation of a local church is filed with the state government, a copy of the approved charter is to be sent to the Church of God state office for the state in which the local church is situated.

S49. APPROVAL OF CONSTRUCTION, PURCHASE, OR REMODELING PLANS FOR LOCAL CHURCH [1994]

The state overseer shall require any local church in his state, before acquiring property, beginning or contracting for construction.

or purchase of a new church or educational building or a parsonage, or remodeling of such a building, if the cost will exceed 10 percent of its value, to submit for consideration and approval a statement of the need for the proposed facilities, preliminary architectural plans, and estimate of the cost, and a financial plan for defraying such costs. Before finally approving the building project, the state overseer or his designee shall ascertain whether the preliminary architectural design and financial programs have been reviewed, evaluated, and approved by proper authorities.

S50. ALL PROPERTY HELD FOR CHURCH OF GOD

[1994]

All property, real or personal, held by or for a particular local church, state office, department or agency, whether legal title is lodged in a corporation, a trustee or trustees, or an unincorporated association, is held in trust nevertheless for the use and benefit of the Church of God, Cleveland, Tennessee, U.S.A.

The centralized governmental structure of the Church of God (Cleveland, Tennessee, U.S.A.) does not provide for local church ownership of properties outside the trust relationship for the sole and exclusive use and benefit of the Church of God (Cleveland, Tennessee, U.S.A.). All deed conveyances, or other actions purporting to effect ownership or control of real or personal property, which are inconsistent with the requirements as set forth in these *International General Assembly Minutes* are deemed invalid and ineffective to alter the essential trust relationship for the benefit of the Church of God (Cleveland, Tennessee, U.S.A.).

Where there does not exist an express trust covering real or personal properties utilized by local churches, then an implied trust in favor of the Church of God (Cleveland, Tennessee, U.S.A.) exists by virtue of the Church of God polity as expressed in these *Minutes*.

S51. AFFILIATION WITH CHURCH OF GOD [1994]

When a church or association of churches desires to become affiliated with the Church of God, thus becoming part of the International General Assembly, the church or association must follow the established procedure for acceptance into the Church of God as set forth by the International General Assembly. Appropriate forms of organization, with resolutions to unite with the church, must be processed in a legal business meeting to show acceptance of the faith, government,

polity, and practices of the Church of God, and the willingness to abide by the actions of the International General Assembly. All of the necessary forms pertaining thereto, including deeds, shall be submitted not more than five (5) years after the date of the affiliation/organization meeting, renewable at the request of the local church and with the approval of the administrative bishop (72nd A., 2008).

S52. INVESTMENTS AND LOANS

(44th A., 1952, p. 34; 46th A., 1956, pp. 24, 25; 48th A., 1960, p. 32; 50th A., 1964, p. 61; 52nd A., 1968, pp. 50, 51; 62nd A., 1988, Journal, pp. 48, 49; [1996]).

Ministers' Retirement Plans

A. Investment and Loans

The Ministers' Retirement Plans (Aged Ministers' Plan and Church of God Ministers' Retirement Plan), in excess of a reasonable operating reserve, are to be invested at a fair market rate. Said investments are to be made by the Board of Trustees of the Church of God Benefits Board, Inc. upon recommendation by the Investment Committee.

B. Policy on Loans

The interest rate of local church loans from the Ministers' Retirement Plans (Aged Ministers' Plan and Church of God Ministers' Retirement Plan) is to be determined by the Board of Trustees of the Church of God Benefits Board, Inc. Amortization of loans is not to exceed twenty (20) years.

Loans from the Ministers' Retirement Plans (Aged Ministers' Plan and Church of God Ministers' Retirement Plan) are to be made according to the following criteria:

1. Certified appraisal
2. First mortgage required
3. Underwritten by State Council
4. Certified resolution by local church conference
5. Loss payee clause on insurance policy
6. Title insurance
7. Financial statement reflecting ability to repay
8. Loan not to exceed sixty percent (60%) of appraised value

The borrower shall be provided an amortization schedule covering the period of the loan. All delinquent payments received more than 10 days after the due date shall be charged a two percent (2%)

late penalty. The two percent (2%) penalty for late payments shall be waived in the event payments must be made from state funds.

S53. CHURCH PROMOTION

I. Education Program

No church shall implement a Christian day school without permission from the state overseer. It is further suggested that pastors be advised that guidance can be furnished from the [General Board of Education and the State Board of Ministerial Development] (57th A., 1978, p. 38; 64th A., 1992, p. 78).

II. Know Your Church Week

A week is to be set aside to be known as *Know Your Church Week*, and all legitimate efforts are to be concentrated to better inform our people of their own church, its doctrines, and the way it works. Concentration is to be on promotion of our church publications during this week (43rd A., 1950, p. 20; [1972]).

S54. WOMEN'S MINISTRIES (LOCAL CHURCH)

(31st A., 1936, pp. 32, 35; 45th A., 1954, p. 32; 53rd A., 1970, p. 43; 54th A., 1972, pp. 44, 45; 67th A., 1998, p. 52)

I. Name

1. That each local church organize and maintain a ministry which shall be generally known as the Church of God Women's Ministries.
2. Where a ministry of this type is functioning under a different name, it may continue, if they so desire.

II. Officers

The local church Women's Ministries Committee shall consist of a president, vice president, and secretary-treasurer, of which the pastor is chairman. The manner of selecting, electing, or appointing these officers shall be left up to the pastor.

III. President

The president shall

1. Preside at each meeting of the Women's Ministries.
2. Be responsible for the general promotion of the Women's Ministries in the local church.
3. Consult with the pastor about times and places of special services, such as in rest homes, prisons, and hospitals.

With the aid of the Women's Ministries, consult with the pastor about worthy projects for the church.

IV. Vice President

The vice president shall

1. Assist the president.
2. In the absence of the president, preside over regular meetings of the Women's Ministries.

V. Secretary-Treasurer

The secretary-treasurer shall

1. Keep a record of all regular meetings of the Women's Ministries.
2. Keep a record of all finances and give a report of same to the Women's Ministries at regular meetings.
3. Report each month to the state Women's Ministries president, which will also include the YLM (Young Ladies Ministries) report.
4. Disburse monies when authorized to do so by the Women's Ministries, the president, and with the approval of the pastor.

VI. Purposes and Objectives

Some of the purposes of the Women's Ministries, under the guidance of the Women's Ministries Committee and pastor, are to meet each week, or as often as convenient, to engage in prayer for the welfare of the church and the lost, to visit the sick, rest homes, prisons, PTAs, and other worthy civic organizations where their influence could be effective for God, the church, and the community. Further, they are to raise funds to be disbursed in behalf of the local church, state, and general work, after consulting with and having the approval of their pastor.

S55. SUNDAY SCHOOL (63rd A., 1990, pp. 76, 77)

The Sunday school represents the primary disciple-making agency in the local church. Its potential contribution to the lives of the people cannot be overestimated. Because of this, it deserves the best that can be provided in planning, organizing, coordinating, and supervising a quality program.

Therefore we recommend,

That each local church sponsor a Sunday school for the purpose of helping individuals grow in the knowledge and grace of God through regular and balanced study of the Scriptures.

That all Sunday schools function according to the guidelines established by the Department of Youth and Christian Education.

That each Sunday school be characterized by the following elements: (1) an environment of true Christian fellowship, (2) meaningful interaction with the Word of God, (3) a continual pointing of people toward worship and Christian service, and (4) a consistent outreach to the lost.

That each pastor be active in the promotion and execution of an aggressive Sunday school ministry.

That all Sunday school staff members be involved in the Church Training Course program on an ongoing basis.

That Sunday school outreach and extension attendance be reported according to the instructions given on the local church treasurer's report form.

That all Sunday schools use Church of God curricula, where practical.

That Sunday schools be established when new churches are set in order.

That Sunday schools be established as opportunities to organize new churches.

That the Sunday school in each new church be provided free literature by the Church of God Publishing House the first quarter following the organization of the church.

S56. FAMILY TRAINING HOUR AND/OR YPE

(63rd A., 1990, pp. 77, 78)

1. The acronym *YPE* (Young People's Endeavor) shall not be deleted from the Supplement to the *Minutes of the International General Assembly*, and that each time the term *Family Training Hour* is used in the *Minutes*, that "and/or YPE" be included.

2. The Church of God Family Training Hour and/or YPB is a mid-week evangelistic and educational program sponsored by the local church to provide personalized, age-level training for each member of the family. The Family Training Hour and/or YPB sets forth a structure to provide each member of the family with a sense of belonging, to help develop talents, channel the desire to serve, promote spiritual growth, and train for Christian service.

Therefore, we recommend, that each local church establish a weekly Family Training Hour and/or YPB program designed to

fulfill the following objectives: (1) motivate a sense of mission—both spiritual and secular—in each member of the family, (2) mobilize the family for New Testament service and worship, (3) magnify the importance of God's Word in family life, (4) maintain a fresh emphasis on the work of the Holy Spirit in directing family affairs, and (5) minister to family needs and relationships.

That each Family Training Hour and/or YPE function according to the guidelines established by the Department of Youth and Christian Education.

EXHIBIT 2

DK A169P0140
State of South Carolina,

Form 14-7014 (Rev. 10/1/07) Printed 10/07

KNOW ALL MEN BY THESE PRESENTS, THAT

I, LILLIAN N. HURNAN,

In the State aforesaid, For and _____ in consideration of the sum of
DOLLARS,
to _____ in hand paid and before the reading of these presents by _____
H. DEWITT, and HOWARD H. COOPER, Trustees, and constituting the Local Board of Trustees
of the Church of God at North Charleston, in Charleston County;
In the State aforesaid _____ the receipt whereof is hereby
acknowledged, have granted, bargained, sold and leased, and by these presents do grant, bargain, sell and
release unto the said _____ and _____ the Local Board of Trustees of the Church of God at North Charleston, in
Charleston County, State of South Carolina:

AC. More or less piece, parcel or lot of land designated as Lot No. 22,
on a plot entitled: Queen Virginia Park & Repair Co., Charleston, S.C.
will be shown subdivision of Property for Building Lots on East Ave.
& Hanson Rd. & Vicinity. Drawn by H.S.H. Date May 23, 1912. Book 10-
100-86. Checked by _____ Date 8-10-12, which is recorded in the
S.H.S. Office for Charleston County, in Plat Book 7, Page 27, and is
particularly described as follows:

Containing and comprising in front on the Eastern line of Hanson Avenue
One Hundred (100) Feet on the Northern line Five Hundred Two and 2/3
inches (502.02) Feet; on the Western line One Hundred Forty Four and
Eighty Eight Hundredths (144.48) Feet; and on the Southern line Four
Hundred Twenty One (421) Feet. Beginning and bounding Eastwardly on Hanson
Avenue Northwardly on Lot No. 12 on said plot; Northwardly on a Twenty
Four (24) Foot alley appearing in Lot No. 14; and Southwardly on an
unimproved Alley back company.

TRUSTEES 475-15-09-022

QUANTUM ADDRESS: 5805 North West Avenue, North Charleston, S.C. 29406

Being the same property conveyed to H.M. Dwyer by deed of Queen Virginia
Park and Repair Company, a Delaware Corp., dated January 26, 1912 and recorded
in the REC. Office of Charleston County in Book 1-41, Page 740; and devised
by the testator herein to the said _____ under the Will of WILLIAM H. DICKENS, dated
November 24, 1900 and filed in the Probate Court for Charleston County in
File No. 70-397.

DK M149P0149

The said Local Board of Trustees shall hold title to, manage and control the said real estate for the general use and benefit of the Church of God, having its general headquarters in Cleveland, Tennessee, and for the particular use and benefit of the local congregation of the said Church at North Charleston, South Carolina.

The said Local Board of Trustees shall have full right, power and authority to sell, exchange, transfer and convey said property, or to borrow money and pledge the said real estate for the repayment of the same, and to execute all necessary deeds, conveyances, etc., provided the proposition shall first be presented to a regular or called conference of the said local church, presided over by the State Overseer of the Church of God, or one whom he may appoint, and the project approved by two-thirds of all members of the said local congregation present and voting.

If the local congregation at the place above described shall at any time cease to function or exist, then said Trustees shall hold title to said real estate for the Church of God generally in the State where said real estate is located; and said Trustees shall convey the said real estate upon demand to the State Board of Trustees of the Church of God in said State, which said State Board shall be authorized to either use said real estate, or the proceeds derived from the sale of same (said State Board being authorized to sell and convey the said real estate at any time after title is vested in it), for the use and benefit of the church in that area generally, or the founding of another Church of God in the same State, or for the promotion of one already existing.

If at any time the local Board of Trustees shall cease to exist or to perform its duties, then the State Overseer of the State in which said real estate is located, shall have the power to declare all offices on the said Board vacant, and the State Board of Trustees of the Church of God for that State shall automatically then hold title.

The limitations set forth herein are those appearing in the Minutes of the 47th General Assembly of the Church of God held at the Elgin Auditorium, Memphis, Tennessee, August 14-18, 1962.

TOGETHER with all and singular, the Rights, Members, Hereditaments and Appurtenances to the said Premises belonging, or in anywise incident or appertaining.

TO HAVE AND TO HOLD, all and singular, the said Premises before mentioned unto the said

CYRIL H. BOWEN, WILLIAM H. BYNEMAN and JORAH D. COOPER, as Trustees and members of the Local Board of Trustees of the Church of God at North Charleston, Charleston County, State of South Carolina, their successors in trust, heirs, and assigns forever.



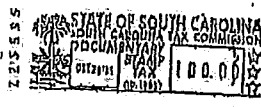
AND I, do hereby bind myself, My A I & R P O Heirs, by
Executor and Administrator, to warrant and forever defend, all and aboven, the said Premises and the said
VINCE H. STANFORD, WILLIAM H. BLAVEROCK and EDWARD B. GOSFER, Executors, of HOWARD
HARRINGTON SURVIVOR OF AND, their Successors,

Heirs, and all persons whatsoever,
lawfully aboven, or in claim the same or any part thereof,

WITNESS my Hand and Seal, this 9th day of November

in the year of our Lord one thousand nine hundred and ninety-nine and in the two hundred and
ninth year of the Sovereignty and Independence of the United States of America.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF
Nancy S. Kesseler Lillian L. Burcher (L.S.)
John H. Smith Lillian L. Burcher (L.S.)



The State of South Carolina,
Charleston County,

PERSONALLY appeared before me Nancy S. Kesseler
and made with that She the within named WILLIAM L. BUCHER
her name, and so not her and used, during the within written Date,
and that she with John H. Smith witnessed the execution thereof,

SWORN to before me, this 9
day of November, A.D. 10 09
John H. Smith (SEAL)
Notary Public of South Carolina
My Commission Expires 01/01/12
Nancy S. Kesseler

The State of South Carolina,
County,

I, _____, a Notary Public for South Carolina
do hereby certify unto all whom it may concern, that Mrs. _____
the wife of the within named _____
did this day appear before me, and upon being privately and separately examined by me, did declare that she does
truly, voluntarily, and without any compulsion, duress or fear of any person or persons whatsoever, renounce, re-
lease and forever relinquish unto the within named _____

Wife and heirs, all her interest and estate, and also all her right and estate of dower, in or to all and singular
the premises within mentioned and released.

Given under my Hand and Seal, this _____ day of _____ Anno Domini 10 _____
(SEAL)
Notary Public of South Carolina
My Commission Expires _____

RX Date/Time
12/15/2000 00:27 FAX

12/15/2000 13:03

P.028
21028

GARRETT & MINEOP
Attorneys at Law
P. O. Box 5247
1075 East Montague Avenue
North Charleston, SC 29405

DK A149PG151

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RECORDED IN PUBLIC RECORDS
OFFICE OF THE CLERK OF COURT
COLUMBIA, SOUTH CAROLINA
744 " 1
EXC. No. 11
11/10/2000
S. J. [unclear]

State of South Carolina,

DEPT. OF REVENUE
TO
MORNING STAR INVESTMENT COMPANY OF CALIFORNIA
TITLE TO REAL ESTATE
Sent _____
of _____
in _____
and recorded in Book _____
Page _____
B. N. G. W. Clerk of Court C.R. & C.S.
Columbia, S.C.
Recorded this _____ day of _____
at _____
in Book _____
Sec. 2 - BY _____
Author _____
COLUMBIA, S.C.

EXHIBIT 3

NORTH PALM INDUSTRIES, INC. 6605 NORTH WHEAT AVENUE NORTH CHARLESTON, SC 29408	Depository: <u>FirstBank</u> 684 Collins Rd Charleston, SC 29407	Loan Number: <u>0121030018</u> Date: <u>10/18/2007</u> Maturity Date: <u>10/18/2010</u> Loan Amount: <u>\$ 700,000.00</u> Borrowed On: _____
BORROWER'S NAME AND ADDRESS (Public information, do not redact)	LENDER'S NAME AND ADDRESS "You" means the lender, its successors and assigns.	

For Value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL, sum of Seven Hundred Thousand and 00/100

Dollars \$ 700,000.00

Single Advance: I will receive all of this principal sum on 10/18/2007. No additional advances are contemplated under this note.
 Multiple Advances: The principal sum shown above is the maximum amount of principal I can borrow under this note. On _____ I will receive the amount of \$ _____ and future principal advances are contemplated.
 Conditional: The conditions for future advances are _____

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

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

INTEREST: I agree to pay interest on the outstanding principal balance from 10/18/2007 at the rate of 7.750% per year until 10/18/2010

Variable Rate: This rate may then change as stated below.
 Index Rate: The future rate will be _____ the following index rate: _____

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

Frequency and Timing: The rate on this note may change as often as _____

A change in the interest rate will take effect _____

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

The rate may not change more than _____ % each _____

Effect of Variable Rate: A change in the interest rate will have the following effect on the payment(s):

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

ANNUAL METHOD: Interest will be calculated on a 360/360 basis.

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

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

at a rate equal to _____

LATE CHARGE: If a payment is not made within 10 days after it's due, I agree to pay a late charge of 5.00% OF THE LATE PAYMENT

ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which are are not included in the principal amount above: NOTARIAL FEE \$120.00, APPOINTMENT FEE \$1,000.00, RECORDING FEE \$115.00, COUNTY FEE \$25.00

PAYMENTS: I agree to pay this note as follows:

Interest: I agree to pay accrued interest _____

Principal: I agree to pay the principal _____

Installments: I agree to pay this note in 36 payments. The first payment will be in the amount of \$8,780.01

and will be due 11/18/2007. A payment of \$8,780.01 will be due 15th day of each month

thereafter. The final payment of the entire

unpaid balance of principal and interest will be due 10/18/2010

ADDITIONAL TERMS:

DEFAULT DATE OF INTEREST: IN THE EVENT OF DEFAULT UNDER ANY OF THE LOAN DOCUMENTS, INTEREST SHALL BECOME ACCRUING BY THE DATE STATED ABOVE PLUS THREE PERCENT (3.00%) PER ANNUM.

This note is secured with a First Mortgage on 6605 North Wheat Avenue, North Charleston, SC 29408 pledged by check of Cash at North Charleston to the amount of \$700,000.00 and an assignment of Leases, Rents and Profits of such.

CO SECURITY: This note is secured by (describe separate documents by type and date) ASSIGNMENT LEASES RENTS & PROFITS AGREEMENT

PURPOSE: The purpose of this loan is FINANCE PROPERTY FOR BASH OUT

Signature for Lender
Sandra L. Kennedy
 SANDRA L. KENNEDY VICE PRESIDENT

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE INCLUDING THOSE ON PAGE 2. I have received a copy on today's date.
Michael Anthony Brooks as Investor
 MICHAEL ANTHONY BROOKS
Robert J. Davis as Trustee
 ROBERT J. DAVIS
Adam Doyer as Trustee
 ADAM DOYER

EXHIBIT 4

BKG 642PG808

This document was prepared by (name, address, phone): R. DAVID CHAND, ATTORNEY AT LAW
2020 SPANGLING DRIVE SUITE 2
N CHARLESTON, SC 29400

BOY-15290

State of South Carolina _____ Space Above This Line For Recording Date

REAL ESTATE MORTGAGE
(With Future Advances Clause)

1. **DATE AND PARTIES.** The date of this Mortgage is 10/15/2007 and the parties and their addresses are as follows:

MORTGAGOR: HURDHI OF OOD AT NORTH CHARLESTON
6608 NORTH NIJEY AVENUE
NORTH CHARLESTON, SC 29400

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

LENDER: Commercial FirstBank
309 Business Rd
Charleston, SC 29407

2. **MORTGAGE:** For good and valuable consideration, the receipt and sufficiency of which is acknowledged, and to satisfy the Secured Debt hereafter defined, Mortgagor grants, bargains, conveys and mortgages to Lender the following described property:
REFER TO EXHIBIT A WHICH IS ATTACHED HERETO AND MADE A PART HEREOF

The property is located in CHARLESTON at 6608 NORTH NIJEY AVENUE
(County) (City) (Zip Code)
NORTH CHARLESTON, South Carolina 29400
(Address) (City) (Zip Code)

Together with all rights, easements, appurtenances, royalties, mineral rights, all and every rights, claims, interests, all divorce payments or third party payments made to or for plaintiffs, and all existing and future improvements, structures, fixtures, and replacements that may now, or at any time in the future, be part of the real estate described above and referred to as "Property". The term Property also includes, but is not limited to, any and all water, wells, water, ditches, reservoirs, reservoirs, dikes and dams located on the real estate and all riparian and water rights associated with the Property, however established.

RECORDED IN THE PUBLIC RECORDS OF THE COUNTY OF CHARLESTON, SOUTH CAROLINA, ON 10/15/2007 AT 11:21 AM. BY _____ (Signatures)
BKG 642PG808

3. MAXIMUM OBLIGATION LIMIT. The total principal amount of the Secured Debt (hereafter referred to as the "Debt") secured by this Mortgage at any one time shall not exceed \$ 200,000.00. This limitation of amount does not include interest, fees, charges, commitment fees, brokerage commissions, attorney fees and other charges validly made pursuant to this Mortgage and does not apply to advances for interest accrued on such advances made under the terms of this Mortgage to protect Lender's security and to perform any of the covenants contained in this Mortgage. Interest under the Note will be deferred, accrued or capitalized. However, Mortgagee shall not be required to defer, accrue or capitalize any interest except as provided in the Note. Future advances are contemplated and, along with other future obligations, are secured by this Mortgage even though all or part may not yet be advanced. Nothing in this Mortgage, however, shall constitute a commitment to make additional or future loans or advances in any amount. Any such commitment would need to be agreed to in a separate writing.

4. SECURED DEBT DEFINED. The term "Secured Debt" includes, but is not limited to, the following:
A. The promissory note(s), contract(s), assignment(s) or other evidence of debt described below and all extensions, renewals, modifications or substitutions (Evidence of Debt) (to, to, borrower's name, note amount, interest rate, maturity date)
including but limited to Note number 121000019 in the name of North Park Holdings, Inc. dated of even date as Mortgage in the amount of \$700,000.00 maturing 10/15/08.

- B. All future advances from Lender to Mortgagee or other future obligations of Mortgagee to Lender under any promissory note, contract, guaranty, or other evidence of debt existing now or existing after this Mortgage whether or not this Mortgage is specifically referred to in the evidence of debt.
- C. All obligations Mortgagee owes to Lender, which now exist or may later arise, to the extent not prohibited by law, including, but not limited to, liabilities for overdraws relating to any deposit account agreement between Mortgagee and Lender.
- D. All additional sums advanced and expenses incurred by Lender for insuring, preserving or otherwise protecting the Property and its value and any other sums advanced and expenses incurred by Lender under the terms of this Mortgage, plus interest at the highest rate in effect, from time to time, as provided in the Evidence of Debt.
- E. Mortgagee's performance under the terms of any instrument evidencing a debt by Mortgagee to Lender and any mortgage, security, guaranty, or otherwise relating to the Debt.

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

- 5. PAYMENTS. Mortgagee agrees to make all payments on the Secured Debt when due and in accordance with the terms of the Evidence of Debt or this Mortgage.
- 6. WARRANTY OF TITLE. Mortgagee warrants that Mortgagee is lawfully seized of the estate conveyed by this Mortgage and has the right to grant, bargain, convey, sell, and mortgage the Property and warrants that the Property is unencumbered, except for encumbrances of record.
- 7. CLAIMS AGAINST TITLE. Mortgagee will pay all taxes, assessments, liens, encumbrances, fees, payments, ground rents, utilities, and other charges relating to the Property when due. Lender may require Mortgagee to provide to Lender copies of all notices that such amounts are due and the receipts evidencing Mortgagee's payment. Mortgagee will defend title to the Property against any claims that would impair the lien of this Mortgage. Mortgagee agrees to assign to Lender, as requested by Lender, any rights, claims or defenses which Mortgagee may have against parties who supply labor or materials to improve or maintain the Property.
- 8. PRIOR SECURITY INTERESTS. With respect to any other mortgage, deed of trust, security agreement or other lien document that created a prior security interest or encumbrance on the Property and that may have priority over this Mortgage, Mortgagee warrants:
A. To make all payments when due and to perform or comply with all covenants.
B. To promptly deliver to Lender any notices that Mortgagee receives from the holder.
C. Not to make or permit any modification or extension of, and not to request or accept any future advances similar any note or agreement secured by, the other mortgage, deed of trust or security agreement unless Lender consents in writing.
- 9. DUE ON SALE OR ENFORCEMENT. Lender may, at its option, declare the entire balance of the Secured Debt to be immediately due and payable upon the creation of any lien, encumbrance, transfer, or sale, or contract for any of those on the Property. However, if the Property includes Mortgagee's residence, this section shall be subject to the restrictions imposed by federal law (12 C.F.R. 601), as applicable. For the purposes of this section, the term "Property" also includes any interest in all or any part of the Property. This covenant shall run with the Property and shall remain in effect until the Secured Debt is paid in full and this Mortgage is released.

10. TRANSFER OF AN INTEREST IN THE MORTGAGE. If Mortgagor is an entity other than a natural person (such as a corporation or other organization), Lender may demand immediate payment (1) if a beneficial interest in Mortgage is sold or transferred; (2) there is a change in either the identity or number of members of a partnership or similar entity; or (3) there is a change in ownership of more than 25 percent of the voting stock of a corporation or similar entity. However, Lender may not demand payment in the above situations if it is prohibited by law as of the date of this mortgage.

11. ENTITY WARRANTIES AND REPRESENTATIONS. If Mortgagor is an entity other than a natural person (such as a corporation or other organization), Mortgagor makes to Lender the following warranties and representations which shall be continuing in effect as long as the Secured Debt remains outstanding:

- A. Mortgagor is an entity which is duly organized and validly existing in the Mortgagor's state of incorporation (or organization); Mortgagor is in good standing in all states in which Mortgagor transacts business; Mortgagor has the power and authority to own the Property and to carry on its business as now being conducted and, as applicable, is qualified to do so in each state in which Mortgagor operates.
- B. The execution, delivery and performance of this Mortgage by Mortgagor and the obligation evidenced by the Evidence of Debt are within the power of Mortgagor, have been duly authorized, have received all necessary governmental approval, and will not violate any provision of law, or order of court or governmental agency.
- C. Other than disclosed in writing, Mortgagor has not changed its name within the last ten years and has not used any other trade or fictitious name. Without Lender's prior written consent, Mortgagor does not and will not use any other name and will preserve its existing name, trade names and franchises until the Secured Debt is satisfied.

12. PROPERTY CONDITION, ALTERATIONS AND INSPECTION. Mortgagor will keep the Property in good condition and make all repairs that are reasonably necessary. Mortgagor will give Lender prompt notice of any loss or damage to the Property. Mortgagor will keep the Property free of noxious waste and odors. Mortgagor will not fail to, fail to or consent to any change in any public regulatory covenant, zoning ordinance or other public or private restriction, building or zoning laws which may be applicable to the Property or any part of the Property without Lender's prior written consent. Mortgagor will notify Lender of all demands, proceedings, claims, and actions against Mortgagor or any other owner made under law or regulation regarding use, ownership and occupancy of the Property. Mortgagor will comply with all legal requirements and restrictions, whether public or private, with respect to the use of the Property. Mortgagor also agrees that the nature of the occupancy and use will not change without Lender's prior written consent.

No portion of the Property will be removed, demolished or materially altered without Lender's prior written consent except that Mortgagor has the right to remove items of personal property comprising a part of the Property that become worn or obsolete, provided that such personal property is replaced with other personal property of at least equal value to the replaced personal property, free from any (1) lien, (2) security agreement or other encumbrance. Such replacement of personal property will be subject to the security interest created by this Mortgage. Mortgagor shall not partition or subdivide the Property without Lender's prior written consent. Lender or Lender's agents may, at Lender's option, enter the Property at any reasonable time for the purpose of inspecting the Property. Any inspection of the Property shall be entirely for Lender's benefit and Mortgagor will in no way rely on Lender's inspection.

13. AUTHORITY TO PERFORM. If Mortgagor fails to perform any of Mortgagor's duties under this Mortgage, or any other mortgage, deed of trust, security agreement or other lien document that has priority over this Mortgage, Lender may, without notice, perform the duties or cause them to be performed. Mortgagor appoints Lender as attorney in fact to sign Mortgagor's name or pay any amount necessary for performance; if any construction on the Property is discontinued or not completed in a reasonable manner, Lender may do whatever is necessary to protect Lender's security interest in the Property. This may include completing the construction.

Lender's right to perform for Mortgagor shall not create an obligation to perform, and Lender's failure to perform will not prohibit Lender from exercising any of Lender's other rights under the law or this Mortgage. Any amounts paid by Lender for insuring, preserving or otherwise protecting the Property and Lender's security interest will be due on demand and will bear interest from the date of the payment until paid in full at the interest rate in effect from time to time according to the terms of the Evidence of Debt.

14. ASSIGNMENT OF LEASES AND RENTS. Mortgagor assigns, grants, bargains, conveys and mortgages to Lender, as additional security all the right, title and interest in the following Property:

- A. Existing or future leases, subleases, licenses, guarantees and any other written or verbal agreements for the use and occupancy of the Property, including but not limited to, any extensions, renewals, modifications or replacements (Leases).
- B. Rents, issues and profits, including but not limited to, security deposits, minimum rents, percentage rents, additional rents, common area maintenance charges, parking charges, real estate taxes, other applicable taxes, insurance premium contributions, liquidated damages following a default, cancellation payments, loss of rent, bonuses, gift receipts, revenues, royalties, proceeds, bonuses, proceeds, contract rights, benefit interests, and all rights and claims which Mortgagor may have that in any way pertain to or are an account of the use or occupancy of the whole or any part of the Property (Rents).

In the event any item listed as Leases or Rents is determined to be personal property, this Assignment will also be regarded as a security agreement.

Mortgagor will promptly provide Lender with copies of the Leases and will certify those Leases are true and correct copies. The existing Leases will be provided on execution of this Assignment, and all future Leases and any other information with respect to those Leases will be provided immediately after they are executed. Mortgagor may assign, receive, enjoy and use the Rents as long as Mortgagor is not in default. Mortgagor will not retain in any way any Rents due in full or in part, unless Mortgagor first obtains Lender's written consent. Upon default, Mortgagor will receive

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

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

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

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

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

- A. Any party obligated on the Secured Debt fails to make payment when due;
- B. A breach of any term of covenant in this Mortgage, any prior mortgage or any construction loan agreement, security agreement or any other agreement evidencing, guaranteeing, securing or otherwise relating to the Secured Debt;
- C. The making or furnishing of any verbal or written representation, statement or warranty to Lender that is false or incorrect in any material respect by Mortgagor or any person or entity obligated on the Secured Debt;
- D. The death, dissolution, or insolvency of, appointment of a receiver for, or application of any insolvency law to, Mortgagor or any person or entity obligated on the Secured Debt;
- E. A good faith order by Lender at any time that Lender is inactive with respect to any person or entity obligated on the Secured Debt or that the prospect of any payment is impaired or the value of the Property is impaired;
- F. A material adverse change in Mortgagor's business including ownership, management, and financial condition, which Lender in its opinion believes impairs the value of the Property or repayment of the Secured Debt; or
- G. Any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 D.F.S. Part 1640, Subpart 0, Exhibit 1a.

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

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

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

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

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

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

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

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

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

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

Unless Lender and Mortgagor otherwise agree in Writing, insurance proceeds shall be applied to restoration or repair of the Property damaged if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the Secured Debt, whether or not then due, with any excess paid to Mortgagor. If Mortgagor abandons the Property, or does not answer within 60 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay the Secured Debt whether or not then due. The 60-day period will begin when the notice is given.

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

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

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

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

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

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

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

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

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

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

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

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- Personal Property. Mortgagee grants to Lender a security interest in all personal property located on or connected with the Property. The security interest includes all farm products, inventory, equipment, accounts, documents, instruments, chattel paper, general intangibles, and all other forms of personal property Mortgagee owns now or in the future and that are used or useful in the construction, ownership, operation, management, or maintenance of the Property. The term "personal property" specifically excludes that property classified as "household goods" secured in connection with a "consumer" loan as those terms are defined in applicable federal regulations governing unfair and deceptive credit practices.

- Filing As Financing Statement. Mortgagee agrees and acknowledges that this Mortgage also satisfies as a financing statement and as such, may be filed of record as a financing statement for purposes of Article 9 of the Uniform Commercial Code. A caption, photograph, image or other reproduction of this Mortgage is sufficient as a financing statement.

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

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

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

- Actual Authority was granted to the parties signing below by resolution adopted and dated Oct 8, 2007.

Entity Name: Church of God at North Charleston (Name)

Alvin Guy (Signature) (Date) Robert Davis (Signature) (Date)

Signed, Read and delivered in the presence of
David N. Kennedy (Signature) Michael Justice Brooks (Signature)
David Christ (Signature)

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

BKG 64290315

PROBATE STATE OF South Carolina COUNTY OF Charleston ss,

Personally appeared before me the undersigned witness who, being duly sworn, deposed and said that I did see the Mortgage (and each Mortgage if more than one) sign, seal and deliver the foregoing Mortgage and that I, together with the other witness whose name appears as a witness, witnessed the execution hereof.

Sworn to and subscribed before me this 15th day of October, 2007.

R David Cloud
(Notary Public for South Carolina)

James H. Kennedy

My commission expires 1/3/17

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EXHIBIT "A"

OKG 642PG316

ALL THAT CERTAIN PIECE, PARCEL OR LOT OF LAND DESIGNATED AS LOT NO. 13, ON A PLAT ENTITLED, "WEST VIRGINIA PULP & PAPER CO., CHARLESTON, S.C. MILL MAP SHOWING SUBDIVISION OF PROPERTY FOR BUILDING LOTS AT RHETT AVE. & REMOUNT ROAD & VICINITY. DRAWN BY H.J.W. DATE MAY 21, 1941 SCALE 1" = 100 FT. CHECKED BY DATE DWG. 6-1041," WHICH IS THIS RMC OFFICE FOR CHARLESTON COUNTY, IN PLAT BOOK 7, PAGE 97, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS?

MEASURING AND CONTAINING IN FRONT ON THE EASTERN LINE ON RHETT AVENUE ONE HUNDRED (100) FEET; ON THE NORTHERN LINE FIVE HUNDRED TWO AND TWO HUNDREDTHS (502.05) FEET; ON THE WESTERN LINE ONE HUNDRED FORTY FOUR AND FORT EIGHT HUNDREDTHS (144.48) FEET; AND ON THE SOUTHERN LINE FOUR HUNDRED NINETY ONE (491) FEET, BUTTING AND BOUNDING EASTWARDLY ON RHETT AVENUE; NORTHWARDLY ON LOT NO. 12 ON SAID PLAT; WESTWARDLY ON A TWENTY FOOT ALLEYWAY SEPARATING IT FROM LOT NO. 14; AND SOUTHWARDLY ON AN UNIMPROVED FIFTY FOOT ROADWAY.

BEING THE SAME PROPERTY CONVEYED TO CLYDE R. STANFORD, WILLIAM H. SYLVESTER AND EDWARD E. COOPER TRUSTEES AND CONSTITUTING THE LOCAL BOARD OF TRUSTEES OF THE CHURCH OF GOD AT NORTH CHARLESTON BY DEED OF LILLIAN L. BUCKNER DATED OCTOBER 18, 1985 AND RECORDED OCTOBER 18, 1985 IN THE CHARLESTON COUNTY RMC OFFICE IN BOOK A149, AT PAGE 148.

TMS# 473-16-00-022

PROPERTY ADDRESS:
5505 N. RHETT AVENUE,
N. CHARLESTON, SC 29406

M30 P40 R20

DK J 64286153

121050819

ROT-15090
STATE OF SOUTH CAROLINA
COUNTY OF CHARLESTON

ASSIGNMENT OF LEASES,
RENTS AND PROFITS

THIS ASSIGNMENT made and entered into this 15th day of October, 2007 by and between CHURCH OF GOD AT NORTH CHARLESTON (hereinafter referred to as the "Assignor"), and COMMUNITY FIRSTBANK, Charleston, South Carolina (hereinafter referred to as the "Assignee").

WITNESSETH:

FOR VALUE RECEIVED and as security for the loan hereinafter mentioned, the Assignor hereby sells, transfers, assigns and grants a security interest unto the Assignee, its successors and assigns, all the right, title and interest of the Assignor, whether as Lessor or Lessee, in and to the rents, issues, profits, revenues, royalties, rights and benefits, from the property described on Exhibit A attached hereto and made a part hereof and any buildings and improvements now or hereafter placed on such property.

And to that end Assignor hereby assigns and sets over unto Assignee, its successors and assigns, all leases of said premises now made, executed or delivered, whether written or verbal, or to be hereafter made, be the same written or verbal.

And Assignor does hereby authorize and empower Assignee, its successors and assigns, to collect the said rents, issues, profits, revenues, royalties, rights and benefits, as they shall become due, and does hereby direct each and all of tenants of the aforesaid premises to pay such rents as may now be due or shall hereafter become due to the said Assignee, its successors and assigns, upon demand for payment hereof by said Assignee, its successors and assigns, if it is understood and agreed, however, that no such demand shall be made unless and until there has been a default in the payment of the Note hereinafter described or a default under the Loan Agreement of even date herewith or any of the loan documents, and until such demand is made the Assignor is authorized to collect, or continue collecting, said rent, issues, profits, revenues, royalties, rights and benefits but that such privilege to collect, or continue collecting, as aforesaid by Assignor shall not operate to permit the collection by said Assignor, its successors or assigns, of any installment of rent in advance of the date prescribed in said lease or leases for the payment thereof.

MSB A.D. RKO

OK J 6426154

The term of this Assignment shall be until that certain Note in the original principal amount of not to exceed SEVEN HUNDRED THOUSAND DOLLARS AND NO/100 (\$700,000.00) and all other indebtedness secured by the Mortgage, all of even date herewith, made, executed and delivered by Assignor to the Assignee, covering the above described property, shall have been fully paid and satisfied, and at the end of such term, this Assignment is to be canceled and released, and the satisfaction of said Mortgage shall constitute a release hereof.

It is expressly covenanted and agreed by the undersigned Assignor, that at the time of the execution and delivery of this Assignment there has been no anticipation or prepayment of any rents.

It is further covenanted and agreed that Assignor, and his successors or assigns, shall have no right, power or authority to alter, modify or amend the terms, or any of them, of any of the leases pertaining to the property described on Exhibit A attached hereto in any particular whatsoever without first obtaining the consent in writing of the Assignee to such alteration modification or amendment.

Nothing herein contained shall be construed as making the Assignee, or his successors and assigns, Mortgagee in possession, nor shall it or his successors and assigns, be liable for losses for failure to collect said rents, issues, profits, revenues, royalties, rights and benefits; and it is understood that said Assignee is to account only for such sums as are actually collected.

IT IS UNDERSTOOD AND AGREED that neither the existence of this Assignment nor the exercise of its privilege to collect said rents, issues, profits, revenues, royalties, rights and benefits hereunder shall be construed as a waiver by the Assignee, or his successors and assigns, of the right to enforce payment of the debt hereinabove mentioned, in strict accordance with the terms and provisions of the Note and Mortgage and all other Loan Documents for which this Assignment is given as additional security and by any means provided in said Mortgage, and the rights hereby given are in addition to and cumulative of all rights given by said Mortgage.

The covenants and obligations herein undertaken by the Assignor shall be binding upon his successors and assigns, and the rights and benefits herein conferred upon the Assignee shall inure to the benefit of his successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed under Seal as of the day and year first hereinabove written.

MSB RD 220

OK J 64200155

WITNESSES:

Linda H. Kennedy
R. David Clark

CHURCH OF GOD AT NORTH
CHARLESTON

By: Michael Timothy Brooks
MICHAEL TIMOTHY BROOKS, Trustee

By: Rolando Rivera Osorio
ROLANDO RIVBRA OSORIO, Trustee

By: Adam Boyer
ADAM BOYER, Trustee

As to Assignor

STATE OF SOUTH CAROLINA
COUNTY OF CHARLESTON

PROBATE

PERSONALLY appeared before me the undersigned witness who, being duly sworn, deposes and says that (s) he saw the within named CHURCH OF GOD AT NORTH CHARLESTON by MICHAEL TIMOTHY BROOKS, Trustee, ROLANDO RIVBRA OSORIO, Trustee and ADAM BOYER, Trustee authorized signers, sign, seal, and as his act and deed, deliver the within written Assignment of Leases, Rents and Profits, and that (s) he with the other above-subscribed witness witnessed the execution thereof.

Linda H. Kennedy
WITNESS

SWORN TO before me this

15th Day of Dec., 2007

R. David Clark

Notary Public of South Carolina

My Commission Expires 1/3/17

MBB RRS

DK J 642PG156

SCHEDULE A

Any and all goods, chattels, furniture, fixtures, equipment, inventory and tangible or intangible personal property of any kind, nature or description (including without limitation, any and all accounts, contract rights, franchises, licenses, permits, now owned or hereafter acquired, or in which Debtor now has or shall hereafter acquire any right, title or interest whatsoever (whether by bill of sale, lease, conditional sales contract, other title retention document or otherwise) which is, are or shall be located upon and used in the Debtor's present and improvements, or other operations or enterprises of Debtor carried out upon the real property more particularly described in Exhibit A attached hereto, together with any and all replacements or substitutions thereof or therefor as well as the proceeds thereof or therefrom regardless of form.

6

MSS AD. RAO

EXHIBIT "A"

J 642PD157

ALL THAT CERTAIN PIECE, PARCEL OR LOT OF LAND DESIGNATED AS LOT NO. 13, ON A PLAT ENTITLED, "WEST VIRGINIA PULP & PAPER CO., CHARLESTON, S.C. MILL MAP SHOWING SUBDIVISION OF PROPERTY FOR BUILDING LOTS AT RHETT AVE. & REMOUNT ROAD & VICINITY. DRAWN BY H.J.W. DATE MAY 21, 1941 SCALE 1" = 100 FT. CHECKED BY DATE DWG. 6-1041," WHICH IS THIS RMC OFFICE FOR CHARLESTON COUNTY, IN PLAT BOOK F, PAGE 97, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS?

MEASURING AND CONTAINING IN FRONT ON THE EASTERN LINE ON RHETT AVENUE ONE HUNDRED (100) FEET; ON THE NORTHERN LINE FIVE HUNDRED TWO AND TWO HUNDREDTHS (502.05) FEET; ON THE WESTERN LINE ONE HUNDRED FORTY FOUR AND FORT EIGHT HUNDREDTHS (144.48) FEET; AND ON THE SOUTHERN LINE FOUR HUNDRED NINETY ONE (491) FEET. BUTTING AND BOUNDING EASTWARDLY ON RHETT AVENUE; NORTHWARDLY ON LOT NO. 12 ON SAID PLAT; WESTWARDLY ON A TWENTY FOOT ALLEYWAY SEPARATING IT FROM LOT NO. 14; AND SOUTHWARDLY ON AN UNIMPROVED FIFTY FOOT ROADWAY.

TMS# 473-16-00-022

PROPERTY ADDRESS:
5505 N. RHETT AVENUE,
N. CHARLESTON, SC 29406

MSB RD. 220

Third Party Pledge Agreement

Date: 10/15/2007

ISSUER	CHURCH OF GOD AT NORTH CHARLESTON	SECURED PARTY	Community First Bank
ADDRESS	3505 NORTH RHETT AVENUE	ADDRESS	884 Orleans Rd
CITY, STATE, ZIP CODE	NORTH CHARLESTON, SC 29406	CITY, STATE, ZIP CODE	Charleston, SC 29407

1. Security Interest and Collateral. To secure (check one)

The payment and performance of each and every debt, liability and obligation of every type and description which (Debtor) may now or at any time hereafter owe to Secured Party (whether such debt, liability or obligation now exist or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several, all such debts, liabilities and obligations being herein collectively referred to as the "Obligations").

The debt, liability or obligation of NORTH PALM MINISTRIES, INC. (Debtor) to Secured Party evidenced by or arising under the following: NOTE AND LOAN NUMBER 121080018 DATED 10/16/07 IN THE AMOUNT OF \$700,000.00 and any extensions, renewals or replacements thereof (herein referred to as the "Obligations").

Pledgor hereby grants Secured Party a security interest (herein called the "Security Interest") in (check one):

All property of any kind now or at any time hereafter owned by Pledgor, or in which Pledgor may now or hereafter have an interest, which may now be or may at any time hereafter come into the possession or control of Secured Party or into the possession or control of Secured Party's agents or correspondents, whether such possession or control is given for collateral purposes or for safekeeping, together with all proceeds of and other rights in connection with such property (herein called the "Collateral").

The property owned by Pledgor and held by Secured Party that is described as follows: 187 - 5605 NORTH RHETT AVENUE, NORTH CHARLESTON, SC 29409, together with all rights in connection with that property (herein called the "Collateral").

2. Representations, Warranties and Covenants. Pledgor represents, warrants and covenants that:
- (a) Pledgor will duly endorse, in blank, each and every instrument constituting Collateral by signing on said instrument or by signing a separate document of assignment or transfer, if required by Secured Party.
 - (b) Pledgor is the owner of the Collateral free and clear of all liens, encumbrances, security interests and restrictions, except the Security Interest and any restrictive legend appearing on any instrument constituting Collateral.
 - (c) Pledgor will keep the collateral free and clear of all liens, encumbrances and security interests, except the Security Interest.
 - (d) Pledgor will pay, when due, all taxes and other governmental charges levied or assessed upon or against any Collateral.
 - (e) At any time, upon request by Secured Party, Pledgor will deliver to Secured Party all notices, financial statements, reports or other communications received by Pledgor as owner or holder of the Collateral.
 - (f) Pledgor will upon receipt deliver to Secured Party in pledge as additional Collateral all equities distributed on account of the Collateral such as stock dividends and securities resulting from stock splits, reorganizations and recapitalizations.
3. Rights of Secured Party. Pledgor agrees that Secured Party may at any time, whether before or after the occurrence of an Event of Default and without notice or demand of any kind, (i) notify the obligor on or lessor of any Collateral to make payment to Secured Party of any amounts due or due/believable thereon, (ii) in Pledgor's name or Secured Party's name enforce collection of any Collateral by suit or otherwise, or surrender, release or exchange all or any part of it; or compromise, extend or renew for any period any obligation evidenced by the Collateral, (iii) receive all proceeds of the Collateral, and (iv) hold any increase or profits received from the Collateral as additional security for the Obligations, except that any money received from the Collateral shall, at Secured Party's option, be applied in reduction of the Obligations, in such order of application as Secured Party may determine, or be remitted to Debtor.

THIS AGREEMENT CONTAINS ADDITIONAL PROVISIONS SET FORTH ON PAGE 2 HEREOF, ALL OF WHICH ARE MADE A PART HEREOF.

CHURCH OF GOD AT NORTH CHARLESTON

By: Michael Timothy Bowles as Pastor
 By: Adrian Brown as Trustee
 By: Robert Brown as Pastor

ADDITIONAL PROVISIONS

4. Events of Default. Each of the following occurrences shall constitute an event of default under this Agreement (herein, called "Event of Default"): (i) Debtor shall fail to pay any or all of the Obligations when due or (ii) payable on demand on demand; (iii) Pledgor shall fail to observe or perform any covenant or agreement herein binding on Pledgor; (iv) any representation or warranty by Pledgor set forth in this Agreement or made to Secured Party in any financial statement or report submitted to Secured Party by or on behalf of Debtor shall prove materially false or misleading; (v) Debtor shall voluntarily file or have involuntarily filed against it a petition under the United States Bankruptcy Code.
5. Remedies upon Event of Default. Upon the occurrence of an Event of Default and of any time thereafter, Secured Party may exercise any one or more of the following rights or remedies: (i) declare all Unmatured Obligations to be immediately due and payable, and the same shall thereupon be immediately due and payable, without presentment or other notice or demand; (ii) exercise all voting and other rights as a holder of the Collateral; (iii) exercise and enforce any or all rights and remedies available upon default to a secured party under the Uniform Commercial Code, including the right to offer and sell the Collateral privately to purchasers who will agree to take the Collateral for investment and not with a view to distribution and who will agree to the imposition of restrictive legends on the certificates representing the Collateral, and the right to arrange for a sale which would otherwise qualify as exempt from registration under the Securities Act of 1933; and (iv) notice to Pledgor of any intended disposition of the Collateral or any other intended action to be taken by law in a particular instance, such notice shall be deemed commercially reasonable if given at least 10 calendar days prior to the date of intended disposition or other action; (v) exercise or enforce any or all other rights or remedies available to Secured Party by law or agreement against the Collateral, against Pledgor or against any other person or property. Upon the occurrence of the Event of Default described in Section 4 (v) of Obligations shall be immediately due and payable without demand or notice thereof.
6. Waivers by Pledgor. Pledgor waives notice of Secured Party's acceptance hereof and notice of the creation, existence and payment or nonpayment of the Obligations. None of the following acts or things (which Secured Party is authorized to do or not to do with or without notice to Pledgor) shall in any way affect or impair the Security Interest or Pledgor's liabilities and obligations hereunder: (a) any extension or renewal (whether or not for longer than the original period) of any or all of the Obligations; (b) any change in the terms of payment of other terms of any or all of the Obligations or any Collateral therefor, or any substitution or exchange of any evidence of any or all of the Obligations or Collateral therefor, or any release of any collateral for any or all of the Obligations; (c) any waiver or forbearance granted to Debtor or any other person liable with respect to any or all of the Obligations or any release of, compromise with, or failure to assert rights against Debtor or any such other person; (d) the procurement or failure to procure any other collateral for or guarantee or sureties of any or all of the Obligations; (e) the transfer to any person, at any time, of any interest in any of the Obligations or any collateral therefor; (f) any assignment, composition, extension, release or other relief granted to Debtor pursuant to any clause now in force or hereafter enacted; (g) any interruption in business relations between Secured Party and Debtor; (h) the failure or neglect to protect or preserve any Collateral or any collateral therefor, or to exercise any right which may be available to Secured Party by law or agreement prior to or after an Event of Default or a default under any other agreement, or any delay in doing any of the foregoing; (i) the failure or neglect to ascertain or ensure that the proceeds of any loan to Debtor are used in any particular manner; and (j) the application or failure to apply in any particular manner any payments or credits upon the Obligations.
7. Other Collateral. Whether or not Pledgor requests or demands that Secured Party do so, Secured Party shall not be required before exercising and enforcing its rights under this Agreement first to resort for payment of the Obligations to Debtor or to any guarantor or surety or other person obligated with respect to any Obligation, or to their properties or collaterals, or to any security interest or other collateral securing payment of any or all of the Obligations, or to any other interest, property, item, right or remedy whatsoever. Pledgor agrees to defer, waive, and hereby waives, any and all rights which Pledgor might otherwise have to obtain reimbursement or payment from Debtor or other persons obligated with respect to any or all of the Obligations or out of the property of Debtor or of such other persons (whether such rights to obtain reimbursement or payment are rights of recourse, rights of subrogation, rights of contribution, or otherwise) until all the Obligations shall have been fully paid to Secured Party.
8. Miscellaneous. Any disposition of the Collateral in the manner provided in Section 5 shall be deemed commercially reasonable. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by Secured Party. A waiver signed by Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any Secured Party's rights or remedies. All rights and remedies of Secured Party shall be cumulative and may be exercised singly or concurrently, at Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. All notices to be given to Pledgor shall be deemed sufficiently given if delivered or mailed by registered or certified mail, postage prepaid, to Pledgor at its address set forth above or at its most recent address shown on Secured Party's records. Secured Party's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed satisfied if Secured Party exercises reasonable care in physically safeguarding such Collateral or, in the case of Collateral in the custody or possession of a bailee or other third person, exercises reasonable care in the selection of the bailee or other third person, and Secured Party need not otherwise preserve, protect, insure or care for any Collateral. Secured Party shall not be obligated to preserve any rights Pledgor may have against other parties, to exercise at all or in any particular manner any voting rights which may be available with respect to any Collateral, to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application. Pledgor will reimburse Secured Party for all expenses (including reasonable attorney's fees and legal expenses) incurred by Secured Party in the protection, defense or enforcement of the Security Interest, including expenses incurred in any litigation or bankruptcy or insolvency proceedings. This Agreement shall be binding upon and inure to the benefit of Pledgor and Secured Party and their respective heirs, representatives, successors and assigns and shall take effect when signed by Pledgor and delivered to Secured Party. Except to the extent otherwise required by law, this Agreement shall be governed by the laws of the state in which it is executed and, unless the context otherwise indicates, all terms used herein which are defined in Articles 1 and 9 of the Uniform Commercial Code, or in effect in and date, shall have the meanings therein stated. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained hereof or prohibited hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations. If this Agreement is signed by more than one person as Pledgor, the term "Pledgor" shall refer to each of them separately and to both or all of them jointly; all such persons shall be bound both severally and jointly with the other(s) and all property described in Section 1 shall be included as part of the Collateral, whether it is owned jointly by both or all Pledgors or is owned in whole or in part by one (or more) of them.

EXHIBIT 5

NORTH PALM INDUSTRIES INC.
PO BOX 42300
NORTH CHARLESTON, SC 29413

Generosity First Bank
884 Olney Rd.
Charleston, SC 29407

Loan Number: 0146033640
Date: 03/23/2009
Maturity Date: 08/10/2010
Loan Amount: \$ 20,000.00
Received Of:

BORROWER'S NAME AND ADDRESS
If loan is not subject to title, skip this section.

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

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of Twenty Thousand and 00/100

Dollars \$ 20,000.00

Single Advance: I will receive all of this principal sum on 03/23/2009. No additional advances are contemplated under this note.

Multiple Advances: The principal sum shown above is the maximum amount of principal I can borrow under this note. On

I will receive the amount of \$ _____ and future principal advances are contemplated.

Condition: The conditions for future advances are _____

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

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

(INTEREST) I agree to pay interest on the outstanding principal balance from 03/23/2009 at the rate of 6.75%

per year (and 08/10/2010).

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

Index Rate: The future rate will be _____ the following index rate: _____

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

Frequency and Timing: The rate on this note may change as often as _____.

A change in the interest rate will take effect _____.

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

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

The amount of each scheduled payment will change.

The amount of the final payment will change.

ANNUAL PERCENTAGE RATE: Interest will be calculated on a 365/360 basis.

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

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

at a rate equal to _____.

LATE CHARGE: If a payment is not made within 10 DAYS after it is due, I agree to pay a late charge of 5.00% OF THE LATE PAYMENT.

ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which are are not included in the principal amount above: ORIGINATION FEE \$10.00 / CLOSING COST FEE \$15.00 / DOCUMENT FEE \$0.00 / RELEASE FEE \$0.00

PAYMENTS: I agree to pay this note as follows:

Interest: I agree to pay accrued interest monthly on the same day monthly thereafter.

Principal: I agree to pay the principal 08/10/2010.

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

A payment of \$ _____ will be due _____.

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

ADDITIONAL TERMS: IN THE EVENT OF DEFAULT UNDER ANY OF THE LOAN DOCUMENTS, THEREBY SHALL BEGIN ACCRUING AT THE RATE STATED ABOVE PLUS FIVE PERCENT (5.00%) PER ANNUM.

SECURITY: This note is secured by separate document by type and date of record and shall be subject to the terms and conditions of the Uniform Gifts to Minors Act and the Uniform Gifts to Minors Act and the Uniform Gifts to Minors Act.

PURPOSE: The purpose of this loan is FOR LOAN TO COVER CURRENT EXPENSES.

This document is not valid unless signed by the borrower and the lender.

SIGNATURES: I agree to the terms of this note including those on Page 2. I have received a copy on today's date.

Signature for Lender
Linda Kennedy
LINDA KENNEDY, VICE PRESIDENT

Michael Timothy Brooks
MICHAEL TIMOTHY BROOKS, TRUSTEE
John Boyer
JOHN BOYER, TRUSTEE

DEFINITIONS: As used on page 1, "I" means (a) me, if I am the only person who signs this note and each other person or legal entity (including guarantors, endorsers, and assignees) who agree to pay this note (together referred to as "we"), "You" or "your" refers to the lender and his associates and assignees.

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

GUARANTEE: I, the undersigned, understand and agree that any insurance premiums paid to insurance companies as part of this note will involve money retained by you or paid back to you as commissions or other remuneration.

In addition, I understand and agree that some other payments to third parties as part of this note may also involve money retained by you or paid back to you as commissions or other remuneration.

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

INTEREST: Interest accrues on the principal remaining from time to time until paid in full. If I receive the principal in more than one advance, each advance will start to earn interest only when I receive the advance. The interest rate in effect on this note at any given time will apply to the entire principal advanced of that time. Notwithstanding anything to the contrary, I do not agree to pay and you do not intend to charge any rate of interest that is higher than the maximum rate of interest you could charge under applicable law for the extension of credit that is agreed to here (either before or after maturity). If any notice of interest accrual is sent and is in error, you will still agree to correct it and, if you actually collect more interest than allowed by law and this agreement, you agree to refund it to me.

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

ACCRUAL METHOD: The amount of interest that I will pay on this loan will be calculated using the interest rate and accrual method stated on page 1 of this note. For the purpose of interest calculation, the actual method will determine the number of days in a year. If no actual method is stated, then you may fix any reasonable accrual method for calculating interest.

POST MATURITY DATE: For purposes of defaulting when the "Post Maturity Date" (shown on page 1) applies, the term "maturity" means the date of the last scheduled payment on the note, whichever is earlier.

SINGLE ADVANCE LOAN: If this is a single advance loan, you and I expect that you will make only one advance of principal. However, you may add other amounts to the principal if you make any payments described in the "PAYMENTS BY LENDER" paragraph below.

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

PAYMENTS BY LENDER: If you are authorized to pay on my behalf, whenever I am obligated to pay such as property insurance premiums, then you may from those payments made by you or advance and add them to the unpaid principal under this note, or, you may demand immediate payment of the advance.

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

(1) any deposit account balance I have with you;
(2) any money owed to me on an account presented to you or in your possession for collection or exchange; and
(3) any other assets agreement or other nondeposited obligation.

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

If my right to receive money from you is also owed by someone who has no agreed to pay this note, your right of set-off will apply to my interest in the obligation and to any other amounts I could withdraw on my own request or endorsement. Your right of set-off does not apply to an account or other obligation where my rights are only as a representative. It also does not apply to any individual retirement account or other tax-deferred retirement account.

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

REAL ESTATE OR BUSINESS EQUITY: If this note is secured by real estate or a residence that is personal property, the existence of a default

and your remedies for me, a default will be determined by applicable law, by the terms of any separate instrument covering the security interest and, to the extent not prohibited by law and not contrary to the terms of the applicable security instrument, by the "Default" and "Remedies" paragraphs herein.

DEFAULT: I will be in default if any one or more of the following occur: (1) I fail to make a payment on time or in the amount due; (2) I fail to keep the property insured, if required; (3) I fail to pay or keep any promises, on any debt or agreement, I have with you (4) any other creditor or mine attempts to collect any debt I owe him through court proceedings; (5) I die, am declared incompetent, make an assignment for the benefit of creditors, or become insolvent (either because my liabilities exceed my assets or I am unable to pay my debts as they become due); (6) I make any written statement or provide any financial information that is untrue or inaccurate at the time it was provided; (7) I do or fail to do something which causes you to believe that you will have difficulty collecting the amount I owe you; (8) any collateral securing this note is used in a manner or for a purpose which threatens confiscation by a legal authority; (9) I change my name or name on additional notes without first notifying you before making such a change; (10) I fail to comply with any law or court order; (11) any loan proceeds are used for a purpose that will contribute to excessive creation of highly creditable land or to the conversion of real estate to produce an equivalent commodity, as further explained in 7-C.F.R. Part 184.0, Subpart C, Section 184.003.

REMEDY: If I am in default on this note you have, but are not limited to, the following remedies:

- (1) You may demand immediate payment of all I owe you under this note, including accrued interest and other agreed charges;
- (2) You may set off this debt against any right I have to the payment of money from you, subject to the terms of the "SET-OFF" paragraph herein;
- (3) You may demand security, additional security, or additional pledges to be obligated to pay this note as a condition for not withdrawing your remedy;
- (4) You may refuse to make advances to me or allow purchases on credit to me;
- (5) You may use any remedy you have under state or federal law;
- (6) By accepting any one or more of these remedies you do not give up your right to take any other remedy. By waiving your right to foreclose on an event to be a default, you do not waive your right to later consider the event as a default if it constitutes or happens again.

COLLATERAL COSTS AND ATTORNEY'S FEES: I agree to pay all costs of collection, recovery of any other or similar type of cost if I am in default. In addition, if you hire an attorney to collect this note, I also agree to pay any fee you incur with such attorney plus, court costs (except where prohibited by law). To the extent permitted by the United States Bankruptcy Code, I also agree to pay the reasonable attorney's fees and costs you incur to collect this note as awarded by any court exercising jurisdiction under the Bankruptcy Code.

WAIVER: I give up my rights to require you to do certain things. I will not require you to:

- (1) demand payment of amounts due (presently);
 - (2) obtain official certification of nonpayment (presently); or
 - (3) give notice that amounts due have not been paid (presently).
- I waive any defenses I have based on suretyship or impairment of collateral.

OBLIATIONS INDEPENDENT: I understand that I must pay this note even if someone else has also agreed to pay it (by, for example, signing this form or a separate promise or endorsement). You may sue me alone, or anyone else who is obligated on this note, or any number of us together, to collect this note. You may refuse to make any party to this agreement without releasing any other party. If you give up any of your rights, with or without notice, it will not affect my duty to pay this note. Any extension of new credit to any of us, or renewal of this note by you or less than all of us, will not release us from my duty to pay it. Collectively, you are entitled to only one payment in full. I agree that you may, at your option, extend this note or the debt represented by this note, or any portion of the note or debt, from time to time without limit or notice and, for any term without affecting my liability for payment of this note. I will not accept my obligation under this agreement without your prior written approval. You may, without notice, fail to perfect your security interest in, impact, or release any security and I will still be obligated to pay this loan.

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

NOTICE: Unless otherwise required by law, any notice to me shall be given by delivering it or by mailing it by first class mail addressed to me at my last known address. My current address is on page 1 of this agreement. If you are mailing it, you will give my notice to you by mailing it first class to your address stated on page 1 of this agreement, or to any other address that you have designated.

WAIVER OF HEARING RIGHT TO IMMEDIATE POSSESSION: If this loan is for a business purpose I agree to waive the right to file a Chapter 11 and a preclusive hearing prior to seizure of any personal property which may secure this loan.

DATE OF MATURITY	PRINCIPAL ADVANCE	CURRENTLY DUE	PAYMENTS	INTEREST	TOTAL DUE

12/20/91
10/1
30

Third Party Pledge Agreement

Date: 03/23/2009

Debtor	CHURCH OF GOD AT NORTH CHARLESTON	Secured Party	Community First Bank
ADDRESS	5505 NORTH RHETT AVENUE	Address	884 Orleans Rd
CITY STATE ZIP CODE	N CHARLESTON, SC 29406	CITY STATE ZIP CODE	Charleston, SC 29407

1. Security Interest and Collateral. To secure (check one):

The payment and performance of each and every debt, liability and obligation of every type and description which ("Debtor") may now or at any time hereafter owe to Secured Party (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several) all such debts, liabilities and obligations being herein collectively referred to as the ("Obligations").

The debt, liability or obligation of **NORTH PALM MINISTRIES INC.** ("Debtor") to Secured Party evidenced by or arising under the following:
LOAN NUMBER 146003648 DATED 03/23/09 IN THE AMOUNT OF \$75,000.00
 and any extensions, renewals or replacements thereof (herein referred to as the "Obligations").

Pledgor hereby grants Secured Party a security interest (herein called the "Security Interest") in (check one):

All property of any kind now or at any time hereafter owned by Pledgor or in which Pledgor may now or hereafter have an interest, which may now be or may at any time hereafter come into the possession or control of Secured Party or into the possession or control of Secured Party's agents or correspondents, whether such possession or control is given for collateral purposes or for safekeeping, together with all proceeds of and other rights in connection with such property (herein called the "Collateral").

The property owned by Pledgor and held by Secured Party that is described as follows:
2ND- 6605 NORTH RHETT AVENUE, N CHARLESTON, SC 29408
 together with all rights in connection with that property (herein called the "Collateral").

- 2. Representations, Warranties and Covenants. Pledgor represents, warrants and covenants that:**
- (a) Pledgor will duly execute, in blank, each and every instrument constituting Collateral by signing our said instrument or by signing a separate document of assignment or transfer, if required by Secured Party.
 - (b) Pledgor is the owner of the Collateral free and clear of all liens, encumbrances, security interests and equities, except the Security Interest and any restrictive legend appearing on any instrument constituting Collateral.
 - (c) Pledgor will keep the collateral free and clear of all liens, encumbrances and security interests, except the Security Interest.
 - (d) Pledgor will pay, when due, all taxes and other governmental charges levied or assessed upon or against any Collateral.
 - (e) At any time, upon request by Secured Party, Pledgor will deliver to Secured Party all notices, financial statements, reports or other communications received by Pledgor as an owner or holder of the Collateral.
 - (f) Pledgor will upon receipt deliver to Secured Party in pledge as additional Collateral all securities distributed on account of the Collateral such as stock dividends and earnings resulting from stock splits, reorganizations and recapitalizations.
- 3. Rights of Secured Party. Pledgor agrees that Secured Party may at any time, whether before or after the occurrence of an Event of Default and without notice or demand of any kind, (i) notify the obligor or on issuer of any Collateral to make payment to Secured Party of any amounts due or due thereon, (ii) in Pledgor's name or Secured Party's name obtain possession of any Collateral by suit or otherwise, or surrender, release or exchange all or any part of it, or compromise, extend or renew for any period any obligation evidenced by the Collateral, (iii) receive all proceeds of the Collateral, and (iv) hold any income or profits received from the Collateral as additional security for the Obligations, except that any money received from the Collateral shall, at Secured Party's option, be applied in reduction of the Obligations, in such order of application as Secured Party may determine, or be returned to Debtor.**

***THIS AGREEMENT CONTAINS ADDITIONAL PROVISIONS SET FORTH ON PAGE 2 HEREOF, ALL OF WHICH ARE MADE A PART HEREOF.**

CHURCH OF GOD AT NORTH CHARLESTON
 Pledgor's Name

By: Michael Timothy Brooks
 Michael Timothy Brooks, Trustee

By: Rolando Rivera Osorio
 Rolando Rivera Osorio, Trustee

By: Adam Boyer
 Adam Boyer, Trustee (page 1 of 2)

ADDITIONAL PROVISIONS

4. Events of Default. Each of the following occurrences shall constitute an event of default under this Agreement (herein), called "Event of Default": (i) Debtor shall fail to pay any or all of the Obligations when due or (if payable on demand) on demand; (ii) Pledgor shall fail to observe or perform any covenant or agreement herein binding on Pledgor; (iii) any representation or warranty by Pledgor set forth in this Agreement or made to Secured Party in any financial statement or report submitted to Secured Party by or on behalf of Debtor shall prove materially false or misleading; (iv) Debtor shall voluntarily file or have involuntarily filed against it a petition under the United States Bankruptcy Code.
5. Remedies upon Event of Default. Upon the occurrence of an Event of Default and at any time thereafter, Secured Party may exercise any one or more of the following rights or remedies: (i) declare all unmatured Obligations to be immediately due and payable, and the same shall thereupon be immediately due and payable, without presentment or other notice or demand; (ii) exercise all voting and other rights as a holder of the Collateral; (iii) exercise and enforce any or all rights and remedies available upon default to a secured party under the Uniform Commercial Code, including the right to offer and sell the Collateral privately to purchasers who will agree to take the Collateral for investment and not with a view to distribution and who will agree to the imposition of restrictive legends on the collateral representing the Collateral, and the right to arrange for a sale which would otherwise qualify as exempt from registration under the Securities Act of 1933; and (iv) notice to Pledgor of any intended disposition of the Collateral or any other intended action required by law in a particular instance, such notice shall be deemed commercially reasonable if given at least 10 calendar days prior to the date of intended disposition or other action; (v) exercise or enforce any or all other rights or remedies available to Secured Party by law or agreement against the Collateral, against Pledgor or against any other person or property. Upon the occurrence of the Event of default described in Section 4 (iv) all Obligations shall be immediately due and payable without demand or notice thereon.
6. Waivers by Pledgor. Pledgor waives notice of Secured Party's acceptance hereof and notice of the creation, existence and payment or nonpayment of the Obligations. None of the following acts or things (which Secured Party is authorized to do or not to do with or without notice to Pledgor) shall in any way affect or impair the Security Interest or Pledgor's liabilities and obligations hereunder: (a) any extension or renewal (whether or not for longer than the original period) of any or all of the Obligations; (b) any change in the terms of payment or other terms of any or all of the Obligations or any Collateral hereof, or any substitution or exchange of any evidence of any or all of the Obligations or collateral hereof; or any release of any collateral for any or all of the Obligations; (c) any waiver or forbearance granted to Debtor or any other person liable with respect to any or all of the Obligations by any release of, compromise with, or failure to assert rights against Debtor or any such other person; (d) the procurement or failure to procure any other collateral for or guarantee or sureties of any or all of the Obligations; (e) the transfer to any person, at any time, of any interest in any of the Obligations or any collateral hereof; (f) any arrangement, compromise, extension, moratorium or other relief granted to Debtor pursuant to any statute now in force or hereafter enacted; (g) any interruption in business relations between Secured Party and Debtor; (h) the failure or neglect to protect or preserve any Obligation or any collateral hereof, or to exercise any right which may be available to Secured Party by law or agreement prior to or after an Event of Default or a default under any other agreement, or any delay in doing any of the foregoing; (i) the failure or neglect to ascertain or assure that the proceeds of any loan to Debtor are used in any particular manner; and (j) the application or failure to apply in any particular manner any payments or credits upon the Obligations.
7. Other Collateral. Whether or not Pledgor requests or demands that Secured Party do so, Secured Party shall not be required before exercising and enforcing its rights under this Agreement to resort for payment of the Obligations to Debtor or to any guarantor or surety or other person obligated with respect to any Obligation, or to their properties or estates, or to any security interest or other collateral securing payment of any or all of the Obligations, or to any other interest, property, item, right or remedies whatsoever. Pledgor agrees to defer exercising, and hereby waives, any and all rights which Pledgor might otherwise have to obtain reimbursement or payment from Debtor or other persons obligated with respect to any or all of the Obligations or all of the property of Debtor or of such other persons (whether such rights to obtain reimbursement or payment are rights of recourse, rights of subrogation, rights of contribution, or otherwise) until all the Obligations shall have been fully paid to Secured Party.
8. Miscellaneous. Any disposition of the Collateral in the manner provided in Section 5 shall be deemed commercially reasonable. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by Secured Party. A waiver signed by Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any Secured Party's rights or remedies. All rights and remedies of Secured Party shall be cumulative and may be exercised singly or concurrently, at Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. All notices to be given to Pledgor shall be deemed sufficiently given if delivered or mailed by registered or certified mail, postage prepaid, to Pledgor at the address set forth above or at the most recent address shown on Secured Party's records. Secured Party's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if Secured Party exercises reasonable care in physically safeguarding such Collateral or, in the case of Collateral in the custody or possession of a bailee or other third person, exercises reasonable care in the selection of the bailee or other third person; and Secured Party need not otherwise preserve, protect, insure or care for any Collateral. Secured Party shall not be obligated to preserve any rights Pledgor may have against prior parties, to exercise at all or in any particular manner any voting rights which may be available with respect to any Collateral; to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application. Pledgor will reimburse Secured Party for all expenses (including reasonable attorneys' fees and legal expenses) incurred by Secured Party in the protection, defense or enforcement of the Security Interest, including expenses incurred in any litigation or bankruptcy or insolvency proceedings. This Agreement shall be binding upon and inure to the benefit of Pledgor and Secured Party and their respective heirs, representatives, successors and assigns and shall take effect when signed by Pledgor and delivered to Secured Party. Except to the extent otherwise required by law, this Agreement shall be governed by the laws of the state in which it is executed and, unless the context otherwise requires, all terms used herein which are defined in Articles 1 and 9 of the Uniform Commercial Code, as in effect in said state, shall have the meanings therein stated. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations. If this Agreement is signed by more than one person as Pledgor, the term "Pledgor" shall refer to each of them separately and to both or all of them jointly; all such persons shall be bound both severally and jointly with the other(s) and all property described in Section 1 shall be included as part of the Collateral, whether it is owned jointly by both or all Pledgors or is owned in whole or in part by one (or more) of them.

EXHIBIT 6



BP0043042

This document was prepared by (name, address, phone): **H. DAVID DIXOND**
2050 SPALDING DRIVE SFC 2
N CHARLESTON, SC 29400

REC-BOOKED BY 542-391*

209-1501

State of South Carolina

Space Above This Line For Recording Data

REAL ESTATE MORTGAGE
(With Future Advance Clause)

1. **DATE AND PARTIES.** The date of this Mortgage is 03/23/2009 and the parties and their addresses are as follows:

MORTGAGOR: JIMMIE DE GOD AT NORTH CHARLESTON
6806 NORTH HUETT AVENUE
NORTH CHARLESTON, SC 29400

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

LENDER: Community First Bank
604 Queens Rd
Charleston, SC 29407

2. **MORTGAGE.** For good and valuable consideration, the receipt and sufficiency of which is acknowledged, and to secure the Secured Debt (hereafter defined), Mortgagor grants, conveys and mortgages to Lender the following described property:
REFER TO EXHIBIT A WHICH IS ATTACHED HERETO AND MADE A PART HEREOF

This property is located in CHARLESTON (County) of 6806 NORTH HUETT AVENUE
(Address) N CHARLESTON (City) South Carolina 29400 (Zip Code)

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

South Carolina AGENCY FOR REAL ESTATE REGULATION INVESTMENT PROTECTION DIVISION
Expires: 01/01/11, 1061 Drexler Blvd., 10th Floor, MS 2000, Columbia, SC 29201
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3. MAXIMUM OBLIGATION LIMIT. The total principal amount of the Secured Debt (hereafter defined) secured by this Mortgage at any one time shall not exceed \$ 25,000.00. This limitation of amount does not include interest, loan charges, commitment fees, brokerage commissions, attorney's fees and other charges validly made pursuant to this Mortgage and does not apply to advances (or interest accrued on such advances) made under the terms of this Mortgage to protect Lender's security and to perform any of the covenants contained in this Mortgage. Interest under the Note will be deferred, accrued or capitalized; however, Mortgages shall not be required to defer, accrue or capitalize any interest except as provided in the Note. Future advances are contemplated and, along with other future obligations, are secured by this Mortgage even though all or part may not yet be advanced. Nothing in this Mortgage, however, shall constitute a commitment to make additional or future loans or advances in any amount. Any such commitment would need to be agreed to in a separate writing.

4. SECURED DEBT DEFINED. The term "Secured Debt" includes, but is not limited to, the following:
A. The promissory note(s), contract(s), guaranty(ies) or other evidence of debt described below and all extensions, renewals, modifications or substitutions (Evidence of Debt) (e.g., borrower's name, note amount, interest rate, maturity date)
Continuity Trust loan and note number 145000546 of even date heretofore any and all extensions, renewals, modifications or substitutions thereto.

- B. All future advances from Lender to Mortgagor or other future obligations of Mortgagor to Lender under any promissory note, contract, guaranty, or other evidence of debt existing now or executed after this Mortgage (whether or not this Mortgage is specifically referred to in the evidence of debt).
- C. All obligations Mortgagor owes to Lender, which now exist or may later arise, to the extent not prohibited by law, including, but not limited to, liabilities for overdrafts relating to any deposit account agreement between Mortgagor and Lender.
- D. All additional sums advanced and expenses incurred by Lender for insuring, preserving or otherwise protecting the Property and its value and any other sums advanced and expenses incurred by Lender under the terms of this Mortgage, plus interest at the highest rate in effect from time to time, as provided in the Evidence of Debt.
- E. Mortgagor's performance under the terms of any instrument evidencing a debt by Mortgagor to Lender and any mortgage securing, guarantying, or otherwise relating to the debt.

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

5. PAYMENTS. Mortgagor agrees to make all payments on the Secured Debt when due and in accordance with the terms of the Evidence of Debt or this Mortgage.

6. WARRANTY OF TITLE. Mortgagor covenants that Mortgagor is lawfully seized of the estate conveyed by this Mortgage and has the right to grant, bargain, convey, sell, and mortgage the Property and warrants that the Property is unencumbered, except for encumbrances of record.

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

8. PRIOR SECURITY INTERESTS. With regard to any other mortgage, deed of trust, security agreement or other lien document that created a prior security interest or encumbrance on the Property and that may have priority over this Mortgage, Mortgagor agrees:

- A. To make all payments when due and to perform or comply with all covenants.
- B. To promptly deliver to Lender any notices that Mortgagor receives from the holder.
- C. Not to make or permit any modification or extension of, and not to request or accept any future advances under, any note or agreement secured by, the other mortgage, deed of trust or security agreement unless Lender consents in writing.

9. DUE ON SALE OR ENCUMBRANCE. Lender may, at its option, declare the entire balance of the Secured Debt to be immediately due and payable upon the creation of any lien, encumbrance, transfer, or sale, or contract for any of those on the Property. However, if the Property includes Mortgagor's residence, this section shall be subject to the restrictions imposed by federal law (12 U.S.C. 681), as applicable. For the purposes of this section, the term "Property" also includes any interest in all or any part of the Property. This covenant shall run with the Property and shall remain in effect until the Secured Debt is paid in full and this Mortgage is released.

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10. TRANSFER OF AN INTEREST IN THE MORTGAGOR. If Mortgagor is an entity other than a natural person (such as a corporation or other organization), Lender may demand immediate payment if (1) a beneficial interest in Mortgagor is sold or transferred; (2) there is a change in either the identity or number of members of a partnership or similar entity; or (3) there is a change in ownership of more than 25 percent of the voting stock of a corporation or similar entity. However, Lender may not demand payment in the above situations if it is prohibited by law as of the date of this Mortgage.

11. ENTITY WARRANTIES AND REPRESENTATIONS. If Mortgagor is an entity other than a natural person (such as a corporation or other organization), Mortgagor makes to Lender the following warranties and representations which shall be continuing as long as the Secured Debt remains outstanding:
A. Mortgagor is an entity which is duly organized and validly existing in the Mortgagor's state of incorporation (or organization), Mortgagor is in good standing in all states in which Mortgagor transacts business, Mortgagor has the power and authority to own the Property and to carry on its business as now being conducted and, as applicable, is qualified to do so in each state in which Mortgagor operates.
B. The execution, delivery and performance of this Mortgage by Mortgagor and the obligation evidenced by the Evidence of Debt are within the power of Mortgagor, have been duly authorized, have received all necessary governmental approval, and will not violate any provision of law, or order of court or governmental agency.
C. Other than disclosed in writing, Mortgagor has not changed its name within the last ten years and has not used any other trade or fictitious name. Without Lender's prior written consent, Mortgagor does not and will not use any other name and will preserve its existing name, trade names and franchises until the Secured Debt is satisfied.

12. PROPERTY CONDITION, ALTERATIONS AND INSPECTION. Mortgagor will keep the Property in good condition and make all repairs that are reasonably necessary. Mortgagor will give Lender prompt notice of any loss or damage to the Property. Mortgagor will keep the Property free of noxious weeds and grasses. Mortgagor will not initiate, join in or consent to any change in any private restrictive covenant, zoning ordinance or other public or private restriction limiting or defining the use which may be made of the Property or any part of the Property, without Lender's prior written consent. Mortgagor will notify Lender of all demands, proceedings, claims, and actions against Mortgagor or any other owner made under law or regulation regarding use, ownership and occupancy of the Property. Mortgagor will comply with all legal requirements and restrictions, whether public or private, with respect to the use of the Property. Mortgagor also agrees that the nature of the occupancy and use will not change without Lender's prior written consent.

No portion of the Property will be removed, demolished or materially altered without Lender's prior written consent except the Mortgagor has the right to remove items of personal property comprising a part of the Property that become worn or obsolete, provided that such personal property is replaced with other personal property of at least equal in value to the replaced personal property, free from any title retention device, security agreement or other encumbrance. Such replacement of personal property will be deemed subject to the security interest created by this Mortgage. Mortgagor shall not partition or subdivide the Property without Lender's prior written consent. Lender or Lender's agents may, at Lender's option, enter the Property at any reasonable time for the purpose of inspecting the Property. Any inspection of the Property shall be entirely for Lender's benefit and Mortgagor will in no way rely on Lender's inspection.

13. AUTHORITY TO PERFORM. If Mortgagor fails to perform any of Mortgagor's duties under this Mortgage, or any other mortgage, deed of trust, security agreement or other lien document that has priority over this Mortgage, Lender may, without notice, perform the duties or cause them to be performed. Mortgagor appoints Lender as attorney in fact to sign Mortgagor's name or pay any amount necessary for performance. If any construction on the Property is discontinued or not carried on in a reasonable manner, Lender may do whatever is necessary to protect Lender's security interest in the Property. This may include compelling the construction.

Lender's right to perform for Mortgagor shall not create an obligation to perform, and Lender's failure to perform will not prejudice Lender from exercising any of Lender's other rights under the law or this Mortgage. Any amounts paid by Lender for insuring, preserving or otherwise protecting the Property and Lender's security interest will be due on demand and will bear interest from the date of the payment until paid in full at the interest rate in effect from time to time according to the terms of the Evidence of Debt.

14. ASSIGNMENT OF LEASES AND RENTS. Mortgagor assigns, grants, bargains, conveys and mortgages to Lender as additional security all the right, title and interest in the following Property:

- A. Existing or future leases, subleases, licenses, guaranties and any other written or verbal agreements for the use and occupancy of the Property, including but not limited to, any extensions, renewals, modifications or replacements (Leases);
- B. Rents, leaves and profits, including but not limited to, security deposits, minimum rents, percentage rents, additional rents, common area maintenance charges, parking charges, real estate taxes, other applicable taxes, insurance premium contributions, liquidated damages following default, cancellation premiums, "cash of rents", insurance, pilot receipts, revenues, royalties, proceeds, bonuses, accounts, contract rights, general intangibles, and all rights and claims which Mortgagor may have that in any way pertain to or are on account of the use or occupancy of the whole or any part of the Property (Rents).

In the event any item listed as Leases or Rents is determined to be personal property, this Assignment will also be regarded as a security agreement. Mortgagor will promptly provide Lender with copies of the Leases and will certify those Leases *vis tunc* and correct copies. The existing Leases will be provided in execution of the Assignment, and all future Leases and any other information with respect to these Leases will be provided immediately after they are executed. Mortgagor may collect, receive, enjoy and use the Rents so long as Mortgagor is not in default. Mortgagor will not collect in advance any Rents due in future lease periods, unless Mortgagor first obtains Lender's written consent. Upon default, Mortgagor will receive

12/23 RMO [Signature]

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

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

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

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

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

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

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

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

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

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

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

21. **INSURANCE.** Mortgagor agrees to maintain insurance as follows:
 A. Mortgagor shall keep the Property insured against loss by fire, theft and other hazards and risks reasonably associated with the Property due to its type and location. Other hazards and risks may include, for example, coverage against loss due to floods or flooding. This insurance shall be maintained in the amounts and for the periods that Lender requires. What Lender requires pursuant to the preceding three sentences can change during the term of the insured debt. The insurance carrier providing the insurance shall be chosen by Mortgagor subject to Lender's approval, which shall not be unreasonably withheld. If Mortgagor fails to maintain the coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property according to the terms of the Mortgage.
 All insurance policies and renewals shall be acceptable to Lender and shall include a standard "mortgage clause" and, where applicable, "lender loss payee clause." Mortgagor shall immediately notify Lender of cancellation or termination of the insurance. Lender shall have the right to hold the policies and renewals. If Lender requires, Mortgagor shall immediately give to Lender all receipts of paid premiums and renewals notices. Upon loss, Mortgagor shall give immediate notice to the insurance carrier and Lender. Lender may make proof of loss if not made immediately by Mortgagor.

page 2 of 01
 MKS PRL AD

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

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

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

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

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

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

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

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

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

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

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

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

(page 6 of 8)

MOS RAS [Signature]

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

2B. OTHER TERMS: If checked, the following are applicable to this Mortgage:

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

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

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

Party Name: CHURCH OF GOD AT HOLY H CHARLESTON Party Name: _____

Michael Timothy Odox
(Signature) MICHAEL TIMOTHY ODOX, TRUSTEE (Date) 3/23/19

Rolando Rivera Osorio
(Signature) ROLANDO RIVERA OSORIO, TRUSTEE (Date) _____

Signed, Sealed and delivered in the presence of
Adam Boyer
(Witness)

Adam Boyer
(Signature) Adam Boyer, Trustee (Witness) *B. James Chase*

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

FORM BK 0063 BY 942 JPS B *

NOTARIAL STATE OF South Carolina COUNTY OF Charleston

Personally appeared before me the undersigned Notary Public, being duly sworn, deposed and said that (to be read the Mortgage) and each Mortgagor if more than one) sign, seal and deliver the foregoing Mortgage and that (to be read together with the other witness whose name appears as a witness, witnessed the execution thereof.

Sworn to and subscribed before me this 23rd day

of March, 2009

R. Edward Chard
Notary Public for South Carolina

Lynda D. Kennedy

My commission expires: 7/3/17

EXP-0063 © 1997, 2001 South Carolina System, Inc. All Rights Reserved. Form BK 0063-REV 01/11/2002

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EXHIBIT "A"

ALL THAT CERTAIN PIECE, PARCEL OR LOT OF LAND DESIGNATED AS LOT NO. 13, ON A PLAT ENTITLED, "WEST VIRGINIA PULP & PAPER CO., CHARLESTON, S.C. MILL MAP SHOWING SUBDIVISION OF PROPERTY FOR BUILDING LOTS AT RHETT AVE. & REMOUNT ROAD & VICINITY, DRAWN BY H.J.W. DATE MAY 21, 1941 SCALE 1" = 100 FT. CHECKED BY DATE DWG. 6-1041," WHICH IS THIS RMC OFFICE FOR CHARLESTON COUNTY, IN PLAT BOOK E, PAGE 97, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

MEASURING AND CONTAINING IN FRONT ON THE EASTERN LINE ON RHETT AVENUE ONE HUNDRED (100) FEET; ON THE NORTHERN LINE FIVE HUNDRED TWO AND TWO HUNDREDTHS (502.05) FEET; ON THE WESTERN LINE ONE HUNDRED FORTY FOUR AND FOUR EIGHT HUNDREDTHS (144.48) FEET; AND ON THE SOUTHERN LINE FOUR HUNDRED NINETY ONE (491) FEET; BUTTING AND BOUNDING EASTWARDLY ON RHETT AVENUE; NORTHWARDLY ON LOT NO. 12 ON SAID PLAT; WESTWARDLY ON A TWENTY FOOT ALLEYWAY SEPARATING IT FROM LOT NO. 14; AND SOUTHWARDLY ON AN UNIMPROVED FIFTY FOOT ROADWAY.

BEING THE SAME PROPERTY CONVEYED TO CLYDE R. STANFORD, WILLIAM H. SYLVESTER AND EDWARD E. COOPER TRUSTEES AND CONSTITUTING THE LOCAL BOARD OF TRUSTEES OF THE CHURCH OF GOD AT NORTH CHARLESTON BY DEED OF LILLIAN L. BUCKNER DATED OCTOBER 18, 1985 AND RECORDED OCTOBER 18, 1985 IN THE CHARLESTON COUNTY RMC OFFICE IN BOOK A149, AT PAGE 148.

TMS# 473-16-00-022

PROPERTY ADDRESS:
5505 N. RHETT AVENUE,
N. CHARLESTON, SC 29406

RMC BK 00-3E 95 9-2: 19 9 *

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

IN THE COURT OF COMMON PLEAS
IN THE NINTH JUDICIAL CIRCUIT

CHURCH OF GOD, CHURCH OF)
GOD OF SOUTH CAROLINA)

Civil Action No. ~~2013-CP-10-2676~~
2013-CP-10-1686

Plaintiffs,

**SECOND AMENDED COMPLAINT
(JURY TRIAL DEMANDED)**

vs.

MARK ESTES, PATRICIA ESTES,)
MICHAEL TIMOTHY BROOKS,)
INDIVIDUALLY AND AS TRUSTEE)
FOR CHURCH OF GOD AT NORTH)
CHARLESTON TRUST, ADAM BOYER)
INDIVIDUALLY AND AS TRUSTEE FOR)
CHURCH OF GOD AT NORTH)
CHARLESTON, ROLANDO RIVER)
OSORIO INDIVIDUALLY AND AS)
TRUSTEE FOR CHURCH OF GOD AT)
NORTH CHARLESTON, AND NORTH)
PALM MINISTRIES, INC., NORTH)
PALM COMMUNITY CHURCH)
AND COMMUNITY FIRST BANK AND)
ITS SUCCESSOR CRESCOM BANK)

Defendant.

FILED
2013 NOV 12 PM 4:32
JULIE J. ARMSTRONG
CLERK OF COURT
BY _____

Plaintiffs Church of God and Church of God of South Carolina, complaining of the above named Defendants do hereby state and allege as follows:

1. The Plaintiff Church of God is a non for profit, charitable corporation, organized under the laws of a state other than South Carolina, conducting business through its ecclesiastical association with Church of God in South Carolina and holding and equitable title to property located in Charleston County, South Carolina. It was incorporated on June 26, 1945.

2. Plaintiff Church of God has a centralized form of church government and is the highest authority of the Church of God governing all the ownership of all church property, real and personal as described in of the General Assembly of the Church of God Minutes (the "Minutes"), as amended from time to time, hereby Exhibit 1.
3. That Plaintiff Church of God of South Carolina is a non for profit, charitable corporation organized under the laws of South Carolina, conducting business and holding property in Charleston County, South Carolina. It was incorporated on November 6, 1946.
4. The Church of God of South Carolina is a nonprofit corporation operating in the state of Carolina. Ecclesiastically it is governed by the General Assémbly of the Church of God, as set out in the Minutes. The State Overseer/Administrative Bishop of the Church of South Carolina is the executive director of the Church of God in South Carolina and is appointed by the International Executive Committee of Church of God. His duties and authorities include, among others, appointing pastors, setting churches in order, approving the selection, purchasing and construction of all local church properties within the Churches of God in South Carolina, and other duties and authorities, as set in the Minutes.
5. The Church of God at North Charleston was an unincorporated entity organized under the laws of South Carolina, conducting business and holding property in trust in Charleston County, South Carolina.
6. The Church of God of North Charleston is governed by the Minutes.
7. Defendant Mark Estes is an individual and resident of Charleston County, South Carolina, and was at times relevant hereto, appointed or employed as Pastor for Church of God at North Charleston.

8. Defendant Patricia Estes is an individual and resident of Charleston County, South Carolina and was at times relevant hereto appointed or employed as Exhorter for Church of God at North Charleston.
9. Defendant Rolando Rivera Osario, is an individual and resident of Charleston County South Carolina and was at all times relevant hereto acting as Trustee for the Church of God at North Charleston.
10. Defendant Michael Timothy Brooks, is an individual and resident of Charleston County South Carolina and was at all times relevant hereto acting as Trustee for the Church of God at North Charleston.
11. Defendant Adam Boyer, is an individual and resident of Charleston County South Carolina and was at all times relevant hereto acting as Trustee for the Church of God at North Charleston.
12. By virtue of their employment and/or appointment, Defendants Mark Estes and Patricia Estes stood in a position of trust and confidence to the Plaintiffs and owed Plaintiffs a fiduciary duty to act towards Plaintiffs.
13. By virtue of their appointment as Trustees Defendants Michael Timothy Brooks, Adam Boyer and Rolando Rivera Osario stood in a position of trust and confidence to Plaintiffs and owed Plaintiffs a fiduciary duty to act towards Plaintiffs.
14. Defendant North Palm Ministries, Inc., is a non for profit corporation, organized under the laws of the State of South Carolina, with office in Charleston County.
15. Defendant North Palm Community Church is a non for profit corporation, organized under the laws of the State of South Carolina, with office in Charleston County.

16. Defendant First Community Bank and its successor Crescom Bank are banks organized and existing under the laws of a state other than South Carolina, licensed to do business in the State of South Carolina, and doing business in Charleston County, South Carolina.
17. In October 1985, Church of God at North Charleston purchased a piece of property located at 5505 North Rhett Avenue, North Charleston, SC (herein North Rhett Property), in October 1985.
18. The property was deeded to Clyde A. Stanford, William H. Sylvester and Edward E. Cooper, Trustees and constituting the "Local Board" of Trustees of the Church of God at North Charleston, in Charleston County (Exhibit 2 -Deed), an unincorporated local church governed by the Minutes.
19. The Minutes provide that if the "Local Board" of Trustees or the Church of God at North Charleston ceased to exist or to perform its duties, the State Overseer has the power to declare all offices vacant and the Board of Trustees of the Plaintiff Church of God for South Carolina should automatically hold title to the property.
20. The deed provides that the Local Board of Trustees shall hold title to, manage and control the said real estate for the general use and benefit of the Plaintiff Church of God.(Exhibit 2)
21. The deed further provides that the Local Board should obtain proper approval to transfer, encumber or otherwise alienate its real property, from the Plaintiff Church of God as required by the Deed.
22. The deed further provides that the limitations set forth in the deed are those appearing in the Minutes, which state as follows:

"The said Local Board of Trustees shall have full right, power and authority to buy property for the use or benefit

of the local congregation; to sell, hypothecate, exchange, transfer, and convey any of the local property for the repayment of the same; and to execute all necessary deeds, conveyances, and so forth, provided that each of the following conditions is met: **(1) the proposition shall first be presented to a regular or called conference of the local church; (2) presided over by the state overseer, or one whom he may appoint; (3) approved by a two thirds majority vote; and (4) provided further that the board have a certification, in writing, from the state overseer, or one whom he may appoint that the proposition is not adverse to the interest of the Church of God.**" (emphasis added).

23. That as pastor for Plaintiff Church of God at North Charleston, Mark Estes and Patricia Estes, together with the defendants Trustees, were obligated to occupy the North Rhett Property consistent with the Minutes and for the benefit of the ministry advanced by Plaintiffs.
24. On October 11, 2005, Mark Estes, secretly incorporated North Palm Ministries, Inc., with the Secretary of State for the State of South Carolina, without notice to and approval of the Church of God as required by its Minutes.
25. Upon information and belief, this incorporation was pursuant to a plan whereby Mark Estes and Patricia Estes could wrongfully divert property belonging to the Plaintiffs to their own private and personal use in furtherance of their own agenda, in violation of their duty of loyalty to the Plaintiffs.
26. On March 26, 2010, Mark Estes, secretly incorporated North Palm Community Church, as a non profit corporation, with the Secretary of State for the State of South Carolina, without notice to and approval of the Plaintiff Church of God as required by the Minutes.
27. Upon information and belief, this incorporation was also pursuant to a plan whereby Mark Estes and Patricia Estes could wrongfully divert property belonging to the Plaintiffs

to their own private and personal use in furtherance of their own agenda, in violation of their duty of loyalty to the plaintiff.

28. On October 15, 2007, Community First Bank made a loan in the original principal amount of \$700,000, to North Palm Ministries, Inc., the note for such loan was signed by Defendants Michael Timothy Brooks as Trustee, Rolando Rivera Osorio as Trustee, and Adam Boyer as Trustee (herein Trustee Defendants) , as Trustees for North Palm Ministries.(Exhibit 3)
29. On October 15, 2007, Community First Bank placed a mortgage on property located at 5505 North Rhett Avenue (Exhibit 4) and owned by Church of God of North Charleston, as security for the loan made to North Palm Ministries. This mortgage was placed without the knowledge, authority or approval of Plaintiffs as lawful owners of the property.
30. The mortgage was unlawfully signed by Defendants Michael Timothy Brooks as Trustee, Rolando Rivera Osorio as Trustee, and Adam Boyer as Trustee (herein Trustee Defendants) pursuant to a plan whereby Mark Estes, Patricia Estes and the Trustee Defendants could wrongfully divert property belonging to Plaintiffs to their own private and personal use in furtherance of their own agenda and in violation of their duty of loyalty to the plaintiffs.
31. That Trustee Defendants did not have authority to sign said mortgage, encumbering the property located at 5505 North Rhett Avenue (Exhibit 1).
32. That despite notice that Trustee Defendants did not have authority to encumber property, Defendant Community First Bank attached a mortgage to Plaintiffs' property.

33. That Defendant Community First Bank disbursed over \$310,000 of the loan proceeds to North Palm Ministries Inc.
34. That Defendant Community First Bank knew or in the exercise of reasonable care should have known that it did not have authorization from Plaintiffs to disburse the funds secured by a mortgage on Plaintiff's property.
35. On October 15, 2007, Defendant North Palm Ministries, Inc., secretly purchased two properties located at 7138 Cross County Road, Charleston County, South Carolina (herein Cross County property) and 7167 and 7171 Bryhawke Circle, Charleston County (herein Bryhawke properties), using the proceeds from the loan secured by the property located at 5505 North Rhett Avenue.
36. That Defendant North Palm Ministries used Plaintiffs' funds to make a down payment for the purchase of the Cross County and Bryhawke properties.
37. That on March 23, 2009, Community First Bank made a loan in the original principal amount of \$75,000, to North Palm Ministries, Inc., the note for such loan was signed by Defendants Michael Timothy Brooks as Trustee, Rolando Rivera Osorio as Trustee, and Adam Boyer as Trustee (herein Trustee Defendants), as Trustees for North Palm Ministries.(Exhibit 5)
38. On October March 23, 2009, Community First Bank placed another mortgage on property located at 5505 North Rhett Avenue (Exhibit 6) and owned by Plaintiff Church of God of North Charleston, as security for the loan made to North Palm Ministries.
39. The mortgage was signed unlawfully by Defendants Michael Timothy Brooks as Trustee, Rolando Rivera Osorio as Trustee, and Adam Boyer as Trustee (herein Trustee Defendants) pursuant to a plan whereby Mark Estes, Patricia Estes and the Trustee

Defendants could wrongfully divert property belonging to Plaintiffs to their own private and personal use in furtherance of their own agenda and in violation of their duty of loyalty to the plaintiffs.

40. That Trustee Defendants did not have authority to sign said mortgage, encumbering the property located at 5505 North Rhett Avenue (Exhibit 1).
41. That despite notice that Trustee Defendants did not have authority to encumber property, Defendant Community First Bank attached a mortgage to Plaintiffs' property.
42. That Defendant Community First Bank disbursed the loan proceeds to North Palm Ministries Inc.
43. That Defendant Community First Bank knew or in the exercise of reasonable care should have known that it did not have authorization from Plaintiffs to disburse the funds.
44. That Trustee Defendants never sought approval from the Church of God as required, prior to signing mortgages.
45. That upon information and belief Defendants Estes and Trustee Defendants intentionally concealed their action in violation of their duties of loyalty to Plaintiffs.
46. That Defendant Community First Bank released the funds to North Palm Ministries without proper authorization from Plaintiffs.
47. On October 12, 2007, Defendant Patricia Estes, without authority from Plaintiff, signed a lease agreement, leasing the North Rhett Property and begins collecting rent.
48. That all lease payments were used for the benefit of Defendants Mark and Patricia Estes and/or North Palm Ministries.

49. That on October 9, 2008, Defendant Mark Estes, without authority from Plaintiff, signed a new lease to Seacoast Community Church for the North Rhett property and continues to collect rent.
50. That all rent payments were used for the benefit of Mark Estes, Patricia Estes, and/or North Palm Ministries.
51. That when Defendant North Palm Ministries failed to make mortgage payments for the unauthorized mortgage placed on the North Rhett Property, Defendant Community First Bank demanded that Seacoast Community Church pay make the lease payments directly to it.
52. That Defendant Crescom received numerous payments directly from Seacoast Community Church.
53. That North Palm Ministries failed to make payments on the mortgages issued by Community First Bank.
54. In March 2010, Defendant Mark Estes surrendered ecclesiastical ministerial credentials/ordination with Plaintiffs.
55. On March 22, 2010, Plaintiff learned of the encumbrances that Defendants placed on the North Rhett Property.
56. On July 15, 2010, Plaintiff sold the North Rhett Property and was forced to satisfy the unauthorized mortgages issued by Defendant Community First Bank.
57. Defendant North Palm Ministries continues to own the properties located at 7138 Cross County Road, Charleston County, South Carolina (herein Cross County property) and 7167 Bryhawke Circle, purchased in part using fraudulently obtained funds, through encumbrances placed on Plaintiff's North Rhett Property.

**FOR A FIRST CAUSE OF ACTION
BREACH OF FIDUCIARY DUTY AS TO DEFENDANTS PATRICIA ESTES,
MARK ESTES, AND TRUSTEES DEFENDANTS**

58. Plaintiffs reallege paragraphs 1 through 57 as fully set forth here.
59. That as the Pastor, Exhorter and Trustees, Defendants owed strict fiduciary duties to Plaintiff.
60. That Defendants failed to fulfill their obligations to Plaintiff, failed to faithfully execute services and breached their duties to Plaintiff in various ways, including by:
- a. Failing to seek or obtain authorization for signing mortgage documents.
 - b. Failing to inform Plaintiff of diverting the funds in amounts exceeding \$385,000 for personal purposes or for the benefit of Defendant North Palm Ministries.
 - c. Misappropriating over \$385,000 in Plaintiff's funds and assets, which have not been repaid.
 - d. Failing to inform Plaintiffs that they had used their resources to form, develop and conduct business as a new church, unaffiliated with Plaintiff.
 - e. Failing to protect the assets of the Trust for which they were acting as Trustees
61. As a direct and proximate cause of Defendants' breach of fiduciary duties, Plaintiff has been damaged in an amount that far exceeds \$400,000, directly misappropriated for the use of Defendants.
62. Because of the willful, wanton and intentional nature of Defendants' conduct and the abuse of their position of trust, Plaintiff is informed and believes that it is entitled to Judgment against Defendants in an amount for actual, punitive damages, attorney's fees and cost and any other damages this court may deem fair.

**FOR A SECOND CAUSE OF ACTION
FRAUD AND CONSTRUCTIVE FRAUD AS TO DEFENDANTS MARK ESTES,
PATRICIA ESTES AND TRUSTEE DEFENDANTS**

63. Plaintiff realleges paragraphs 1 through 57 as set forth herein.
64. From year 2007 through 2010, Defendants had a duty of full disclosure to plaintiffs.
65. From years 2007 through 2010, Defendants Estes and Trustee Defendants made representations to the Plaintiffs through its financial documents and disclosures regarding the nature of the transactions they conducted in and on plaintiffs behalf.
66. From years 2007 through 2010, Defendants Estes and Trustee Defendants failed to disclose the actions they took without authorization from plaintiffs, including, but not limited to the signing of the mortgage documents dated October 15, 2007 and March 23, 2009 and Leases dated October 12, 2007 and October 9, 2008, and using the proceeds of the transactions for their personal benefit.
67. Defendants' representations and omissions were false and Defendants knew their representations were false and Defendants were not entitled and received amounts that were not authorized by Plaintiff.
68. Each of the representations or omissions were made with the purpose of inducing Plaintiff to rely on them.
69. Plaintiff relied on Defendants' misrepresentation, in ignorance of the representations' falsity and it has been and continues to be damaged as a result of the belated discovery of the facts regarding unauthorized mortgages and leases and Defendants' use of the funds.
70. Because of the willful, wanton and intentional nature of Defendants' conduct and the abuse of their position of trust, Plaintiff is informed and believes that it is entitled to

Judgment against Defendants in an amount for actual, punitive damages, attorneys fees and cost and any other damages this court may deem fair.

**FOR A THIRD CAUSE OF ACTION
CONVERSION AS TO ALL DEFENDANTS**

71. Plaintiff realleges paragraphs 1 through 70 as if fully set forth here.
72. Over the past several years, both directly and through the actions of others taken at their direction and control, or with their approval, Defendants came to exercise unauthorized dominion and control over Plaintiff's funds and assets, as well as assets obtained as a result of the improper use of Plaintiff's resources, including but not limited to Plaintiffs property located at 5505 North Rhett Avenue and Plaintiffs' funds.
73. Defendants' dominion and control over the property has been to the exclusion of, and in defiance of, the Plaintiff's rights, or has otherwise interfered with the rights of Plaintiffs in and to such property.
74. Plaintiffs have been damaged by Defendants' conversion of Plaintiffs' property, in an amount to be determined at trial.
75. Plaintiffs are informed and believe that they are entitled to a judgment in plaintiffs' favor for actual and punitive damages and attorneys fees and cost.

**FOR A FOURTH CAUSE OF ACTION
AIDING AND ABETTING THE BREACH OF FIDUCIARY DUTY AS TO
DEFENDANTS COMMUNITY FIRST BANK AND ITS SUCCESSOR**

76. The foregoing paragraphs are incorporated herein by reference.
77. Defendants Estees and Trustees Defendants breached the fiduciary duties owed to Plaintiff.

78. By and through the conduct alleged herein, the Defendant Community First Bank, aided and abetted Defendants Estees and Trustee Defendants, in the breach of the fiduciary duties owed to Plaintiff.

79. As a direct and proximate result of the Plaintiff's aiding and abetting Defendants, Plaintiff was damaged.

**FOR A FIFTH CAUSE OF ACTION
SLANDER OF TITLE AS TO DEFENDANT COMMUNITY FIRST BANK AND
ITS SUCCESSOR**

80. The foregoing paragraphs are incorporated herein by reference.

81. Defendants' acts constituting slander include, but are not limited to attaching mortgages to Plaintiffs' property.

82. Defendants willfully recorded the mortgages.

83. Defendants were on notice that they did not have proper authorization to issue the mortgages.

84. Defendants intended that willful publication of the unauthorized mortgages would result in damage to the pecuniary interest of plaintiffs, or recognized or should have recognized that it would have that effect.

85. By willfully publishing said mortgages, Defendants caused damages to the Plaintiffs, including the impaired marketability of the property and the necessity to expend greater effort and expenses that would otherwise have not been required to sell the property.

86. Plaintiffs are informed and believe that they are entitled to damages.

**FOR A SIXTH CAUSE OF ACTION
AIDING AND ABETTING SLANDER OF TITLE AS TO DEFENDANTS ESTEES
AND TRUSTEE DEFENDANTS**

87. The foregoing paragraphs are incorporated herein by reference.

88. Defendants Community First Bank slandered Plaintiffs' title to the property located at 5505 North Rhett Avenue.

89. By and through the conduct alleged herein, the Defendants Estees and Trustee Defendants, aided and abetted Defendants Estees and Trustee Defendants, in publishing the slanderous statements.

90. As a direct and proximate result of the Plaintiff's aiding and abetting Defendants, Plaintiff was damaged.

91. Plaintiffs are informed and believe they are entitled to damages.

**FOR A SEVENTH CAUSE OF ACTION
UNJUST ENRICHMENT AS TO DEFENDANTS COMMUNITY FIRST BANK AND
ITS SUCCESSOR**

92. The foregoing paragraphs are incorporated herein by reference.

93. The Plaintiffs paid Defendants in excess of \$700,000 to clear the title for the property located at 5505 North Rhett Avenue.

94. It would be unconscionable and against fundamental principles of justice for the Defendants to retain such incentive, particularly in view of the extensive fraud, misrepresentation and manipulation engaged in by defendants regarding the mortgages placed on Plaintiffs' property.

95. Plaintiffs are informed and believe that Defendants have been unjustly enriched by the mentioned payments and must return such payments, including, but not limited to payments made upon the sale of the property and lease payments received, to the Plaintiffs with interest.

**FOR AN EIGHT CAUSE OF ACTION
RESULTING TRUST AS TO DEFENDANT NORTH PALM MINISTRIES**

96. The foregoing paragraphs are incorporated herein by reference.

97. Defendant North Palm Ministries, Inc. used in excess of \$310,000 of Plaintiffs funds to purchase the Bryhawk and Cross County properties.

98. Title to Bryhawk and Cross County property was issued in the name of the Defendant,

99. Plaintiffs are informed and believe that they have an equitable title to the Bryhawk and Cross County Properties and defendant holds the title in trust for Plaintiffs.

100. Defendants have repudiated and denied plaintiffs' interest in the property and plaintiffs are informed and believe that defendants intend to sell the property and receive and convert all the proceeds of the property to its own use.

101. Plaintiffs are informed and believe that they are entitled to an order imposing a trust on the property to secure Plaintiffs interest in the property.

WHEREFORE, the Plaintiffs **CHURCH OF GOD and CHURCH OF GOD OF SOUTH CAROLINA**, pray for judgment against the Defendants for equitable relief and/or for actual, special, consequential, and punitive damages to the fullest extent allowed by law in the amount determined by the trier of fact, for the costs of this action, for such equitable relief as the Court may deem appropriate, and for such other relief as this Honorable Court deems just, prudent, and proper.

Respectfully Submitted By:



George J. Kefalos, Esq.

Oana D. Johnson, Esq.

46 A State Street

Charleston, SC 29401

(843) 722-6612

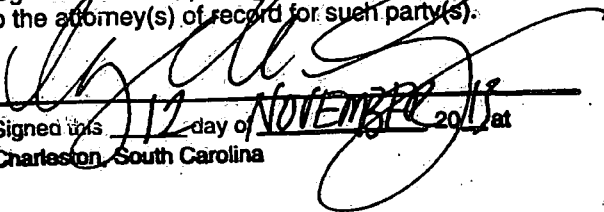
george@kefaloslaw.com

oana@kefaloslaw.com

ATTORNEYS FOR PLAINTIFFS

On this 12 day of Nov 2013
Charleston, SC

CERTIFICATE OF SERVICE
THE UNDERSIGNED HEREBY CERTIFIES that true and correct copies of the pleading or paper to which this certificate is affixed was served upon the party(s) to this action in accord with the applicable Court Rules by electronic transmission or by hand delivery or by regular U.S. Mail, postage prepaid, properly addressed to the attorney(s) of record for such party(s).


Signed this 12 day of NOVEMBER 2013 at
Charleston, South Carolina

STATE OF SOUTH CAROLINA)
)
 COUNTY OF CHARLESTON)
)
 Church of God and Church of God South Carolina,)
)
 Plaintiff,)
)
 vs.)
)
 Mark Estes, et al.)
)
 Defendant.)

IN THE COURT OF COMMON PLEAS
 NINTH JUDICIAL CIRCUIT
 CASE NO.: 2013-CP-10-1686

**MOTION AND ORDER INFORMATION
 FORM AND COVERSHEET**

Plaintiff's Attorney: George J. Kefalos, Esq. 46 A State Street Charleston, SC 29401	Defendant's Attorney: Matthew E. Tillman, SC Bar No. 70338 WOMBLE CARLYLE SANDRIDGE & RICE, LLP P.O. Box 999 [5 Exchange Street, 29401] Charleston, SC 29402-0999 Main: (843) 722-3400; Fax:: 843-723-7398 mtillman@wcsr.com <i>Attorneys for Defendant Crescom Bank, successor by merger to Community First Bank</i>
<input checked="" type="checkbox"/> MOTION HEARING REQUESTED (attach written motion and complete SECTIONS I and III) <input type="checkbox"/> FORM MOTION, NO HEARING REQUESTED (complete SECTIONS II and III) <input type="checkbox"/> PROPOSED ORDER/CONSENT ORDER (complete SECTIONS II and III)	
SECTION I: Hearing Information	
Nature of Motion: <u>Motion for Summary Judgment</u> Estimated Time Needed: <u>15 minutes</u> Court Reporter Needed: <input checked="" type="checkbox"/> YES / <input type="checkbox"/> NO	
SECTION II: Motion/Order Type	
<input checked="" type="checkbox"/> Written motion attached <input type="checkbox"/> Form Motion/Order I hereby move for relief or action by the court as set forth in the attached proposed order.	
<u>Mark</u> Signature of Attorney for <input type="checkbox"/> Plaintiff / <input checked="" type="checkbox"/> Defendant	<u>January 30, 2015</u> Date submitted
SECTION III: Motion Fee	
<input checked="" type="checkbox"/> PAID – AMOUNT: \$25.00 <input type="checkbox"/> EXEMPT: (check reason)	
<input type="checkbox"/> Rule to Show Cause in Child or Spousal Support <input type="checkbox"/> Domestic Abuse or Abuse and Neglect <input type="checkbox"/> Indigent Status <input type="checkbox"/> State Agency v. Indigent Party <input type="checkbox"/> Sexually Violent Predator Act <input type="checkbox"/> Post-Conviction Relief <input type="checkbox"/> Motion for Stay in Bankruptcy <input type="checkbox"/> Motion for Publication <input type="checkbox"/> Motion for Execution (Rule 69, SCRPC) <input type="checkbox"/> Proposed order submitted at request of the court; or, reduced to writing from motion made in open court per judge's instructions Name of Court Reporter: _____ <input type="checkbox"/> Other: _____	
JUDGE'S SECTION	
<input type="checkbox"/> Motion Fee to be paid upon filing of the attached order. <input type="checkbox"/> Other: _____	JUDGE CODE _____ Date: _____
CLERK'S VERIFICATION	
Collected by: _____ Date Filed: _____ <input type="checkbox"/> MOTION FEE COLLECTED: \$ _____ <input type="checkbox"/> CONTESTED – AMOUNT DUE: \$ _____	

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)
)
CHURCH OF GOD AND CHURCH)
OF GOD OF SOUTH CAROLINA,)

Plaintiffs,)

vs.)

MARK ESTES, PATRICIA ESTES,)
MICHAEL TIMOTHY BROOKS,)
INDIVIDUALLY AND AS TRUSTEE)
FOR CHURCH OF GOD AT NORTH)
CHARLESTON TRUST, ADAM)
BOYER INDIVIDUALLY AND AS)
TRUSTEE FOR CHURCH OF GOD)
AT NORTH CHARLESTON,)
ROLANDO RIVER OSORIO)
INDIVIDUALLY AND AS TRUSTEE)
AT CHURCH OF GOD AT NORTH)
CHARLESTON, AND NORTH PALM)
MINISTRIES, INC., NORTH PALM)
COMMUNITY CHURCH AND)
COMMUNITY FIRST BANK AND)
ITS SUCCESSOR CRESCOM BANK,)

Defendants,)

v.)

THOMAS PROPES AND MARC)
CAMPBELL,)

Third Party Defendants.)

IN THE COURT OF COMMON PLEAS)
)
CIVIL ACTION NO. 2013-CP-10-1686)

**COMMUNITY FIRST BANK AND ITS
SUCCESSOR, CRESCOM BANK'S MOTION
FOR SUMMARY JUDGMENT**

FILED
2015 JAN 30 PM 4:34
JULIE J. ARMSTRONG
CLERK OF COURT
BY _____

Pursuant to Rule 56, SCRCP, Defendant Community First Bank and its successor Crescom Bank ("Crescom"), hereby files its motion for summary judgment as to Plaintiffs' claims.

The grounds for this motion are as follows:


1. All causes of action are time barred under the applicable statute of limitations.

2. All causes of action are barred under the voluntary payment defense.
3. All causes of action are barred because the Plaintiffs are bound by the actions committed by their agents, Defendants Mark and Patricia Estes and the closing attorney involved in the subject transactions.
4. The Plaintiffs' aiding and abetting breach of fiduciary duty claim is barred because there is no evidence that Crescom participated in a breach of fiduciary duty.
5. The Plaintiffs' conversion claim is barred because Crescom did not convert any of Plaintiffs' property to its own use.
6. The Plaintiffs' quantum meruit claim is barred because the Plaintiffs did not confer a benefit on Crescom and due to Plaintiffs' unclean hands.
7. All causes of action are barred because of the doctrines of waiver, estoppel and/or laches.

CONCLUSION

For the reasons set forth above, the Court must grant summary judgment to Defendant Crescom on all causes of action alleged by Plaintiffs.

WOMBLE CARLYLE SANDRIDGE & RICE, LLP



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(843) 722-3400

Attorneys for Plaintiffs

Charleston, South Carolina
January 30, 2015

CERTIFICATE OF SERVICE

This is to certify that on January 30, 2015 a copy of Crescom Bank, successor by merger to Community First Bank's *Motion for Summary Judgment* was served via U.S. Mail to the following parties of record:

C. Steven Moskos, Esq.
4000 Faber Place Drive,
Suite 300
North Charleston, SC 29405
*Attorneys for Defendants Mark Estes,
Patricia Estes, Adam Boyer,
individually and as Trustee for Church
of God at North Charleston and
Michael Timothy Brooks, individually
and as Trustee for Church of God at
North Charleston Trust; North Palm
Ministries, Inc. and North Palm
Community Church*

George J. Kefalos, Esq.
Oana D. Johnson, Esq.
46 A State Street
Charleston, SC 29401
Attorneys for Plaintiff

Carol B. Ervin, Esq.
Brian L. Quisenberry, Esq.
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25 Calhoun St., Suite 400
Charleston, SC 29401
*Attorneys for Church of God
of South Carolina, Thomas
Propes and Marc Campbell*

Rolando Rivera Osorio
8241 Preakness Drive, Lot 211
North Charleston, SC 29420
Defendant Pro Se

FILED
2015 JAN 30 PM 4:34
JULIE J. AMSTRONG
CLERK OF COURT

WOMBLE CARLYLE SANDRIDGE & RICE, LLP

Carol Casey

Carol Casey, Paralegal

WOMBLE
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A LIMITED LIABILITY
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January 30, 2015

VIA HAND DELIVERY

Honorable Julie Armstrong
Charleston County Clerk of Court
100 Broad Street
Charleston, SC 29401

Re: Church of God, et al. v. Mark Estes, et al.
Case No: 2013-CP-10-1686
WCSR File No: 85249.0040.9

Dear Ms. Armstrong:

Enclosed please find the original and one copy of *Community First Bank and its successor, Crescom Bank's Motion for Summary Judgment* in the above matter. Please file the original and return the filed, time stamped copy to me via our courier.

I have also enclosed a Motion Cover Sheet and a \$25.00 check for the filing fee.

By copy of this letter with enclosure we are serving the motion on all parties.

Sincerely,

WOMBLE CARLYLE SANDRIDGE & RICE, LLP

Carol Casey
Paralegal to Matthew E. Tillman

Enclosures

cc w/encl: C. Steven Moskos, Esq.
George J. Kefalos, Esq.
Carol B. Ervin, Esq.
Roland Rivera Osorio

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)
)
CHURCH OF GOD AND CHURCH)
OF GOD OF SOUTH CAROLINA,)

Plaintiffs,)

vs.)

MARK ESTES, PATRICIA ESTES,)
MICHAEL TIMOTHY BROOKS,)
INDIVIDUALLY AND AS TRUSTEE)
FOR CHURCH OF GOD AT NORTH)
CHARLESTON TRUST, ADAM)
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CHARLESTON, AND NORTH PALM)
MINISTRIES, INC., NORTH PALM)
COMMUNITY CHURCH AND)
COMMUNITY FIRST BANK AND)
ITS SUCCESSOR CRESCOM BANK,)

Defendants,)

v.)

THOMAS PROPES AND MARC)
CAMPBELL,)

Third Party Defendants.)

IN THE COURT OF COMMON PLEAS)
)
CIVIL ACTION NO. 2013-CP-10-1686)

**COMMUNITY FIRST BANK AND ITS
SUCCESSOR, CRESCOM BANK'S
MEMORANDUM IN SUPPORT OF MOTION
FOR SUMMARY JUDGMENT**

BY _____

JULIE J. ANGSTROM
CLERK OF COURT

2015 FEB 27 PM 1:52

FILED

Pursuant to Rule 56, SCRCP, Defendant Community First Bank and its successor Crescom Bank ("Crescom"), hereby files its Memorandum In Support of Motion for Summary Judgment in this action.

SUMMARY

This is a dispute concerning the validity of mortgages used to secure valid loans made by Crescom to North Palm Ministries, Inc. ("North Palm") and secured by real property titled in the name of the North Charleston Church of God ("NCCOG"). Crescom made two loans to North Palm – one in the amount of \$700,000 and one in the amount of \$75,000 – and recorded mortgages on property titled in the name of NCCOG to secure the debt. Defendant Mark Estes – the pastor of the NCCOG – surrendered his credentials on March 12, 2010. The Plaintiffs allegedly discovered the Crescom mortgages on or just after that date. They then dissolved the NCCOG, assumed its assets, sold the property and repaid the debt to Crescom without protest, all despite believing that the mortgages were unauthorized under the governing rules of the Church of God. Over three years after being placed on notice of the Crescom mortgages, the Plaintiffs filed this lawsuit, alleging that the Mark Estes and the trustees of the NCCOG improperly diverted funds from the Crescom loans. Astoundingly, the Plaintiffs also assert that because they did not authorize the loans, the Crescom mortgages were invalid. The Plaintiffs are asking this Court to order Crescom to repay funds it loaned to the Plaintiffs' local Church body which were allegedly diverted by the former pastor of NCCOG. This position is absurd from a factual and legal standpoint. For the reasons set forth above, this Court should grant Crescom's motion for summary judgment and dismiss the claims against it.

FACTUAL BACKGROUND

A. Organization of the Church of God and Property Ownership.

NCCOG was a local congregation affiliated with the Plaintiffs until its dissolution on or about March 22, 2010.¹ Plaintiff Church of God is the national body which delegates authority

¹ *Exhibit 1, Dep. of Thomas Propes at 263-264.*

to regional organizations, including the Plaintiff Church of God of South Carolina. The Church of God of South Carolina then has oversight over the local congregations within its territory, including the NCCOG. The Church of God of South Carolina is managed by a State Overseer who may appoint District Overseers to carry out the business of the Church.

The property at issue is located at 5505 North Rhett Avenue in North Charleston, South Carolina (the "Property"). The Property was conveyed to the NCCOG in 1985 by deed from Lillian Buckner.² The deed provides that "the Local Board of Trustees shall hold title to, manage and control the said real estate for the general use and benefit of the [international] Church of God."³ It further provides:

The said Local Board of Trustees shall have full right, power and authority to sell, exchange, transfer and convey said property, or to borrow money and pledge the said real estate for the repayment of the same, and to execute all necessary deeds, conveyances, etc., provided the proposition shall first be presented to a regular or called conference of the said local church, presided over by the State Overseer of the Church of God, or one whom he may appoint, and the project approved by two-thirds of all members of the said local congregations present and voting.⁴

The NCCOG never conveyed the Property, but did obtain loans and authorize mortgages after the conveyance.

B. The North Charleston Church of God/North Palm Ministries.

At the time the subject mortgages at issue were given in 2007 and 2009, Defendant Mark Estes was pastor of NCCOG⁵ and District Overseer⁶ for the Plaintiff Church of God of South Carolina. Defendant Patricia Estes was the Exhorter of the NCCOG.⁷ (Mark and Patricia Estes collectively referred to as the "Estes Defendants"). Defendants Adam Boyer, Timothy Brooks

² *Exhibit 2, 1985 Deed.*

³ *Id.*

⁴ *Id.*

⁵ *Second Amended Complaint at ¶ 7.*

⁶ *Exhibit 1, Dep. of Thomas Propes at 45.*

⁷ *Second Amended Complaint at ¶ 8.*

and Rolando Osorio (“Trustee Defendants”) were the trustees of the NCCOG.⁸ On October 11, 2005, Mark Estes incorporated North Palm Ministries, Inc. (“North Palm”). The NCCOG operated as North Palm from that date forward.⁹

C. Relevant Transactions.

a. 2007 Loan.

On or about October 15, 2007, North Palm received a loan from Crescom in the amount of \$700,000.¹⁰ It hired a local attorney to close this loan.¹¹ The note was executed on behalf of NCCOG by the Trustee Defendants, as was the mortgage on the Property in favor of Crescom (“2007 Mortgage”).¹² The Trustee Defendants provided the closing attorney with a resolution signed by Recording Secretary Lisa Carey indicating that the members and financial supporters of the Church unanimously approved the transaction.¹³ The proceeds of this loan were used in part to pay off an existing loan secured by a mortgage on the Property to First Reliance Bank, as well as other debts of the Church.¹⁴ In addition, the NCCOG/North Palm received proceeds in the amount of \$310,809.43.¹⁵

b. Lease to Seacoast Church.

On or about October 9, 2008, the NCCOG outgrew the facilities located on the Property and moved to a new location. It leased the Property to Seacoast Church.¹⁶ The lease was a five year lease, ending in 2013, in which Seacoast Church agreed to pay the NCCOG the sum of

⁸ *Id.* at ¶¶ 9-11.

⁹ *Exhibit 3, South Carolina Secretary of State printout.*

¹⁰ *Exhibit 4, 2007 HUD-1.*

¹¹ *Exhibit 5, 6/14/13 Ltr. Kefalos to Chard.*

¹² *Exhibit 6, 2007 Note and Mortgage.*

¹³ *Exhibit 7, 10/8/07 Resolution.*

¹⁴ *See Exhibit 4.*

¹⁵ *Id.*

¹⁶ *Exhibit 8, 10/9/08 Lease.*

\$9,200 per month.¹⁷ The lease amount increased periodically, to \$10,500 per month. The lease also contained an option to purchase, in amounts starting at \$1,625,000 and increasing to \$1,775,000 by the end of the term.¹⁸ Seacoast Church stayed current on the lease until it purchased the Property.

c. 2009 Loan.

On or about March 23, 2009, North Palm received a loan from Crescom in the amount of \$75,000 which was secured by the Property titled in the name of the Trustees of NCCOG. It hired the same local attorney to close this loan as well. The note is signed by the Trustee Defendants on behalf of North Palm, and the mortgage on the Property in favor of Crescom is signed by the same Trustee Defendants on behalf of NCCOG ("2009 Mortgage").¹⁹ As with the prior loan, the Trustee Defendants provided the closing attorney with a resolution signed by Recording Secretary Lisa Carey indicating that the members and financial supporters of the Church unanimously approved the transaction.²⁰ NCCOG/North Palm received proceeds in the amount of \$74,032.50.²¹

D. Dissolution of the North Charleston Church of God and Sale of the Property.

In late 2009, North Palm and NCCOG had defaulted on both loans. CresCom's attorney wrote a letter to Seacoast requesting all rent payments be made directly to Crescom. In the latter months of 2009 and early months of 2010, Mark Estes and State Overseer Thomas Propes discussed Mr. Estes' grievances with the Church of God.²² These discussions culminated in Pastor Mark Estes' resignation as a pastor and District Overseer with the Church of God on

¹⁷ *Id.*

¹⁸ *Id.* at 7.

¹⁹ *Exhibit 9, 2009 Note and Mortgage.*

²⁰ *Exhibit 10, 12/4/08-Resolution.*

²¹ *Exhibit 11, 2009 HUD-1.*

²² *Exhibit 12, 1/13/10 Ltr. Estes to Propes.*

March 12, 2010.²³ No later than this date, Thomas Propes became concerned about the NCCOG congregation and the status of the Property.²⁴ On March 22, 2010, State Overseer Propes appointed pastor Mark Campbell as the new District Overseer and tasked him with handling disposition of the Property.²⁵

On March 31, 2010, Mark Campbell was provided with a copy of the 2007 and 2009 Mortgages.²⁶ He spoke with Crescom Bank and determined that the loans were in default.^{27 28} Campbell entered negotiations with the lessee of the Property, Seacoast Church. This culminated in the sale of the Property to Seacoast Church on July 15, 2010 for \$780,000.²⁹ Pastor Campbell did no due diligence prior to selling the Property. He did not order an appraisal, did not speak with a real estate broker, did not list the Property, and did not market the Property to any potential buyer other than Seacoast Church.³⁰ Additionally, he apparently did not consider the provision in the lease setting the option to purchase amount of between \$1,625,000 and \$1,775,000. The sale was approved by the state church real estate committee without protest and without any indication of concern that the loans for mortgages were improperly obtained by North Palm and NCCOG.³¹

It is uncontested that NCCOG congregation purchased the property with its own money, all payments made on any loans were made by NCCOG, and all costs related to the Property

²³ Exhibit 13, 3/12/10 Ltr. Estes to Propes.

²⁴ Exhibit 1, Dep. of Propes at 74-76.

²⁵ Exhibit 14, 3/22/10 Ltr. from Propes to Campbell.

²⁶ Exhibit 15, Dep. of Mark Campbell at 33.

²⁷ *Id.* at 26-27.

²⁸ Further, when the officials with the State and National Offices of the Church of God became aware of the loans and mortgages, they would have necessarily known they had not been approved by the State and/or National Offices which the officials with the Church contend was required.

²⁹ See Exhibit 4.

³⁰ Exhibit 15, Dep. of Mark Campbell at 36, 55.

³¹ Exhibit 16, 6/3/10 Ltr. from Grice to Propes.

were paid by NCCOG. No payments of any kind related to the Property were made by Plaintiffs. Plaintiffs, however, did receive \$20,000 at the time of the sale to Seacoast.³²

Upon selling the Property, the Plaintiffs repaid the Crescom loans, without protest in any form, in return for satisfaction of the 2007 and 2009 Mortgages. Crescom duly satisfied the mortgages, having no knowledge that the Plaintiffs contested the validity of those mortgages. Surprisingly, the Plaintiffs brought this action, in which they ask this Court to require Crescom to pay the Plaintiffs money that Crescom **loaned** to North Palm/NCCOG.

It should be noted, at the time CresCom made the 2007 Loan, a previous loan secured by a Mortgage on the Property to First Reliance Bank with an approximate balance of \$387,000 was paid off.³³ Upon information and belief the First Reliance loan was made under the same circumstances as the loans made by CresCom. Plaintiffs have not indicated there was any problem with the approval of the First Reliance loan.

PLAINTIFFS' ALLEGATIONS

The Plaintiffs allege that the Estes Defendants and Trustees Defendants did not have proper authority to obtain the loans from Crescom and to deliver the 2007 Mortgage and 2009 Mortgage to Crescom.³⁴ The Plaintiffs also allege that the Estes Defendants wrongfully diverted the proceeds from the Crescom loans (approximately \$385,000) for their own personal use.³⁵ Despite the fact that the Plaintiffs voluntarily paid the Crescom debt, they now seek to recover the money that was allegedly diverted to Crescom. The Plaintiffs have alleged the following causes of action against Crescom, all of which must be dismissed for the reasons set forth below:

³² *Exhibit 17, 7/15/10 HUD-1.*

³³ *Exhibit 18, 2005 HUD-1.*

³⁴ *Second Amended Complaint at ¶ 31.*

³⁵ *Id. at ¶ 25.*

(1) slander of title; (2) aiding and abetting the Estes Defendants' breach of fiduciary duties to the Plaintiffs; (3) conversion; and (4) unjust enrichment.

STANDARD OF REVIEW

In evaluating a motion for summary judgment, a court must view “the evidence and all reasonable inferences . . . in the light most favorable to the non-moving party.” *Hansson v. Scalise Builders of S.C.*, 374 S.C. 352, 355, 650 S.E.2d 68, 70 (2007). However, if, after granting such deference to the non-moving party, it is apparent to the court that “there is no genuine issue as to any material fact,” and the moving party is entitled to judgment “as a matter of law,” the court should grant summary judgment. *Id.* (quoting S.C. R. Civ. P. 56(c)).

ARGUMENT

I. ALL OF PLAINTIFFS' CLAIMS AGAINST CRESCOM ARE BARRED BY THE VOLUNTARY PAYMENT DEFENSE.

It is undisputed that after assuming ownership of the Property the Plaintiffs sold the Property and paid off the loans, without protest, to secure satisfaction of the 2007 and 2009 Mortgages. This was a voluntary payment, and it bars Plaintiffs' causes of action.

“[A] person cannot use the courts to recover money voluntarily or consensually paid with full knowledge of all of the facts and without fraud, duress, or extortion in some form.” 66 Am Jur 2d *Restitution and Implied Contracts* § 92 (2014). “Thus, it is universally recognized that money voluntarily paid under a claim of right to payment and with knowledge of the facts by the person making the claim cannot be recovered on the ground that the claim was illegal, or that there was not liability to pay in the first instance.” *Id.* Further, the “question of whether a payment is voluntary or involuntary is one of law where the facts are undisputed . . .” *Id.*

The voluntary payment defense applies to the legal claims as well as Plaintiffs' unjust enrichment claim. 13 S.C. Jur. *Implied Contracts* § 24 (2013) (citing *Bennettsville v. Bledsoe*,

226 S.C. 214, 84 S.E.2d 554 (1954). Indeed, under South Carolina law, “all payments are presumed to be voluntary until the contrary is made to appear.” *Baker v. Allen*, 220 S.C. 141, 151, 66 S.E.2d 618, 622 (1951) (citing *Moody v. Stem*, 214 S.C. 45, 51 S.E.2d 163 (1948)). Therefore, the burden is on the payor to show that the payment was made involuntarily. *Id.* This is a difficult burden to overcome, and even evidence of payment under protest may not be sufficient to establish that the payment was made involuntarily. *Baker*, 220 S.C. at 151, 66 S.E.2d at 622.

The Plaintiffs have admitted that they had full awareness of the 2007 and 2009 Mortgages and the fact that the debt may have been unauthorized prior to selling the Property and paying the debt owed to Crescom.³⁶ Having made the payment with full knowledge, the Plaintiffs must carry their burden to prove that the payment was involuntary – that is, the payment was the result of fraud, duress, or extortion. There is no evidence to support a claim of fraud, duress or extortion.

Mark Campbell, who assumed the position of District Overseer and was charged with handling the Property, testified that he felt duress because Crescom officials told him they wanted to be paid and that they would have to file a foreclosure action if payment was not made.³⁷ Campbell never bothered to consult an attorney concerning the debt or mortgage.³⁸ Further, Campbell testified that if he had consulted an attorney who informed him that the Crescom loan and mortgages were not properly approved by the Church of God, he would not have sold the Property.³⁹

The Supreme Court of South Carolina has explicitly defined “duress”:

³⁶ *Second Amended Complaint at ¶ 56; Exhibit 19, Plf's Answers to Inter. at ¶¶ 9-10.*

³⁷ *Exhibit 15, Dep. of Campbell at 32.*

³⁸ *Id.*

³⁹ *Id. at 31.*

Duress is defined as a condition of mind *produced by improper external pressure or influence that practically destroys the free agency of a party* and causes him to do an act or form a contract not of his own volition. Duress is viewed with a subjective test, looking at the individual characteristics of the person allegedly influenced, and *duress does not occur if the person has a reasonable alternative to succumbing and fails to avail themselves of the alternative.*

McCann v. Doe, 377 S.C. 373, 385, 660 S.E.2d 500, 506-507 (2008) (citations and quotations omitted) (emphasis added).

This is not duress. First, there is no evidence that Crescom exerted improper pressure or influence. It is undisputed that the debt owed to Crescom was in default. All Crescom did was ask for it to be paid. This is certainly not the type of behavior that “destroys the free agency of a party.” Further, “duress does not occur if the person has a reasonable alternative to succumbing and fails to avail themselves of the alternative.” The Plaintiffs had reasonable alternatives, but did not avail themselves of them. These alternatives include allowing Crescom to foreclose and then asserting that the mortgage was invalid as defense. As set forth above, the Plaintiffs did not even bother to consult an attorney. They simply sold the Property and satisfied the 2007 and 2009 Mortgages without further protest or comment – presumably because, in the words of the Plaintiffs’ Eastern Properties Committee: “the church making the offer [to purchase] has a very productive ministry, winning souls and meeting the needs of the community through various means, including medical care.”⁴⁰

The Plaintiffs cannot survive summary judgment by providing self-serving testimony from its representatives that they felt “duress.” The Plaintiffs must produce evidence supporting duress as it is defined in *McCann* – *i.e.* that Crescom exerted improper external pressure or influence that practically destroy[ed] the Plaintiffs’ free agency and that the Plaintiffs had no reasonable alternative to paying the loan. There is no evidence to substantiate either proposition.

⁴⁰ Exhibit 16, 6/3/10 Ltr. from Grice to Propes.

Therefore, the Court must hold that Plaintiffs' claims are barred by the voluntary payment defense as a matter of law.

II. PLAINTIFFS' SLANDER CAUSE OF ACTION IS BARRED UNDER THE LIMITATIONS PERIOD SET FORTH IN S.C. CODE § 15-3-550(1).

The statute of limitations for an action for libel or slander is two years. S.C. Code Ann. § 15-3-550(1). Where, as in South Carolina, there is no statute expressly referring to actions for slander of title, the statute of limitations applicable to libel and slander applies. 50 Am. Jur. 2d *Libel and Slander* § 541 (2014). Therefore, the statute of limitations for Plaintiffs' slander of title cause of action is two years.

South Carolina does not recognize the discovery rule in slander cases and therefore the Plaintiffs' slander of title claim accrued on the date of publication. *Jones v. City of Folly Beach*, 326 S.C. 360, 369, 483 S.E.2d 770, 775 (Ct. App. 1997) ("The trial court was correct in granting Peeples's motion for summary judgment because South Carolina has not adopted the discovery rule in libel and slander cases."); *see also* 50 Am Jur 2d *Libel and Slander* § 541 (2014) ("A right of action for slander of title accrues, and the statute of limitations commences to run, at the time of the publication of the slander."). The Plaintiffs claim that the slander of title occurred upon recordation of the mortgages (including the October 24, 2007 mortgage).⁴¹ Therefore, the slander of title claim accrued on October 24, 2007, well over two years before the Plaintiff filed this lawsuit on March 20, 2013.

Even if the discovery rule applied, the Plaintiffs actually knew about the mortgages in March of 2010.⁴² The Plaintiffs filed this action on March 20, 2013 – well over two years after discovering the existence of the Crescom mortgages. Therefore, Plaintiffs' slander of title claim is barred under S.C. Code Ann. § 15-3-550(1).

⁴¹ *Second Amended Complaint* at ¶ 82.

⁴² *Exhibit 19, Plf's Answers to Inter.* at ¶ 8.

III. THERE IS NO EVIDENCE THAT CRESCOM HAD KNOWLEDGE OF THE OTHER DEFENDANTS' BREACHES OF FIDUCIARY DUTIES, AND THEREFORE THE COURT MUST GRANT SUMMARY JUDGMENT AS TO PLAINTIFFS' AIDING AND ABETTING CAUSE OF ACTION.

The Plaintiffs allege that Crescom aided and abetted the Estes Defendants' alleged breach of fiduciary duty to the Plaintiffs. The Plaintiffs allege that the Estes Defendants and Trustee Defendants breached their fiduciary duties to the Plaintiffs by:

- a. Failing to seek or obtain authorization for signing mortgage documents.
- b. Failing to inform Plaintiff of diverting the funds in amounts exceeding \$385,000 for personal purposes or for the benefit of Defendant North Palm Ministries.
- c. Misappropriating over \$385,000 in Plaintiffs' funds and assets, which have not been repaid.
- d. Failing to inform Plaintiffs that they had used their resources to form, develop and conduct business as a new church, unaffiliated with the Plaintiff.
- e. Failing to protect the assets of the Trust for which they were acting as Trustees.⁴³

The elements for the cause of action for aiding and abetting a breach of fiduciary duty are: "(1) a breach of a fiduciary duty owed to the plaintiff[;] (2) the defendant's knowing participation in the breach[;] and (3) damages." *Future Group, II v. Nationsbank*, 324 S.C. 89, 99, 478 S.E.2d 45, 50 (1996). "The gravamen of the claim is the defendant's knowing participation in the fiduciary's breach." *Id.*; see *Gordon v. Busbee*, 397 S.C. 119, 133-34, 723 S.E.2d 822, 830 (Ct. App. 2012) (affirming the grant of directed verdict in favor of an attorney on aiding and abetting breach of personal representative's fiduciary duty and finding that even if the attorney should have conducted additional investigation into the assets of the estate, that does not constitute evidence of actual knowledge of improper activity on the personal representative's part). In order to prevail on their aiding and abetting breach of fiduciary duty, the plaintiffs

⁴³ *Second Amended Complaint at ¶ 60.*

must prove that Crescom had actual knowledge of the alleged breaches of fiduciary duty committed by the Estes and the Trustees. *Future Group, II*, 324 S.C. at 99, 478 S.E.2d at 50 (“There is no evidence in the record, however, that Bank had actual knowledge [that] Agency’s bylaws required shareholder approval.”); *Washington v. Stewart*, 2012 S.C. App. Unpub. LEXIS 509 at *3 (S.C. App. June 5, 2012)(“The mere movement of funds does not create actual knowledge of a breach of a fiduciary duty.”).

Even assuming that the alleged conduct occurred, and that the conduct amounted to breaches of fiduciary duties, there is no evidence that Crescom knew that the Estes Defendants and Trustee Defendants were committing the breaches. As set forth above, a closing attorney handled the transfer of the Property. Both Crescom and the Plaintiffs relied on this attorney.⁴⁴ There is no evidence that the closing attorney ever informed Crescom of an issue concerning the Trustee Defendants’ authority to obtain the loans or approve the mortgages.

In arguing that Crescom aided and abetted the breaches of fiduciary duty, the Plaintiffs have confused the concepts of actual and constructive knowledge. Actual knowledge is “[d]irect and clear knowledge, as distinguished from constructive knowledge.” *Black’s Law Dictionary* 950 (9th ed. 2009). Constructive knowledge is “[k]nowledge that one using reasonable care or diligence should have, and therefore that is attributed by law to a given person.” *Id.*

The case law plainly distinguishes between the two, and does not impute the knowledge of other parties, including attorneys, to the party alleged to have aided and abetted. In *Future Group, II*, the Court held that the subject bank had no actual knowledge that a corporate resolution approving a pledge of assets was inadequate under that corporation’s by-laws. *Future Group, II*, 324 S.C. at 99, 478 S.E.2d at 50. In fact, the Court acknowledged that one of the attorneys involved in the transaction knew of the restrictions contained in the by-laws, but “there.

⁴⁴ *Exhibit 15, Dep. of Campbell at 49; Exhibit 20, Dep. of Warrick at 24: 6-11.*

is no evidence that [the attorney advised the Bank].” *Id.* Likewise, in *Gordon v. Busbee*, 397 S.C. 119, 134, 2012 S.C. App. LEXIS 163 (Ct. App. Mar. 8, 2011), the Court upheld a directed verdict, stating that “[e]ven if Busbee should have conducted additional investigation into the assets of Clara’s estate, that does not constitute evidence of actual knowledge of improper activity on George’s part.”

There is simply no evidence that Crescom had any, much less actual, knowledge of the alleged breaches of fiduciary duty. Therefore, Plaintiffs’ aiding and abetting breach of fiduciary duty cause of action must be dismissed as a matter of law.

IV. THE PLAINTIFFS’ CONVERSION CAUSE OF ACTION MUST BE DISMISSED AS A MATTER OF LAW BECAUSE THERE IS NO EVIDENCE THAT CRESCOM ASSUMED CONTROL OVER THE PLAINTIFFS’ PERSONAL PROPERTY.

Conversion is defined as the unauthorized assumption in the exercise of the right of ownership over goods or personal chattels belonging to another to the exclusion of the owner’s rights. *SSI Med. Servs., Inc. v. Cox*, 301 S.C. 493, 498, 392 S.E.2d 789, 792 (1990). To establish the tort of conversion, the plaintiff must establish either title to or right to the possession of the personal property. *Crane v. Citicorp Nat’l Servs., Inc.*, 313 S.C. 70, 72, 437 S.E.2d 50, 52 (1993) (superseded by statute on other grounds).

The Plaintiffs allege that Crescom “exercised unauthorized dominion and control over Plaintiff’s funds and assets, as well as assets obtained as a result of the improper use of Plaintiffs’ resources, including, but not limited to [the Property] and Plaintiffs’ funds.”⁴⁵ There is no evidence that Crescom asserted a right of ownership or control over any of the Plaintiffs’ assets. The undisputed evidence demonstrates that Crescom loaned money to the NCCOG. It never exercised any control over those funds, or the disposition of those funds, after the money

⁴⁵ *Second Amended Complaint at 72.*

was transferred. To the extent the Plaintiffs assert that the alleged conversion related to the 2007 and 2009 Mortgages, that allegation is unsupported by South Carolina law. *Hawkins v. City of Greenville*, 358 S.C. 280, 297, 594 S.E.2d 557, 566 (Ct. App. 2004) ("It is well settled that a conversion action does not lie when alleging the exercise of dominion or control over real property."). Therefore, the Plaintiffs' conversion claim must be dismissed.

V. THE PLAINTIFFS' QUANTUM MERUIT CAUSE OF ACTION MUST BE DISMISSED BECAUSE THERE IS NO EVIDENCE OF A BENEFIT CONFERRED OR RECEIVED AND BECAUSE THERE EXISTED AN EXPRESS CONTRACT.

To prevail on a quantum meruit claim, a plaintiff must prove: "(1) [a] benefit conferred by [the] plaintiff upon the defendant; (2) realization of that benefit by the defendant; and (3) retention of the benefit by the defendant under circumstances that make it inequitable for him to retain it without paying its value." *Gignilliat v. Gignilliat, Savitz & Bettis, L.L.P.*, 385 S.C. 452, 467, 684 S.E.2d 756, 764 (2009). "It is axiomatic that a claim for quantum meruit will not lie absent evidence of unjust enrichment." *Id.* Further, if the plaintiff is seeking compensation under a quantum meruit theory in the presence of an express contract which has not been abandoned or rescinded, the plaintiff may not recover under quantum meruit. *Swanson v. Stratos*, 350 S.C. 116, 122, 564 S.E.2d 117, 120 (Ct. App. 2002).

Plaintiffs' quantum meruit claim cause of action must be dismissed for several reasons. First, there is no evidence that any of the Plaintiffs' actions unjustly enriched Crescom. Crescom simply loaned money to the NCCOG and was repaid for that loan upon the sale to Seacoast Church. It did not retain any benefit conferred upon it by the Plaintiffs or any other entity. It merely *provided* a benefit.

Further, the Plaintiffs never contributed to the purchase, maintenance or repair of the Property.⁴⁶ They now seek repayment of the loans made by Crescom to the NCCOG because the Estes Defendants allegedly absconded with loan proceeds. The entire premise of such a claim is absurd, and certainly does not support a claim that the Plaintiffs somehow conferred a benefit on Crescom.

Finally, there is no dispute that NCCOG/North Palm and Crescom entered into a contract, by which Crescom loaned funds – secured by the mortgages – in exchange for the promise of repayment. Plaintiffs’ quantum meruit claim is merely a breach of contract action disguised in equity. Plaintiffs’ claim must therefore be dismissed under the precedent set forth in *Swanson* and similar South Carolina jurisprudence.

VI. ALL OF PLAINTIFFS’ CAUSES OF ACTION MUST BE DISMISSED BECAUSE THEY ARE BOUND BY THE ACTIONS OF THEIR AGENTS – THE ESTES DEFENDANTS AND THE CLOSING ATTORNEY – INVOLVED IN THE SUBJECT TRANSACTIONS.

The Plaintiffs allege that Crescom is liable because it should have known that it did not have authority from the Plaintiffs to loan funds to the NCCOG and place a mortgage on the Property.⁴⁷ However, the Plaintiffs own’ agents authorized and approved the loans from Crescom and the 2007 and 2009 Mortgages. Therefore, the Plaintiffs’ claims are barred.

It is axiomatic that an agent contracting with the authority of his principal binds him to the same extent as if the principal personally made the contract. *S.C. Ins. Co. v. James C. Greene and Co.*, 290 S.C. 171, 183, 348 S.E.2d 617, 624 (Ct. App. 1986). Thus, the principal is liable via the agent by reason of his consent to be bound. *Id.*

⁴⁶ Exhibit 21, *Dep. of Thomas Gillum at 97-98.*

⁴⁷ *Second Amended Complaint at 41-46.*

As set forth above, the subject transactions were closed by an attorney hired by the NCCOG/North Palm.⁴⁸ NCCOG/North Palm provided this closing attorney with a resolution signed by Recording Secretary Lisa Carey in which Ms. Carey certified that the congregation and financial supporters of the Church unanimously approved the transactions.⁴⁹

The closing attorney, who represents the borrower, was charged with ensuring that the subject transactions were conducted with the requisite authority. The parties to a real estate transaction are not required to check behind the work of the closing attorney. Indeed, the Plaintiffs' District Overseer, Mark Campbell agreed that it is the closing attorney's responsibility to ensure that proper approvals are in place.⁵⁰ Any failure to properly ensure loans were properly approved is binding on the Plaintiffs. *Koutsogiannis v. BB&T*, 365 S.C. 145, 149, 616 S.E.2d 425, 428 (2005) ("In the attorney-client relationship, clients are generally bound by their attorneys' acts or omissions during the course of the legal representation that fall within the apparent scope of their attorneys' authority."). Crescom rightfully relied on Plaintiffs' closing attorney to ensure that the NCCOG obtained the proper approvals. The closing attorney, as agent of the Plaintiffs, may have failed to do so. His alleged error is binding on the Plaintiffs, who may not recover from Crescom for a mistake imputed directly to them.

The Plaintiffs are also bound by the representations made by the Estes Defendants, Trustee Defendants and other officials cloaked with the authority of the Church of God. This transaction was authorized by the members and financial supporters of the NCCOG and by Mark Estes – a District Overseer for the Plaintiffs. The subject notes and mortgages

⁴⁸ See Exhibit 5.

⁴⁹ See Exhibit 7.

⁵⁰ Exhibit 15, Dep. of Campbell at 71-72.

were signed by the Trustees, who hold the property in trust for Plaintiff Church of God. Finally, the Church provided the closing attorney with a resolution signed by Recording Secretary Lisa Carey.

In *Hutchison v. Rock Hill Real Estate & Loan Co.*, 65 S.C. 45, 43 S.E. 295 (1902), a corporation's secretary certified in writing that a certain resolution had been passed by the directors authorizing the execution of a bond and an assignment of assets. The court held that the corporation was bound by such certified resolution whether or not it had been passed as a matter of fact. *Id.* at 306 (emphasis added). The Court held that even acts pursuant to an unauthorized board resolution are binding upon a corporation where the corporation's secretary has certified their validity in writing to third parties. In reaching the holding in *Hutchison*, the court reasoned, "Seeing that someone must be loser by the deceit, it is more reasonable that he who employs and confides in the deceiver should be the loser than a stranger." *Id.* In other words, as a matter of policy, the court would rather punish a board of directors for confiding in deceitful officers than third parties who interact therewith in good faith.

The facts of the present case are almost identical to those set forth in *Hutchison*. The Estes Defendants and Trustee Defendants are alleged to have deceived both the Plaintiffs and Crescom by representing that the proper approvals had been obtained to effectuate the subject transactions. There is no dispute that the Estes Defendants, the Trustee Defendants, and Recording Secretary Lisa Carey are agents of the Plaintiffs. The closing attorney received resolutions from the Recording Secretary confirming that both of the subject transactions were duly approved.⁵¹ As in *Hutchison*, the Plaintiffs employed the alleged deceivers. As between the Plaintiffs and Crescom, who interacted

⁵¹ Exhibit 7; Exhibit 10.

with the NCCOG in good faith, the Plaintiffs should bear the burden of their own agents' acts and omissions.

Therefore, because the Plaintiffs are bound by the acts and omissions of the closing attorney, the Estes Defendants and the Trustee Defendants, the claims set forth against Crescom must be dismissed.

VII. PLAINTIFFS' REMAINING CAUSES OF ACTION AGAINST CRESCOM ARE BARRED BY THE THREE YEAR STATUTE OF LIMITATIONS SET FORTH IN S.C. CODE ANN. § 15-3-530.

Plaintiffs' remaining causes of action are governed by a three year statute of limitations, S.C. Code Ann. §15-3-530.⁵² The Plaintiffs had reason to know of their potential claims, and in fact actually knew of those claims, prior to the March 20, 2010 filing of this lawsuit. Therefore, Plaintiffs' remaining allegations must be dismissed.

The limitations period "begins to run when the plaintiff knew or by the exercise of reasonable diligence should have known that he had a cause of action." *Gibson v. Bank of Am., N.A.*, 383 S.C. 399, 405-406, 680 S.E.2d 778, 782 (Ct. App. 2009) (citations and quotations omitted). "The exercise of reasonable diligence means simply that an injured party must act with some promptness where the facts and circumstances of an injury would put a person of common knowledge and experience on notice that some right of his has been invaded or that some claim against another party might exist." *Id.* at 406, 680 S.E.2d at 782. "When there is no conflicting evidence or when only one reasonable inference can be drawn from the evidence, the determination of when a party knew or should have known that he or she had a claim becomes a matter of law to be decided by the trial court. *Id.* at 407, 680 S.E.2d at 782. The Plaintiffs had

⁵² Plaintiffs' quantum meruit claim is equitable. However, it is governed by the three year statute of limitations. *McConnell v. Crocker*, 217 S.C. 334, 60 S.E.2d 673 (1950).

both actual and constructive notice that the NCCOG pledged the Property prior to March 20, 2010.

A. State Overseer Thomas Propes had actual concern about the status of the Property no later than March 12, 2010.

As set forth above, the Estes Defendants resigned their Church credentials by letter dated March 12, 2010.⁵³ On this date, State Overseer Thomas Propes became concerned with the status of the North Charleston congregation and the Property.⁵⁴ Propes was so concerned that he “immediately . . . named Mark Campbell district overseer” and “asked him to get for me any information that he could concerning . . . *any property issues that might be lingering.*”⁵⁵ Clearly, Overseer Propes had serious concerns about the status of the Property no later than March 12, 2010. It was on no later than this date that the Plaintiffs were on notice of a potential claim related to the subject transactions and mortgages. Nevertheless, the Plaintiffs waited until March 20, 2013 – over three years after their causes of action accrued – to file this lawsuit. The Plaintiffs’ claims are therefore time barred under S.C. Code Ann. § 15-3-530.

B. Both Plaintiffs were aware that the NCCOG failed to complete monthly reports containing information concerning Church indebtedness.

Each local Church must complete a Monthly Treasurer’s Report to send to the office of the Church of God of South Carolina and international Church of God.⁵⁶ These Monthly Treasurer’s Reports provide the method by which the local Churches report certain financial data, including Church property value *and indebtedness.*⁵⁷ NCCOG habitually failed to complete and submit the Monthly Treasurer’s Report, including the property valuation and

⁵³ See Exhibit 13.

⁵⁴ Exhibit 1, Dep. of Propes at 74-77.

⁵⁵ Id. (Emphasis added)

⁵⁶ Exhibit 1, Dep. of Propes at 60-61.

⁵⁷ Exhibit 22, Monthly Treasurer’s Report.

indebtedness section.⁵⁸ The international Church of God was so concerned that, in 2005 and then again in 2008, it repeatedly sent letters to Defendant Mark Estes and asked Overseer Propes to intervene.⁵⁹ Despite these concerns, the Plaintiffs never followed up on the missing reports and information. Had they followed up on the reports, they would have discovered outstanding debt to Crescom, as well as the 2007 and 2009 Mortgages.

Simply put, the Plaintiffs were clearly on notice of deficient reporting – as well as potential issues with Church financials and Property – in 2008. Had the Plaintiffs performed the required diligence, they would have discovered the allegedly unauthorized loans and mortgages. Therefore, the Plaintiffs' claim is time barred.

C. State Overseer Thomas Propes received correspondence placing him on notice that NCCOG leased the Property and did nothing to investigate.

On January 13, 2010, Defendant Mark Estes sent a letter to Overseer Propes in which he expressed his concerns with Church leadership and promised to account for checks that had bounced.⁶⁰ In addition, Estes claimed the checks bounced because “checks given to us by the *other church assuming our lease bounced.*”⁶¹ Overseer Propes admitted to receiving this letter.⁶² In this letter, Defendant Estes clearly informs Overseer Propes that another Church is leasing the Property.⁶³ A person of common knowledge and experience would realize that the NCCOG is now leasing its sanctuary to another Church body. At the very least, this information placed Overseer Propes on notice of a potential issue with the Property. Overseer Propes does not recall this sentence in the letter, but admitted that it may have caused him to wonder where

⁵⁸ Exhibit 23, *Missing Reports Breakdown*.

⁵⁹ Exhibit 24, *2008 and 2009 letters concerning missing reports*.

⁶⁰ Exhibit 12, *1/13/10 Ltr. from Estes to Propes*.

⁶¹ *Id.* (Emphasis added)

⁶² Exhibit 1, *Dep. of Propes at 63-64*.

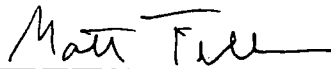
⁶³ Exhibit 8, *Seacoast Lease*.

the North Charleston congregation was conducting services "if [he] gave it thought."⁶⁴ Whether or not Overseer "gave it thought" is irrelevant. The undisputed fact is that he received notice that the NCCOG had leased its Church building to another entity and therefore the statute of limitations accrued on the date he received the letter- January 13, 2010. The Plaintiffs filed this lawsuit more than three years later, and their claims are therefore time barred.

CONCLUSION

For the reasons set forth above, the Court must grant summary judgment to Defendant Crescom on all causes of action alleged by Plaintiffs.

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⁶⁴ *Exhibit 1, Dep. of Propes at 68.*

CERTIFICATE OF SERVICE

This is to certify that on February 27, 2015, a copy of Community First Bank and its Successor, Crescom Bank's Memorandum in Support of Motion for Summary Judgment was served via U.S. Mail to the following parties of record:

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JULIE J. ARMSTRONG
CLERK OF COURT

2015 FEB 27 PM 1:52

FILED

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1 STATE OF SOUTH CAROLINA
 2 COURT OF COMMON PLEAS
 3 COUNTY OF CHARLESTON
 4 CHURCH OF GOD, CHURCH OF GOD OF SOUTH CAROLINA AND
 5 CHURCH OF GOD AT NORTH CHARLESTON,
 6 Plaintiffs,
 7 vs. CASE NO. 2013-CP-10-1686
 8 MARK ESTES, PATRICIA ESTES, MICHAEL TIMOTHY BROOKS,
 9 INDIVIDUALLY AND AS TRUSTEE FOR CHURCH OF GOD AT
 10 NORTH CHARLESTON TRUST, ADAM BOYER INDIVIDUALLY AND
 11 AS TRUSTEE FOR CHURCH OF GOD AT NORTH CHARLESTON,
 12 ROLANDO RIVERA OSORIO INDIVIDUALLY AND AS TRUSTEE
 13 FOR CHURCH OF GOD AT NORTH CHARLESTON AND NORTH
 14 PALM MINISTRIES, INC., NORTH PALM COMMUNITY CHURCH.
 15 AND CRESCOM BANK AS SUCCESSOR BY MERGER TO
 16 COMMUNITY FIRST BANK,
 17 Defendants.

 11 IN THE UNITED STATES DISTRICT COURT
 12 FOR THE DISTRICT OF SOUTH CAROLINA
 13 CHARLESTON DIVISION

14 FIRST AMERICAN TITLE INSURANCE COMPANY,
 15 Plaintiff,
 16 vs. CIVIL ACTION NO: 2:14-CV-02294-DCN
 17 CRESCOM BANK, AS SUCCESSOR TO COMMUNITY FIRSTBANK,
 18 Defendant.

19 DEPOSITION OF: MAJOR THOMAS PROPES

20 DATE: January 21, 2015

21 TIME: 10:19 AM

22 REPORTED BY: TERRI L. BRUSSEAU, RPR, CRR

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ALSO PRESENT:

Mark Estes

Patricia Estes

Dennis W. Watkins, Legal Counsel,

Church of God International Offices

James M. Campbell

(INDEX AT REAR OF TRANSCRIPT)

1 estate transaction in his or her own church, did
2 they still need to receive your approval to go
3 forward with the transaction?

4 A. Yes, there would have been a paper
5 trail at some point.

6 Q. Is that procedure written down anywhere
7 that you can recall?

8 A. Yes, it would be in the general
9 assembly minutes concerning written certification.

10 Q. Is that the general assembly minutes
11 for the international church or the state church?

12 A. It would be the general assembly
13 minutes that govern all business for all Church of
14 God entities.

15 Q. Let's talk about this 2007 refinance
16 with the North Charleston Church of God. That's
17 what is at issue in this litigation. At that time
18 was Mark Estes the district overseer in his
19 district?

20 A. Yes.

21 Q. And I want you to assume for a minute
22 and I think it's true that this refinance certainly
23 changed terms of prior financing so we're not
24 dealing with just a -- we're dealing with a
25 situation in which there's changed terms as we

1 international church level in your current job
2 position?

3 A. No, I can call for a report if I need
4 one but I don't handle these.

5 Q. Okay. While you were state overseer in
6 South Carolina -- well, first of all, what's your
7 understanding of the purpose of these reports?

8 A. The Church of God is a hierarchal form
9 of government much like Methodist, Episcopal, we're
10 a good blending of those, centralized form of
11 government. There are two reports that are
12 required by the general assembly, which is the
13 highest governing authority in Church of God. Each
14 month credentialed ministers are required to submit
15 a report to their state overseer and to the
16 secretary general's office. That report would give
17 a detailed review of previous month's ministerial
18 activity and other ancillary information.

19 The treasurer, this is the second
20 report that is required, is to give also a monthly
21 report to the same entities appropriately filled
22 out, also with a check known as a tithe of tithe to
23 both entities to support the state ministry and
24 international ministry of Church of God.

25 Q. When you were the state overseer in

1 South Carolina, did you review these monthly
2 treasury reports?

3 A. No.

4 Q. Do you know -- does anyone at the
5 international church review them monthly? Do you
6 know?

7 A. Define review.

8 Q. Do they look at them?

9 A. They handle them and enter the data,
10 same on the state.

11 Q. Who does that?

12 A. When I was overseer in South Carolina
13 it was Melody Hand.

14 Q. Okay. And what about the international
15 church?

16 A. Some employee in business and records.
17 I would have no idea who would do that data entry.

18 Q. If there was missing information in the
19 monthly treasurer's report, how was that handled at
20 the state level while you were state overseer?

21 A. I suppose it would depend on what
22 information was missing.

23 Q. Did you ever have occasion to speak
24 with Melody about missing information and monthly
25 treasurer's reports while you were the state

1 A. I think so.

2 Q. The next sentence reads, this happened
3 when checks given to us by the other church
4 assuming our lease bounced. Do you recall reading
5 that?

6 A. I'm reading it now. I don't recall
7 reading that in the past. It doesn't stick out in
8 my mind.

9 Q. Did you know at the time that another
10 church had assumed their lease?

11 A. I don't recall if I knew that.

12 Q. Would that be something that would be
13 alarming to you?

14 A. No.

15 Q. Well, in other words, if another church
16 had assumed their lease, would it make you wonder
17 where they were conducting church?

18 A. I suppose if I gave it thought.
19 Obviously I didn't give it too much thought at that
20 meeting.

21 Q. Do you recall discussing Seacoast
22 Church at all during that January meeting?

23 A. I don't recall it.

24 Q. Did you notice when you received this
25 letter marked as Exhibit 33 that it was on

1 we had lost an entire congregation.

2 Q. I'm going to mark as Exhibit 34 --

3 COURT REPORTER: 35.

4 MR. TILLMAN: Sorry, 35.

5 (DFT. EXH. 35, Letter dated 3/16/10 to

6 Mark Stephen Estes from M. Thomas Propes, COG

7 000622, was marked for identification.)

8 BY MR. TILLMAN:

9 Q. This is just a letter -- well, just
10 tell me what this letter is, please.

11 A. This is a standard letter that we would
12 have issued upon the revocation or surrendering or
13 termination of anyone's credentials in Church of
14 God.

15 Q. And this letter was sent on March 16,
16 2010?

17 A. That's what it says, yes.

18 Q. When this letter was sent, had you
19 already concluded that the congregation was going
20 with the Estes?

21 A. Based upon conversation with them.

22 Q. Okay. Did you have any concerns
23 associated with the congregation going with the
24 Estes?

25 A. Absolutely.

1 Q. And what were those concerns?

2 A. When Brother Estes assumed the pastor
3 of the North Charleston Church of God, he was not
4 their first pastor, it's been a longstanding
5 church. For years that church had been there,
6 membership, finances, tithe, ministry. You see,
7 Church of God is not just a bunch of isolated
8 independent local churches, we are as we call it a
9 big family. When one member of the family suffers,
10 we all suffer. When we lose a congregation, it's
11 like losing loved ones, their relationships.

12 Beyond the familial spiritual loss, and
13 you can't -- I don't think that you can quantify
14 that appropriately because it's never ending. It's
15 obviously the financial loss to state and
16 international. Our ministries on state and
17 international exist because of the support, not
18 only the spiritual familial support but the
19 financial support from our local congregations.
20 That's how we're able to do an international
21 ministry.

22 So not only to lose two ministers at
23 the helm and other subordinate ministers but to
24 lose an entire congregation and all of the worth
25 that they bring to us is always heart wrenching.

1 And then obviously there are other concerns that we
2 were made aware of as we began to open the drawers.

3 Q. Were you concerned about what would
4 happen with the church property?

5 A. Clearly.

6 Q. And what did you decide -- excuse me.
7 What did you do to act on those concerns? And
8 I'm -- let me rephrase that better. You gave me a
9 lot of different concerns. I'm asking this
10 question generally, what did you do to act on all
11 those concerns?

12 A. All right. Once it was obvious to me
13 that we had not only lost lead pastor, staff, an
14 entire congregation, I immediately amalgamated both
15 districts into one district and named Marc Campbell
16 as district overseer. Not having reports from
17 North Charleston, not knowing because I had no way
18 to track what had been going on there, I asked him
19 to begin to investigate, to meet with the Estes
20 because I knew they had a relationship, try to get
21 for me any information that he could concerning the
22 exodus of the congregation, where we were on any
23 property issues that might be lingering, try to
24 find out if there was monies owed, to whom, to give
25 me as detailed briefing as he possibly could, which

1 he agreed to do so.

2 Q. And those concerns regarding the exodus
3 of the church, their financial situation, the real
4 estate situation, all of those concerns became
5 apparent when the credentials were surrendered?

6 A. Yes.

7 Q. I apologize for the break, I'm just
8 going through my outline. And I'm just going to
9 mark for purposes of the record because it hasn't
10 been marked yet Exhibit 36.

11 (DFT. EXH. 36, Letter dated 3/22/10 to
12 Reverend James Marcus Campbell from M. Thomas
13 Propes, Propes/Campbell 00051, was marked for
14 identification.)

15 BY MR. TILLMAN:

16 Q. Is this -- Exhibit 36 is a March 22nd,
17 2010 letter. Is this the letter by which you
18 appointed Reverend Campbell to serve as district
19 overseer?

20 A. Yes. We call it the affidavit of
21 appointment.

22 Q. Had you spoken with Reverend Campbell
23 about this before that date?

24 A. Oh, I'm sure I did. I wouldn't have
25 done it quite like that.

1 resolution.

2 A. Yes.

3 Q. And do you believe that -- excuse me,
4 strike that.

5 Was the loan from First Reliance Bank
6 to North Charleston Church of God on July 13th,
7 2005, was that made in line with the international
8 and state protocols related to financing or
9 conveyance?

10 A. It would appear to me that this
11 document would be generated by the bank. This is a
12 bank required document. Unless there was written
13 certification by the state overseer authorizing
14 this loan, from our position it would have been a
15 breach of protocol.

16 Q. Can you point me to a document, I don't
17 know if it's been marked or you've seen it today,
18 I'm just trying to figure out what the name of the
19 document would be. In what document did you
20 declare all the offices of the local Church of God
21 of North Charleston trustees to be vacant?

22 A. There would have been two documents,
23 one when I signed the dissolution of the
24 congregation and forwarded that dissolution to the
25 presiding bishop of Church of God. That would in

1 fact have indicated that all offices had expired.
2 There was no longer a church in existence under
3 that name. Then in an affidavit of approval that I
4 sent appointing Marc Campbell to act in my stead to
5 sell the property at 5505 North Rhett --

6 Q. And that is -- you said affidavit of --

7 A. Exhibit 38.

8 Q. Okay.

9 A. Exhibit 38.

10 Q. The affidavit of appointment?

11 A. Of approval at the top, the one I'm
12 reading.

13 Q. Okay.

14 A. Items 1 and 2. Since the congregation
15 had been dissolved, and this is redundant, but no
16 office of the church existed because the church
17 itself did not exist.

18 Q. And I understand that but is there an
19 explicit document that says the local Board of
20 Trustees is extinct or is that implicit in the
21 dissolution?

22 A. It would be implied in the dissolution
23 and then the replacement board is Item 2 on Exhibit
24 Number 38.

25 Q. Did you ever -- did you have cause to

BK A149PG140
State of South Carolina,

Form 14-720 by Real Estate
Revised 1978

KNOW ALL MEN BY THESE PRESENTS, THAT

I, LILLIAN M. BUCKNER,

In the State aforesaid, _____ for and _____ in consideration of the sum of
EIGHTY THOUSAND AND NO/100 DOLLARS,

to _____ in hand paid at and before the sealing of these presents by CLYDE R. STANFORD, WILLIAM
H. SYLVESTER and EDWARD E. COOPER, TRUSTEES, and constituting the Local Board of Trustees
of the Church of God at North Charleston, in Charleston County,
in the State aforesaid _____ the receipt whereof is hereby

acknowledged, have granted, bargained, sold and leased, and by these Presents do grant, bargain, sell and
release unto the said CLYDE R. STANFORD, WILLIAM H. SYLVESTER and EDWARD E. COOPER, Trustees
and constituting the Local Board of Trustees of the Church of God at North Charleston, in
Charleston County, State of South Carolina;

That certain piece, parcel, c. lot of land designated as Lot No. 12,
on a plat entitled, "West Virginia Pulp & Paper Co. Charleston, S.C.
Mill Map Showing Subdivision of Property for Building Lots at West Ave.
& Mansuet Rd. a Vicinity. Drawn by H.J.R. Date May 21, '41 Scale 1" =
100 ft. Checked by Date Dwg. E-1041," which is recorded in the
R.M.C. Office for Charleston County, in Plat Book F, Page 97, and more
particularly described as follows:

Measuring and Containing in front on the Eastern line on Rhett Avenue
One Hundred (100) feet; on the Northern line Five Hundred Two and Two
Hundredths (502.02) feet; on the Western line One Hundred Forty Four and
Four Eight Hundredths (144.48) feet; and on the Southern line Four
Hundred Ninety One (491) feet. Beginning and Bounding Eastwardly on Rhett
Avenue; Northwardly on Lot No. 12 on said plat; Westwardly on a Twenty
Foot Alley separating it from Lot No. 14; and Southwardly on an
unimproved fifty foot roadway.

TRUST 473-16-00-022

GRANTEE'S ADDRESS: 1503 North Rhett Avenue, North Charleston, S.C. 29406

Being the same property conveyed to W.M. Buckner by Deed of West Virginia
Pulp and Paper Company, a Delaware Corp., dated January 26, 1941 and recorded
in the REC OFFICE of Charleston County in Book X-42, Page 740; and derived
by the Grantor herein as Devisee under the Will of William M. Buckner, dated
November 22, 1959 and filed in the Probate Court for Charleston County in
File No. 70-393.

EXHIBIT
2

DK A149PG149

The said Local Board of Trustees shall hold title to, manage and control the said real estate for the general use and benefit of the Church of God, having its general headquarters in Cleveland, Tennessee, and for the particular use and benefit of the local congregation of the said Church at North Charleston, South Carolina.

The said Local Board of Trustees shall have full right, power and authority to sell, exchange, transfer and convey said property, or to borrow money and pledge the said real estate for the repayment of the same, and to execute all necessary deeds, conveyances, etc., provided the proposition shall first be presented to a regular or called conference of the said local church, presided over by the State Overseer of the Church of God, or one whom he may appoint, and the project approved by two-thirds of all members of the said local congregation present and voting.

If the local congregation at the place above described shall at any time cease to function or exist, then said Trustees shall hold title to said real estate for the Church of God generally in the State where said real estate is located; and said Trustees shall convey the said real estate upon demand to the State Board of Trustees of the Church of God in said state, which said State Board shall be authorized to either use said real estate, or the proceeds derived from the sale of same (said State Board being authorized to sell and convey the said real estate at any time after title is vested in it), for the use and benefit of the church in that state generally; or the founding of another Church of God in the same state, or for the promotion of one already existing.

If at any time the local Board of Trustees shall cease to exist or to perform its duties, then the State Overseer of the State in which said real estate is located, shall have the power to declare all offices on the said Board vacant, and the State Board of Trustees of the Church of God for that State shall automatically then hold title.

The limitations set forth herein are those appearing in the Minutes of the 49th General Assembly of the Church of God held at the Ellis Auditorium, Memphis, Tennessee, August 14-18, 1962.

TOGETHER with all and singular, the Rights, Members, Hereditaments and Appurtenances to the said Premises belonging, or in anywise incident or appertaining.

TO HAVE AND TO HOLD, all and singular, the said Premises before mentioned unto the said

CLYDE R. STANFORD, WILLIAM H. SYLVESTER and EDWARD E. COOPER, as Trustees and constituting the Local Board of Trustees of the Church of God at North Charleston, Charleston County, State of South Carolina, their successors in trust, heirs, and assigns forever.

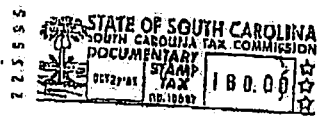


AND I do hereby bind myself, Bk A148PG150 Heirs, my
Executors and Administrators, to warrant and forever defend, all and singular, the said Premises unto the said
OLYDE R. STANFORD, WILLIAM B. SILVESTRE and EDWARD B. GODFER, Trustees, of NORTH
CHARLEBYON CHURCH OF GOD, their Successors.

Heirs and Assigns, against me and my Heirs, and all persons whomsoever
lawfully claiming, or to claim the same or any part thereof.

WITNESS my Hand and Seal, this 9th day of October
to the year of our Lord one thousand nine hundred and ninety-five and in the two hundred and
ninth year of the Sovereignty and Independence of the United States of America.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF
Nancy S. Kennick Lillian L. Buckner (L.S.)
John H. Smith LILLIAN L. BUCKNER (L.S.)



The State of South Carolina,
CHARLESTON County.

PERSONALLY appeared before me Nancy S. Kennick
and made oath that she saw the within named LILLIAN L. BUCKNER
sign, seal, and so her and did deliver the within written Deed,
and that she with John H. Smith witnessed the execution thereof.

SWORN to before me, this 9
day of October A.D. 1905
John H. Smith (SEAL)
Notary Public of South Carolina
My Commission Expires 2-19-08 Nancy S. Kennick

The State of South Carolina,
County.

RENUNCIATION OF DOWER
NOT REQUIRED

I, _____, a Notary Public for South Carolina
do hereby certify unto all whom it may concern, that Mrs. _____
the wife of the within named _____
did this day appear before me, and upon being privately and separately examined by me, did declare that she does
freely, voluntarily, and without any compulsion, dread or fear of any person or persons whatsoever, renounce, re-
lease and forever relinquish unto the within named _____

Heirs and assigns, all her interest and estate, and also all her right and claim of dower, of, in or to all and singular
the premises within mentioned and released.
Given under my Hand and Seal, this _____ day of _____ Anno Domini 19_____
(SEAL)
Notary Public of South Carolina
My Commission Expires _____

RX Date/Time
12/15/2009 00:27 FAX

12/15/2009 13:03

P.028
028

GARRETT B McLEOD
Attorneys at Law
P. O. Box 5247
1075 East Montague Avenue
North Charleston, SC 29406

BK A149PG151

4.00
100.00
88.00

252.00

OK
✓
✓

FILED IN RECORDED
A149-148
2009 OCT 18 PM 6:38

REGISTERED IN THE
CHAR. COUNTY CLERK'S OFFICE

TO
DATE 10/24/09
178-16-09-922

State of South Carolina,

DEED BOOK

TO

NOTICE: DEPARTMENT OF REVENUE

TITLE TO REAL ESTATE

Filed _____ day _____ A.D. 18 _____

at _____ a'clock _____ M

and recorded in Book _____ Page _____

in _____ County, S.C.

Recorded title _____ day _____

at _____ a'clock _____ M

in Book _____ Page _____

See § 15-2-10 of the Code of Laws of the State of South Carolina
Author _____
County, S.C.

CLERK

The State of South Carolina



Office of Secretary of State Mark Hammond

Certificate of Incorporation, Nonprofit Corporation

I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:

NORTH PALM MINISTRIES, INC.,
a nonprofit corporation duly organized under the laws of the State of South Carolina on October 11th, 2005, and having a perpetual duration unless otherwise indicated below, has as of the date hereof filed a Declaration and Petition for Incorporation of a nonprofit corporation for Religious, Educational, Social, Fraternal, Charitable, or other eleemosynary purpose.

Now, therefore, I Mark Hammond, Secretary of State, by virtue of the authority in me vested by Chapter 31, Title 33, Code of 1976 and Acts amendatory thereto, do hereby declare the organization to be a body politic and corporate, with all the rights, powers, privileges and immunities, and subject to all the limitations and liabilities, conferred by Chapter 31, Title 33, Code of 1976 and Acts amendatory thereto.

Given under my Hand and the Great Seal of the State of South Carolina this 14th day of October, 2005.


Mark Hammond, Secretary of State

EXHIBIT

3

Propes/Campbell 00205

A. U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT SETTLEMENT STATEMENT	B. TYPE OF LOAN: 1. <input type="checkbox"/> FHA 2. <input type="checkbox"/> FmHA 3. <input checked="" type="checkbox"/> C UNINS. 4. <input type="checkbox"/> VA 5. <input type="checkbox"/> CONV. INS.				
	6. FILE NUMBER: R07-15290			7. LOAN NUMBER:	
	8. MORTGAGE INS CASE NUMBER:				
	<small>1.0 3/98 (R07-15290.PFD/R07-15290/32)</small>				

C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "POC" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. NAME AND ADDRESS OF BORROWER: MICHAEL TIMOTHY BROOKS, ROLANDO RIVERA ADAM BOYER, TRUSTEES, AND and CONSTITUTING THE LOCAL BOARD OF TRUSTEES OF THE CHURCH GOD and AT NORTH CHARLESTON, IN CHARLESTON COUNTY, STATE OF and	E. NAME AND ADDRESS OF SELLER:	F. NAME AND ADDRESS OF LENDER: COMMUNITY-FIRST BANK
---	---------------------------------------	---

G. PROPERTY LOCATION: 5505 N. RHETT AVENUE N. CHARLESTON, SC 29406 CHARLESTON County, South Carolina TMS # 473-16-00-022	H. SETTLEMENT AGENT: 57-0818986 R. David Chard, Attorney at Law PLACE OF SETTLEMENT 2050 Spaulding Drive, Suite 2 N Charleston, SC 29406	I. SETTLEMENT DATE: October 15, 2007
---	--	--

J. SUMMARY OF BORROWER'S TRANSACTION	
100. GROSS AMOUNT DUE FROM BORROWER:	
101. Contract Sales Price	
102. Personal Property	
103. Settlement Charges to Borrower (Line 1400)	41,319.20
104. PAYOFF MORTGAGE to FIRST RELIANCE BANK	347,871.37
105.	
<i>Adjustments For Items Paid By Seller in advance</i>	
106. City/Town Taxes	to
107. County Taxes	to
108. Assessments	to
109.	
110.	
111.	
112.	
120. GROSS AMOUNT DUE FROM BORROWER	389,190.57
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:	
201. Deposit or earnest money	
202. Principal Amount of New Loan(s)	700,000.00
203. Existing loan(s) taken subject to	
204.	
205.	
206.	
207.	
208.	
209.	
<i>Adjustments For Items Unpaid By Seller</i>	
210. City/Town Taxes	to
211. County Taxes	to
212. Assessments	to
213.	
214.	
215.	
216.	
217.	
218.	
219.	
220. TOTAL PAID BY/FOR BORROWER	700,000.00
300. CASH AT SETTLEMENT FROM/TO BORROWER:	
301. Gross Amount Due From Borrower (Line 120)	389,190.57
302. Less Amount Paid By/For Borrower (Line 220)	(700,000.00)
303. CASH (FROM) (X TO) BORROWER	310,809.43

K. SUMMARY OF SELLER'S TRANSACTION	
400. GROSS AMOUNT DUE TO SELLER:	
401. Contract Sales Price	
402. Personal Property	
403.	
404.	
405.	
<i>Adjustments For Items Paid By Seller in advance</i>	
406. City/Town Taxes	to
407. County Taxes	to
408. Assessments	to
409.	
410.	
411.	
412.	
420. GROSS AMOUNT DUE TO SELLER	
500. REDUCTIONS IN AMOUNT DUE TO SELLER:	
501. Excess Deposit (See Instructions)	
502. Settlement Charges to Seller (Line 1400)	
503. Existing loan(s) taken subject to	
504. Payoff of first Mortgage	
505. Payoff of second Mortgage	
506.	
507.	
508.	
509.	
<i>Adjustments For Items Unpaid By Seller</i>	
510. City/Town Taxes	to
511. County Taxes	to
512. Assessments	to
513.	
514.	
515.	
516.	
517.	
518.	
519.	
520. TOTAL REDUCTION AMOUNT DUE SELLER	
600. CASH AT SETTLEMENT TO/FROM SELLER:	
601. Gross Amount Due To Seller (Line 420)	
602. Less Reductions Due Seller (Line 520)	()
603. CASH (TO) (FROM) SELLER	0.00



HUD-1 (3-86) RESPA, HB4305.2

CHARD000052

700. TOTAL COMMISSION Based on Price			\$	@	%			
Division of Commission (line 700) as Follow:								
701. \$	to							
702. \$	to							
703. Commission Paid at Settlement								
704.	to							
800. ITEMS PAYABLE IN CONNECTION WITH LOAN								
801. Loan Origination Fee	0.2500 %	to	COMMUNITY FIRST BANK				1,750.00	
802. Loan Discount	%	to						
803. Appraisal Fee		to	COMMUNITY FIRST BANK				1,250.00	
804. Credit Report		to						
805. Lender's Inspection Fee		to						
806. Mortgage Ins. App. Fee		to						
807. Assumption Fee		to						
808. FLOOD CERTIFICATION FEE		to	COMMUNITY FIRST BANK				15.00	
809. COURIER FEE		to	COMMUNITY FIRST BANK				25.00	
810.								
811.								
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE								
901. Interest From	to	@	\$	/day	(days	%)	
902. Mortgage Insurance Premium for	months to							
903. Hazard Insurance Premium for	1.0 years to							
904.								
905.								
1000. RESERVES DEPOSITED WITH LENDER								
1001. Hazard Insurance	months @	\$		per	month			
1002. Mortgage Insurance	months @	\$		per	month			
1003. City/Town Taxes	months @	\$		per	month			
1004. County Taxes	months @	\$		per	month			
1005. Assessments	months @	\$		per	month			
1006.	months @	\$		per	month			
1007.	months @	\$		per	month			
1008. AGGREGATE ACCOUNTING ADJ	months @	\$		per	month			
1100. TITLE CHARGES								
1101. Settlement or Closing Fee	to							
1102. Abstract or Title Search	to	Abstracting Co., LLC					196.00	
1103. Title Examination	to							
1104. Title Insurance Binder	to	R. David Chard, Attorney at Law					40.00	
1105. Document Preparation	to	R. David Chard, Attorney at Law						
1106. Notary Fees	to							
1107. Attorney's Fees	to	R. David Chard, Attorney at Law					600.00	
<i>(includes above item numbers:)</i>								
1108. Title Insurance	to	United General Title Insurance Company					1,275.00	
<i>(includes above item numbers:)</i>								
1109. Lender's Coverage	\$	700,000.00				1,275.00		
1110. Owner's Coverage	\$							
1111.								
1112.								
1113.								
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES								
1201. Recording Fees: Deed \$; Mortgage \$	15.00;	Releases \$	5.00		20.00	
1202. City/County Tax/Stamps: Deed		; Mortgage						
1203. State Tax/Stamps: Revenue Stamps		; Mortgage						
1204. RECORD ASSIGNMENT L,R & P	to	CHARLESTON County Register of Deeds					11.00	
1205. RECORD UCC	to	SC SECRETARY OF STATE					8.00	
1300. ADDITIONAL SETTLEMENT CHARGES								
1301. Survey	to							
1302. Pest Inspection	to							
1303. COURIER/DELIVERY FEE	to	R. David Chard, Attorney at Law					50.00	
1304. LOAN PAYOFF	to	FIRST RELIANCE BANK					36,079.20	
1305.								
1400. TOTAL SETTLEMENT CHARGES (Enter on Lines 103, Section J and 502, Section K)							41,319.20	

By signing page 1 of this statement, the signatories acknowledge receipt of a completed copy of page 2 of this two page statement.

Certified to be a true copy.


 R. David Chard, Attorney at Law
 Settlement Agent

(R07-15290 / R07-15290 / 32)

CHARD000053

BORROWER CERTIFICATION

Borrower: MICHAEL TIMOTHY BROOKS ROLANDO RIVERA OSORIO
ADAM BOYER, TRUSTEES, AND and CONSTITUTING THE LOCAL BOARD
OF TRUSTEES OF THE CHURCH GOD and AT NORTH CHARLESTON, IN
CHARLESTON COUNTY, STATE OF and SOUTH CAROLINA

Lender: COMMUNITY FIRST BANK

Settlement Date: October 15, 2007

Property Location: 5505 N. RHETT AVENUE
N. CHARLESTON, SC 29406
CHARLESTON County, South Carolina
TMS.# 473-16-00-022

The Borrower this date has checked, reviewed and approved the figures appearing on the Disclosure/Settlement Statement (Statement of Actual Costs), consisting of two (2) pages. Borrower acknowledges receipt of the payment of the loan proceeds in full.

Borrower understands that the payoff figure(s) shown on the first page of the Settlement Statement are figures supplied to the Settlement Agent by the borrower's lender(s) and is/are subject to confirmation upon tender of payment. If the payoff figure(s) are inaccurate. Borrower agrees to immediately pay any shortage(s) that may exist.

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

TRUSTEES AND CONSTITUTING THE LOCAL
BOARD OF TRUSTEES OF THE CHURCH GOD AT
NORTH CHARLESTON, IN CHARLESTON COUNTY,
STATE OF
SOUTH CAROLINA

BY: Michael Timothy Brooks
MICHAEL TIMOTHY BROOKS

BY: Rolando Rivera Osorio
ROLANDO RIVERA OSORIO

BY: Adam Boyer
ADAM BOYER

To the best of my knowledge, the HUD-1 Settlement Statement which I have prepared is a true and accurate account of the funds which were received and have been or will be disbursed by the undersigned as part of the settlement of this transaction.

R David Chard
R. David Chard, Attorney at Law
Settlement Agent

WARNING: It is a crime to knowingly make false statements to the United States on this or any similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U. S. Code Section 1001 & Section 1010.

(R07-15290.PFD/R07-15290/32)

CHARD000054

ACKNOWLEDGMENT OF RECEIPT OF SETTLEMENT STATEMENT

Borrower: MICHAEL TIMOTHY BROOKS ROLANDO RIVERA OSORIO
ADAM BOYER, TRUSTEES, AND and CONSTITUTING THE LOCAL BOARD
OF TRUSTEES OF THE CHURCH GOD and AT NORTH CHARLESTON, IN
CHARLESTON COUNTY, STATE OF and SOUTH CAROLINA

Lender: COMMUNITY FIRST BANK

Settlement Agent: R. David Chard, Attorney at Law
(843)554-6984

Place of Settlement: 2050 Spaulding Drive, Suite 2
N Charleston, SC 29406

Settlement Date: October 15, 2007

Property Location: 5505 N. RHETT AVENUE
N. CHARLESTON, SC 29406
CHARLESTON County, South Carolina
TMS # 473-16-00-022

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

TRUSTEES AND CONSTITUTING THE LOCAL
BOARD OF TRUSTEES OF THE CHURCH GOD AT
NORTH CHARLESTON, IN CHARLESTON COUNTY,
STATE OF
SOUTH CAROLINA

BY: Michael Timothy Brooks
MICHAEL TIMOTHY BROOKS

BY: Rolando Rivera Osorio
ROLANDO RIVERA OSORIO

BY: Adam Boyer
ADAM BOYER

To the best of my knowledge, the HUD-1 Settlement Statement which I have prepared is a true and accurate account of the funds which were received and have been or will be disbursed by the undersigned as part of the settlement of this transaction.

R. David Chard
R. David Chard, Attorney at Law
Settlement Agent

WARNING: It is a crime to knowingly make false statements to the United States on this or any similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

HUD-1 (3-86) RESPA, HB4305.2

CHARD000055

George J. Kefalos P.A.
ATTORNEYS AT LAW

June 14, 2013

VIA EMAIL: dchard@knology.net

Richard David Chard, Esquire
2050 Spalding Dr., #2A
N. Charleston, SC 29406

Re: Church of God et al v. Mark Estes et al
Case No.: 2013-CP-10-1686

Dear David:

I tried unsuccessfully to reach you by phone.

As you are probably aware, I represent the New Covenant Church of God. You handled a loan closing secured by a mortgage for the church on October 15, 2007. The Church believes that the loan was wrongfully obtained by persons who lacked the authority to mortgage the property. I have brought suit against the persons the Church believes improperly placed the mortgage and took the proceeds, as well as the bank.

I was wondering if you could send me a copy of your closing file, particularly the resolution purporting to give the Trustees the authority to mortgage the property. I ask that you provide this documentation without the need of a subpoena as the Church was a party to the closing. Thank you for your attention to this matter.

Very truly yours,

/s/ George

George J. Kefalos

GJK/agg

cc: Pastor Marc Campbell
Bishop Tom Gilliam
Dennis W. Watkins, Esquire
Carol Ervin, Esquire

46A State Street • Charleston, SC 29401
Tel: (843) 722-6612 • www.kefaloslaw.com • Fax: (843) 377-1310



CHARD A 28

NORTH PALM MINISTRIES, INC. 6505 NORTH RHETT AVENUE NORTH CHARLESTON, SC 29408	Community FirstBank 884 Orleans Rd Charleston, SC 29407	Loan Number <u>0121080818</u> Date <u>10/16/2007</u> Maturity Date <u>10/16/2008</u> Loan Amount \$ <u>700,000.00</u> Renewal Of _____
BORROWER'S NAME AND ADDRESS <small>("You" includes each borrower above, jointly and severally.)</small>	LENDER'S NAME AND ADDRESS <small>"You" means the lender, its successors and assigns.</small>	

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of Seven Hundred Thousand and 00/100 Dollars \$ 700,000.00

- Single Advance:** I will receive all of this principal sum on 10/16/2007. No additional advances are contemplated under this note.
 Multiple Advances: The principal sum shown above is the maximum amount of principal I can borrow under this note. On _____ I will receive the amount of \$ _____ and future principal advances are contemplated.
 Conditions: The conditions for future advances are _____

- Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on _____
 Closed End Credit: You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).
INTEREST: I agree to pay interest on the outstanding principal balance from 10/16/2007 at the rate of 7.750% per year until 10/16/2008

- Variable Rate:** This rate may then change as stated below.
 Index Rate: The future rate will be _____ the following index rate: _____
 No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.
 Frequency and Timing: The rate on this note may change as often as _____
 A change in the interest rate will take effect _____
 Limitations: During the term of this loan, the applicable annual interest rate will not be more than _____ % or less than _____ %.
 This rate may not change more than _____ % each _____
Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:
 The amount of each scheduled payment will change. The amount of the final payment will change.

ACCUAL METHOD: Interest will be calculated on a 365/360 basis.
POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:
 on the same fixed or variable rate basis in effect before maturity (as indicated above).
 at a rate equal to _____

LATE CHARGE: If a payment is not made within 10 DAYS days after it is due, I agree to pay a late charge of 5.00% OF THE LATE PAYMENT

ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which are are not included in the principal amount above: ORIGINATION FEE \$1,750.00, APPRAISAL FEE \$1,250.00, FLOOD CERT FEE \$15.00, COURIER FEE \$25.00


PAYMENTS: I agree to pay this note as follows:
 Interest: I agree to pay accrued interest _____
 Principal: I agree to pay the principal _____

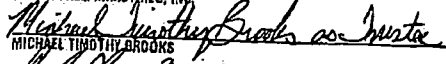
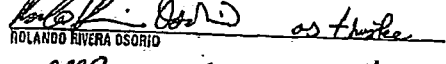

Installments: I agree to pay this note in 12 payments. The first payment will be in the amount of \$ 5,788.01 and will be due 11/16/2007. A payment of \$ 5,788.01 will be due 15th day of each MONTH thereafter. The final payment of the entire unpaid balance of principal and interest will be due 10/16/2008

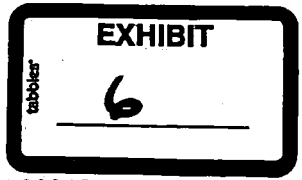
ADDITIONAL TERMS:
DEFAULT RATE OF INTEREST: (IN THE EVENT OF DEFAULT UNDER ANY OF THE LOAN DOCUMENTS, INTEREST SHALL BEGIN ACCRUING AT THE RATE STATED ABOVE PLUS THREE PERCENT (3.00%) PER ANNUM.
 This note is secured with a First Mortgage on 6505 North Rhett Avenue, North Charleston, SC 29408 pledged by Church of God at North Charleston in the amount of \$700,000.00 and an assignment of Leases, Rents and Profits of same.

SECURITY: This note is separately secured by (describe separate document by type and date): MORTGAGE/ASSIGNMENT LEASES RENTS & PROFITS/SECURITY AGREEMENT/UCC-1
(This section is for your internal use. Failure to file a separate security document does not mean the agreement will not secure this note.)

PURPOSE: The purpose of this loan is RECIANCE PROPERTY FOR CASH OUT

Signature for Lender:

 LINDA H. KENNEDY VICE PRESIDENT

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date.
 NORTH PALM MINISTRIES, INC.

 MICHAEL TIMOTHY BROOKS

 ROLANDO RIVERA OSORIO

 ADAM BOYER



DEBTOR NAME AND ADDRESS CHURCH OF GOD AT NORTH CHARLESTON P. O. BOX 42288 NORTH CHARLESTON, SC 29423	SECURED PARTY NAME AND ADDRESS Community FirstBank 884 Orleans Rd Charleston, SC 29407
--	--

Type: Individual partnership corporation _____
 State of organization/registration (if applicable) SC
 If checked, refer to addendum for additional Debtors and signatures.

COMMERCIAL SECURITY AGREEMENT

The date of this Commercial Security Agreement (Agreement) is 03/23/2009
SECURED DEBTS. This Agreement will secure all sums advanced by Secured Party under the terms of this Agreement and the payment and performance of the following described Secured Debts that (check one) Debtor _____ (Borrower) owes to Secured Party:
North Palms Ministries, Inc.

Specific Debts. The following debts and all extensions, renewals, refinancings, modifications, and replacements (describe):

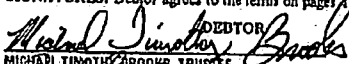
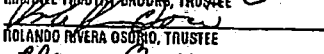
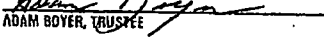
All Debts. All present and future debts, even if this Agreement is not referenced, the debts are also secured by other collateral, or the future debt is unrelated to or of a different type than the current debt. Nothing in this Agreement is a commitment to make future loans or advances.
SECURITY INTEREST. To secure the payment and performance of the Secured Debts, Debtor gives Secured Party a security interest in all of the Property described in this Agreement that Debtor owns or has sufficient rights in which to transfer an interest, now or in the future, wherever the Property is or will be located, and all proceeds and products of the Property. "Property" includes all parts, accessories, repairs, replacements, improvements, and accessions to the Property; any original evidence of title or ownership; and all obligations that support the payment or performance of the Property. "Proceeds" includes anything acquired upon the sale, lease, license, exchange, or other disposition of the Property; any rights and claims arising from the Property; and any collections and distributions on account of the Property. This Agreement remains in effect until terminated in writing, even if the Secured Debts are paid and Secured Party is no longer obligated to advance funds to Debtor or Borrower.

PROPERTY DESCRIPTION. The Property is described as follows:

- Accounts and Other Rights to Payment: All rights to payment, whether or not earned by performance, including, but not limited to, payment for property or services sold, leased, rented, licensed, or assigned. This includes any rights and interests (including all items) which Debtor may have by law or agreement against any account debtor or obligor of Debtor.
- Inventory: All inventory held for ultimate sale or lease, or which has been or will be supplied under contracts of service, or which are raw materials, work in process, or materials used or consumed in Debtor's business.
- Equipment: All equipment including, but not limited to, machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and record keeping equipment, parts, and tools. The Property includes any equipment described in a list or schedule Debtor gives to Secured Party, but such a list is not necessary to create a valid security interest in all of Debtor's equipment.
- Instruments and Chattel Papers: All instruments, including negotiable instruments and promissory notes and any other writings or records that evidence the right to payment of a monetary obligation, and tangible and electronic chattel paper.
- General Intangibles: All general intangibles including, but not limited to, tax refunds, patents and applications for patents, copyrights, trademarks, trade secrets, goodwill, trade names, customer lists, permits and franchises, payment intangibles, computer programs and all supporting information provided in connection with a transaction relating to computer programs, and the right to use Debtor's name.
- Documents: All documents of title including, but not limited to, bills of lading, dock warrants and receipts, and warehouse receipts.
- Farm Products and Supplies: All farm products including, but not limited to, all poultry and livestock and their young, along with their produce, products, and replacements; all crops, annual or perennial, and all products of the crops; and all feed, seed, fertilizer, medicines, and other supplies used or produced in Debtor's farming operations.
- Government Payments and Programs: All payments, accounts, general intangibles, and benefits including, but not limited to, payments in kind, deficiency payments, letters of entitlement, warehouse receipts, storage payments, emergency assistance and diversion payments, production flexibility contracts, and conservation reserve payments under any preexisting, current, or future federal or state government program.
- Investment Property: All investment property including, but not limited to, certificated securities, uncertificated securities, securities entitlements, securities accounts, commodity contracts, commodity accounts, and financial assets.
- Deposit Accounts: All deposit accounts including, but not limited to, demand, time, savings, passbook, and similar accounts.
- Specific Property Description: The Property includes, but is not limited by, the following (if required, provide real estate description):

ASSIGNMENT OF LIFE INSURANCE WITH LINCOLN BENEFIT LIFE COMPANY, POLICY NUMBER 01T1125424, ISSUED TO MARK S. ESTES ON NOVEMBER 8, 1988 WITH THE ORIGINAL POLICY BEING HELD IN THE COLLATERAL VAULT AT COMMUNITY FIRSTBANK, 884 ORLEANS ROAD, CHARLESTON, SC.

USE OF PROPERTY. The Property will be used for personal business agricultural _____ purposes.

SIGNATURES. Debtor agrees to the terms on pages 1 and 2 of this Agreement and acknowledges receipt of a copy of this Agreement.	
DEBTOR  MICHAEL TIMOTHY BROOKS, TRUSTEE  ROLANDO RIVERA OSORIO, TRUSTEE  ADAM BOYER, TRUSTEE	SECURED PARTY LINDA H. KENNEDY, VICE PRESIDENT

GENERAL PROVISIONS. Each Debtor's obligations under this Agreement are independent of the obligations of any other Debtor. Secured Party may sue each Debtor individually or together with any other Debtor. Secured Party may release any part of the Property and Debtor will remain obligated under this Agreement. The duties and benefits of this Agreement will bind the successors and assigns of Debtor and Secured Party. No modification of this Agreement is effective unless made in writing and signed by Debtor and Secured Party. Whichever word, the plural includes the singular and the singular includes the plural. Time is of the essence.

APPLICABLE LAW. This Agreement is governed by the laws of the state in which Secured Party is located. In the event of a dispute, the exclusive forum, venue, and place of jurisdiction will be the state in which Secured Party is located, unless otherwise required by law. If any provision of this Agreement is unenforceable by law, the unenforceable provision will be severed and the remaining provisions will still be enforceable.

NAME AND LOCATION. Debtor's name indicated on page 1 is Debtor's exact legal name. If Debtor is an individual, Debtor's address is Debtor's principal residence. If Debtor is not an individual, Debtor's address is the location of Debtor's chief executive offices or sole place of business. If Debtor is an entity organized and registered under state law, Debtor has provided Debtor's state of registration on page 1. Debtor will provide verification of registration and location upon Secured Party's request. Debtor will provide Secured Party with at least 30 days notice prior to any change in Debtor's name, address, or state of organization or registration.

WARRANTIES AND REPRESENTATIONS: Debtor has the right, authority, and power to enter into this Agreement. The execution and delivery of this Agreement will not violate any agreement governing Debtor or Debtor's property, or to which Debtor is a party. Debtor makes the following warranties and representations which continue as long as this Agreement is in effect:

- (1) Debtor is duly organized and validly existing in all jurisdictions in which Debtor does business;
- (2) the execution and performance of the terms of this Agreement have been duly authorized, have received all necessary governmental approval, and will not violate any provision of law or order;
- (3) other than previously disclosed to Secured Party, Debtor has not changed Debtor's name or principal place of business within the last 10 years and has not used any other trade or fictitious name; and
- (4) Debtor does not and will not use any other name without Secured Party's prior written consent.

Debtor owns all of the Property, and Secured Party's claim to the Property is ahead of the claims of any other creditor, except as otherwise agreed and disclosed to Secured Party prior to any advance on the Secured Debts. The Property has not been used for any purpose that would violate any laws or subject the Property to forfeiture or seizure.

DUTIES TOWARD PROPERTY. Debtor will protect the Property and Secured Party's interest against any competing claim. Except as otherwise agreed, Debtor will keep the Property in Debtor's possession at the address indicated on page 1 of this Agreement. Debtor will keep the Property in good repair and use the Property only for purposes specified on page 1. Debtor will not use the Property in violation of any law and will pay all taxes and assessments levied or assessed against the Property. Secured Party has the right of reasonable access to inspect the Property, including the right to require Debtor to assemble and make the Property available to Secured Party. Debtor will immediately notify Secured Party of any loss or damage to the Property. Debtor will prepare and keep books, records, and accounts about the Property and Debtor's business, to which Debtor will allow Secured Party reasonable access.

Debtor will not sell, offer to sell, license, lease, or otherwise transfer or encumber the Property without Secured Party's prior written consent. Any disposition of the Property will violate Secured Party's rights, unless the Property is: inventory sold in the ordinary course of business at fair market value; if the Property includes chattel paper or instruments, either as original collateral or as proceeds of the Property, Debtor will record Secured Party's interest on the face of the chattel paper or instruments. If the Property includes accounts, Debtor will not settle any account for less than the full value, dispose of the accounts by assignment, or make any material change in the terms of any account without Secured Party's prior written consent. Debtor will collect all accounts in the ordinary course of business, unless otherwise required by Secured Party. Debtor will keep the proceeds of the accounts, and any goods returned to Debtor, in trust for Secured Party and will not commingle the proceeds or returned goods with any of Debtor's other property. Secured Party has the right to require Debtor to pay Secured Party the full plus on any returned items. Secured Party may require account debtors to make payments under the accounts directly to Secured Party. Debtor will deliver the accounts to Secured Party at Secured Party's request. Debtor will give Secured Party all statements, reports, certificates, lists of account debtors (showing names, addresses, and amounts owing), invoices applicable to each account, and any other data pertaining to the accounts as Secured Party requests.

If the Property includes farm products, Debtor will provide Secured Party with a list of the buyers, commission merchants, and selling agents to or through whom Debtor may sell the farm products. Debtor authorizes Secured Party to notify any additional parties regarding Secured Party's interest in Debtor's farm products, unless prohibited by law. Debtor agrees to plant, cultivate, and harvest crops in due season. Debtor will not use any loan proceeds for a purpose that will contribute to excessive erosion of highly erodible land; or to the conversion of wetlands to produce an agricultural commodity, as explained by federal law.

If Debtor pledges the Property to Secured Party (delivers the Property into the possession or control of Secured Party or a designated third party), Debtor will, upon receipt, deliver any proceeds and products of the Property to Secured Party. Debtor will provide Secured Party with any notices, documents, financial statements, reports, and other information relating to the Property Debtor receives as the owner of the Property.

PERFECTION OF SECURITY INTEREST. Debtor authorizes Secured Party to file a financing statement covering the Property. Debtor will comply with, facilitate, and otherwise assist Secured Party in connection with obtaining possession or control over the Property for purposes of perfecting Secured Party's interest under the Uniform Commercial Code.

INSURANCE. Debtor agrees to keep the Property insured against the risks reasonably associated with the Property until the Property is released from this Agreement. Debtor will maintain this insurance in the amounts Secured Party requires. Debtor may choose the insurance company, subject to Secured Party's approval, which will not be unreasonably withheld. Debtor will have the insurance provider name Secured Party as loss payee on the insurance policy. Debtor will give Secured Party and the insurance provider immediate notice of any loss. Secured Party may apply the insurance proceeds toward the Secured Debts. Secured Party may require additional security as a condition of permitting any insurance proceeds to be used to repair or replace the Property. If Secured Party acquires the Property in damaged condition, Debtor's rights to any insurance proceeds and proceeds will pass to Secured Party to the extent of the Secured Debts. Debtor will immediately notify Secured Party of the cancellation or termination of insurance. If Debtor fails to keep the Property insured, or fails to provide Secured Party with proof of insurance, Secured Party may obtain insurance to protect Secured Party's interest in the Property. The insurance may include coverages not originally required of Debtor, may be written by a company other than one Debtor would choose, and may be written at a higher rate than Debtor could obtain if Debtor purchased the insurance.

AUTHORITY TO PERFORM. Debtor authorizes Secured Party to do anything Secured Party deems reasonably necessary to protect the Property and Secured Party's interest in the Property. If Debtor fails to perform any of Debtor's duties under this Agreement, Secured Party is authorized, without notice to Debtor, to perform the duties or cause them to be performed. These authorizations include, but are not limited to, permission to pay for the repair, maintenance, and preservation of the Property and take any action to realize the value of the Property. Secured Party's authority to perform for Debtor does not create an obligation to perform, and Secured Party's failure to perform will not preclude Secured Party from exercising any other rights under the law or this Agreement.

If Secured Party performs for Debtor, Secured Party will use reasonable care. Reasonable care will not include any steps necessary to preserve rights against prior parties or any duty to take action in connection with the management of the Property.

If Secured Party comes into possession of the Property, Secured Party will preserve and protect the Property to the extent required by law. Secured Party's duty of care with respect to the Property will be satisfied if Secured Party exercises reasonable care in the safekeeping of the Property or in the selection of a third party in possession of the Property. Secured Party may enforce the obligations of an account debtor or other person obligated on the Property. Secured Party may exercise Debtor's rights with respect to the account debtor's or other person's obligations to make payment or otherwise render performance to Debtor, and enforce any security interest that secures such obligations.

PURCHASE MONEY SECURITY INTEREST. If the Property includes items purchased with the Secured Debts, the Property purchased with the Secured Debts will remain subject to Secured Party's security interest until the Secured Debts are paid in full. Payments on any non-purchase money loan also secured by this Agreement will not be applied to the purchase money loan. Payments on the purchase money loan will be applied first to the non-purchase money portion of the loan, if any, and then to the purchase money portion in the order in which the purchase money Property was acquired. If the purchase money Property was acquired at the same time, payments will be applied in the order Secured Party selects. No security interest will be terminated by application of this formula.

DEFAULT. Debtor will be in default if:

- (1) Debtor (or Borrower, if not the same) fails to make a payment in full when due;
- (2) Debtor fails to perform any condition or keep any covenant on this or any debt or agreement Debtor has with Secured Party;
- (3) a default occurs under the terms of any instrument or agreement evidencing or pertaining to the Secured Debts;
- (4) anything else happens that either causes Secured Party to reasonably believe that Secured Party will have difficulty in collecting the Secured Debts or significantly impairs the value of the Property.

WAIVER OF HEARING PRIOR TO IMMEDIATE POSSESSION. Secured Party may immediately seize the Property upon Debtor's default. Debtor agrees to waive the right to five days' notice and a pre-seizure hearing prior to seizure of the Property.

REMEDIES. After Debtor defaults, and after Secured Party gives any legally required notice and opportunity to cure the default, Secured Party may at Secured Party's option do any one or more of the following:

- (1) make all or any part of the Secured Debts immediately due and accrue interest at the highest post-maturity interest rate;
- (2) require Debtor to gather the Property and make it available to Secured Party in a reasonable fashion;
- (3) order upon Debtor's premises and take possession of all or any part of Debtor's property for purposes of preserving the Property or its value and use and operate Debtor's property to protect Secured Party's interest; all without payment or compensation to Debtor;
- (4) use any remedy allowed by state or federal law, or provided in any agreement evidencing or pertaining to the Secured Debts.

If Secured Party repossesses the Property or enforces the obligations of an account debtor, Secured Party may keep or dispose of the Property as provided by law. Secured Party will apply the proceeds of any collection or disposition first to Secured Party's expenses of enforcement, which includes reasonable attorneys' fees and legal expenses to the extent not prohibited by law, and then to the Secured Debts. Debtor (or Borrower, if not the same) will be liable for the deficiency, if any.

By choosing any one or more of these remedies, Secured Party does not give up the right to use any other remedy. Secured Party does not waive a default by not using a remedy.

WAIVER. Debtor waives all claims for damages caused by Secured Party's acts or omissions where Secured Party acts in good faith.

NOTICE AND ADDITIONAL DOCUMENTS. Where notice is required, Debtor agrees that 10 days' prior written notice will be reasonable notice to Debtor under the Uniform Commercial Code. Notice to one party is notice to all parties. Debtor agrees to sign, deliver, and file any additional documents and certifications Secured Party considers necessary to perfect, maintain, or preserve Debtor's obligations under this Agreement and to confirm Secured Party's lien status on the Property.

DEBTOR NAME AND ADDRESS CHURCH OF GOD AT NORTH CHARLESTON 6605 NORTH RHETT AVENUE NORTH CHARLESTON, SC 29408	SECURED PARTY NAME AND ADDRESS Community First Bank 884 Orleans Rd Charleston, SC 29407
--	---

Type: Individual partnership corporation Not-for-Profit Organization
 State of organization/registration (if applicable) SC
 If checked, refer to addendum for additional Debtors and signatures.

COMMERCIAL SECURITY AGREEMENT

The date of this Commercial Security Agreement (Agreement) is 10/15/2007
 SECURED DEBTS. This Agreement will secure all sums advanced by Secured Party under the terms of this Agreement and the payment and performance of the following described Secured Debts that (check one) Debtor NORTH PALM MINISTRIES, INC.

Specific Debts. The following debts and all extensions, renewals, refinancings, modifications, and replacements (describe): _____ (Borrower) owes to Secured Party:

All Debts. All present and future debts, even if this Agreement is not referenced, the debts are also secured by other collateral, or the future debt is unrelated to or of a different type than the current debt. Nothing in this Agreement is a commitment to make future loans or advances.

SECURITY INTEREST. To secure the payment and performance of the Secured Debts, Debtor gives Secured Party a security interest in all of the Property described in this Agreement that Debtor owns or has sufficient rights in which to transfer an interest, now or in the future, wherever the Property is or will be located, and all proceeds and products of the Property. "Property" includes all parts, accessories, repairs, replacements, improvements, and accessions to the Property; any original evidence of title or ownership; and all obligations that support the payment or performance of the Property. "Proceeds" includes anything acquired upon the sale, lease, license, exchange, or other disposition of the Property; any rights and claims arising from the Property; and any collections and distributions on account of the Property. This Agreement remains in effect until terminated in writing, even if the Secured Debts are paid and Secured Party is no longer obligated to advance funds to Debtor or Borrower.

PROPERTY DESCRIPTION. The Property is described as follows:

- Accounts and Other Rights to Payments: All rights to payment, whether or not earned by performance, including, but not limited to, payment for property or services sold, leased, rented, licensed, or assigned. This includes any rights and interests (including all liens) which Debtor may have by law or agreement against any account debtor or obligor of Debtor.
- Inventories: All inventory held for ultimate sale or lease, or which has been or will be supplied under contracts of service, or which are raw materials, work in process, or materials used or consumed in Debtor's business.
- Equipments: All equipment including, but not limited to, machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and record keeping equipment, parts, and tools. The Property includes any equipment described in a list or schedule Debtor gives to Secured Party, but such a list is not necessary to create a valid security interest in all of Debtor's equipment.
- Instruments and Chattel Papers: All instruments, including negotiable instruments and promissory notes and any other writings or records that evidence the right to payment of a monetary obligation, and tangible and electronic chattel paper.
- General Intangibles: All general intangibles including, but not limited to, tax refunds, patents and applications for patents, copyrights, trademarks, trade secrets, goodwill, trade names, customer lists, permits and franchises, payment intangibles, computer programs and all supporting information provided in connection with a transaction relating to computer programs, and the right to use Debtor's name.
- Documents: All documents of title including, but not limited to, bills of lading, dock warrants and receipts, and warehouse receipts.
- Farm Products and Supplies: All farm products including, but not limited to, all poultry and livestock and their young, along with their produce, products, and replacements; all crops, annual or perennial, and all products of the crops; and all feed, seed, fertilizer, medicines, and other supplies used or produced in Debtor's farming operations.
- Government Payments and Programs: All payments, accounts, general intangibles, and benefits including, but not limited to, payments in kind, deficiency payments, letters of entitlement, warehouse receipts, storage payments, emergency assistance and diversion payments, production flexibility contracts, and conservation reserve payments under any preexisting, current, or future federal or state government program.
- Investment Property: All investment property including, but not limited to, certificated securities, uncertificated securities, securities entitlements, securities accounts, commodity contracts, commodity accounts, and financial assets.
- Deposit Accounts: All deposit accounts including, but not limited to, demand, time, savings, passbook, and similar accounts.
- Specific Property Description: The Property includes, but is not limited by, the following (if required, provide real estate description):
 An assignment of leases, rents and profits, fixtures, of any kind, nature or description located on or used in the operation of the security property at 6605 North Rhett Avenue, North Charleston, SC 29408 more particularly described in that mortgage dated October 16, 2007.

USE OF PROPERTY. The Property will be used for personal business agricultural _____ purposes.

SIGNATURES. Debtor agrees to the terms on pages 1 and 2 of this Agreement and acknowledges receipt of a copy of this Agreement.	
DEBTOR <i>Michael J. Brooks</i> MICHAEL J. BROOKS <i>Rolando Rivera Osorio</i> ROLANDO RIVERA OSORIO <i>Adam Boyer</i> ADAM BOYER	SECURED PARTY LINDA M KENNEDY VICE PRESIDENT

GENERAL PROVISIONS. Each Debtor's obligations under this Agreement are independent of the obligations of any other Debtor. Secured Party may sue each Debtor individually or together with any other Debtor. Secured Party may release any part of the Property and Debtor will remain obligated under this Agreement. The duties and benefits of this Agreement will bind the successors and assigns of Debtor and Secured Party. No modification of this Agreement is effective unless made in writing and signed by Debtor and Secured Party. Whenever used, the plural includes the singular and the singular includes the plural. Time is of the essence.

APPLICABLE LAW. This Agreement is governed by the laws of the state in which Secured Party is located. In the event of a dispute, the exclusive forum, venue, and place of jurisdiction will be the state in which Secured Party is located, unless otherwise required by law. If any provision of this Agreement is unenforceable by law, the unenforceable provision will be severed and the remaining provisions will still be enforceable.

NAME AND LOCATION. Debtor's name indicated on page 1 is Debtor's exact legal name. If Debtor is an individual, Debtor's address is Debtor's principal residence. If Debtor is not an individual, Debtor's address is the location of Debtor's chief executive office or sole place of business. If Debtor is an entity organized and registered under state law, Debtor has provided Secured Party with at least 30 days notice prior to any change in Debtor's name, address, or state of organization or registration.

WARRANTIES AND REPRESENTATIONS. Debtor has the right, authority, and power to enter into this Agreement. The execution and delivery of this Agreement will not violate any agreement governing Debtor or Debtor's property, or in which Debtor is a party. Debtor makes the following warranties and representations which continue as long as this Agreement is in effect:

- (1) Debtor is a duly organized and validly existing in all jurisdictions in which Debtor does business;
- (2) the execution and performance of the terms of this Agreement have been duly authorized, have received all necessary governmental approval, and will not violate any provision of law or order;
- (3) other than previously disclosed to Secured Party, Debtor has not changed Debtor's name or principal place of business within the last 10 years and has not used any other trade or fictitious name; and
- (4) Debtor does not and will not use any other name without Secured Party's prior written consent.

Debtor owns all of the Property, and Secured Party's claim to the Property is ahead of the claims of any other creditor, except as otherwise agreed and disclosed to Secured Party prior to any advance on the Secured Debt. The Property has not been used for any purpose that would violate any laws or subject the Property to forfeiture or seizure.

DUTIES TOWARD PROPERTY. Debtor will protect the Property and Secured Party's interest against any competing claim. Except as otherwise agreed, Debtor will keep the Property in Debtor's possession at the address indicated on page 1 of this Agreement. Debtor will keep the Property in good repair and use the Property only for purposes specified on page 1. Debtor will not use the Property in violation of any law and will pay all taxes and assessments levied or assessed against the Property. Secured Party has the right of reasonable access to inspect the Property, including the right to require Debtor to assemble and make the Property available to Secured Party. Debtor will immediately notify Secured Party of any loss or damage to the Property. Debtor will prepare and keep books, records, and accounts about the Property and Debtor's business, to which Debtor will allow Secured Party reasonable access.

Debtor will not sell, offer to sell, license, lease, or otherwise transfer or encumber the Property without Secured Party's prior written consent. Any disposition of the Property will violate Secured Party's rights, unless the Property is inventory sold in the ordinary course of business at fair market value. If the Property includes chattel paper or instruments, either as original collateral or as proceeds of the Property, Debtor will record Secured Party's interest on the face of the chattel paper or instruments.

If the Property includes accounts, Debtor will not settle any account for less than the full value, dispose of the accounts by assignment, or make any material change in the terms of any account without Secured Party's prior written consent. Debtor will collect all accounts in the ordinary course of business, unless otherwise required by Secured Party. Debtor will keep the proceeds of the accounts, and any goods returned to Debtor, in trust for Secured Party and will not commingle the proceeds or returned goods with any of Debtor's other property. Secured Party has the right to require Debtor to pay Secured Party the full price on any returned items, Secured Party may require account debtors to make payments under the accounts directly to Secured Party. Debtor will deliver the accounts to Secured Party at Secured Party's request. Debtor will give Secured Party all statements, reports, certificates, lists of account debtors (showing names, addresses, and amounts owing), invoices applicable to cash accounts, and any other data pertaining to the accounts as Secured Party requests.

If the Property includes farm products, Debtor will provide Secured Party with a list of the buyers, commission merchants, and selling agents to or through whom Debtor may sell the farm products. Debtor authorizes Secured Party to notify any additional parties regarding Secured Party's interest in Debtor's farm products, unless prohibited by law. Debtor agrees to plant, cultivate, and harvest crops in due season. Debtor will not use any loan proceeds for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as explained by federal law.

If Debtor pledges the Property to Secured Party (delivers the Property into the possession or control of Secured Party or a designated third party), Debtor will, upon receipt, deliver any proceeds and products of the Property to Secured Party. Debtor will provide Secured Party with any notices, documents, financial statements, reports, and other information relating to the Property Debtor receives as the owner of the Property.

PERFECTION OF SECURITY INTEREST. Debtor authorizes Secured Party to file a financing statement covering the Property. Debtor will comply with, facilitate, and otherwise assist Secured Party in connection with obtaining possession or control over the Property for purposes of perfecting Secured Party's interest under the Uniform Commercial Code.

INSURANCE. Debtor agrees to keep the Property insured against the risks reasonably associated with the Property until the Property is released from this Agreement. Debtor will maintain this insurance in the amount Secured Party requires. Debtor may choose the insurance company, subject to Secured Party's approval, which will not be unreasonably withheld. Debtor will have the insurance provider name Secured Party as loss payee on the insurance policy. Debtor will give Secured Party and the insurance provider immediate notice of any loss. Secured Party may apply the insurance proceeds toward the Secured Debt. Secured Party may require additional security as a condition of permitting any insurance proceeds to be used to repair or replace the Property. If Secured Party acquires the Property in damaged condition, Debtor's rights to any insurance policies and proceeds will pass to Secured Party to the extent of the Secured Debt. Debtor will immediately notify Secured Party of the cancellation or termination of insurance. If Debtor fails to keep the Property insured, or fails to provide Secured Party with proof of insurance, Secured Party may obtain insurance to protect Secured Party's interest in the Property. The insurance may include coverages not originally required of Debtor, may be written by a company other than one Debtor would choose, and may be written at a higher rate than Debtor could obtain if Debtor purchased the insurance.

AUTHORITY TO PERFORM. Debtor authorizes Secured Party to do anything Secured Party deems reasonably necessary to protect the Property and Secured Party's interest in the Property. If Debtor fails to perform any of Debtor's duties under this Agreement, Secured Party is authorized, without notice to Debtor, to perform the duties or cause them to be performed. These authorizations include, but are not limited to, permission to pay for the repair, maintenance, and preservation of the Property and take any action to realize the value of the Property. Secured Party's authority to perform for Debtor does not create an obligation to perform, and Secured Party's failure to perform will not preclude Secured Party from exercising any other rights under the law or this Agreement. If Secured Party performs for Debtor, Secured Party will use reasonable care. Reasonable care will not include any steps necessary to preserve rights against prior parties or any duty to take action in connection with the management of the Property.

If Secured Party comes into possession of the Property, Secured Party will preserve and protect the Property to the extent required by law. Secured Party's duty of care with respect to the Property will be satisfied if Secured Party exercises reasonable care in the safekeeping of the Property or in the selection of a third party in possession of the Property.

Secured Party may enforce the obligations of an account debtor or other person obligated on the Property. Secured Party may exercise Debtor's rights with respect to the account debtor's or other person's obligations to make payment or otherwise render performance to Debtor, and enforce any security interest that secures such obligations.

PURCHASE MONEY SECURITY INTEREST. If the Property includes items purchased with the Secured Debt, the Property purchased with the Secured Debt will remain subject to Secured Party's security interest until the Secured Debt is paid in full. Payments on any non-purchase money loan also secured by this Agreement will not be applied to the purchase money loan. Payments on the purchase money loan will be applied first to the non-purchase money portion of the loan, if any, and then to the purchase money portion in the order in which the purchase money Property was acquired. If the purchase money Property was acquired at the same time, payments will be applied in the order Secured Party selects. No security interest will be terminated by application of this form.

DEFAULT. Debtor will be in default if:

- (1) Debtor (or Borrower, if not the same) fails to make a payment in full when due;
- (2) Debtor fails to perform any condition or keep any covenant on this or any debt or agreement Debtor has with Secured Party;
- (3) a default occurs under the terms of any instrument or agreement evidencing or pertaining to the Secured Debt;
- (4) anything else happens that either causes Secured Party to reasonably believe that Secured Party will have difficulty in collecting the Secured Debt or significantly impairs the value of the Property.

WAIVER OF HEARING PRIOR TO IMMEDIATE POSSESSION. Secured Party may immediately seize the Property upon Debtor's default. Debtor agrees to waive the right to five days' notice and a pre-seizure hearing prior to seizure of the Property.

REMEDIES. After Debtor defaults, and after Secured Party gives any legally required notice and opportunity to cure the default, Secured Party may at Secured Party's option do any one or more of the following:

- (1) make all or any part of the Secured Debt immediately due and accrue interest at the highest post-maturity interest rate;
- (2) require Debtor to gather the Property and make it available to Secured Party in a reasonable fashion;
- (3) enter upon Debtor's premises and take possession of all or any part of Debtor's property for purposes of preserving the Property or its value and use and operate Debtor's property to protect Secured Party's interest, all without payment or compensation to Debtor;
- (4) use any remedy allowed by state or federal law, or provided in any agreement evidencing or pertaining to the Secured Debt.

If Secured Party repossesses the Property or enforces the obligations of an account debtor, Secured Party may keep or dispose of the Property as provided by law. Secured Party will apply the proceeds of any collection or disposition first to Secured Party's expenses of enforcement, which includes reasonable attorneys' fees and legal expenses to the extent not prohibited by law, and then to the Secured Debt. Debtor (or Borrower, if not the same) will be liable for the deficiency, if any.

By choosing any one or more of these remedies, Secured Party does not give up the right to use any other remedy. Secured Party does not waive a default by not using a remedy.

WAIVER. Debtor waives all claims for damages caused by Secured Party's acts or omissions where Secured Party acts in good faith.

NOTICE AND ADDITIONAL DOCUMENTS. Where notice is required, Debtor agrees that 10 days prior written notice will be reasonable notice to Debtor under the Uniform Commercial Code. Notice to one party is notice to all parties. Debtor agrees to sign, deliver, and file any additional documents and certifications Secured Party considers necessary to perfect, continue, or preserve Debtor's obligations under this Agreement and to confirm Secured Party's lien status on the Property.

MSO 4.3.2001

Propes/Campbell 00323

BKG 642PG308

This document was prepared by (name, address, phone): R. DAVID CHARD, ATTORNEY AT LAW
2050 SPAULDING DRIVE SUITE 2
N CHARLESTON, SC 29409

R07-15290

State of South Carolina _____ Space Above This Line For Recording Date _____

REAL ESTATE MORTGAGE
(With Future Advance Clause)

1. **DATE AND PARTIES.** The date of this Mortgage is 10/16/2007 and the parties and their addresses are as follows:

MORTGAGOR: CHURCH OF GOD AT NORTH CHARLESTON
5505 NORTH RHETT AVENUE
NORTH CHARLESTON, SC 29409

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

LENDER: Community First Bank
894 Orleans Rd
Charleston, SC 29407

2. **MORTGAGE.** For good and valuable consideration, the receipt and sufficiency of which is acknowledged, and to secure the Secured Debt (hereafter defined), Mortgagor grants, bargains, conveys and mortgages to Lender the following described property:
REFER TO EXHIBIT A WHICH IS ATTACHED HERETO AND MADE A PART HEREOF

The property is located in CHARLESTON at 5505 NORTH RHETT AVENUE
(County) _____
_____, NORTH CHARLESTON, South Carolina 29409
(Address) _____ (City) _____ (Zip Code)

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

SOUTH CAROLINA - ABBREVIATED COMMERCIAL REAL ESTATE SECURITY INSTRUMENT (NOT FOR FILING, FILING, FILING, AND NOT FOR CONSUMER PURPOSES) (page 1 of 8)
Experts © 1994, 2001 Banker's Systems, Inc., St. Cloud, MN Form AGCO-RS61-SC 1/21/2009 ASB A.D. R.R.O.

3. **MAXIMUM OBLIGATION LIMIT.** The total principal amount of the Secured Debt (hereafter defined) secured by this Mortgage at any one time shall not exceed \$ 700,000.00. This limitation of amount does not include interest, loan charges, commitment fees, brokerage commissions, attorneys' fees and other charges validly made pursuant to this Mortgage and does not apply to advances (or interest accrued on such advances) made under the terms of this Mortgage to protect Lender's security and to perform any of the covenants contained in this Mortgage. Interest under the Note will be deferred, accrued or capitalized; however, Mortgagee shall not be required to defer, accrue or capitalize any interest except as provided in the Note. Future advances are contemplated and, along with other future obligations, are secured by this Mortgage even though all or part may not yet be advanced. Nothing in this Mortgage, however, shall constitute a commitment to make additional or future loans or advances in any amount. Any such commitment would need to be agreed to in a separate writing.
4. **SECURED DEBT DEFINED.** The term "Secured Debt" includes, but is not limited to, the following:
- A. The promissory note(s), contract(s), guaranty(ies) or other evidence of debt described below and all extensions, renewals, modifications or substitutions (Evidence of Debt) (e.g., borrower's name, note amount, interest rate, maturity date) including but limited to Note number 121050819 in the name of North Park Ministries, Inc. dated of even date as Mortgage in the amount of \$700,000.00 maturing 10/15/08.
 - B. All future advances from Lender to Mortgagor or other future obligations of Mortgagor to Lender under any promissory note, contract, guaranty, or other evidence of debt existing now or executed after this Mortgage whether or not this Mortgage is specifically referred to in the evidence of debt.
 - C. All obligations Mortgagor owes to Lender, which now exist or may later arise, to the extent not prohibited by law, including, but not limited to, liabilities for overdrafts relating to any deposit account agreement between Mortgagor and Lender.
 - D. All additional sums advanced and expenses incurred by Lender for insuring, preserving or otherwise protecting the Property and its value and any other sums advanced and expenses incurred by Lender under the terms of this Mortgage, plus interest at the highest rate in effect, from time to time, as provided in the Evidence of Debt.
 - E. Mortgagor's performance under the terms of any instrument evidencing a debt by Mortgagor to Lender and any Mortgage securing, guarantying, or otherwise relating to the debt.
- If more than one person signs this Mortgage as Mortgagor, each Mortgagor agrees that this Mortgage will secure all future advances and future obligations described above that are given to or incurred by any one or more Mortgagor, or any one or more Mortgagor and others. This Mortgage will not secure any other debt if Lender fails, with respect to such other debt, to make any required disclosure about this Mortgage or if Lender fails to give any required notice of the right of rescission.
5. **PAYMENTS.** Mortgagor agrees to make all payments on the Secured Debt when due and in accordance with the terms of the Evidence of Debt or this Mortgage.
6. **WARRANTY OF TITLE.** Mortgagor covenants that Mortgagor is lawfully seized of the estate conveyed by this Mortgage and has the right to grant, bargain, convey, sell, and mortgage the Property and warrants that the Property is unencumbered, except for encumbrances of record.
7. **CLAIMS AGAINST TITLE.** Mortgagor will pay all taxes, assessments, liens, encumbrances, lease payments, ground rents, utilities, and other charges relating to the Property when due. Lender may require Mortgagor to provide to Lender copies of all notices that such amounts are due and the receipts evidencing Mortgagor's payment. Mortgagor will defend title to the Property against any claims that would impair the lien of this Mortgage. Mortgagor agrees to assign to Lender, as requested by Lender, any rights, claims or defenses which Mortgagor may have against parties who supply labor or materials to improve or maintain the Property.
8. **PRIOR SECURITY INTERESTS.** With regard to any other mortgage, deed of trust, security agreement or other lien document that created a prior security interest or encumbrance on the Property and that may have priority over this Mortgage, Mortgagor agrees:
- A. To make all payments when due and to perform or comply with all covenants.
 - B. To promptly deliver to Lender any notices that Mortgagor receives from the holder.
 - C. Not to make or permit any modification or extension of, and not to request or accept any future advances under any note or agreement secured by, the other mortgage, deed of trust or security agreement unless Lender consents in writing.
9. **DUE ON SALE OR ENCUMBRANCE.** Lender may, at its option, declare the entire balance of the Secured Debt to be immediately due and payable upon the creation of any lien, encumbrance, transfer, or sale, or contract for any of these on the Property. However, if the Property includes Mortgagor's residence, this section shall be subject to the restrictions imposed by federal law (12 C.F.R. 5911), as applicable. For the purposes of this section, the term "Property" also includes any interest in all or any part of the Property. This covenant shall run with the Property and shall remain in effect until the Secured Debt is paid in full and this Mortgage is released.

10. TRANSFER OF AN INTEREST IN THE MORTGAGOR. If Mortgagor is an entity other than a natural person (such as a corporation or other organization), Lender may demand immediate payment if (1) a beneficial interest in Mortgagor is sold or transferred; (2) there is a change in either the identity or number of members of a partnership or similar entity; or (3) there is a change in ownership of more than 25 percent of the voting stock of a corporation or similar entity. However, Lender may not demand payment in the above situations if it is prohibited by law as of the date of this Mortgage.

11. ENTITY WARRANTIES AND REPRESENTATIONS. If Mortgagor is an entity other than a natural person (such as a corporation or other organization), Mortgagor makes to Lender the following warranties and representations which shall be continuing as long as the Secured Debt remains outstanding:

- A. Mortgagor is an entity which is duly organized and validly existing in the Mortgagor's state of incorporation (or organization). Mortgagor is in good standing in all states in which Mortgagor transacts business. Mortgagor has the power and authority to own the Property and to carry on its business as now being conducted and, as applicable, is qualified to do so in each state in which Mortgagor operates.
- B. The execution, delivery and performance of this Mortgage by Mortgagor and the obligation evidenced by the Evidence of Debt are within the power of Mortgagor, have been duly authorized, have received all necessary governmental approval, and will not violate any provision of law, or order of court or governmental agency.
- C. Other than disclosed in writing Mortgagor has not changed its name within the last ten years and has not used any other trade or fictitious name. Without Lender's prior written consent, Mortgagor does not and will not use any other name and will preserve its existing name, trade names and franchises until the Secured Debt is satisfied.

12. PROPERTY CONDITION, ALTERATIONS AND INSPECTION. Mortgagor will keep the Property in good condition and make all repairs that are reasonably necessary. Mortgagor will give Lender prompt notice of any loss or damage to the Property. Mortgagor will keep the Property free of noxious weeds and grasses. Mortgagor will not initiate, join in or consent to any change in any private restrictive covenant, zoning ordinance or other public or private restriction limiting or defining the uses which may be made of the Property or any part of the Property, without Lender's prior written consent. Mortgagor will notify Lender of all demands, proceedings, claims, and actions against Mortgagor or any other owner made under law or regulation regarding use, ownership and occupancy of the Property. Mortgagor will comply with all legal requirements and restrictions, whether public or private, with respect to the use of the Property. Mortgagor also agrees that the nature of the occupancy and use will not change without Lender's prior written consent.

No portion of the Property will be removed, demolished or materially altered without Lender's prior written consent except that Mortgagor has the right to remove items of personal property comprising a part of the Property that become worn or obsolete, provided that such personal property is replaced with other personal property at least equal in value to the replaced personal property, free from any title retention device, security agreement or other encumbrance. Such replacement of personal property will be deemed subject to the security interest created by this Mortgage. Mortgagor shall not partition or subdivide the Property without Lender's prior written consent. Lender or Lender's agents may, at Lender's option, enter the Property at any reasonable time for the purpose of inspecting the Property. Any inspection of the Property shall be entirely for Lender's benefit and Mortgagor will in no way rely on Lender's inspection.

13. AUTHORITY TO PERFORM. If Mortgagor fails to perform any of Mortgagor's duties under this Mortgage, or any other mortgage, deed of trust, security agreement or other lien document that has priority over this Mortgage, Lender may, without notice, perform the duties or cause them to be performed. Mortgagor appoints Lender as attorney in fact to sign Mortgagor's name or pay any amount necessary for performance. If any construction on the Property is discontinued or not carried on in a reasonable manner, Lender may do whatever is necessary to protect Lender's security interest in the Property. This may include completing the construction.

Lender's right to perform for Mortgagor shall not create an obligation to perform, and Lender's failure to perform will not preclude Lender from exercising any of Lender's other rights under the law or this Mortgage. Any amounts paid by Lender for insuring, preserving or otherwise protecting the Property and Lender's security interest will be due on demand and will bear interest from the date of the payment until paid in full at the interest rate in effect from time to time according to the terms of the Evidence of Debt.

14. ASSIGNMENT OF LEASES AND RENTS. Mortgagor assigns, grants, bargains, conveys and mortgages to Lender as additional security all the right, title and interest in the following (Property):

- A. Existing or future leases, subleases, licenses, guaranties and any other written or verbal agreements for the use and occupancy of the Property, including but not limited to, any extensions, renewals, modifications or replacements (Leases).
- B. Rents, issues and profits, including but not limited to, security deposits, minimum rents, percentage rents, additional rents, common area maintenance charges, parking charges, real estate taxes, other applicable taxes, insurance premium contributions, liquidated damages following default, cancellation premiums, loss of rents, insurance, guest receipts, revenues, royalties, proceeds, bonuses, accounts, contract rights, general intangibles, and all rights and claims which Mortgagor may have that in any way pertain to or are an account of the use or occupancy of the whole or any part of the Property (Rents).

In the event any item listed as Leases or Rents is determined to be personal property, this Assignment will also be regarded as a security agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(page 5 of 8)

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

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

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

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

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

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

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

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

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

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

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

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

(page 8 of 8)

MSB AD P20

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

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

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

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

- Actual authority was granted to the parties signing below by resolution signed and dated Oct 8, 2007.

Entity Name: Church of God at North Charleston ENTITY NAME: _____

x Adam Guy as Trustee (Signature) _____ (Date) _____ (Seal)

x Chad Davis as Trustee (Signature) _____ (Date) _____ (Seal)

Signed, Sealed and delivered in the presence of:

David H. Kennedy (Witness)

x Michael Timothy Brooks as Trustee (Signature) _____ (Date) _____ (Seal)
R David Chard (Witness)

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

BKG 64290315

PROBATE:
STATE OF South Carolina, COUNTY OF Charleston) ss.

Personally appeared before me the undersigned witness who, being duly sworn, deposed and said that (s)he saw the Mortgagor (and each Mortgagor if more than one) sign, seal and deliver the foregoing Mortgage and that (s)he, together with the other witness whose name appears as a witness, witnessed the execution thereof.

Sworn to and subscribed before me this 15th day

of October, 2007.

R David Cloud

Notary Public for South Carolina

Linda H. Kennedy

My commission expires: 1/3/17

EXHIBIT "A"

BKG 642PG316

ALL THAT CERTAIN PIECE, PARCEL OR LOT OF LAND DESIGNATED AS LOT NO. 13, ON A PLAT ENTITLED, "WEST VIRGINIA PULP & PAPER CO., CHARLESTON, S.C. MILL MAP SHOWING SUBDIVISION OF PROPERTY FOR BUILDING LOTS AT RHETT AVE. & REMOUNT ROAD & VICINITY. DRAWN BY H.J.W. DATE MAY 21, 1941 SCALE 1" = 100 FT. CHECKED BY DATE DWG. 6-1041," WHICH IS THIS RMC OFFICE FOR CHARLESTON COUNTY, IN PLAT BOOK F, PAGE 97, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS?

MEASURING AND CONTAINING IN FRONT ON THE EASTERN LINE ON RHETT AVENUE ONE HUNDRED (100) FEET; ON THE NORTHERN LINE FIVE HUNDRED TWO AND TWO HUNDREDTHS (502.05) FEET; ON THE WESTERN LINE ONE HUNDRED FORTY FOUR AND FOR EIGHT HUNDREDTHS (144.48) FEET; AND ON THE SOUTHERN LINE FOUR HUNDRED NINETY ONE (491) FEET. BUTTING AND BOUNDING EASTWARDLY ON RHETT AVENUE; NORTHWARDLY ON LOT NO. 12 ON SAID PLAT; WESTWARDLY ON A TWENTY FOOT ALLEYWAY SEPARATING IT FROM LOT NO. 14; AND SOUTHWARDLY ON AN UNIMPROVED FIFTY FOOT ROADWAY.

BEING THE SAME PROPERTY CONVEYED TO CLYDE R. STANFORD, WILLIAM H. SYLVESTER AND EDWARD E. COOPER TRUSTEES AND CONSTITUTING THE LOCAL BOARD OF TRUSTEES OF THE CHURCH OF GOD AT NORTH CHARLESTON BY DEED OF LILLIAN L. BUCKNER DATED OCTOBER 18, 1985 AND RECORDED OCTOBER 18, 1985 IN THE CHARLESTON COUNTY RMC OFFICE IN BOOK A149, AT PAGE 148.

TMS# 473-16-00-022

PROPERTY ADDRESS:
5505 N. RHETT AVENUE,
N. CHARLESTON, SC 29406

MJB AD, RLO

Propes/Campbell 00302

Handwritten initials

BKG 642PG317

RECORDER'S PAGE

NOTE: This page MUST remain with the original document



FILED

October 24, 2007
4:44:22 PM

BKG 642PG308

Charlie Lybrand, Register
Charleston County, SC

Filed By:
R. David Chard
2050 Spaulding Drive
Suite 2
North Charleston SC 29408

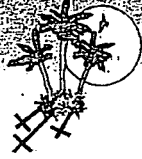
Number of Pages:
10

DESCRIPTION	AMOUNT
	\$ 18.00
Postage	
TOTAL	\$ 18.00

DRAWER:
B - ECP

DO NOT STAMP BELOW THIS LINE

Church Location
5505 North Rhett Avenue
North Charleston, SC 29406



North Charleston Church of God

P.O. Box 5261
N. Charleston, SC 29405

Pastor: 270-7537
E-Mail: pastormse@aol.com
N. Charleston, SC 29406

Church: 843-744-8746

October 8, 2007

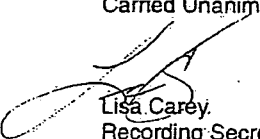
Resolution

The members and financial supporters of the North Charleston Church of God in a called business conference have so resolved to authorize the trustees: Michael Timothy Brooks, Adam Boyer and Rolando Rivera Osorio to proceed with the refinancing of the present facilities located at 5505 North Rhett Ave. North Charleston, South Carolina.

Motion Made by: Michael McCutcheon

Seconded by: David Carey

Carried Unanimously:


Lisa Carey
Recording Secretary



Our Mission: Make Disciples of all people, consolidate and equip believers in the most holy faith, send servants into the harvest field of the world. Matthew 28: 19 & 20.

U.S. Legal Forms, Inc.
Form SC-938LT

<http://www.uslegalforms.com>

SEACOAST CHRISTIAN COMMUNITY CHURCH, INC. LEASE or SUBLEASE OF PREMISES

This lease agreement is entered into on this the 9 day of Oct, 2008, by and between:

Church of God at North Charleston, Trustees (hereinafter called "LESSOR"), and Seacoast Christian Community Church, Inc. (hereinafter called "LESSEE"), a South Carolina eleemosynary corporation. For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, LESSOR and LESSEE do hereby covenant, contract and agree as follows:

• **PREMISES AND TERM:** LESSOR, hereby leases to LESSEE for the term commencing on the 13th day of October, 2008 and ending on the 31st day of October, 2013, (the "TERM") the following described premises in its present physical condition, located in Berkeley County of South Carolina: 5505 N. Rhett Avenue, North Charleston, SC, including all buildings on the property (hereinafter called the "PREMISES or LEASED PREMISES"). LESSEE also has a right for the benefit of LESSEE, its employees, agents and invitees for access to and from the Leased Premises through the building and over property of LESSOR adjoining the Leased Premises, and to use those parts of the building designated by LESSOR for use by LESSEE, including but not limited to bathrooms, janitorial and utility closets, loading docks, alleys, passageways and halls, lobbies, corridors and unrestricted parking areas, if any.

Special Terms:

- Landlord will be responsible for maintenance and replacement of the shingled roof on the facility. Roof will be replaced and work will be scheduled after the Church of God at North Charleston completes work on their facility refinace. Work will be completed prior to the Option To Purchase is executed as noted below. The steeple will be removed when the roof is replaced and remains property of the Church of God at North Charleston. The steeple will be removed from the premises.
- Church of God at North Charleston, Trustees will allow \$3,500.00 from October 2008 lease and \$4,000.00 from the November 2008 lease amount for the repair of the air condition systems. Seacoast is to take complete responsibility from October 13, 2008 to execute the necessary repairs and or replacements. Upon execution of the option to purchase, the Church of God at North Charleston will give a \$15,000.00 (fifteen thousand dollars) allowance for Air Conditioning Units to be paid at closing.
- **RENT:** The LESSEE covenants to pay to LESSOR as Rent the sum listed below per month, (hereinafter "the Rent"), commencing October 13, 2008, in advance without demand on or before the first day of each month at the office of the LESSOR.
 - Year 1 - 11/1/08 to 10/31/09; \$9,200 per month (Nine thousand two hundred dollars and no/100)
 - Seacoast will be provided full access to the building no later than Monday, October 13, 2008 to start the necessary work on the facility. Seacoast will pay the Church of God at North Charleston three thousand five hundred dollars (\$3,500.00) for the month of October 2008. Standard rent will start November 1st 2008
 - Church of God at North Charleston will be granted use of the building November 14, 2008 (Friday) from 1:00-5:00 pm for a previously scheduled wedding.
 - Year 2 - 11/1/09 to 10/31/10; \$10,200 per month (Ten thousand two hundred dollars and no/100)
 - Years 3 to 5 - 11/1/10 to 10/31/13; \$10,500 per month (Ten thousand five hundred dollars and no/100)
- **LATE CHARGES:** LESSEE shall pay a late charge in the amount of two percent (2.0 %) of the outstanding delinquent balance for any payment of the rent not made within ten (10) days after the due date but not more than one hundred eighty four dollars and no/100 (\$184) dollars for any one month. This charge is liquidated damages for any late payment made after said ten (10) days beyond the payment due date.
- **CONDITION OF PREMISES; USE OF PREMISES:** LESSOR agrees that LESSEE, upon payment of rent and on performing all terms of this lease, shall peaceably enjoy and use the Leased Premises during the term of this lease without exception. By occupying the Leased Premises as a tenant or subtenant, by installing fixtures, facilities, or equipment or performing finished work, LESSEE shall be deemed to have accepted the premises, except for any conditions set forth in writing between the parties which LESSOR has agreed to correct, and to have acknowledged that the Premises are in the condition required by this lease.

- 1 -

COG 000646

EXHIBIT

8

LESSEE acknowledges that LESSEE has examined and knows the condition of the Leased Premises, and has received the same in good order and repair, except as noted hereon in writing, and agrees:

- (a) To use these Leased Premises lawfully for church programs, including but not limited to worship services, musical presentations, plays, pageants and recitals, meetings, teachings, convocations and assemblies.
- (b) To surrender the Leased Premises to LESSOR at the end of the Term or any unused renewals with notice from either LESSOR or LESSEE to terminate the same so long as this Lease remains in effect.
- (c) To surrender possession of these Leased Premises at the expiration of this lease without further notice to quit, in as good condition as reasonable use will permit.
- (d) To perform, fully obey and comply with all ordinances, rules, regulations and laws of all public authorities, boards and officers relating to the use of the Premises.
- (e) Not to make any occupancy of the Leased Premises contrary to law or contrary to any directions, rules, regulations, regulatory bodies, or officials having jurisdiction or which shall be injurious to any person or property.
- (f) Not to encourage any conduct on the Premises which constitutes a public nuisance.

Any signs placed upon or about such Leased Premises shall, upon the end of the Term of the lease or upon the earlier termination, be removed by LESSEE, and LESSEE shall repair any material damage to the Leased Premises which shall be occasioned by reason of such removal.

At all times during its occupancy, LESSEE shall keep the sidewalks, if any, in front of or adjoining the Leased Premises clean and in a sightly and sanitary condition.

The LESSOR shall be responsible for making all repairs to the premises to include, but not limited to the following:

- Sprinkler system
- Heating, ventilating or air-conditioning system serving the Premises if, and to the extent, installed by LESSOR, and
- Landlord shall repair and maintain the foundation, roof, outer walls and structural members of the leased premises.
- The roof over the Premises.
- Other: Operational restroom facilities

The LESSEE Tenant shall, at Tenant's sole expense make all other repairs necessary to maintain the leased premises, both interior and exterior, ordinary and extraordinary including window glass, plate glass, storefronts, doors, windows, screens, awnings, locks, keys, weather stripping and thresholds, as well as all interior walls, and floor coverings. Tenant's responsibility to maintain the premises shall also include the servicing, repair, maintenance of the heating and air conditioning systems.

LESSEE shall give LESSOR written notice of the necessity for such repairs and assurance that such repairs did not arise from nor were they caused by the negligence or willful acts of LESSEE, its agents, officers, employees, licensees, invitees, or contractors.

In the event any repairs are needed resulting in use of the property by the tenant, the repairs will be the duty of the tenant, with the exception of normal wear and tear.

• **FIXTURES AND TRADE FIXTURES.** LESSEE shall make no changes, improvements, alterations, or additions to the Leased Premises unless such changes, improvements, alterations, or additions:

- (a) are first approved in writing by LESSOR;
- (b) are not in violation of restrictions placed thereon by the lender financing the construction of the building; and
- (c) will not materially alter the character of such premises and will not substantially lessen the value of the Leased Premises. LESSOR may not unreasonably withhold approval or LESSEE's reasonable improvements for contemplated uses, and if there is a dispute as to reasonableness, it shall be determined by arbitration.

Improvements agreed to at signing of this lease include:

- Painting of classroom walls
- Replacement of carpet as needed
- Installation of additional lighting in the sanctuary
- Installation of a new street sign in accordance with City of North Charleston rules
- Installation of audio, lighting, and projection equipment in rooms as needed for ministry

- Removal of non load bearing walls in the entry way to accommodate a needed foyer area

All improvements made by LESSEE to the Premises which are so attached to the Premises that they cannot be removed without material injury to the Premises, shall become the property of LESSOR upon termination of the tenancy. Not later than the last day of the Term, LESSEE shall, at LESSEE's expense, remove all of LESSEE's personal property and those improvements made by LESSEE which have not become the property of LESSOR, including fixtures, cabinetwork, movable paneling, partitions, stage and the like; repair all injury done by or in connection with the installation or removal of such property and improvements; and surrender the Premises in as good condition as they were at the beginning of the Term, reasonable wear, and damage by fire, the elements, casualty, or other cause not due to the misuse or neglect by LESSEE or LESSEE's agents, employees, visitors, or licensees, excepted. All property of LESSEE remaining on the Premises after the last day of the Term of this lease shall be conclusively deemed abandoned and may be removed by LESSOR, unless alternate arrangements have been made in writing by the parties.

- **SECURITY DEPOSIT:** The LESSEE, contemporaneous with the execution of this Agreement, agrees to deposit with the LESSOR five thousand dollars and no/100 (\$5,000.00) which sum shall be held by the LESSOR as security for the full faith and performance by LESSEE of all of the terms, covenants and conditions of this lease by LESSEE.

The security deposit shall be held, applied to damages or rent and returned to LESSEE all in accordance with the laws of the State of South Carolina and in force at the time of execution of this lease.

- **LESSOR'S LIEN:** As additional security, LESSEE acknowledges, to the extent allowed by applicable law, the LESSOR'S lien rights under South Carolina law to satisfy unpaid Rent paid by LESSOR on behalf of LESSEE and due for its tenancy.

- **DEFAULT:** Each of the following shall be deemed an Event of Default:
 - (a) Default in the payment of Rent or other payments hereunder, not waived or excused in writing.
 - (b) Default in the performance or observance of any covenant or condition of this lease by the LESSEE to be performed or observed.
 - (c) Abandonment of the premises by LESSEE for more than ninety (90) consecutive days, other than by reason of unrepaid damages to the Leased Premises.
 - (d) The filing or execution or occurrence of:
 - (i) Filing a Petition in bankruptcy by or against LESSEE.
 - (ii) Filing a petition or answer seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or other relief of the same or different kind under any provision of the Bankruptcy Act.
 - (iii) Adjudication of LESSEE as a bankrupt or insolvent or insolvency in the bankruptcy equity sense.
 - (iv) An assignment for the benefit of creditors whether by trust, mortgage, or otherwise.
 - (v) A petition or other proceeding by or against LESSEE for, or the appointment of a trustee, receiver, guardian, conservator or liquidator of LESSEE with respect to all or substantially all its property.
 - (vi) A petition or other proceeding by or against LESSEE for its dissolution or liquidation, or the taking of possession of the property of the LESSEE by any governmental authority in connection with dissolution or liquidation.

- **NOTICE OF DEFAULT.** The parties are desirous of giving one another fair notice of any default before termination or other action under this lease requiring such notice. In the event of an act of default with respect to any provision of this lease, neither party can institute legal action with respect to such default without first complying with the following conditions:

- (a) Notice of such event of default must be in writing and must either be hand delivered, mailed to the other party by U.S. Certified Mail, return receipt requested, or if unable to provide notice by these methods, if notice is from LESSOR to LESSEE by posting the notice on the front door of the Leased Premises;
- (b) Such written notice shall set forth the nature of the alleged default in the performance of the terms of this lease and shall designate the specific paragraph(s) therein which relate to the alleged act of default;
- (c) Such notice shall also contain a reasonably understandable description of the action to be taken or performed by the other party in order to cure the alleged default and the date by which the default must be remedied, which date can be not less than thirty (30) business days from the date of mailing, delivery or service of the notice of default.

- **TERMINATION.** Upon occurrence of any Event of Default, and after proper notice of default has been given, LESSOR may, at its option, in addition to any other remedy or right given hereunder or by law, give notice to LESSEE that this lease shall terminate upon the date specified in the notice, which date shall not be earlier than thirty (30) days after

mailing, delivery or service of such notice. This right of termination only applies if default occurs and is subject to the statutory laws and case law of South Carolina.

- **NON-ACCELERATION.** LESSOR and LESSEE expressly agree and understand that upon either party terminating this Lease, the remaining balance of unpaid Rent for the remaining term of this Lease shall not accelerate, but the periodic (monthly) payment shall continue to become due as provided for herein, and LESSEE shall remain obligated therefore unless said termination is due to an event of default by LESSOR. Notwithstanding, if LESSEE is in default, LESSOR may hold the portion of LESSEE'S security deposit remaining after reasonable cleaning and repairs as a partial offset to satisfaction of the remaining Rent as it comes due.
- **DEFAULT BY LESSOR.** In the event of any default by LESSOR, LESSEE, before exercising any rights that it may have at law to cancel this lease, must first send notice by registered or certified mail, or hand delivery, to LESSOR, and shall have offered LESSOR thirty (30) days in which to correct and cure the default or commence a good faith effort to cure such default, unless said default involves failure to repair damage which renders the Leased Premises substantially unusable by LESSEE for the purposes herein contemplated, in which case LESSOR shall have five (5) days from date of notice to effect correction of the default.
- **RELETTING AFTER TERMINATION.** Upon termination of this lease in any manner above provided, LESSOR shall use reasonable efforts to re-let the Premises.
- **DAMAGES.** Upon termination of this lease in any manner above provided, or by summary proceedings or otherwise, LESSEE shall pay to LESSOR without demand or notice the following:
 - (a) All Rent and other payments accrued to the date of such termination and a proportionate part of the rent otherwise payable for the month in which such termination occurs.
 - (b) All future Rent and other payments as they come due under the terms of this lease to the extent Landlord has not been able to offset same by re-letting the Premises.
 - (c) The costs of making reasonable and material repairs, alterations and improvements required to be made by LESSOR with the exception of normal wear and tear.

Upon termination of this lease for cause by either party resulting in legal proceedings attorney fees, costs, and other expenses shall be borne by the losing party.

- **LESSOR NOT LIABLE FOR INJURY OR DAMAGE TO PERSONS OR PROPERTY:** The LESSOR shall not be liable to LESSEE for any injury or damage to any person or property on said Premises or building from any cause arising during the unique special terms of this lease. This provision shall not be construed to eliminate LESSOR'S covenant to maintain or repair as set forth in paragraph 6 herein, or which is not noticed to LESSOR by LESSEE in writing.
- **TAXES:** Property taxes on the Leased Premises shall be responsibility of LESSOR. Taxes on the personal property of Lessee shall be the responsibility of LESSEE. All other taxes, user or occupancy charges shall be the responsibility of the party incurring same.
- **RIGHT OF RE-ENTRY.** LESSOR shall have the right, by itself or agent or with others, to enter the Premises at reasonable hours to examine or exhibit the premises, or to make such repairs and alterations as shall be deemed necessary for the safety and preservation of the building; to inspect and examine, to post such notices as LESSOR may deem necessary to protect LESSOR against loss from liens of laborers, material men or others, and for the purpose of permitting or facilitating LESSOR'S performance of its obligations hereunder, or for any other reasonable purpose which does not materially diminish LESSEE'S quiet enjoyment or use of the Leased Premises.
- **HOLDOVER.** If LESSEE shall holdover after the expiration of the Term hereof, with the consent of LESSOR, express or implied, such tenancy shall be from month to month only, and not a renewal hereof; and LESSEE agrees to pay Rent and all other charges as provided herein, and also to comply with all covenants of this lease for the time LESSEE holds over. LESSEE shall be entitled to possession until LESSOR has given LESSEE thirty (30) days notice that such month to month tenancy shall be terminated; otherwise, notice is only required as hereinafter provided as notice of default.

If LESSEE shall hold over without the consent of LESSOR, express or implied, then LESSEE shall be construed to be a tenant at sufferance at the Rent herein provided, prorated by the day until possession is returned to LESSOR.

COG 000649

LESSEE'S holding over beyond the expiration of the notice period of a lawful Notice of Termination constitutes holding over without the consent of the LESSOR, and LESSEE shall be construed to be a tenant at sufferance, at the Rent herein provided, prorated by the day until possession is returned to LESSOR, without limitation to LESSOR'S remedies and rights of recovery under applicable law.

• **NATURE OF RELATIONSHIP BETWEEN PARTIES.** The sole relationship between the parties created by this agreement is that of LESSOR and LESSEE. Nothing contained in this lease shall be deemed, held, or construed as creating a joint venture or partnership between the parties.

• **MECHANICS AND OTHER LIENS IMPOSED BY LESSEE.** LESSEE shall keep the Leased Premises and the improvements at all times during the term free of mechanics and material men's liens and other liens of like nature, other than liens created and claimed by reason of any work done by or at the instance of LESSOR, and at all times shall fully protect and indemnify LESSOR against all such liens or claims and against all attorneys' fees and other costs and expenses growing out of or incurred by reason or on account of any such liens or claims. Should LESSEE fail to fully discharge any such lien or claim, LESSOR, at its option, may pay the same or any part thereof.

Any amounts so paid by LESSOR, shall be paid by LESSEE upon demand, and if not so paid, shall bear interest at the judgment rate, interest payable monthly, as additional rent.

• **CONDEMNATION CLAUSE:** In the event that all or a part of the Premises is taken by eminent domain or conveyed in lieu of eminent domain, if the Leased Premises cannot reasonably be used by LESSEE for their intended purpose, then this lease will terminate effective as of the date that the condemning authority shall take possession of the same, and LESSOR shall refund any pro-rata rent pre-paid by LESSEE together with the security deposit paid with the execution of this Agreement.

• **FIRE CLAUSE/ ACT OF GOD:** The LESSOR and LESSEE agrees THAT IN THE EVENT THE PREMISES ARE DAMAGED BY FIRE AND/OR ACT OF GOD WHERE THE DAMAGE MAKE THE PROPERTY UNUSABLE FOR CHURCH PURPOSES, THEN THE LESSEE MAY TERMINATE THIS LEASE.

• **WAIVER OF NONPERFORMANCE:** Failure of the LESSOR or LESSEE to exercise any rights under this lease upon nonperformance by the other party of any condition, covenant or provision herein contained shall not be considered a waiver, nor shall any waiver of nonperformance of any such condition, covenant or provision by the LESSOR be construed as a waiver of the rights of the aggrieved party to any subsequent defective performance or nonperformance hereunder.

• **PAROL EVIDENCE CLAUSE:** This instrument constitutes the final, fully integrated expression of the agreement between the LESSOR and the LESSEE, and it cannot be modified or amended in any way except in writing signed by the LESSOR and LESSEE.

• **SUBORDINATION:** This lease is subordinate to the lien of all present or future mortgages that affect the Leased Premises and to all renewals, modifications, replacements and extensions of this lease. This clause shall be self-operative but in any event LESSEE agrees to execute promptly and deliver any estoppel certificate or other assurances that LESSOR may request in furtherance of this provision.

• **INSURANCE:** LESSEE shall, during the entire term of the lease keep in full force and effect a policy of public liability insurance with respect to the property and the activities engaged in by LESSEE in the property and which the limits of general liability shall be in the amount of five hundred thousand dollars (\$500,000.00) combined single limit, naming LESSOR as additional insured. Such coverage shall include a broad form general liability endorsement. The policy shall contain a clause that the LESSEE will not cancel or change the insurance without first giving the LESSOR ten (10) days prior written notice.

• **NOTICES.** All notices and communications concerning this lease shall be mailed to the parties at the following addresses:

LESSOR
 Church of God at North Charleston
 3805 Denham Street
 North Charleston, SC 29420

LESSEE MAIN CONTACT
 Glenn Wood, Administrator
 Seacoast Church
 750 Long Point Road
 Mt. Pleasant, SC 29464
 Office: 843-375-1108
 Fax: 843-375-1041

LESSEE LOCAL CONTACT
 Sam Lesky, Campus Pastor
 Seacoast Church
 5505 N. Rhett Avenue
 North Charleston, SC
 Office: 843-375-1099
 Cell: 843-345-9878

• **SALE BY LESSOR.** In the event of a sale or conveyance by LESSOR of all or part of the Leased Premises, the same shall operate to release LESSOR from any future liability upon any of the covenants or conditions, express or implied, herein contained in favor of LESSEE, and in such event LESSEE agrees to look solely to the responsibility of the successor in interest of LESSOR in and to this lease. This lease shall not be affected by any such sale, and LESSEE agrees to adhere to the within covenants to the purchaser or assignee. LESSEE agrees to permit LESSOR, at any time within 60 days prior to the expiration of this lease, to place upon or in the window of the leased premises any usual or ordinary For Rent or similar sign and to allow prospective tenants, applicants or agents of LESSOR to enter and examine the Leased Premises during the last 60 days of the term hereof, and to permit LESSOR or LESSOR'S agents, at any time during the term hereof, to conduct prospective purchasers through the Leased Premises during reasonable business hours, (except during worship services) with 24 hours advance notice to LESSEE.

• **COURT ACTION, ATTORNEY'S FEES AND COSTS.** If, upon failure of either party to comply with any of the covenants, conditions, rules or regulations of and in this lease, and suit should be brought for damages on account, or to enforce the payment of Rent herein stipulated, or to recover possession of the Premises or to enforce any provision hereof, the losing party agrees to pay to the prevailing party reasonable attorney fees, costs and expenses incurred in prosecuting these suits.

• **ASSIGNMENTS AND SUB-LEASE:** The LESSEE hereby agrees not to assign this lease voluntarily or involuntarily, nor to sub-lease the Premises or any part of the Leased Premises, without the written consent of the LESSOR, which shall not be unreasonably withheld, under penalty of default of this lease. The LESSEE has the right to sublease space to other tenants with the written approval of the LESSOR. The LESSOR acknowledges the LESSEE will be entering into a sublease agreement with the church currently leasing from the LESSOR. All rental income will be the property of the LESSEE to use as needed. All rights and liabilities herein given to or imposed upon either of the parties shall extend to the heirs, executors, administrators, successors in interest and assigns of such party.

• **INTERPRETATION.** Whenever any word is used in this agreement in the masculine gender, it shall also be construed as being used in the feminine and neuter genders and singular usage shall include the plural and vice versa, all as the context shall require.

• **MODIFICATION.** Any modification or amendment of this agreement shall be in writing and shall be executed by all parties.

• **SEVERABILITY CLAUSE:** If any term, covenant, condition, or provision of this lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

• **LAW TO APPLY:** This lease shall be construed under and in accordance with the laws of the State of South Carolina. Those laws shall govern every aspect of the enforcement of this lease.

• **ADDENDUMS.** The following addendums are attached to this lease and shall be initialed by the parties. (Check all that apply or check none)
 Other: See Below
 Option to Purchase

37. OTHER PROVISIONS:

Seacoast will be responsible for the following:

- Regular landscaping of premises
- All costs having to do with equipment additions, wiring, and classroom upfits

- Delivery and maintenance for a dumpster on site

LESSOR will be responsible for:

- Replacement of the roof along with removal of the steeple. Work will be completed prior to the Option To Purchase is executed as noted below.
- Trimming of tree from neighbors yard overhanging the rear building; cleaning of the gutters below the tree area and repair of ceilings and walls in the effected rooms on both first and second floor
- Repair of the ceilings in the hallway of the front building due to HVAC leak

Purchase Option

The Landlord (hereinafter referred to as "Seller" under this Option provision), for the consideration of the five (5) year lease and the considerable expense for necessary improvements associate therewith, does hereby grant to the Tenant and/or its assigns or successors (hereinafter referred to as "Purchaser" under this Option provision) the Option to Purchase this real property described under the terms of this on the following terms and conditions:

1. The Purchase Price shall be as follows:
 - a. Leesor/Seller and Lessee/Purchaser acknowledge Seacoast retains the right to make an offer on the property in the near future with the understanding the sale would be concluded within 90 days;
 - b. \$1,625,000.00 if purchased by October 31, 2009;
 - c. \$1,700,000.00 if purchased after November 1st 2009 but before October 31st 2010;
 - d. \$1,775,000.00 if purchased after November 1st 2010 but before October 31st 2011;
 - e. For the following two years (2012 and 2013), the Purchase Price shall be determined by the average of two appraisals, one ordered by the buyer and one by the seller.
2. In the event the purchaser/Lessee elects to purchase the real property described herein; at least sixty (60) days notice in writing shall be provided to the Seller/Landlord. Both the Seller and Purchase understand and agree that upon the Purchaser's exercise of its right to purchase the real property described herein, the lease shall merge with the title/deed upon transfer from the Seller to the Purchaser and all further lease payments shall be extinguished. The Security Deposit being given to the Seller at the time of execution of Lease shall be credited to the Purchaser against the Sales price at the time of closing.
3. Church of God at North Charleston, Trustee does hereby warrant and represents that it has a good and marketable title to the real property described herein for the purposes of the underlying lease as well as the Option to Purchase. Further, the LESSOR/Seller represents that it has the authority under the appropriate governing authorities of its governing minutes and/or bylaws to execute this lease as well as the Option to Purchase.
4. This Option to Purchase Provision is a severable provision of this Lease. The remaining terms of this lease are not dependent upon the Purchaser exercising its right to exercise the Option to Purchase. The failure of the Purchaser to exercise its Option or fail to make earnest money deposits shall be construed solely as affecting this Option Provision and not the remaining portion of the lease.

All documents such as schedules, exhibits, floor plans, renderings, surveys and like documents are incorporated herein and shall initialed by all parties and attached. LESSEE is a corporation and each person executing this lease represents and warrants that he or she is duly authorized to execute and deliver this lease on behalf of the corporation. If LESSOR is other than an individual, then that person or persons signed below represent and warrant that he or she is duly authorized to execute and deliver this lease on behalf of the entity, and that the terms of this lease are binding upon the entity.

In Witness Whereof, the undersigned LESSOR and LESSEE execute this lease to be effective as of the day and date first above written.

LESSEE(s)

Mark Estes

LESSOR

Glenn Wood, Administrator

COG 000652

RX Date/Time
12/15/2009 00:23 FAX

12/15/2009 13:03

P.019
018



This document was prepared by (name, address, phone): D. DAVID CHARD
2060 SPANGLING DRIVE STE 2
N CHARLESTON, SC 29408

RMC BK0043 PG 942 : 01 1 *

State of South Carolina _____ Space Above This Line For Recording Date _____

REAL ESTATE MORTGAGE
(With Future Advance Clause)

1. **DATE AND PARTIES.** The date of this Mortgage is 03/23/2009 and the parties and their addresses are as follows:

MORTGAGOR: CHURCH OF GOD AT NORTH CHARLESTON
6505 NORTH RHETT AVENUE
NORTH CHARLESTON, SC 29408

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

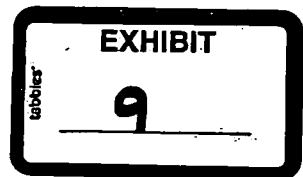
LENDER: Community FirstBank
884 Orleans Rd
Charleston, SC 29407

2. **MORTGAGE.** For good and valuable consideration, the receipt and sufficiency of which is acknowledged, and to secure the Secured Debt (hereafter defined), Mortgagor grants, bargains, conveys and mortgages to Lender the following described property:
REFER TO EXHIBIT A WHICH IS ATTACHED HERETO AND MADE A PART HEREOF

The property is located in CHARLESTON (County) at 6505 NORTH RHETT AVENUE
N CHARLESTON (City), South Carolina 29408 (Zip Code)

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

SOUTH CAROLINA - (SPECIAL PURPOSE) REAL ESTATE SECURITY INSTRUMENT INSTRUMENT FORM, USE ON SALES AND MORTGAGES OF REAL ESTATE (page 1 of 8)
2009 01/14, 2001 South Carolina, 1st, 2d, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, 11th, 12th, 13th, 14th, 15th, 16th, 17th, 18th, 19th, 20th, 21st, 22nd, 23rd, 24th, 25th, 26th, 27th, 28th, 29th, 30th, 31st, 32nd, 33rd, 34th, 35th, 36th, 37th, 38th, 39th, 40th, 41st, 42nd, 43rd, 44th, 45th, 46th, 47th, 48th, 49th, 50th, 51st, 52nd, 53rd, 54th, 55th, 56th, 57th, 58th, 59th, 60th, 61st, 62nd, 63rd, 64th, 65th, 66th, 67th, 68th, 69th, 70th, 71st, 72nd, 73rd, 74th, 75th, 76th, 77th, 78th, 79th, 80th, 81st, 82nd, 83rd, 84th, 85th, 86th, 87th, 88th, 89th, 90th, 91st, 92nd, 93rd, 94th, 95th, 96th, 97th, 98th, 99th, 100th



YCR 0182 (2011-0948)

RMC BR 0043 PG 02 : PG 2

3. **MAXIMUM OBLIGATION LIMIT.** The total principal amount of the Secured Debt (hereafter "debt") secured by this Mortgage at any one time shall not exceed \$ 25,000.00. This limitation of amount does not include interest, loan charges, commitment fees, brokerage commissions, attorneys' fees and other charges validly made pursuant to this Mortgage and does not apply to advances (or interest accrued on such advances) made under the terms of this Mortgage to protect Lender's security and to perform any of the covenants contained in this Mortgage. Interest on the Note will be deferred, accrued or capitalized; however, Mortgages shall not be required to defer, accrue or capitalize any interest except as provided in the Note. Future advances are contemplated and, along with other future obligations, are secured by this Mortgage even though all or part may not yet be advanced. Nothing in this Mortgage, however, shall constitute a commitment to make additional or future loans or advances in any amount. Any such commitment would need to be agreed to in a separate writing.
4. **SECURED DEBT DEFINED.** The term "Secured Debt" includes, but is not limited to, the following:
- A. The promissory note(s), contract(s), guaranty(ies) or other evidence of debt described below and all extensions, renewals, modifications or substitutions (Evidence of Debt) (e.g., borrower's name, note amount, interest rate, maturity date);
Commonly First Bank loan and note number 145003546 of even date including any and all extensions, renewals, modifications or substitutions thereof.
 - B. All future advances from Lender to Mortgagee or other future obligations of Mortgagee to Lender under any promissory note, contract, guaranty, or other evidence of debt existing now or executed after this Mortgage whether or not this Mortgage is specifically referred to in the evidence of debt.
 - C. All obligations Mortgagee owes to Lender, which now exist or may later arise, to the extent not prohibited by law, (including, but not limited to, liabilities for overdrafts) relating to any deposit account agreement between Mortgagee and Lender.
 - D. All additional sums advanced and expenses incurred by Lender for insuring, preserving or otherwise protecting the Property and its value and any other sums advanced and expenses incurred by Lender under the terms of this Mortgage, plus interest at the highest rate in effect, from time to time, as provided in the Evidence of Debt.
 - E. Mortgagee's performance under the terms of any instrument evidencing a debt by Mortgagee to Lender and any Mortgage securing, guarantying, or otherwise relating to the debt.
- If more than one person signs this Mortgage as Mortgagee, each Mortgagee agrees that this Mortgage will secure all future advances and future obligations described above that are given to or incurred by any one or more Mortgagee, or any one or more Mortgagee and others. This Mortgage will not secure any other debt if Lender fails, with respect to such other debt, to make any required disclosure about this Mortgage or if Lender fails to give any required notice of the right of rescission.
5. **PAYMENTS.** Mortgagee agrees to make all payments on the Secured Debt when due and in accordance with the terms of the Evidence of Debt of this Mortgage.
6. **WARRANTY OF TITLE.** Mortgagee covenants that Mortgagee is lawfully seized of the estate conveyed by this Mortgage and has the right to grant, bargain, convey, sell, and mortgage the Property and warrants that the Property is unencumbered, except for encumbrances of record.
7. **CLAIMS AGAINST TITLE.** Mortgagee will pay all taxes, assessments, liens, encumbrances, lease payments, ground rents, utilities, and other charges relating to the Property when due. Lender may require Mortgagee to provide to Lender copies of all notices that such amounts are due and the receipts evidencing Mortgagee's payment. Mortgagee will defend this to the Property against any claims that would impair the lien of this Mortgage. Mortgagee agrees to assign to Lender, as requested by Lender, any rights, claims or defenses which Mortgagee may have against parties who supply labor or materials to improve or maintain the Property.
8. **PRIOR SECURITY INTERESTS.** With regard to any other mortgage, deed of trust, security agreement or other lien document that created a prior security interest or encumbrance on the Property and that may have priority over this Mortgage, Mortgagee agrees:
- A. To make all payments when due and to perform or comply with all covenants.
 - B. To promptly deliver to Lender any notices that Mortgagee receives from the holder.
 - C. Not to make or permit any modification or extension of, and not to request or accept any future advances under any note or agreement secured by, the other mortgage, deed of trust or security agreement unless Lender consents in writing.
9. **DUE ON SALE OR ENCUMBRANCE.** Lender may, at its option, declare the entire balance of the Secured Debt to be immediately due and payable upon the creation of any lien, encumbrance, transfer, or sale, or contract for any of those on the Property. However, if the Property includes Mortgagee's residence, this section shall be subject to the restrictions imposed by federal law (12 C.F.R. 881), as applicable. For the purposes of this section, the term "Property" also includes any interest in all or any part of the Property. This covenant shall run with the Property and shall remain in effect until the Secured Debt is paid in full and this Mortgage is released.

AKB PRO AD Page 2 of 81

RX Date/Time
12/16/2009 00:24 FAX

12/15/2009 13:03

P.021
021

RMC BK 0009 00 021: pg 7

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

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

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

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

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

Entity Name: CHURCH OF GOD AT NORTH CHARLESTON Entity Number: _____

<p><i>Michael Timothy Brooks</i> 12/23/19 Signature: MICHAEL TIMOTHY BROOKS, TRUSTEE (Date) (Last)</p>	<p><i>Rolando Rivera Osorio</i> Signature: ROLANDO RIVERA OSORIO, TRUSTEE (Date) (Last)</p>
---	--

Signed, Sealed and delivered in the presence of:

<p><i>David H. Kennedy</i> Signature: _____ (Witness)</p>	<p><i>Adam Boyer</i> Signature: ADAM BOYER, TRUSTEE (Witness)</p>
--	--

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

EXHIBIT "A"

ALL THAT CERTAIN PIECE, PARCEL OR LOT OF LAND DESIGNATED AS LOT NO. 13, ON A PLAT ENTITLED, "WEST VIRGINIA PULP & PAPER CO., CHARLESTON, S.C. MILL MAP SHOWING SUBDIVISION OF PROPERTY FOR BUILDING LOTS AT RHETT AVE. & REMOUNT ROAD & VICINITY. DRAWN BY H.J.W. DATE MAY 21, 1941 SCALE 1" = 100 FT. CHECKED BY DATE DWG. 6-1041," WHICH IS THIS RMC OFFICE FOR CHARLESTON COUNTY, IN PLAT BOOK F, PAGE 97, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS?

MEASURING AND CONTAINING IN FRONT ON THE EASTERN LINE ON RHETT AVENUE ONE HUNDRED (100) FEET; ON THE NORTHERN LINE FIVE HUNDRED TWO AND TWO HUNDREDTHS (502.05) FEET; ON THE WESTERN LINE ONE HUNDRED FORTY FOUR AND FOUR EIGHT HUNDREDTHS (144.48) FEET; AND ON THE SOUTHERN LINE FOUR HUNDRED NINETY ONE (491) FEET. BUTTING AND BOUNDING EASTWARDLY ON RHETT AVENUE; NORTHWARDLY ON LOT NO. 12 ON SAID PLAT; WESTWARDLY ON A TWENTY FOOT ALLEYWAY SEPARATING IT FROM LOT NO. 14; AND SOUTHWARDLY ON AN UNIMPROVED FIFTY FOOT ROADWAY.

BEING THE SAME PROPERTY CONVEYED TO CLYDE R. STANFORD, WILLIAM H. SYLVESTER AND EDWARD E. COOPER TRUSTEES AND CONSTITUTING THE LOCAL BOARD OF TRUSTEES OF THE CHURCH OF GOD AT NORTH CHARLESTON BY DEED OF LILLIAN L. BUCKNER DATED OCTOBER 18, 1985 AND RECORDED OCTOBER 18, 1985 IN THE CHARLESTON COUNTY RMC OFFICE IN BOOK A149, AT PAGE 148.

TMS# 473-16-00-022

PROPERTY ADDRESS:
5505 N. RHETT AVENUE,
N. CHARLESTON, SC 29406



BP0043943

145003546

RO9-15904

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

ASSIGNMENT OF LEASES,
RENTS AND PROFITS

THIS ASSIGNMENT made and entered into this 23th day of March, 2009 by and between CHURCH OF GOD AT NORTH CHARLESTON (hereinafter referred to as the "Assignor"), and COMMUNITY FIRSTBANK, Charleston, South Carolina (hereinafter referred to as the "Assignee").

WITNESSETH:

FOR VALUE RECEIVED and as security for the loan hereinafter mentioned, the Assignor hereby sells, transfers, assigns and grants a security interest unto the Assignee, its successors and assigns, all the right, title and interest of the Assignor, whether as Lessor or Lessee, in and to the rents, issues, profits, revenues, royalties, rights and benefits, from the property described on Exhibit A attached hereto and made a part hereof and any buildings and improvements now or hereafter placed on such property.

And to that end Assignor hereby assigns and sets over unto Assignee, its successors and assigns, all leases of said premises now made, executed or delivered, whether written or verbal, or to be hereafter made, be the same written or verbal.

And Assignor does hereby authorize and empower Assignee, its successors and assigns, to collect the said rents, issues, profits, revenues, royalties, rights and benefits, as they shall become due, and does hereby direct each and all of tenants of the aforesaid premises to pay such rents as may now be due or shall hereafter become due to the said Assignee, its successors and assigns, upon demand for payment hereof by said Assignee, its successors and assigns. It is understood and agreed, however, that no such demand shall be made unless and until there has been a default in the payment of the Note hereinafter described or a default under the Loan Agreement of even date herewith or any of the loan documents, and until such demand is made the Assignor is authorized to collect, or continue collecting, said rent, issues, profits, revenues, royalties, rights and benefits; but that such privilege to collect, or continue collecting, as aforesaid by Assignor shall not operate to permit the collection by said Assignor, its successors or assigns, of any installment of rent in advance of the date prescribed in said lease or leases for the payment thereof.

430 27 PRO

3/27/09

EXHIBIT "A"

ALL THAT CERTAIN PIECE, PARCEL OR LOT OF LAND DESIGNATED AS LOT NO. 13, ON A PLAT ENTITLED, "WEST VIRGINIA PULP & PAPER CO., CHARLESTON, S.C. MILL MAP SHOWING SUBDIVISION OF PROPERTY FOR BUILDING LOTS AT RHETT AVE. & REMOUNT ROAD & VICINITY. DRAWN BY H.J.W. DATE MAY 21, 1941 SCALE 1" - 100 FT. CHECKED BY DATE DWG. 6-1041," WHICH IS THIS RMC OFFICE FOR CHARLESTON COUNTY, IN PLAT BOOK F, PAGE 97, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS.

MEASURING AND CONTAINING IN FRONT ON THE EASTERN LINE ON RHETT AVENUE ONE HUNDRED (100) FEET; ON THE NORTHERN LINE FIVE HUNDRED TWO AND TWO HUNDREDTHS (502.02) FEET; ON THE WESTERN LINE ONE HUNDRED FORTY FOUR AND FORTY EIGHT HUNDREDTHS (144.48) FEET; AND ON THE SOUTHERN LINE FOUR HUNDRED NINETY ONE (491) FEET. BUTTING AND BOUNDING EASTWARDLY ON RHETT AVENUE; NORTHWARDLY ON LOT NO. 12 ON SAID PLAT; WESTWARDLY ON A TWENTY FOOT ALLEYWAY SEPARATING IT FROM LOT NO. 14; AND SOUTHWARDLY ON AN UNIMPROVED FIFTY FOOT ROADWAY.

TMS# 473-16-00-022

PROPERTY ADDRESS:
5505 N. RHETT AVENUE
N. CHARLESTON, SC 29406

Church Location
5505 North Rhett Avenue
North Charleston, SC 29406



North Charleston Church of God

P.O. Box 5261
N. Charleston, SC 29405
Church: 843-744-8746

Pastor: 270-7537
E-Mail: pastormse@aol.com
N. Charleston, SC 29406

December 4, 2008

Resolution

The members and financial supporters of the North Charleston Church of God in a called business conference have so resolved to authorize the trustees: Michael Timothy Brooks, Adam Boyer and Roland Rivera Osorio to proceed with the second mortgage of the present facilities located at 5505 North Rhett Avenue, North Charleston, South Carolina.

Motion Made by: Michael McCutcheon

Seconded by: David Carey

Carried Unanimously

Lisa Carey
Recording Secretary

Our Mission: Make Disciples of all people, consolidate and equip believers in the most holy faith, send servants into field of the world Matthew 28: 19 & 20

2 / 2

16:02:13 03:23:2009



CHARD B 58

A. U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT

B. TYPE OF LOAN: 1. FHA 2. FmHA 3. CONVENTIONAL UNINS. 4. VA 5. CONV. INS.

6. FILE NUMBER: R09-15904 7. LOAN NUMBER: 145003546

8. MORTGAGE INS CASE NUMBER:

SETTLEMENT STATEMENT

C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "[POC]" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. NAME AND ADDRESS OF BORROWER: CHURCH OF GOD AT NORTH CHARLESTON, 5505 N. RHETT AVENUE, N. CHARLESTON, SCV 29406

E. NAME AND ADDRESS OF SELLER:

F. NAME AND ADDRESS OF LENDER: COMMUNITY FIRST BANK, 884 ORLEANS ROAD, CHARLESTON, SC 29407

G. PROPERTY LOCATION: 5505 N. RHETT AVENUE, N. CHARLESTON, SC 29406, CHARLESTON County, South Carolina, TMS # 473-16-00-022

H. SETTLEMENT AGENT: 57-0818986, R. David Chard, Attorney at Law, PLACE OF SETTLEMENT: 2050 Spaulding Drive, Suite 2, N Charleston, SC 29406

I. SETTLEMENT DATE: March 23, 2009

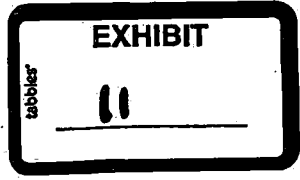
J. SUMMARY OF BORROWER'S TRANSACTION

100. GROSS AMOUNT DUE FROM BORROWER:	
101. Contract Sales Price	
102. Personal Property	
103. Settlement Charges to Borrower (Line 1400)	967.50
104.	
105.	
<i>Adjustments For Items Paid By Seller in advance</i>	
106. City/Town Taxes to	
107. County Taxes to	
108. Assessments to	
109.	
110.	
111.	
112.	
120. GROSS AMOUNT DUE FROM BORROWER	967.50
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:	
201. Deposit or earnest money	
202. Principal Amount of New Loan(s)	75,000.00
203. Existing loan(s) taken subject to	
204.	
205.	
206.	
207.	
208.	
209.	
<i>Adjustments For Items Unpaid By Seller</i>	
210. City/Town Taxes to	
211. County Taxes to	
212. Assessments to	
213.	
214.	
215.	
216.	
217.	
218.	
219.	
220. TOTAL PAID BY/FOR BORROWER	75,000.00
300. CASH AT SETTLEMENT FROM/TO BORROWER:	
301. Gross Amount Due From Borrower (Line 120)	967.50
302. Less Amount Paid By/For Borrower (Line 220)	(75,000.00)
303. CASH (FROM) (X TO) BORROWER	74,032.50

K. SUMMARY OF SELLER'S TRANSACTION

400. GROSS AMOUNT DUE TO SELLER:	
401. Contract Sales Price	
402. Personal Property	
403.	
404.	
405.	
<i>Adjustments For Items Paid By Seller in advance</i>	
406. City/Town Taxes to	
407. County Taxes to	
408. Assessments to	
409.	
410.	
411.	
412.	
420. GROSS AMOUNT DUE TO SELLER	
500. REDUCTIONS IN AMOUNT DUE TO SELLER:	
501. Excess Deposit (See Instructions)	
502. Settlement Charges to Seller (Line 1400)	
503. Existing loan(s) taken subject to	
504. Payoff of first Mortgage	
505. Payoff of second Mortgage	
506.	
507.	
508.	
509.	
<i>Adjustments For Items Unpaid By Seller</i>	
510. City/Town Taxes to	
511. County Taxes to	
512. Assessments to	
513.	
514.	
515.	
516.	
517.	
518.	
519.	
520. TOTAL REDUCTION AMOUNT DUE SELLER	
600. CASH AT SETTLEMENT TO/FROM SELLER:	
601. Gross Amount Due To Seller (Line 420)	
602. Less Reductions Due Seller (Line 520)	
603. CASH (TO) (FROM) SELLER	0.00

HUD-1 (3-86) RESPA, HB4305.2



CHARD B 61

700. TOTAL COMMISSION Based on Price			PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
Division of Commission (line 700) as Follows:				
701. \$	to			
702. \$	to			
703. Commission Paid at Settlement				
704.	to			
800. ITEMS PAYABLE IN CONNECTION WITH LOAN				
801. Loan Origination Fee	0.2000 %	to COMMUNITY FIRST BANK	150.00	
802. Loan Discount	%	to		
803. Appraisal Fee		to		
804. Credit Report		to		
805. Lender's Inspection Fee		to		
806. Mortgage Ins. App. Fee		to		
807. Assumption Fee		to		
808. FLOOD CERTIFICATION FEE		to COMMUNITY FIRST BANK	15.00	
809. COURIER FEE		to COMMUNITY FIRST BANK	25.00	
810. UCC RELEASE FEE		to COMMUNITY FIRST BANK	8.00	
811.				
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE				
901. Interest From	to	@ \$ /day (days %)		
902. Mortgage Insurance Premium for	months to			
903. Hazard Insurance Premium for	1.0 years to			
904.				
905.				
1000. RESERVES DEPOSITED WITH LENDER				
1001. Hazard Insurance	months @ \$	per month		
1002. Mortgage Insurance	months @ \$	per month		
1003. City/Town Taxes	months @ \$	per month		
1004. County Taxes	months @ \$	per month		
1005. Assessments	months @ \$	per month		
1006.	months @ \$	per month		
1007.	months @ \$	per month		
1008. AGGREGATE ACCOUNTING ADJ	months @ \$	per month		
1100. TITLE CHARGES				
1101. Settlement or Closing Fee	to			
1102. Abstract or Title Search	to Abstracting Co., LLC		73.00	
1103. Title Examination	to			
1104. Title Insurance Binder	to R. David Chard, Attorney at Law		100.00	
1105. Document Preparation	to R. David Chard, Attorney at Law			
1106. Notary Fees	to			
1107. Attorney's Fees	to R. David Chard, Attorney at Law		325.00	
<i>(includes above item numbers:)</i>				
1108. Title Insurance	to United General Title Insurance Company		212.50	
<i>(includes above item numbers:)</i>				
1109. Lender's Coverage	\$ 75,000.00		212.50	
1110. Owner's Coverage	\$			
1111.				
1112.				
1113.				
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES				
1201. Recording Fees: Deed \$	Mortgage \$ 15.00;	Releases \$	15.00	
1202. City/County Tax/Stamps: Deed	Mortgage			
1203. State Tax/Stamps: Revenue Stamps	Mortgage			
1204. RECORD ASSIGNMENT L,R & P	to CHARLESTON County Register of Deeds		11.00	
1205. RECORD UCC	to CHARLESTON County Register of Deeds		8.00	
1300. ADDITIONAL SETTLEMENT CHARGES				
1301. Survey	to			
1302. Pest Inspection	to			
1303. COURIER/DELIVERY FEE	to R. David Chard, Attorney at Law		25.00	
1304.				
1305.				
1400. TOTAL SETTLEMENT CHARGES (Enter on Lines 103, Section J and 502, Section K)			967.50	

By signing page 1 of this statement, the signatories acknowledge receipt of a completed copy of page 2 of this two page statement.

Certified to be a true copy.

R. David Chard, Attorney at Law
Settlement Agent

(R09-15904 / R09-15904 / 12)

CHARD B 62

ACKNOWLEDGMENT OF RECEIPT OF SETTLEMENT STATEMENT

Borrower: CHURCH OF GOD AT NORTH CHARLESTON CHARLESTON
Lender: COMMUNITY FIRST BANK
Settlement Agent: R. David Chard, Attorney at Law
(843)554-6984
Place of Settlement: 2050 Spaulding Drive, Suite 2
N Charleston, SC 29406
Settlement Date: March 23, 2009
Property Location: 5505 N. RHETT AVENUE
N. CHARLESTON, SC 29406
CHARLESTON County, South Carolina
TMS # 473-16-00-022

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

TRUSTEES AND CONSTITUTING THE LOCAL
BOARD OF TRUSTEES OF THE CHURCH GOD AT
NORTH CHARLESTON, IN CHARLESTON COUNTY,
STATE OF
SOUTH CAROLINA

BY: Michael Timothy Brooks
MICHAEL TIMOTHY BROOKS

BY: Rolando Rivera Osorio - Trustee
ROLANDO RIVERA OSORIO

BY: Adam Boyer - Trustee
ADAM BOYER

To the best of my knowledge, the HUD-1 Settlement Statement which I have prepared is a true and accurate account of the funds which were received and have been or will be disbursed by the undersigned as part of the settlement of this transaction:

R. David Chard, Attorney at Law
Settlement Agent

WARNING: It is a crime to knowingly make false statements to the United States on this or any similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

HUD-1 (3-86) RESPA, HB4305.2

CHARD B 63

RECEIVED JAN 13 2010

NORTH PALM MINISTRY CENTER

PO Box 42266
North Charleston, SC 29423
7138 D Cross County Rd.
North Charleston, SC 29418

Phone: 843 744 8746
Fax: 843 744 8484
www.northpalm.org

Dear Brother Propes,

I trust that everything is going well for you and your family during this season. Per our earlier conversation and the letter from Brother Robinson asking that I consult with you for a resolution to a serious problem, I am responding now. I have not responded quickly or without a lot of soul searching and prayer. I cannot defend any decision I have made or have not made but only explain the situation.

Brother Robinson is correct. My heritage is in the Church of God. My father loved this church and was a faithful pastor in the Church of God. Although only an exhorter because of a divorce before his conversion, my father pastored several small churches in Tennessee, taking them from the twenties into a hundred or so and then he would repeat the process. I went to Lee, became a pastor and had dreams with the Church of God. I always considered myself a "church" man. More and more as I served in various capacities within the Church did I begin to question our great church. I have been in Charleston South Carolina since April 1990. Dr. Robert Hart sent us here because of a church split/war that was taking place. We worked diligently and the church recovered. We were up to a little over two-hundred when the Missions Department in Cleveland working with an outside group of medical missionaries, ETF (Evangelism Task Force), appointed a couple from my church as missionaries without going through any process at all. The overseer of Venezuela removed this couple from working with the Church of God and of course this came back to my local church. Again, that entire family left the church taking people with them because of their anger with us for not defending their family and with the Church of God...another church split and this put us in a difficult situation. Brother Vaughn and the missions department sent us a formal apology and recognized their error. Again, we went back to building the church. Shortly after this, a Church of God evangelist, Eric Swilley, held a crusade in our church and gave a prophetic word about how we would unite the nations and have a Spanish ministry. Of course at that time, there were only a few Hispanics in the Charleston area and they were normally associated with the military in the area. Through a series of events, God confirmed to us and we began a Spanish ministry as a second service. It was during this time, I further began to see a great division within our church. Please remember that with the two splits that had occurred, we had very few "Church of God" people. Most of the people were not denominationally centered but rather were younger just embracing a relationship with Christ.

We were invited by the Church of God- Spanish department, to attend a seminar in Cleveland Tn. We attended the seminar with a group from our "English" and "Spanish" services. The guest speakers were Ceasar and Claudia Castellanos from Bogota Colombia. They have a ministry of over four hundred thousand people and use the G12 vision. The Church of God embraced this and even the State



"The Center of the Blessing!"

COG 000635



EXHIBIT

12

Overseer of Tennessee at the time, Dr. Dennis McGuire really used this method of evangelism and discipleship. This is important for you to understand where we are now.

Shortly after this, our 19 year old son Stephen was killed in an automobile accident. Our overseer and friends came to his funeral along with his basketball coach and Dr. Mark Rutland, President of Southeastern University. Our greatest support after this tragedy in our life did not come from our denomination but rather from the church in Bogota Colombia. They ministered to us, sent pastors to check on us and were in constant contact with us. Not long after this event, from our own denomination, we went through a great attack. First of all, please realize, that even though I had been in the Church of God all of my life, and I am a Bishop in this church, I did not realize the division among the Spanish and English departments.

One of the staff pastors in our church is an ordained minister with the Church of God. He is from Puerto Rico and has worked with us in creating a multicultural, bilingual church. He was called to a meeting in Charleston with Rev. Perez Sanchez from the Southeastern Hispanic Region. In this meeting he was accused of being a traitor and disloyal to his own people. He was told to leave the American Church and take Hispanic people with him. Rev. Perez Sanchez in a regional meeting, of which we were in attendance, called America the great whore and that the Spanish people had to separate themselves from the white Americans or become contaminated and would lose their identity. Around the same time, I was invited to a forum in the State Office to discuss Spanish ministry in South Carolina. Our overseer at the time, Jerry Chitwood had invited an author and minister from Florida as a guest speaker. In this meeting, in front of Eddie Allen and others, one of the district Pastors in the Hispanic region pointed at me and told me to let his people go as if I was Pharaoh and he was Moses.

From this point on, we have been under not a subtle but direct opposition from our own denomination. The Hispanic region began planting churches in our vicinity and preaching against us. Our denomination passed a measure to require all candidates for credentials to go through a training process. Of course this was impossible for all the members of my church because of the language barrier. The Hispanic region would not work with anyone from the American church. I went to my overseers, both Jerry Chitwood and you Bro. Propes. I talked to Eddie Allen on different occasions about a couple from Puerto Rico about the process and to this day, not one thing has been done about this situation. For the past two years, we have been attacked by our own denomination, which remember introduced us to the concept, for embracing the G12 vision. Our people are visited by the Hispanic Region church of God and told that we are a cult. That we embrace Catholicism and are embracing a false religion. None of this has been a secret. I went to my former overseer and discussed all of these situations, he understood where I was coming from but had no answers.

Let me express to you that our ministry here does not fit into the mold of the Church of God. Doctrinally and spiritually, we could be a role model. But we fit nowhere in the Church of God. We have to go elsewhere to get our discipleship and training. Can I really separate my congregation and say...the denomination is divided and one side hates the others. My Spanish members, who wish to go into the ministry, cannot through our denomination and I have to use other methods for them. Let me explain to you the make up of North Palm:

0-10 age	125
11-14 age	100
15-19 age	125
20-29 age	100
30-50 age	150
50- up age	50

Out of these, 40% are White or Black Americans and 60% Hispanic.

Of these, most are extremely negative of what they have experienced through this denomination. We have a great army coming forth in the next decade, but for now we have a small base to support them. We have 100 small groups throughout the lowcountry area. We have a cell that will need to be organized into a church in Savannah sometime this year. Our church youth have an impact in our city in the high schools and all city events. We have various services throughout the week. We have two services on Sunday. Our first Service is in English and the Second service is bilingual. The only service that I see that fits into the Church of God would be this service with an attendance of 125. Do I just report that service?

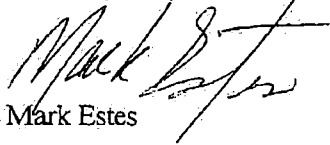
Integrity. I have thought long and hard about Brother Robinsons letter. I have examined my motives, intentions and actions. I have always talked to my overseers about each and every situation. Brother Propes probably you the less because at this time, I have been so exhausted from fighting my own denomination, not getting any responses, and being totally disillusioned by an action of our previous overseer, that I just in a sense gave up. My own congregation does not understand my loyalty to the church. Each credentialed member of my staff has surrendered their credentials to me, in support of doing what I felt we needed to do in order to be true to the calling that God has given us in this city. I cannot tell you that losing a son has not played a great part in who I am now. After an event like that, you begin reevaluate who you are and what is important. I I wrestle with the stigma of the G12 method of evangelism and wonder why the great attack against it in our denomination. At the international G12 Convention this month to be held in Bogota Colombia will be two great men of God, John Haggi (who runs his church with the G12 vision) and Morris Cerullo. It makes me wonder, why does my denomination not embrace but with a vengeance, especially in the Hispanic administration, attack this method.

Economically, we have struggled with so many different hits over the past years here in Charleston. Trying to provide and pastor a young church with limited

resources and survive myself, and have a great number of leaders in my church totally disillusioned with our denomination has taken me to the point of not prioritizing the reports.

At this time, I will make sure all previously issued checks are made good. (This happened when checks given to us by the other church assuming our lease bounced.) I will begin reporting in January and would like a meeting with you Brother Propes to decide how to handle the past issues, if our church and myself are even what you want in the Church of God and how we are going to resolve some of the issues that I have stated earlier. I really do not want to leave this church, it is my heritage and I believe its greatest days can be ahead of it. However, the denomination is not keeping up with new models and movements and if it does not "regain" it's youth, where will it be in two decades? I really do want your guidance, Brother Propes, it is just exhausting at the end of the day when it seems the only attention I can get to address these issues is over money. I trust that those over me in the Lord will help me navigate through this sea of great obstacles.

Sincerely,



Mark Estes

COG 000638

NORTH PALM MINISTRY CENTER

PO Box 42286
North Charleston, SC 29423
7138 D Cross County Rd.
North Charleston, SC 29418

Phone: 843 744 8746
Fax: 843 744 8484
www.northpalm.org

3-11-10
RECEIVED MAR 12 2010

CONFIDENTIAL

To: Bishop M. Thomas Propes, Administrative Bishop of South Carolina; South Carolina State Council; Executive Council of the Church of God

Dear Brothers,

Enclosed you will find the surrendered credentials of Patricia Estes and myself. With regret we have made this decision, not an easy one, but a necessary one. I have been in this church all of my life. My father was a pastor in the Church of God in the state of Tennessee. I attended Lee and have had most of my friendships from this church and have spent my life serving in this church. I was even one of those that dreamed of one day being the General Overseer of the Church of God. I have worked secular employment to have the pleasure of pastoring as have many of you. I have gladly spent my summers as a youth board member working youth camps. Having been in the ministry for the past 29 years here in the state of South Carolina, this is not a quick or impulsive decision.

Some of you are aware of our situation and others are not. I could make this a list of grievances and be embittered by a situation without a solution. I have taken some steps to try to get the attention of our church and to push for some sort of resolution. However, the truth of the situation is this: After waiting six years for a solution, talking to two state overseers, asking multiple times to our State Church Ministries/Education Director the simple truth is, it is impossible to have a ministry like ours in the Church of God. Since we are a multicultural church, we have members who are both English speaking and Spanish speaking. I have been a target of aggression from the Spanish Department of the church of God to the point of militancy. I feel that our request for assistance from our state for credentialing avenues for Hispanic ministry was ignored and deemed unimportant. The truth is, after meeting and sharing our hearts with Bishop Propes, it is obvious that the only way to continue with the Church of God is to split my church Anglo and Spanish and make two churches placing the Spanish church under the direction of the Southeastern Hispanic territory. Even though Bishop Propes promised under his watch to personally help our Hispanic candidates receive credentials, there is no way for them to grow or be placed or prosper in the ministry under the current form of government. The truth is: there



"The Center of the Blessing!"

COG 000639



EXHIBIT

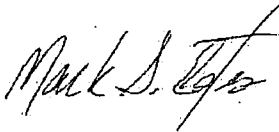
tabbler
13

are two Church of Gods: The Spanish Church of God and the Anglo Church of God. If anyone would like to know details, Bishop Propes has all of that information.

Some have questioned our integrity and I can assure you that the interests of the Church of God have always been protected under my watch. Many of you may question my decision, but we feel that we have to be true to the call that God has placed over us and it has become increasingly difficult to do that in the Church of God. Please forgive us if we have, in our conquest for justice, offended any of you.

In conclusion, I would like to make the following personal reflection. I have served under and with many overseers. Bishop Propes has been one of the most genuine and honest men I have ever had the pleasure to meet. He has taken his time to walk this struggle with us, but at the end of the day he has no control over the government of the church. If on merit alone a man could keep me in this church, it would be the testimony of this overseer. However, our situation cannot be solved easily and the harvest is waiting for all of us and for the respect of all of our time and energy, I am rendering this decision. I love each one of you and have no animosity in my heart toward anyone. My desire is to reach this lost world. You are and will always be in my heart and prayers. God bless each of you.

Sincerely,



Mark S. Estes



Church of God
South Carolina State Executive Offices

Affidavit of Appointment

March 22, 2010

Reverend James Marcus Campbell
5556 Gallatin Lane
North Charleston, SC 29420

TO WHOM IT MAY CONCERN:

This is to certify that Reverend James Marcus Campbell, File # 26533, has been duly appointed as District Overseer of the Church of God in Charleston, South Carolina. This appointment is made by the Administrative Bishop of the Church of God in South Carolina.

As such, Reverend Campbell assumes all responsibilities and obligations of said office on March 16, 2010 and is authorized to transact all business on behalf of the Church of God on the Charleston District. This authority is pursuant to S. 34 pages 106-107 of the 2008 Minutes of the General Assembly of the Church of God.

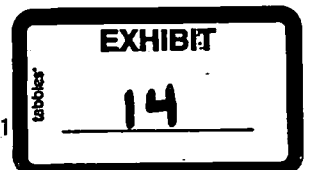
Sincerely,

SOUTH CAROLINA STATE EXECUTIVE OFFICES

M. Thomas Propes
Administrative Bishop

MTP:swb

PO Box 309 • Mauldin, SC 29662 • Telephone: (864) 963-4751 • Fax: (864) 963-71



Propes/Campbell 00051

1 STATE OF SOUTH CAROLINA
 COURT OF COMMON PLEAS
 2 COUNTY OF CHARLESTON
 3 CHURCH OF GOD, CHURCH OF GOD OF SOUTH CAROLINA AND
 CHURCH OF GOD AT NORTH CHARLESTON,
 4 Plaintiffs,
 5 vs. CASE NO. 2013-CP-10-1686
 6 MARK ESTES, PATRICIA ESTES, MICHAEL TIMOTHY BROOKS,
 INDIVIDUALLY AND AS TRUSTEE FOR CHURCH OF GOD AT
 7 NORTH CHARLESTON TRUST, ADAM BOYER INDIVIDUALLY AND
 AS TRUSTEE FOR CHURCH OF GOD AT NORTH CHARLESTON,
 8 ROLANDO RIVERA OSORIO INDIVIDUALLY AND AS TRUSTEE
 FOR CHURCH OF GOD AT NORTH CHARLESTON AND NORTH
 9 PALM MINISTRIES, INC., NORTH PALM COMMUNITY CHURCH
 AND CRESCOM BANK AS SUCCESSOR BY MERGER TO
 10 COMMUNITY FIRST BANK,
 Defendants.

11 -----
 IN THE UNITED STATES DISTRICT COURT
 12 FOR THE DISTRICT OF SOUTH CAROLINA
 CHARLESTON DIVISION

13 FIRST AMERICAN TITLE INSURANCE COMPANY,
 14 Plaintiff,
 15 vs. CIVIL ACTION NO: 2:14-CV-02294-DCN
 16 CRESCOM BANK, AS SUCCESSOR TO COMMUNITY FIRSTBANK,
 Defendant.

17 DEPOSITION OF: JAMES M. CAMPBELL
 18 DATE: December 16, 2014
 19 TIME: 10:11 AM
 20 REPORTED BY: TERRI L. BRUSSEAU, RPR, CRR

21 A. WILLIAM ROBERTS, JR., & ASSOCIATES
 22 Fast, Accurate & Friendly
 23 Charleston, SC Hilton Head, SC Myrtle Beach, SC
 (843) 722-8414 (843) 785-3263 (843) 839-3376
 24 Columbia, SC Greenville, SC Charlotte, NC
 25 (803) 731-5224 (864) 234-7030 (704) 573-3818



1 LOCATION: Law Offices of
2 Womble, Carlyle, Sandridge & Rice
3 5 Exchange Street
4 Charleston, SC

5 TAKEN BY: Counsel for the Defendant
6 Crescom Bank

7 APPEARANCES OF COUNSEL:
8 ATTORNEYS FOR THE PLAINTIFFS
9 CHURCH OF GOD, CHURCH OF GOD OF SOUTH
10 CAROLINA AND CHURCH OF GOD AT NORTH
11 CHARLESTON:

12 GEORGE J. KEFALOS, PA
13 BY: GEORGE J. KEFALOS
14 OANA D. JOHNSON
15 46-A State Street
16 Charleston, SC 29401
17 (843) 722-6612
18 george@kefaloslaw.com
19 oana@kefaloslaw.com

20 ATTORNEYS FOR PLAINTIFF
21 FIRST AMERICAN TITLE INSURANCE COMPANY:

22 ROGERS, LEWIS, JACKSON,
23 MANN & QUINN, LLC
24 BY: JENKINS M. MANN
25 1330 Lady Street, Suite 400
Columbia, SC 29201
(803) 256-1268
jmann@rogerslewis.com

ATTORNEYS FOR PLAINTIFFS AND THIRD-PARTY
DEFENDANTS
CHURCH OF GOD, CHURCH OF GOD OF SOUTH
CAROLINA, THOMAS PROPE AND MARC
CAMPBELL:

YOUNG, CLEMENT, RIVERS, LLP
BY: CAROL B. ERVIN
25 Calhoun Street, Suite 400
Charleston, SC 29401
(843) 577-4000
cervin@ycrlaw.com

1 ATTORNEYS FOR THE DEFENDANT
2 CRESCOM BANK AS SUCCESSOR BY MERGER TO
3 COMMUNITY FIRST BANK:
4 WOMBLE, CARLYLE, SANDRIDGE & RICE, PLLC
5 BY: MATTHEW E. TILLMAN
6 5 Exchange Street
7 Charleston, SC 29401
8 (843) 720-4629
9 mtillman@wcsr.com

10 and

11 ALTMAN & COKER, LLC
12 BY: MEREDITH L. COKER
13 575 King Street, Suite A
14 Charleston, SC 29403
15 (843) 853-9907
16 mcoker@altmancoker.com

17 ATTORNEYS FOR THE DEFENDANTS
18 MARK ESTES, PATRICIA ESTES, MICHAEL
19 TIMOTHY BROOKS, INDIVIDUALLY AND AS
20 TRUSTEE FOR CHURCH OF GOD AT NORTH
21 CHARLESTON TRUST, ADAM BOYER
22 INDIVIDUALLY AND AS TRUSTEE FOR CHURCH
23 OF GOD AT NORTH CHARLESTON, ROLANDO
24 RIVERA OSORIO INDIVIDUALLY AND AS
25 TRUSTEE FOR CHURCH OF GOD AT NORTH
 CHARLESTON AND NORTH PALM MINISTRIES,
 INC.:
 C. STEVEN MOSKOS, PA
 BY: C. STEVEN MOSKOS
 4000 Faber Place Drive, Suite 300
 North Charleston, SC 29405
 (843) 763-5297
 cmoskos@earthlink.net

 ALSO PRESENT:

 Mark Estes
 Patricia Estes
 (INDEX AT REAR OF TRANSCRIPT)

1 Q. Who led you to believe that?

2 A. Bishop Propes.

3 Q. Was that in a phone conversation?

4 A. I'm not certain, I'll be honest.

5 Q. When you say you were under duress,
6 what do you mean?

7 A. When I met with Charlie Altman and
8 Jamin Hujik at his office, he told me then that
9 they wanted their money.

10 Q. Did they tell you what would happen if
11 they didn't get it?

12 A. They were going to foreclose.

13 Q. Do you know anything about the
14 foreclosure process?

15 A. No.

16 Q. And again, you didn't consult an
17 attorney about that issue, correct?

18 A. No.

19 Q. Are you aware that anyone from the
20 Church of God consulted an attorney about that
21 issue?

22 A. I'm not aware.

23 Q. Did you ever correspond with the
24 national church concerning your investigation?

25 A. No.

1 Q. Do you know if the national church was
2 ever made aware of the issue?

3 A. I'm not aware of that.

4 Q. Back to your letter explaining your
5 investigation procedures. You see where it says
6 March 31st, received copies of mortgages?

7 A. What page are you on?

8 Q. I'm on COG 632.

9 A. Okay.

10 Q. Is it safe to assume that March 31st is
11 when you received the copies of the mortgages?

12 A. It is.

13 Q. And right down here, a couple lines
14 down, it says, the bank was going to foreclose but
15 I asked them to allow us to investigate and see if
16 we could work out the problems.

17 Was that during your meeting with
18 Mr. Altman and Mr. Hujik?

19 A. It was.

20 Q. And they said no?

21 A. They did give us allowance time to see
22 if we could close the sale of the building.

23 Q. How much time?

24 A. I think I asked for 60 days.

25 Q. Did you ask for more?

1 A. Only that, that I walked around and
2 saw.

3 Q. Did you get an appraisal?

4 A. No.

5 Q. Did you get a broker price opinion?

6 A. No. Why would I?

7 Q. Did you speak with any real estate
8 agents about potentially assisting you with the
9 sale?

10 A. I did not.

11 Q. I'm just going to mark -- just going to
12 go through a timeline here with a bunch of
13 different e-mails and documents and so forth, hand
14 you the May 6, 2010 meeting minutes. I don't know
15 really what meeting it is but we'll look for it
16 through that. That's going to be Exhibit 12. This
17 is going to be Bates Stamp Number COG 741.

18 (DFT. EXH. 12, State Council Minutes,
19 May 6, 2010, COG 000741, was marked for
20 identification.)

21 BY MR. TILLMAN:

22 Q. Exhibit 12, are those state council
23 minutes?

24 A. They appear to be.

25 Q. Okay. Were you -- did the state

1 attorney to ensure that the approvals are
2 appropriate for the transaction?

3 A. Yes.

4 Q. Do you rely on the bank to do that?

5 A. I expect them to do their diligence,
6 yes.

7 Q. Did you rely on the bank to do that?

8 A. As a matter of fact, I do.

9 Q. You do. Even though you've got a
10 closing attorney?

11 A. Because before we get the closing, the
12 bank and I are going to make sure we have
13 everything together.

14 Q. Is it the closing attorney's
15 responsibility ultimately to ensure the proper
16 approvals are in place?

17 A. I would assume so but I'm not a lawyer.

18 Q. Do you need to take a break or are you
19 okay?

20 A. I'm good for a few more minutes. When
21 the water goes down, we may have to go forward.

22 Q. This is going to be Exhibit 19, the
23 HUD-1 from the sale to Seacoast, Gibson 45.

24 (DFT. EXH. 19, Settlement Statement,
25 Gibson 0045 to 0047, was marked for

1 property had appraised for 1.75 million dollars
2 back in 2007 and it was being sold for 780,000?

3 A. It did.

4 Q. And when did you have those concerns?

5 A. During the process of trying to satisfy
6 a mortgage.

7 Q. And what did you do in response to
8 those concerns?

9 A. I tried to negotiate the best price
10 that I could get at the time.

11 Q. But only with Seacoast, is that
12 correct?

13 A. That's correct. No one else was making
14 an offer on the property.

15 Q. Did anyone else -- was there any way
16 for anyone else to know it was for sale? What was
17 that?

18 A. Mr. Estes offered me a million dollars
19 for it.

20 Q. Other than Mr. Estes?

21 A. No.

22 Q. It wasn't being advertised, is that
23 correct?

24 A. No.

25 Q. You hadn't spoken with any brokers, is

1 Q. Did you investigate any of those
2 possibilities or did you investigate the
3 foreclosure process at the time you sold this
4 property?

5 A. I did not.

6 Q. I'm just going to real quickly hand you
7 your answers to the first set of interrogatories
8 and just ask you to look at Number 1 and tell me if
9 there are any -- if there's any witnesses that you
10 would add to that.

11 A. I don't think so.

12 Q. When the Estes refinanced the property
13 in 2007 and 2009, do you know who the closing
14 attorney was?

15 A. I do not.

16 Q. Do you expect that they are the ones --
17 based on your experience do you expect that they
18 are the ones that hired the closing attorney?

19 A. I do.

20 Q. Would you expect that closing attorney
21 to ensure that the appropriate approvals were in
22 place for those refinancing transactions?

23 A. I would.

24 Q. Did the state church -- do you think
25 that the closing attorney failed in that obligation

1 in this particular instance?

2 A. I do.

3 Q. Did the state church ever consider
4 suing the closing attorney?

5 A. I do not know that.

6 Q. Did you ever suggest it?

7 A. I don't think I did.

8 Q. Did you ever hear anyone suggest it?

9 A. No.

10 Q. Do you know why the state church didn't
11 sue the closing attorney?

12 A. I do not.

13 MR. TILLMAN: That's all I've got.

14 Thank you.

15 THE WITNESS: Thank you. Can we take a
16 break now?

17 MR. TILLMAN: Yeah. Now would be a
18 good time to do it.

19 (A recess transpired.)

20 EXAMINATION

21 BY MR. MOSKOS:

22 Q. Mr. Campbell, my name is Steve Moskos.

23 You saw me, I didn't get to introduce myself, you
24 were sitting all the way at the end of the table.

25 two days ago.



701 Hwy. 301 South
P.O. Box 573
Dillon, SC 29536
843-774-8021
www.dilloncog.org

June 3, 2010

Dear Bishop Propes,

Greetings in the name of our Lord and Savior, Jesus Christ!

I am writing to inform you of the decision of the Eastern Properties Committee concerning the property located at 5505 N. Rhet Avenue in North Charleston, South Carolina. After speaking with the District Overseer, Bishop Mark Campbell, this committee feels it would be in the best interest of the Church of God in South Carolina to accept the offer of \$780,000.00. It is our understanding that the debt owed on the property is \$755,000.00. This offer would pay the debt in full, releasing us from this liability. Further, we believe it would also be in the best interest of the Kingdom. Brother Campbell reports that the church making the offer has a very productive ministry, winning souls and meeting the needs of the community through various means, including medical care. We feel the Church of God would be hard-pressed to plant a new ministry that would be able to meet the financial requirements of this location, and that it would be many years before such a plant could be as productive as the church that is currently leasing the property.

While this committee does recommend the sale of this property, we would like to go on record that we are not in favor of releasing Mark Estes of any and all responsibility in this matter. However, this committee was commissioned by yourself and the State Council to deal with the property itself and not with Mark Estes. Brother Propes, we will be in prayer for you and the State Council concerning this matter.

Yours in Christ,

Pastor Joe Grice

Bishop Joe Grice
Chairman, Eastern Properties Committee

COG 000745



A. U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT SETTLEMENT STATEMENT		B. TYPE OF LOAN:	
		1. <input type="checkbox"/> FHA 2. <input type="checkbox"/> FmHA 3. <input checked="" type="checkbox"/> CONV. UNINS. 4. <input type="checkbox"/> VA 5. <input type="checkbox"/> CONV. INS.	
6. FILE NUMBER: 10-023		7. LOAN NUMBER:	
8. MORTGAGE INS CASE NUMBER:			
<p>C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "POC" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.</p> <p style="text-align: right; font-size: small;">LD 308 (10-023.PFD)05-022(1)</p>			
D. NAME AND ADDRESS OF BORROWER: Seacoast Christian Community Church, Inc. 750 Long Point Road Mt. Pleasant, SC 29565		E. NAME AND ADDRESS OF SELLER: Church of God at North Charleston by its successor in Interest the Church of God South Carolina State Executive Office P.O. Box 309	
F. NAME AND ADDRESS OF LENDER: Bank of America 1901 Main Street, 3rd Floor Columbia, SC 29201			
G. PROPERTY LOCATION: 5606 North Rhed Avenue North Charleston, SC 29405 Charleston County, South Carolina		H. SETTLEMENT AGENT: 02-0533221 Gibson Law Firm, LLC PLACE OF SETTLEMENT 5422 Rivers Ave. North Charleston, SC 29405	
		I. SETTLEMENT DATE: July 15, 2010	
J. SUMMARY OF BORROWER'S TRANSACTION		K. SUMMARY OF SELLER'S TRANSACTION	
100. GROSS AMOUNT DUE FROM BORROWER:		400. GROSS AMOUNT DUE TO SELLER:	
101. Contract Sales Price	780,000.00	401. Contract Sales Price	780,000.00
102. Personal Property		402. Personal Property	
103. Settlement Charges to Borrower (Line 1400)	3,411.00	403.	
104.		404.	
105.		405.	
<i>Adjustments For Items Paid By Seller in advance</i>		<i>Adjustments For Items Paid By Seller in advance</i>	
106. City/Town Taxes to		406. City/Town Taxes to	
107. County Taxes to		407. County Taxes to	
108. Assessments to		408. Assessments to	
109. July Rent	5,100.00	409. July Rent	5,100.00
110.		410.	
111.		411.	
112.		412.	
120. GROSS AMOUNT DUE FROM BORROWER	783,511.00	420. GROSS AMOUNT DUE TO SELLER	785,100.00
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:		500. REDUCTIONS IN AMOUNT DUE TO SELLER:	
201. Deposit or earnest money		501. Excess Deposit (See instructions)	
202. Principal Amount of New Loan(s)	600,000.00	502. Settlement Charges to Seller (Line 1400)	5,567.20
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204.		504. Payoff of first Mortgage to Community First Bank	856,870.33
205.		505. Payoff of second Mortgage to Community First Bank	72,062.47
206.		506.	
207.		507. *1st Mig. P/O is Reduced to by \$5,370.84 per Bank	
208.		508.	
209.		509.	
<i>Adjustments For Items Unpaid By Seller</i>		<i>Adjustments For Items Unpaid By Seller</i>	
210. City/Town Taxes to		510. City/Town Taxes to	
211. County Taxes to		511. County Taxes to	
212. Assessments to		512. Assessments to	
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. TOTAL PAID BY/FOR BORROWER	600,000.00	520. TOTAL REDUCTION AMOUNT DUE SELLER	705,100.00
300. CASH AT SETTLEMENT FROM/TO BORROWER:		600. CASH AT SETTLEMENT TO/FROM SELLER:	
301. Gross Amount Due From Borrower (Line 120)	783,511.00	601. Gross Amount Due To Seller (Line 420)	785,100.00
302. Less Amount Paid By/FOR Borrower (Line 220)	(600,000.00)	602. Less Reductions Due Seller (Line 520)	(785,100.00)
303. CASH (X FROM) (TO) BORROWER	183,511.00	603. CASH (X TO) (FROM) SELLER	20,000.00



Gibson 0045

L. SETTLEMENT CHARGES						PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
700. TOTAL COMMISSION Based on Price							
Division of Commission (line 700) as Follows:							
701. \$	to		%				
702. \$	to						
703. Commission Paid at Settlement							
704.	to						
800. ITEMS PAYABLE IN CONNECTION WITH LOAN							
801. Loan Origination Fee	%	to					
802. Loan Discount	%	to					
803. Appraisal Fee		to					
804. Credit Report		to					
805. Loan Fee		to	Bank of America		1,600.00		
806. Flood Certification Fee		to	Bank of America		12.00		
807. Tax Service Fee		to					
808. Underwriting Fee							
809. Processing Fee							
810.							
811.							
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE							
901. Interest From:	07/15/10	to	09/31/10	@	\$	/day (17 days %)	
902. Mortgage Insurance Premium for		months	to				
903. Hazard Insurance Premium for	1.0 years	to				PCC:80.00	
904.							
905.							
1000. RESERVES DEPOSITED WITH LENDER							
1001. Hazard Insurance	months @	\$		per month			
1002. Mortgage Insurance	months @	\$		per month			
1003. City/Town Taxes	months @	\$		per month			
1004. County Taxes	months @	\$		per month			
1005. Assessments	months @	\$		per month			
1006.	months @	\$		per month			
1007.	months @	\$		per month			
1008. Aggregate Adjustment	months @	\$		per month			
1100. TITLE CHARGES							
1101. Settlement or Closing Fee	to	Gibson Law Firm, LLC					
1102. Abstract or Title Search	to	Gibson Law Firm, LLC			180.00		
1103. Title Examination	to						
1104. Title Insurance Binder	to	Gibson Law Firm, LLC					
1105. Document Preparation	to	Gibson Law Firm, LLC				250.00	
1106. Notary Fees	to						
1107. Attorney's Fees	to	Gibson Law Firm, LLC					
<i>(Includes above item numbers:)</i>							
1108. Title Insurance	in	Old Republic / Gibson Law Firm, LLC			1,470.00		
<i>(Includes above item numbers:)</i>							
1109. Lender's Coverage	\$	600,000.00		76.00			
1110. Owner's Coverage	\$	780,000.00		1,395.00			
1111. ALTA 3.1 Endorsement	to	Old Republic / Gibson Law Firm, LLC			185.00		
1112. Express Mail / Courier Fee	to	Gibson Law Firm, LLC			40.00	40.00	
1113. Post-Closing Processing		Gibson Law Firm, LLC					
1114. Bank Wire Fee/Copy/Fax		Gibson Law Firm, LLC					
1115.							
1116.							
1117.							
1118.							
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES							
1201. Recording Fees: Deed \$	12.00;	Mortgage \$	22.00;	Releases: \$		34.00	
1202. City/County Tax/Stamp: Deed		2,886.00;	Mortgage			2,886.00	
1203. State Tax/Stamp: Deed			Mortgage				
1204.							
1205.							
1300. ADDITIONAL SETTLEMENT CHARGES							
1301. Survey	to						
1302. Pest Inspection	to						
1303. 2007-2008 User Fees	to	Dept. of Revenue Collections	TMS# 473-18-00-022 / Case ID# 31791			2,391.20	
1304.							
1305.							
1400. TOTAL SETTLEMENT CHARGES (Enter on Lines 103, Section J and 802, Section K)						3,411.00	8,567.20

By signing page 1 of this statement, the signatories acknowledge receipt of a complete copy of page 2 of this two-page statement.


[Signature]
 Gibson Law Firm, LLC
 Settlement Agent

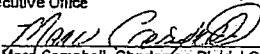
Certified to be a true copy.

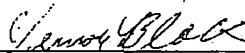
ACKNOWLEDGMENT OF RECEIPT OF SETTLEMENT STATEMENT

Borrower: Seacoast Christian Community Church, Inc.
Seller: Church of God at North Charleston by its successor in Interest the Church of God South Carolina State Executive Office.
Lender: Bank of America
Settlement Agent: Gibson Law Firm, LLC (843)744-1887
Place of Settlement: 5422 Rivers Ave. North Charleston, SC 29406
Settlement Date: July 15, 2010
Property Location: 5605 North Rhett Avenue North Charleston, SC 29405 Charleston County, South Carolina

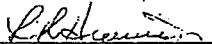
I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

Seacoast Christian Community Church, Inc.
BY: 
Glenn Wood, Church Administrator

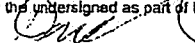
Church of God at North Charleston by its successor in Interest the Church of God South Carolina State Executive Office
BY: 
Mark Campbell, Charleston District Overseer and Pastor of New Covenant Church of God and the Local Board of Trustees for New Covenant Church of God


Vernon Black, Trustee for New Covenant Church of God


Billy C. Lee, Trustee for New Covenant Church of God


R.R. Herring, Trustee for New Covenant Church of God

To the best of my knowledge, the HUD-1 Settlement Statement which I have prepared is a true and accurate account of the funds which were received and have been or will be disbursed by the undersigned as part of the settlement of this transaction.


Gibson Law Firm, LLC
Settlement Agent

WARNING: It is a crime to knowingly make false statements to the United States on this or any similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

A. Settlement Statement

U.S. Department of Housing
and Urban Development



OMB No. 2502-0265

B. Type of Loan

1 <input type="checkbox"/> FHA 2 <input type="checkbox"/> FmHA-3 3 <input checked="" type="checkbox"/> Conv. Unins	6. File Number 05-391	7. Loan Number 980094917	8. Mortgage Insurance Case Number
4 <input type="checkbox"/> VA 5 <input type="checkbox"/> Conv. Ins.			

C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. NAME OF BORROWER: Church of God at North Charleston

ADDRESS OF BORROWER:

E. NAME OF SELLER: REFINANCE
FUNDING DATE: 07/18/2005

ADDRESS OF SELLER:

F. NAME OF LENDER: First Reliance Bank

ADDRESS OF LENDER: 51 State Street, Suite 101, Charleston, SC 29401

G. PROPERTY LOCATION: 5505 North Rhett Ave
NORTH CHARLESTON, SC 29406
ID# 473-16-00-022

H. SETTLEMENT AGENT: GIBSON LAW FIRM, LLC
5422 RIVERS AVENUE, NORTH CHARLESTON, SC 29406 (843) 744-1887
PLACE OF SETTLEMENT: 5422 RIVERS AVENUE, NORTH CHARLESTON, SC 29406

I. SETTLEMENT DATE: 7/13/2005

J. SUMMARY OF BORROWER'S TRANSACTION		K. SUMMARY OF SELLER'S TRANSACTION	
100. GROSS AMOUNT DUE FROM BORROWER		400. GROSS AMOUNT DUE TO SELLER	
101. Contract sales price		401. Contract sales price	
102. Personal property		402. Personal property	
103. Settlement charges to borrower (line 1400)	39,146.27	403.	
104. Payoff 1st Mtg to First Federal of Charleston	286,844.12	404.	
105.		405.	
Adjustments for items paid by seller in advance		Adjustments for items paid by seller in advance	
106. City/town taxes to		406. City/town taxes to	
107. County taxes to		407. County taxes to	
108. Assessments to		408. Assessments to	
109. to		409. to	
110. to		410. to	
111. to		411. to	
112. to		412. to	
120. GROSS AMOUNT DUE FROM BORROWER ▶	325,990.39	420. GROSS AMOUNT DUE TO SELLER ▶	
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER		500. REDUCTIONS IN AMOUNT DUE TO SELLER	
201. Deposit or earnest money		501. Excess deposit (see instructions)	
202. Principal amount of new loan(s)	338,675.00	502. Settlement charges to seller (line 1400)	
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204. Advance on		504. Payoff of first mortgage loan	
205.		505. Payoff of second mortgage loan	
206. Principal amount of seller financing		506. Principal amount of seller financing	
207.		507.	
208.		508.	
209.		509.	
209a		509a	
209b		509b	
Adjustments for items unpaid by seller		Adjustments for items unpaid by seller	
210. City/town taxes to		510. City/town taxes to	
211. County taxes to		511. County taxes to	
212. Assessments to		512. Assessments to	
213. to		513. to	
214. to		514. to	
215. to		515. to	
216. to		516. to	
217. to		517. to	
218. to		518. to	
219. to		519. to	
220. TOTAL AMOUNTS PAID BY OR IN BEHALF OF BORROWER ▶	338,675.00	520. TOTAL REDUCTIONS IN AMOUNT DUE SELLER ▶	
300. CASH AT SETTLEMENT FROM/TO BORROWER		600. CASH AT SETTLEMENT TO/FROM SELLER	
301. Gross amount due from borrower (line 120)	325,990.39	601. Gross amount due to seller (line 420)	
302. Less amounts paid by/for borrower (line 220)	338,675.00	602. Less reductions in amount due seller (line 520)	
303. CASH <input type="checkbox"/> From <input checked="" type="checkbox"/> To BORROWER ▶	12,684.61	603. CASH <input checked="" type="checkbox"/> To <input type="checkbox"/> From SELLER ▶	

EXHIBIT
tabbles
18

L. Settlement Charges				Paid From Borrower's Funds At Settlement	Paid From Seller's Funds At Settlement
700. TOTAL SALES/BROKER'S COM. based on price	@	% =			
Division of Commission (line 700) as follows:					
701.	to				
702.	to				
703. Commission paid at Settlement					
704.	to				
800. Items Payable In Connection With Loan					
801. Loan Origination Fee	%	to First Reliance Bank		500.00	
802. Loan Discount	%	to			
803. Appraisal Fee		to			
804. Credit Report		to Equifax		10.00**	
805. Lender's Inspection Fee		to			
806. Mortgage Insurance Application Fee		to			
807. Document Prep		to First Reliance Bank		125.00	
808. Flood Cert Fee		to First American Flood		50.00	
809.	to				
810.	to				
811.	to				
812.	to				
813.	to				
814.	to				
815.	to				
900. Items Required By Lender To Be Paid In Advance					
901. Interest from	to	8/1/2005 @	/day		
902. Mortgage Insurance Premium for	months	to			
903. Hazard Insurance Premium for	years	to			
904.	years	to			
905.	years	to			
1000. Reserves Deposited With Lender					
1001. Hazard insurance	months@		per month		
1002. Mortgage insurance	months@		per month		
1003. City property taxes	months@		per month		
1004. County property taxes	months@		per month		
1005. Annual assessments	months@		per month		
1006.	months@		per month		
1007.	months@		per month		
1008.	months@		per month		
1009. Aggregate Accounting Adjustment					
1100. Title Charges					
1101. Settlement or closing fee	to				
1102. Abstract or title search	to	Amy Johnson		70.00	
1103. Title examination	to				
1104. Title insurance binder	to				
1105. Document preparation	to				
1106. Notary fees	to				
1107. Attorney's fees	to	Don C. Gibson		500.00	
(includes above items numbers:					
1108. Title insurance	to	ATIF/The Gibson Agency		766.50	
(includes above items numbers: Includes Line 1104 Title Binder (1) at \$75.00					
1109. Lender's Coverage:	691.50	INS AMT:	338,675.00		
1110. Owner's Coverage:		INS AMT:			
1110a.					
1111.	to				
1112.	to				
1113.	to				
1200. Government Recording and Transfer Charges **Includes: Assignment of Rents \$10.00					
1201. Recording Fees: L-Mortgage(s) \$13.00; Releases \$30.00				53.00	**
1202. City/county tax/stamps: L-Mortgage(s)					
1203. State tax/stamps: L-Mortgage(s)					
1204.					
1205.					
1300. Additional Settlement Charges					
1301. Survey	to			*Waived*	
1302. Pest Inspection	to			*Waived*	
1303. Roof Inspection	to			*Waived*	
1304. Express Mail Closed Loan Package	to	Don C. Gibson		25.00	
1305. Bank Wire Fee	to	Don C. Gibson		25.00	
1306. Federal Tax Liens	to	JRS		19,084.37	
1307. State Tax Liens	to	SC Dept of Revenue		5,236.85	
1308. Delinquent User Fees	to	User Fee Department Charleston County		12,710.55	
1309.	to				
1400. Total Settlement Charges (enter on lines 103, Section J and 502, SectionK)				39,146.27	

** - Item(s) Paid By Lender
I have carefully reviewed the HUD - 1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD - 1 Settlement Statement.
Church of God at North Charleston

By: Tim Brooks Borrower
Tim Brooks, Trustee

By: Rogelio Irizarry Trustee
Rogelio Irizarry Trustee

By: Adam Broyer Borrower
Adam Broyer, Trustee
The HUD-1 Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused the funds to be disbursed in accordance with this statement.

GIBSON LAW FIRM, LLC
Settlement Agent

7/13/2005 GIBSON 0493 Date

WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine and imprisonment. For details see Title 18 U.S. Code Section 1001 and Section 1010.

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)
)
CHURCH OF GOD, CHURCH OF GOD)
OF SOUTH CAROLINA AND CHURCH)
OF GOD AT NORTH CHARLESTON,)

IN THE COURT OF COMMON PLEAS

NINTH JUDICIAL CIRCUIT

CASE NO. 13-CP-10-1686

PLAINTIFFS,)
)

vs.)
)

MARK ESTES, PATRICIA ESTES,)
MICHAEL TIMOTHY BROOKS,)
INDIVIDUALLY AND AS TRUSTEE)
FOR CHURCH OF GOD AT NORTH)
CHARLESTON TRUST, ADAM)
BOYER, INDIVIDUALLY AND AS)
TRUSTEE FOR CHURCH OF GOD AT)
NORTH CHARLESTON, ROLANDO)
RIVER OSORIO, INDIVIDUALLY AND)
AS TRUSTEE FOR CHURCH OF GOD)
AT NORTH CHARLESTON, AND)
NORTH PALM MINISTRIES, INC.,)
NORTH PALM COMMUNITY)
CHURCH AND COMMUNITY FIRST)
BANK AND ITS SUCCESSOR)
CRESCON BANK,)

**PLAINTIFFS' ANSWERS TO
DEFENDANT CRESCOM BANK'S FIRST
SET OF INTERROGATORIES**

DEFENDANTS.)
)

vs.)
)

THOMAS PROPES AND MARC)
CAMPELL,)
)

THIRD PARTY DEFENDANTS)

TO: Matthew E. Tillman, Daniel Q. Orvin & Ann Hsu Kaufman ESQUIRES, ATTORNEYS
FOR DEFENDANT CRESCOM BANK:

Plaintiffs, pursuant to Rule 33 of the South Carolina Rules of Civil Procedure and in
response to Defendants' Interrogatories, hereby respond as follows. Plaintiffs asserts attorney/client

EXHIBIT

19

privileges and immunities as to all communications between Plaintiffs and their legal counsel, and thus object to producing or disclosing such communications.

Counsel asserts work product privileges and immunities as to their own work product. Plaintiffs object to producing or disclosing such work product.

Plaintiffs assert work product privileges and immunities as to all communications and documentation prepared in anticipation of litigation and thus objects to producing or disclosing such work product.

Plaintiffs object to producing or disclosing confidential information prohibited by law or regulation from disclosure.

In setting forth these responses, Plaintiffs do not waive any objection asserted herein, any attorney/client, work product, or other privilege or immunity which may attach to information called for in, or which may be responsive to, these requests. Plaintiffs do not concede the relevance or materiality of these requests, the subject matter of the requests, or documents produced in response to the requests. Plaintiffs reserve the right to question the competency, relevancy, materiality, privilege and admissibility of any documents produced or referred to herein. Plaintiffs also reserve the right to revise, correct, supplement or clarify any of these responses or documents referred to herein.

The above objections, privileges and immunities are asserted in response to each of the following requests as if set forth verbatim at the beginning of each request:

INTERROGATORIES

1. Give the names and addresses of persons known to the parties or counsel to be witnesses concerning the facts of the case and indicate whether or not written or recorded

statements have been taken from the witnesses and indicate who has possession of such statements.

ANSWER: Tom Gillum
c/o George J. Kefalos, PA
46 A State Street
Charleston, SC 29401

Tom Gillum is the State Overseer for South Carolina and could testify regarding the decision to dissolve Church of God at North Charleston as well as regarding Plaintiffs' dealings with Mark and Patricia Estes.

Marc Campbell
c/o Young Clement Rivers
25 Calhoun Street, Suite 400
Charleston, SC 29403

Marc Campbell is the Charleston District Overseer and could testify regarding the date and manner in which Plaintiffs learned of the Estes defendants wrongful acts that gave rise to this suit.

Mark Estes
c/o Counsel

Mark Estes can testify regarding the loans and mortgages complained of in this suit, including the application for said loans and the process of obtaining the loans.

Patricia Estes
North Palm Ministries

Patricia Estes could testify regarding the loans and mortgages and the lease with Seacoast Church.

Michael Brooks
c/o Counsel

Rolando Osario
c/o counsel

Adam Boyer
c/o counsel

Michael Brooks, Rolando Osario and Adam Boyer were the Trustees for the Church of God at North Charleston at the time that the loans and mortgages that gave rise to this suit were entered into and could testify regarding said loans and mortgages.

David Chard, Esquire
2050 Spaulding, Dr. # 2
North Charleston, SC 29406

David Chard, Esquire was the attorney that performed the closing of the loans that gave rise to this suit and can testify regarding the title search and the loans closing process.

Representatives of CresCom Bank.

Representatives of CresCom Bank will testify regarding the loans that gave rise to this suit.

Plaintiff reserves the right to use the testimony of any witness identified by Defendants or Third Party Defendants in this case.

2. Set forth a list of photographs, videotapes, plats, sketches, or other prepared documents in the possession of the party that relates to the prosecution of this action.

ANSWER: Plaintiff is in possession of the discovery file produced in the matter captioned *Guadalupe R. Gallo a/k/a Lupe Chang a/k/a Lupita Chang and Fernando Chang vs. Church of God of South Carolina, Church of God South Carolina State Executive Office, Church of God at North Charleston Trustees, Michael Timothy Brooks Trustee, Adam Boyer Trustee, Rolando River Osorio Trustee, North Palm Ministries, Inc., North Palm Community Church, North Palm Ministry Center, Patricia Estes, James Marcus Campbell, in his capacity as Designated Charleston District Overseer*, Case No.: 11-CP-10-7412.

Additionally, Plaintiffs are in possession of the deposition transcript of Patricia Estes and Timothy Brooks in the above referenced matter and the file obtained by subpoena from David Chard, Esquire.

3. Set forth the names and addresses of all insurance companies which have liability insurance coverage relating to the claim and set forth the number or numbers of the policies involved and the amount or amounts of liability coverage provided in each policy.

ANSWER: Upon information and belief, Plaintiffs' claims against CresCom may be covered under United General Title Insurance Company, Policy NO. 6433002. The amount of liability coverage is \$700,000 and First American Title Insurance Company, policy No. FA-82-1404389 with an amount of liability coverage of \$75,000.

4. List the names and addresses of any expert witnesses whom the party proposes to use as a witness at the trial of the case, state the subject matter on which the expert is expected to testify, and state the substance of the facts and opinions to which the expert is expected to testify and a summary of the grounds for each opinion.

ANSWER: Plaintiffs have not yet identified an expert in this matter.

5. For each person known to the parties or counsel to be a witness concerning the facts of the case, set forth either a summary sufficient to inform the other party of the important facts known to or observed by such witness, or provide a copy of any written or recorded statements taken from such witnesses.

ANSWER: See answer to Interrogatory No. 1.

6. Set forth an itemized statement of all damages you claim to have incurred in this litigation.

ANSWER: On October 10, 2007 the property located at 5505 North Rhet Avenue was appraised at \$1,750,000. At the time, the property had an outstanding mortgage of \$347,871.37. Defendants obtained a mortgage in the amount of \$700,000, without proper authorization. Defendants further defaulted on the mortgage, forcing Plaintiff to sell the property for less than its fair market value. Plaintiff lost the equity it had in the building at the time Defendants obtained the mortgage in an amount of \$1,402,128.63. Additionally, plaintiffs are entitled to prejudgment interest.

7. Prior to selling 5505 North Rhet Avenue ("Subject Property") to Seacoast Church, did you provide notice to Defendant of the claims set forth in the Complaint in this action. If so,

a. To whom was the notice provided;

b. How was it transmitted; and

c. On what date was it transmitted.

ANSWER: Plaintiffs communicated with Jamon Husic orally, on several occasions. Plaintiffs do not know the dates of the communications. Plaintiffs informed the bank that they had no knowledge of the mortgage encumbering the property located at 5505 North Rhet Avenue and obtained in October 2007. Mr. Husic provided Plaintiffs with copies of the mortgages.

8. When did you discover that the Subject Property was encumbered by mortgages in favor of Defendant?

ANSWER: March 22, 2010.

9. How did you discover that the Subject Property was encumbered by mortgages in favor of Defendant?

ANSWER: On or about March 16, 2010, the Plaintiffs were informed by Defendant Estes that they are no longer using the property located at 5505 North Rhett Avenue for worship. The church appointed Marc Campbell to investigate the status of the situation and on March 22, Mr. Campbell learned from the Estes Defendants that there is a problem with a mortgage encumbering the property.

10. Who made the payments on the notes secured by the subject mortgages?

ANSWER: Plaintiffs were not aware of the notes and mortgages prior to March 22, 2010 and has no knowledge of the payments made on the note prior to that date. The notes and mortgages were satisfied at the time of the sale to Seacoast Church.

11. Were Michael Brooks, Rolando Osorio and Adam Boyer trustees of the Church of God of North Charleston on October 15, 2007? Were they also trustees of the Church of God of North Charleston on March 23, 2009?

ANSWER: Yes.

12. Was Mark Estes the pastor of the Church of God of North Charleston on October 15, 2007? Was he also the pastor of the Church of God of North Charleston on March 23, 2009?

ANSWER: Yes.

CERTIFICATE OF SERVICE

THE UNDERSIGNED HEREBY CERTIFIES that true and correct copies of the pleading or paper to which this certificate is affixed was served upon the party(s) to this action in accord with the applicable Court Rules by electronic transmission or by hand delivery or by regular U.S. Mail, postage prepaid, properly addressed to the attorney(s) of record for such party(s).

Signed this 14 day of MARCH, 2014 at
Charleston, South Carolina

March 14th, 2014
Charleston, South Carolina

GEORGE J. KEFALOS, PA



George J. Kefalos
Oana D. Johnson
46 A State Street
Charleston, SC 29401
(843) 722-6612
george@kefaloslaw.com
oana@kefaloslaw.com

ATTORNEYS FOR THE PLAINTIFFS

1 STATE OF SOUTH CAROLINA COURT OF COMMON PLEAS
2 COUNTY OF CHARLESTON NINTH JUDICIAL CIRCUIT
3 CHURCH OF GOD, CHURCH OF GOD OF SOUTH CAROLINA
AND CHURCH OF GOD AT NORTH CHARLESTON,

4 Plaintiffs,

vs. CASE NO. 2013-CP-10-1686

5 MARK ESTES, PATRICIA ESTES, MICHAEL TIMOTHY
6 BROOKS, INDIVIDUALLY AD AS TRUSTEE FOR CHURCH
OF GOD AT NORTH CHARLESTON TRUST, ADAM BOYER
7 INDIVIDUALLY AND AS TRUSTEE FOR CHURCH OF GOD
AT NORTH CHARLESTON, ROLANDO RIVERA OSORIO
8 INDIVIDUALLY AND AS TRUSTEE FOR CHURCH OF GOD
AT NORTH CHARLESTON, AND NORTH PALM MINISTRIES,
9 INC., NORTH PALM COMMUNITY CHURCH AND CRESCOM
BANK AS SUCCESSOR BY MERGER TO COMMUNITY FIRST
BANK,

10 Defendants.

11

12

13 VIDEO

DEPOSITION OF: ROBERT WARRICK 30(b)(6)

14 DATE:

March 20, 2014

15 TIME:

10:08 AM

16 LOCATION:

Law Offices of
George J. Kefalos
46A State Street
Charleston, SC

17 TAKEN BY:

Counsel for the Plaintiff

18 REPORTED BY:

Roxanne M. Easterwood, RPR

19 VIDEOGRAPHER:

Nick Stello

20

21

A. WILLIAM ROBERTS, JR., & ASSOCIATES

22

Fast, Accurate & Friendly

Charleston, SC Hilton Head, SC Myrtle Beach, SC

23

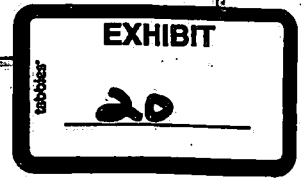
(843) 722-8414 (843) 785-3263 (843) 839-3376

24

Columbia, SC Greenville, SC Charlotte, NC

(803) 731-5224 (864) 234-7030 (704) 573-3919

25



1 APPEARANCES OF COUNSEL:

2 ATTORNEYS FOR PLAINTIFFS

3 CHURCH OF GOD, CHURCH OF GOD OF SOUTH
4 CAROLINA AND CHURCH OF GOD AT NORTH
5 CHARLESTON:

6 GEORGE J. KEFALOS, PA
7 BY: OANA D. JOHNSON
8 GEORGE J. KEFALOS
9 46A State Street
10 Charleston, SC 29401
11 (843) 722-6612
12 Oana@kefaloslaw.com
13 George@kefaloslaw.com

14 ATTORNEYS FOR PLAINTIFFS AND THIRD-PARTY
15 DEFENDANTS

16 CHURCH OF GOD, CHURCH OF GOD OF SOUTH
17 CAROLINA, THOMAS PROPEs AND MARC
18 CAMPBELL:

19 YOUNG, CLEMENT, RIVERS, LLP
20 BY: BRIAN L. QUISENBERRY
21 25 Calhoun Street
22 Suite 400
23 Charleston, SC 29401
24 (843) 577-4000
25 Bquisenberry@ycrlaw.com

ATTORNEYS FOR THE DEFENDANT
CRESCOM BANK AS SUCCESSOR BY MERGER TO
COMMUNITY FIRST BANK:

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BY: MATTHEW E. TILLMAN
5 Exchange Street
Charleston, SC 29401
(843) 722-3400
Mtillman@wcsr.com

-- and --

ALTMAN & COKER
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(843) 853-9907
Caltman@altmancoker.com

1 APPEARANCES (Continued):

2

3

ATTORNEYS FOR THE DEFENDANTS
MARK ESTES, PATRICIA ESTES, MICHAEL
4 TIMOTHY BROOKS, INDIVIDUALLY AD
AS TRUSTEE FOR CHURCH OF GOD AT NORTH
5 CHARLESTON TRUST, ADAM BOYER
INDIVIDUALLY AND AS TRUSTEE FOR CHURCH
6 OF GOD AT NORTH CHARLESTON, ROLANDO
RIVERA OSORIO INDIVIDUALLY AND AS
7 TRUSTEE FOR CHURCH OF GOD AT NORTH
CHARLESTON, AND NORTH PALM MINISTRIES,
8 INC.:

9

C. STEVEN MOSKOS, ATTORNEY AT LAW

10

BY: STEVEN MOSKOS

11

4000 Faber Place Drive, Suite 300

12

North Charleston, SC 29405

13

(843) 763-5297

14

Csmoskos@earthlink.net

15

16

ALSO PRESENT:

17

Patricia Estes

18

19

(INDEX AT REAR OF TRANSCRIPT)

20

21

22

23

24

25

26

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28

1 needed authorization from North Charleston Church
2 of God to mortgage the properties?

3 A. Again, we would send that package to
4 the attorney and the attorney would clarify those
5 things, but those were the assumptions.

6 Q. Okay. When a bank places a mortgage
7 on a piece of property does the bank understand
8 that authorization is needed in order to place
9 that mortgage?

10 A. Yes. And it's gained from the
11 attorney, not from the bank.

12 Q. Okay. Would you agree that when
13 making a loan, a bank -- a commercial loan, a bank
14 should review tax returns, profit and loss
15 statements, and financial documents for the
16 borrower?

17 A. We should.

18 Q. Okay. Would you agree that in this
19 case Community First Bank did not require any
20 financial documents from North Palm Ministries?

21 A. I'd have to see the file. I don't
22 know how I would know that.

23 Q. Okay. Well, we have the file.

24 A. Okay. Do you have it? We'll look at
25 it.

1 STATE OF SOUTH CAROLINA
 2 COUNTY OF CHARLESTON
 3 CHURCH OF GOD, CHURCH OF GOD OF SOUTH CAROLINA AND
 4 CHURCH OF GOD AT NORTH CHARLESTON,
 Plaintiffs,
 5 vs. CASE NO. 2013-CP-10-1686
 6 MARK ESTES, PATRICIA ESTES, MICHAEL TIMOTHY BROOKS,
 7 INDIVIDUALLY AND AS TRUSTEE FOR CHURCH OF GOD AT
 8 NORTH CHARLESTON TRUST, ADAM BOYER INDIVIDUALLY AND
 9 AS TRUSTEE FOR CHURCH OF GOD AT NORTH CHARLESTON,
 10 ROLANDO RIVERA OSORIO INDIVIDUALLY AND AS TRUSTEE
 FOR CHURCH OF GOD AT NORTH CHARLESTON AND NORTH
 11 PALM MINISTRIES, INC., NORTH PALM COMMUNITY CHURCH
 AND CRESCOM BANK AS SUCCESSOR BY MERGER TO
 12 COMMUNITY FIRST BANK,
 Defendants.

 13 IN THE UNITED STATES DISTRICT COURT
 14 FOR THE DISTRICT OF SOUTH CAROLINA
 15 CHARLESTON DIVISION

16 FIRST AMERICAN TITLE INSURANCE COMPANY,
 17 Plaintiff,
 18 vs. CIVIL ACTION NO: 2:14-CV-02294-DCN
 19 CRESCOM BANK, AS SUCCESSOR TO COMMUNITY FIRSTBANK,
 20 Defendant.

21 DEPOSITION OF: THOMAS S. GILLUM
 22 DATE: December 16, 2014
 23 TIME: 2:37 PM
 24 REPORTED BY: TERRI L. BRUSSEAU, RPR, CRR

25 A. WILLIAM ROBERTS, JR., & ASSOCIATES
 Fast, Accurate & Friendly
 Charleston, SC Hilton Head, SC Myrtle Beach, SC
 (843) 722-8414 (843) 785-3263 (843) 839-3376
 Columbia, SC Greenville, SC Charlotte, NC
 (803) 731-5224 (864) 234-7030 (704) 573-39



1 LOCATION: Law Offices of
2 Womble, Carlyle, Sandridge & Rice
3 5 Exchange Street
4 Charleston, SC

5 TAKEN BY: Counsel for the Defendant
6 Crescom Bank

7 APPEARANCES OF COUNSEL:

8 ATTORNEYS FOR THE PLAINTIFFS
9 CHURCH OF GOD, CHURCH OF GOD OF SOUTH
10 CAROLINA AND CHURCH OF GOD AT NORTH
11 CHARLESTON:

12 GEORGE J. KEFALOS, PA
13 BY: GEORGE J. KEFALOS
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18 george@kefaloslaw.com
19 oana@kefaloslaw.com

20 ATTORNEYS FOR PLAINTIFF
21 FIRST AMERICAN TITLE INSURANCE COMPANY:

22 ROGERS, LEWIS, JACKSON,
23 MANN & QUINN, LLC
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ATTORNEYS FOR PLAINTIFFS AND THIRD-PARTY
DEFENDANTS
CHURCH OF GOD, CHURCH OF GOD OF SOUTH
CAROLINA, THOMAS PROPEs AND MARC
CAMPBELL:

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3 COMMUNITY FIRST BANK:
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10 and

11 ALTMAN & COKER, LLC
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17 ATTORNEYS FOR THE DEFENDANTS
18 MARK ESTES, PATRICIA ESTES, MICHAEL
19 TIMOTHY BROOKS, INDIVIDUALLY AND AS
20 TRUSTEE FOR CHURCH OF GOD AT NORTH
21 CHARLESTON TRUST, ADAM BOYER
22 INDIVIDUALLY AND AS TRUSTEE FOR CHURCH
23 OF GOD AT NORTH CHARLESTON, ROLANDO
24 RIVERA OSORIO INDIVIDUALLY AND AS
25 TRUSTEE FOR CHURCH OF GOD AT NORTH
CHARLESTON AND NORTH PALM MINISTRIES,
INC.:
G. STEVEN MOSKOS, PA
BY: C. STEVEN MOSKOS
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North Charleston, SC 29405
(843) 763-5297
cmoskos@earthlink.net

ALSO PRESENT:

Mark Estes
Patricia Estes
Jerry F. Chitwood
Tony M. Padgett
(INDEX AT REAR OF TRANSCRIPT)

1 of the North Charleston Church of God?

2 A. No, sir, not really.

3 Q. Do you know who originally paid for the
4 property and the building?

5 A. I would assume the congregation.

6 Q. Did the state -- do you know if the
7 state church paid any of the money to buy the
8 property?

9 A. I do not know that.

10 Q. Is it typical for the state church to
11 help local congregations buy property?

12 A. At times that has been done, yes, sir.

13 Q. But you don't know if that's the case
14 one way or another here?

15 A. That's correct, yes, sir.

16 Q. Do you know if the state church helped
17 the local congregation maintain the property over
18 the years?

19 A. I really -- I haven't seen anything
20 that would say that they had but I don't know that.

21 Q. So do you have any evidence that the
22 state church contributed to the equity in the
23 property over the years?

24 A. From their funds?

25 Q. Correct.

1 A. Yes, I'm not aware of that.

2 Q. But the state church now wishes to
3 retrieve that equity from the bank, is that
4 correct?

5 A. Well, that's -- that -- yes.

6 Q. Okay. So the state church put no money
7 in to your knowledge to build the equity but it
8 wants the bank to pay it, the equity, is that
9 correct?

10 A. Well -- well, again, I'm not aware of
11 whether or not they put no money in that.

12 Q. But assuming they didn't, you want the
13 bank to pay equity to the state church that it
14 didn't pay any money to build, is that correct?

15 A. Well, that is an assumption, of course.

16 Q. Do the individual churches -- is the
17 property of the individual churches listed as an
18 asset on the state church's financial statements?

19 A. The property of that local church?

20 Q. Um-hum.

21 A. I think it is on the international.
22 I'm not sure, I think they base it on that form
23 right there.

24 Q. Okay. So you think the international
25 church uses the monthly treasurer's report to help

SEND TO INTERNATIONAL HEADQUARTERS

CHURCH OF GOD MONTHLY TREASURER'S REPORT

Report of the Charleston-North Church of God
 Church Address _____
 City _____ State _____ Zip _____
 Treasurer's Name Mr. Mrs. Ms. _____
 Address _____ City _____ State _____ Zip _____
 Treasurer's Telephone _____ Church Telephone _____
 E-Mail Address _____ Web Site www. _____

2812	
CHURCH FILE NO.	1
REPORT MONTH	2007
STATE	
EMPLOYER IDENTIFICATION NO.	

Check box if treasurer's name or address has changed since last report

STATISTICAL DATA		FINANCIAL DATA			
AVERAGE WEEKLY ATTENDANCES		TOTAL TITHES <i>paid into the local treasury this month</i>	INT'L HDQTRS		STATE HDQTRS
Sunday School In-Building Average	130	\$ 23,059			
Sunday School Outreach Avg		Tithes to Intl and State Hdqtrs			1,152 96
Total Average Weekly SS Attendance <i>Total from above two lines</i>	130	<i>5% of total tithes</i>			
Sunday Morning Worship Avg	631	Missions to Intl and State Hdqtrs			576 48
FTH Average	160	<i>1.5% of total tithes</i>			
Other Outreach/Extension Average		Home For Children			
Ethnic Outreach Attendance Code:		<i>SS Birthday Offerings, Mothers Dev'ny</i>			
Monthly Membership Report		/			
Total Last Month <input type="text"/>		/			
Members Received: New _____ + Transfer _____ =		/			
<u>Members Removed</u>		/			
Excluded _____ + Deceased _____ + Transferred _____ =		/			
<u>Total Membership</u>		Other <i>1,1,1,1</i>			
Male 160 + Female 200 = Total <input type="text"/>	360	TOTAL <i>Add each column. Make sure check or money order agrees with TOTALS</i>			1,729 44
Church Property Valuation		OFFICIAL USE: DO NOT WRITE IN THIS SPACE			
Church Property Indebtedness		NOTE: Please mail with this report ONLY the monies designated above. For accurate credit, the following special offerings should be mailed directly to the designated department			
Pastor's Name _____		WORLD MISSIONS. World Missions Dept.			
Pastor's Name _____		<i>All World Missions</i> P.O. Box 2430			
City/State/Zip _____		<i>except 5% and YWEA</i> Cleveland, TN 37320-2430			
Pastor's Telephone _____		HARVEST FESTIVAL OFFERING Home for Children			
Pastor's Ministerial No. _____		<i>Exceptions: North</i> P.O. Box 4391			
SS Superintendent's Name _____		<i>and South Carolina</i> Sevierville, TN 37864			
FTH Director's Name _____		PUBLISHING HOUSE ACCOUNTS Publishing House			
REMARKS		<i>Evangel, SS literature, etc.</i> P.O. Box 2250			
		Cleveland, TN 37320-2250			
		YWEA, STATE PROJECTS State Headquarters			

Detach Here before Submitting

COG 000955



2812 North Charleston

Pastor: Mark Estes

Church Disbanded: March 22, 2010

State Office

1. Missing Reports

Breakdown:

- | | |
|---------|--------------------|
| a. 2006 | October – December |
| b. 2009 | July – December |
| c. 2010 | January, February |

2. Reports Received – no monies

Total Owed - \$ 10087.81

Breakdown:

- | | |
|-------------------------------|-----------------------|
| a. January 2009 – March 2009 | monies owed \$5792.89 |
| b. December 2003 – March 2004 | monies owed \$4294.92 |

3. Returned checks since August 2006 – 24

4. Monies Owed from returned checks - \$1899.60

International Office

1. Missing Reports

Breakdown:

- | | |
|---------|--|
| a. 1999 | August |
| b. 2000 | October |
| c. 2006 | September, October, November, December |
| d. 2007 | October, November, December |
| e. 2008 | January – May, November, December |
| f. 2009 | January – December |
| g. 2010 | January, February |

2. Reports Received – no monies

\$62,050.77 (Note: This does not include the amounts for those reports which are missing and listed above.)

COG 000603





DEPARTMENT OF
BUSINESS AND RECORDS

CHURCH OF GOD

INTERNATIONAL OFFICES

2490 KEITH ST., P.O. BOX 2430, CLEVELAND, TENNESSEE 37320-2430

TELEPHONE 423/472-3361 FAX: 423/478-7245

July 10, 2008

Reverend Mark S. Estes
P.O. Box 5261
N. Charleston, SC 29405

Dear Brother Estes:

I have delayed writing this letter for some time now thinking and believing that you would bring the reporting record for the Charleston-North Church, file number 02812, current or at least make some endeavor to follow through as you promised me on correcting the delinquencies of reporting. Also, I have observed that we are still holding two checks that returned due to insufficient funds in the amount of \$1,416.45 and \$200.00. There have been four letters written about the bad checks we are holding and they still have not been made good.

In reviewing previous correspondence to you and referencing our telephone conversation about the problem, you have not followed through as you agreed to do. I am aware that a lot of our churches are experiencing financial difficulties like your church has experienced and, believe it or not, we do try our best to work with churches in these kinds of situations. However, there comes a time that just ignoring a situation does not properly address the issue. We have not received a report from your church since September 2007. The accumulative shortage on reports received without monies since you have been the pastor totals \$60,433.97 for tithes and missions. There are also missing reports in 2006.

I have done a review of your personal reports, as I do on ministers where there are delinquencies in church reports to this magnitude, and I observed that during the time that most of the delinquencies have occurred in church reports, you reported on your ministerial reports of receiving more than \$186,000 in compensation from the church. Further, of the reports that we have received, without monies, your treasurer listed the amount of tithes that were paid into the church treasury for these reports totaled more than \$805,000. It seems to me that somewhere along the way during all these months some consideration could have been given to the International Offices for complying with the Minutes of the General Assembly on reporting.

A copy of this letter will be given to Dr. Paul L. Walker, Executive Committee Liaison for South Carolina, and a copy will be mailed to Brother Propes, administrative bishop for South Carolina.



COG 000609

Reverend Mark S. Estes
Page 2
July 10, 2008

I realize this letter has been very lengthy, but I have intentionally tried to detail the information so you would know where I am coming from in fulfilling my responsibilities as Director of the Department of Business and Records. At this point I am referring the entire matter to your Administrative Bishop.

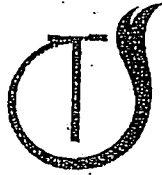
Sincerely,

Julian B. Robinson, Director
Department of Business and Records

JBR/mh

xc: Paul L. Walker, Secretary General
M. Thomas Propes, Administrative Bishop

COG 000610



DEPARTMENT OF
BUSINESS AND RECORDS

CHURCH OF GOD

INTERNATIONAL OFFICES

2490 KEITH ST., P.O. BOX 2430, CLEVELAND, TENNESSEE 37320-2430

TELEPHONE 423/472-3361

FAX: 423/478-7245

September 25, 2009

Reverend Mark S. Estes
3805 Denham Street
North Charleston, SC 29420

Dear Brother Estes:

We have just closed the year for 2008-2009 and again it has been brought to my attention this year that there are still two outstanding checks from the Charleston North church, file number 02812. There is a record of a substantial amount of correspondence to you regarding these checks as well as the past-due report monies, which you are well aware of. The two checks that were returned due to insufficient funds were dated September 27, 2006. One check is for \$1,465.45 and the other check is for \$200. I find it quite difficult to comprehend how you as a minister and pastor can continually ignore correspondence and, of course, reimbursement for these two bad checks.

Also, in looking at the record, you have been written on more than one occasion by me concerning the past-due report monies that total more than \$60,000 and now 23 months of missing reports. We have not received a single report for 2009.

Further, in reviewing your personal ministers reports that you have submitted to the International Offices during the time you have disregarded the reporting procedures and failed to keep your commitment and promise on the situation, you have received in compensation from your church \$207,707.24. It seems to me that somewhere along the way by you receiving this kind of income that you could show consideration for the reporting record.

Since I have known you for many years and knew your wonderful dad as a pastor in Tennessee, I am very disappointed in you. I trust you will show forth some integrity and concern for the situation and consult with Brother Propes, your administrative bishop, to come to some resolution on these financial problems.

Sincerely,

Julian B. Robinson, Director
Department of Business and Records

JBR/mh

cc: Wallace J. Sibley
M. Thomas Propes
Stephen McCall

COG 000617



DEPARTMENT OF
BUSINESS AND RECORDS

CHURCH OF GOD
INTERNATIONAL OFFICES

2490 KEITH ST., P.O. BOX 2430, CLEVELAND, TENNESSEE 37320-2430

TELEPHONE 423/472-3361 FAX: 423/478-7245

October 23, 2009

Reverend M. Thomas Propes
Administrative Bishop, Church of God
in South Carolina
P.O. Box 309
Mauldin, SC 29662

Dear Brother Propes:

I know you received a copy of my letter to Mark Estes that was dated September 25, 2009. Unfortunately, Brother Estes chose not to receive the letter that I sent certified, receipt requested; consequently, the post office returned it to me as "unclaimed." The letter was mailed to the most recent address we have for Brother Estes on his September 2009 minister's report.

Maybe if he were to see a letter coming from your office he would receive it, so I am asking if you will consider sending it with your envelope or whatever decision you make about it will be fine. It bothers me greatly that this man is allowed to continue ministering with such delinquencies. However, I understand my position and it's not for me to say what should or should not be done, and you know where I stand on this.

Thanks for receiving this letter.

Sincerely,

Julian B. Robinson, Director
Department of Business and Records

JBR/mh

Enclosure

cc: Wallace Sibley
Stephen McCall

COG 000618

WOMBLE
CARLYLE
SANDRIDGE
& RICE
A LIMITED LIABILITY
PARTNERSHIP



5 Exchange Street
Charleston, SC 29401

Mailing Address:
Post Office Box 999
Charleston, SC 29402
Telephone: (843) 722-3400
Fax: (843) 723-7398
www.wcsr.com

Carol Casey
Paralegal
Direct Dial: 843-720-4671
E-mail: ccasey@wcsr.com

February 27, 2015

VIA HAND DELIVERY

Honorable Julie Armstrong
Charleston County Clerk of Court
100 Broad Street
Charleston, SC 29401

Re: Church of God, et al. v. Mark Estes, et al.
Case No: 2013-CP-10-1686
WCSR File No: 85249.0040.9

Dear Ms. Armstrong:

Enclosed for filing please find the original and one copy of *Community First Bank and its successor, Crescom Bank's Memorandum in Support of Motion for Summary Judgment* in the above matter. Please return the filed, time stamped copy to me via our courier.

By copy of this letter with enclosure we are serving the same on all parties.

Sincerely,

WOMBLE CARLYLE SANDRIDGE & RICE, LLP

Carol Casey
Paralegal to Matthew E. Tillman

Enclosures

cc w/encl: C. Steven Moskos, Esq.
George J. Kefalos, Esq.
Carol B. Ervin, Esq.
Roland Rivera Osorio

STATE OF SOUTH CAROLINA)
)
 COUNTY OF CHARLESTON)
)
 CHURCH OF GOD AND CHURCH OF)
 GOD OF SOUTH CAROLINA)
 _____)
 Plaintiff,)
 vs.)
)
 MARK ESTES, ET AL)
 _____)
 Defendant.)

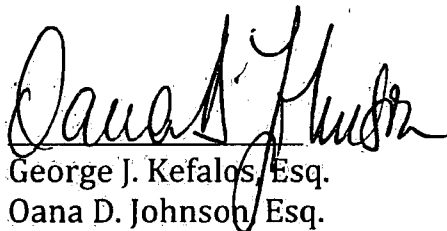
IN THE COURT OF COMMON PLEAS
 NINTH JUDICIAL CIRCUIT
 CASE NO.: 2013-CP-10-1686
 MOTION AND ORDER INFORMATION
 FORM AND COVERSHEET

Plaintiff's Attorney: GEORGE J. KEFALOS, Bar No. _____ Address: 46 A STATE STREET, CHARLESTON, SC 29401 Phone: 8437226612 Fax 8433771310 E-mail: george@kefaloslaw.com Other: _____	Defendant's Attorney: _____, Bar No. _____ Address: _____ Phone: _____ Fax _____ E-mail: _____ Other: _____
<input type="checkbox"/> MOTION HEARING REQUESTED (attach written motion and complete SECTIONS I and III) <input type="checkbox"/> FORM MOTION, NO HEARING REQUESTED (complete SECTIONS II and III) <input type="checkbox"/> PROPOSED ORDER/CONSENT ORDER (complete SECTIONS II and III)	
SECTION I: Hearing Information	
Nature of Motion: Plaintiff's Motion to Alter or Amend Order Granting Defendant Crescom's Motion for Summary Judgment Estimated Time Needed: 15min. Court Reporter Needed: <input type="checkbox"/> YES / <input type="checkbox"/> NO	
SECTION II: Motion/Order Type	
<input checked="" type="checkbox"/> Written motion attached <input type="checkbox"/> Form Motion/Order I hereby move for relief or action by the court as set forth in the attached proposed order.	
_____ Signature of Attorney for <input checked="" type="checkbox"/> Plaintiff / <input type="checkbox"/> Defendant	5/22/15 Date submitted
SECTION III: Motion Fee	
<input checked="" type="checkbox"/> PAID - AMOUNT: \$ _____ <input type="checkbox"/> EXEMPT: (check reason)	
<input type="checkbox"/> Rule to Show Cause in Child or Spousal Support <input type="checkbox"/> Domestic Abuse or Abuse and Neglect <input type="checkbox"/> Indigent Status <input type="checkbox"/> State Agency v. Indigent Party <input type="checkbox"/> Sexually Violent Predator Act <input type="checkbox"/> Post-Conviction Relief <input type="checkbox"/> Motion for Stay in Bankruptcy <input type="checkbox"/> Motion for Publication <input type="checkbox"/> Motion for Execution (Rule 69; SCRPC) <input type="checkbox"/> Proposed order submitted at request of the court; or, reduced to writing from motion made in open court per judge's instructions Name of Court Reporter: _____ <input type="checkbox"/> Other: _____	
JUDGE'S SECTION <input type="checkbox"/> Motion Fee to be paid upon filing of the attached order. <input type="checkbox"/> Other: _____	JUDGE CODE _____ Date: _____
CLERK'S VERIFICATION	
Collected by: _____ Date Filed: _____ <input type="checkbox"/> MOTION FEE COLLECTED: \$ _____ <input type="checkbox"/> CONTESTED - AMOUNT DUE: \$ _____	

Charleston, South Carolina for an Order pursuant to Rule 59(e) of the South Carolina Rules of Civil Procedure, altering or amending the Order issued by Judge Dennis on May 11, 2015, granting Defendant Crescom's Motion for Summary Judgment. Plaintiffs received notice of the entry of the Order on May 16, 2015.

This motion is based on the pleadings and discovery in this case and on the Memorandum in Support of Motion to Amend or Alter Order to be filed prior to the hearing on this motion.

Respectfully Submitted By:



George J. Kefalos, Esq.
Oana D. Johnson, Esq.
46 A State Street
Charleston, SC 29401
(843) 722-6612
george@kefaloslaw.com
oana@kefaloslaw.com

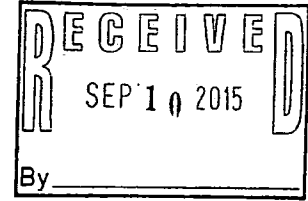
ATTORNEYS FOR PLAINTIFFS

This 22nd day of May, 2015
Charleston, South Carolina

CERTIFICATE OF SERVICE

THE UNDERSIGNED HEREBY CERTIFIES that true and correct copies of the pleading or paper to which this certificate is affixed was served upon the party(s) to this action in accord with the applicable Court Rules by electronic transmission or by hand delivery or by regular U.S. Mail, postage prepaid, properly addressed to the attorney(s) of record for such party(s).

Signed this 22 day of MAY, 2015 at
Charleston, South Carolina



INVOICE ENCLOSED

Due on Receipt

- PLEASE MAIL CHECK TODAY -

THANK YOU!

DEBORAH GARRISON
Circuit Court Reporter - 13th Judicial Circuit
Post Office Box 27145
Greenville, South Carolina 29616
dGarrison@sccourts.org

STATE OF SOUTH CAROLINA)	
)	COURT OF COMMON PLEAS
COUNTY OF CHARLESTON)	
Church of God,)	
)	
Plaintiff,)	
v.)	Case No. 13-CP-10-1686
)	
Mark Estes, <i>et. al.</i>)	
)	
Defendant.)	

TRANSCRIPT OF HEARING

The within Hearing in the above-captioned matter was held on April 2, 2015, before The Honorable R. Markley Dennis in Courtroom 4C of the Charleston County, 100 Broad Street, Charleston, South Carolina; attended by counsel as follows:

APPEARANCES:

George J. Kefalos, Esq.
Wanda Johnson, Attorney
Appearing for Plaintiff

Charles S. Altman, Esq.
Appearing for Defendant Crescom
Matthew Tillman, Esq.
Appearing for Defendant Crescom

C. Steven Moskos, Esq.
Appearing for Estes
Chip Sloan, Esq.
Appearing for Mother Doe A

Deborah Garrison
Circuit Court Reporter – 9th Judicial Circuit
P O Box 901
Johns Island, South Carolina 29457
dgarrison@sccourts.org

1 THE COURT: The next one is the
2 Church of God versus Mark Estes. Thank you
3 all. If everybody would, please identify
4 yourself and the parties that you are
5 representing.

6 MR. KEFALOS: I am George Kefalos.
7 This is Wanda Johnson. We represent the
8 Church of God.

9 MR. TILLMAN: Matt Tillman. I
10 represent Crescom.

11 MR. ALTMAN: Charles Altman, also
12 with Crescom Bank.

13 MR. MOSKOS: Your Honor, Steven
14 Moskos, and I represent Mark Estes, Patricia
15 Estes, Michael Timothy Brooks, Adam Boyer,
16 North Palm Ministries, Inc. and North Palm
17 Community Church.

18 THE COURT: Thank you. There
19 appear to be several Motions. Are all of
20 them still viable? None have been resolved.

21 MR. TILLMAN: Well, there was a
22 Motion to quash, Your Honor, that Don Gibson
23 filed. I don't know if that's to be heard or
24 not

25 MR. MOSKOS: In, fact I don't think

1 so. It dealt with documents that hadn't been
2 produced and I think they're -- that they
3 have been produced. I don't think that there
4 is anything ---

5 THE COURT: Okay.

6 MR. MOSKOS: I am not pushing for
7 them. I subpoenaed the documents, Don filed
8 the Motion to quash and ---

9 THE COURT: Okay, so the Motion to
10 quash is not -- there are two Motions for
11 summary judgment.

12 MR. MOSKOS: Yes, sir.

13 THE COURT: I'll be happy to hear
14 from you.

15 MR. TILLMAN: Your Honor, Matt
16 Tillman for Crescom Bank. We have a Motion
17 for summary judgment filed. Obviously --
18 just real quickly, the facts of this case are
19 that the plaintiff is the National Church of
20 God entities. They allege that their local
21 congregation and local pastor were
22 essentially cloaked with the authority of
23 those national church entities and borrowed
24 money from my client in 2007 and 2009, to
25 refinance transactions but failed to get

1 proper authorization, per the Minutes of the
2 Church. Based on that, they're asking that
3 previously paid off and satisfied mortgages
4 be held void and that the money be repaid
5 back to the national church.

6 And I'll back into that a little
7 more now. First of all, what happened is
8 that after the ---

9 THE COURT: Tell me -- you filed
10 memorandums in support of your Motion?

11 MR. TILLMAN: I did, (affirmative
12 nod).

13 THE COURT: So that's incorporate-
14 ed. So just tell me why there is no issue of
15 fact.

16 MR. TILLMAN: Because what happened
17 is that they paid off the mortgages, the
18 Notes and the Mortgages, with full knowledge
19 ---

20 THE COURT: I understand.

21 MR. TILLMAN: --- they -- that the
22 prior transaction had possibly not been
23 authorized. There is something called the
24 voluntary payment doctrine, which is a
25 defense that applies in all cases of

1 voluntary payment unless you have duress or
2 unless you have -- unless it is not
3 voluntary. There is no evidence that it was
4 not voluntary.

5 They claim that they felt duress.
6 If you look at "duress" under South Carolina
7 law it "causes improper pressure that
8 practically destroys the free agency of a
9 party."

10 If the party doesn't have a
11 reasonable alternative. That simply wasn't
12 the case. There are no facts to support that
13 they were under duress in this case. These
14 are sophisticated leaders of churches and so
15 forth. They knew that the mortgages were
16 possibly unauthorized, they paid it off.
17 They didn't go talk to an attorney. They
18 didn't do anything.

19 So ---

20 THE COURT: Let me hear from them
21 as to why I should deny it.

22 MR. KEFALOS: May it please the
23 Court, ----

24 THE COURT: Yes, sir. What is the
25 issue of fact?

Church of God v. Mark Estes et al
Case No. 13-CP-10-1686
Hearing of April 2, 2015
Before The Honorable R. Markley Dennis

6

1 MR. KEFALOS: On the issue of the
2 voluntary payment doctrine, the voluntary
3 payment doctrine says that a person
4 voluntarily pays money with full knowledge
5 and may not resort to the courts to recover
6 that money back. The question is whether
7 there was full knowledge.

8 What happened is that the Church of
9 God had a local congregation who, in 2005,
10 became dissatisfied with the direction that
11 the national church was going. They
12 secretly, this dissatisfied Board,
13 incorporated a new entity -- and I say
14 "secretly" because they are required to get
15 permission from the national church before
16 they incorporate a new church.

17 They secretary incorporated this new
18 church. Then they used the name but they
19 didn't disclose that it was a new church.

20 In 2007, they decided that they were
21 going to borrow money in the name of the new
22 church and they were going to put a mortgage
23 on the old church. And they disclosed this
24 to the Bank, they go to the bank and say 'New
25 Palm Ministries wants to refinance the

Church of God v. Mark Estes et al
Case No. 13-CP-10-1686
Hearing of April 2, 2015
Before The Honorable R. Markley Dennis.

7

1 mortgage on property owned by the Church of
2 God.' The Bank was aware at that time,
3 because on record the Deed said that the
4 local congregation of the local church had no
5 authority to do this mortgage, unless there
6 was specific written approval from the
7 national church; and they didn't have that.

8 We know that the Bank was aware of
9 this because it's on the Deed.

10 We also know, through discovery,
11 that the Bank actually had a copy of the
12 bylaws and they had circled the limitation
13 that required permission from the national
14 church. Nevertheless, they went ahead and
15 loaned the money. They allowed the new
16 church, that is North Palm Ministries, to
17 refinance a mortgage on the old church, take
18 the money, the equity out of that refinance
19 and buy a new facility.

20 It's like me going to the bank and
21 saying, 'I want to refinance the mortgage on
22 Judge Dennis' property' and I take the money
23 and buy my own house and they'd do it without
24 asking you whether it's okay.

25 Well, in 2010 the Church of God

1 discovered -- in 2010 the Board of Directors
2 of the Church of God resigned, and they
3 announced it. So in March of 2010, the
4 Church of God comes in and says, 'what's been
5 going on?' They discover the mortgage for
6 the first time, they weren't aware of the
7 refinance, and they discover that it is in
8 default and has to be paid.

9 They meet with representatives of
10 the Bank and they tell them 'you either pay
11 it or suffer foreclosure.' So the Church of
12 God scrambles and finds a buyer, The Seacoast
13 Church. It sells the property at a fire sale
14 to pay the mortgage off.

15 Later on -- later on, after the
16 property had been sold, the Church of God
17 discovers that the North Palm Ministries and
18 the Bank had used the money to buy a new
19 facility.

20 Up until that time when the Church
21 of God came in and discovered that the
22 mortgage had been refinanced, they were told
23 that the money from the refinance had gone
24 back into the Church. So they didn't have
25 much position to complain because this

1 dissident board that refinanced the property
2 put the money back into the church and so
3 there was no harm, no foul.

4 THE COURT: Okay.

5 MR. KEFALOS: When they discovered
6 that it didn't go back in, that it was used
7 to buy a new church and that the Bank was
8 aware, then this suit followed.

9 So the question of fact is their
10 knowledge. Did the Church of God have full
11 knowledge of all the facts when it allowed
12 the sale to go forward. That's the question
13 that we have.

14 THE COURT: Okay, do you wish to
15 respond?

16 MR. TILLMAN: I do, Your Honor.
17 They did have full knowledge. They say that
18 in their Complaint.

19 THE COURT: Yeah.

20 MR. TILLMAN: I mean, that's ---

21 THE COURT: You know, I appreciate
22 this. The Supreme Court can decide this if
23 they need to decide this. They're going to
24 be deciding the Episcopal Church too. I'm
25 sure there are all sorts of issues there. So

1 they can decide this one too. Motion is
2 granted.

3 Mr. Moskos, do you have -- who else
4 has -- are they all summary judgments. Mr.
5 Tillman?

6 MR. TILLMAN: Your Honor, I've got
7 several other basis for summary judgment ---

8 THE COURT: Well, your Motion is
9 granted on all of them. Your memoranda
10 supports ---

11 MR. TILLMAN: Okay.

12 THE COURT: Mr. Moskos?

13 MR. MOSKOS: Yes, sir, Your Honor.
14 I represent the folks that are -- that work
15 in the church.

16 THE COURT: Yeah, you're the one
17 that created the problem; right?

18 MR. MOSKOS: Well, ---

19 THE COURT: Thank you. Your
20 Motion is denied. There is an issue of fact
21 here for that.

22 MR. MOSKOS: I appreciate that.
23 However, there are a couple of things that I
24 would like to bring to the Court's attention.

25 THE COURT: If it's not

1 incorporated in your memorandum, I'll be
2 happy to hear from you. If it is, your
3 memorandum is incorporated -- so, your Motion
4 is denied. Now, if you haven't stated it in
5 your memorandum, my goodness -- you think I'm
6 going to ignore that.

7 MR. MOSKOS: Well, the dilemma that
8 we have, Your Honor, ---

9 THE COURT: Well, the dilemma is
10 that you've briefed it, you've set forth
11 specifically why I should grant your summary
12 judgment Motion. Correct?

13 MR. MOSKOS: Yes, sir.

14 THE COURT: If there is anything
15 that you want to supplement, I'll be happy to
16 hear from you. If it is in this memorandum,
17 there's no need for you to state a thing
18 because this is now, 'this' being your
19 memorandum.

20 MR. MOSKOS: It ---

21 THE COURT: I'm sorry, Mr. Moskos.
22 As a lawyer, I was told that for twenty-one
23 years. I'm just doing what I was told.

24 MR. MOSKOS: I just wanted to raise
25 the statute of limitations issue ---

1 THE COURT: Is that part of your
2 memorandum?

3 MR. MOSKOS: Yes, sir.

4 THE COURT: Thank you, sir. Your
5 Motion is denied. Thank you.

6 MR. KEFALOS: Your Honor, may I hand
7 up the depositions that I referenced?

8 THE COURT: Sure. Absolutely.
9 You can hand them up. I am incorporating for
10 purposes of review why I should -- should not
11 have denied -- you've raised these, have you
12 not?

13 MR. KEFALOS: Pardon?

14 THE COURT: You responded with your
15 Motion for judgment, did you not?

16 MR. KEFALOS: We did not file them
17 with the Court.

18 THE COURT: Then you need to file
19 those, yes.

20 MR. KEFALOS: Should we supplement
21 it by filing it with the clerk?

22 THE COURT: Yes. This is the
23 basis for the factual issues that you are
24 relying on.

25 MR. KEFALOS: Thank you, sir.

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THE COURT: You bet. Thank you,
Mr. Moskos. I appreciate your patience.

MR. MOSKOS: Yes, sir.

THE COURT: Thank you.

(HEARING CONCLUDED)

STATE OF SOUTH CAROLINA

COURT OF COMMON PLEAS

COUNTY OF CHARLESTON

CHURCH OF GOD, CHURCH OF GOD OF SOUTH CAROLINA AND
CHURCH OF GOD AT NORTH CHARLESTON,
Plaintiffs,

vs. CASE NO. 2013-CP-10-1686

MARK ESTES, PATRICIA ESTES, MICHAEL TIMOTHY BROOKS,
INDIVIDUALLY AND AS TRUSTEE FOR CHURCH OF GOD AT
NORTH CHARLESTON TRUST, ADAM BOYER INDIVIDUALLY AND
AS TRUSTEE FOR CHURCH OF GOD AT NORTH CHARLESTON,
ROLANDO RIVERA OSORIO INDIVIDUALLY AND AS TRUSTEE
FOR CHURCH OF GOD AT NORTH CHARLESTON AND NORTH
PALM MINISTRIES, INC., NORTH PALM COMMUNITY CHURCH
AND CRESCOM BANK AS SUCCESSOR BY MERGER TO
COMMUNITY FIRST BANK,
Defendants.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
CHARLESTON DIVISION

FIRST AMERICAN TITLE INSURANCE COMPANY,
Plaintiff,

vs. CIVIL ACTION NO: 2:14-CV-02294-DCN

CRESCOM BANK, AS SUCCESSOR TO COMMUNITY FIRSTBANK,
Defendant.

DEPOSITION OF: JAMES M. CAMPBELL

DATE: December 16, 2014

TIME: 10:11 AM

REPORTED BY: TERRI L. BRUSSEAU, RPR, CRR

A. WILLIAM ROBERTS, JR., & ASSOCIATES
Fast, Accurate & Friendly

Charleston, SC (843) 722-8414	Hilton Head, SC (843) 785-3263	Myrtle Beach, SC (843) 839-3376
Columbia, SC (803) 731-5224	Greenville, SC (864) 234-7030	Charlotte, NC (704) 573-3919

1 A. Began to see -- when I talked to the
2 man at Seacoast, I called to see what the status
3 was, you know, where we were as far as them being
4 in the building, let them know that the Church of
5 God owned the building, that -- and then I began to
6 try to find out what we needed to do to secure the
7 rent payments to come to the Church of God.

8 Q. What were the rent payments at the
9 time, do you know?

10 A. I do not.

11 Q. Did you ever find out?

12 A. At some point I was told it was 10,000
13 dollars.

14 Q. When did you first find out about the
15 mortgages on the property?

16 A. I think I called and talked with
17 someone at Seacoast and they told me they were
18 sending the rent payments to the bank so I was -- I
19 said, well, who are you talking to there? And they
20 gave me Mr. Hujik's name and so I called him and he
21 informed me on the phone.

22 Q. What all did he tell you about the
23 mortgages and the loan?

24 A. That the loan was due, that they had
25 begun to exercise their right to rent and that the

1 rent was coming to them, that there were -- not
2 only the loan was due but that there were late fees
3 and legal charges mounting.

4 Q. Had they begun the foreclosure process?

5 A. That I do not know.

6 Q. Did you ever speak with him about
7 either getting those loans current or refinancing
8 the property through Crescom?

9 A. I did.

10 Q. Okay. What was the result of that
11 conversation?

12 A. They were not willing to refinance
13 because we did not have a congregation there.

14 Q. Do you recall how much it cost to
15 service the debt on the building at the time?

16 A. 700,000 dollars.

17 Q. No, service the payments on it.

18 A. Their next payment due was 700,000
19 dollars.

20 Q. And why was that?

21 A. Because the loan had matured.

22 Q. Who told you that?

23 A. Jamin Hujik.

24 Q. Was that conversation documented?

25 A. Not -- not in my documentation. I'm

1 done according to the Church of God guidelines?

2 A. No, sir.

3 Q. Were you asked to do that?

4 A. No. In fact, I only discovered that
5 once we were in litigation with the Changs.

6 Q. And again, prior to selling the
7 property you didn't consult an attorney, correct?

8 A. I did not.

9 Q. If you had consulted an attorney and
10 that attorney told you that it appeared the
11 approval process was not followed, would you have
12 sold the building?

13 A. No.

14 Q. Why not?

15 A. Because we had to sell the building
16 under duress. The bank wanted their money, the
17 mortgages were due, I had no congregation, I had no
18 pastor and I did not have 770 some thousand dollars
19 to satisfy the mortgage.

20 Q. Did the state church have the money to
21 do that?

22 A. I do not know.

23 Q. Did you ever ask?

24 A. No, because I was led to believe that
25 we did not.

1 Q. Do you know if the national church was
2 ever made aware of the issue?

3 A. I'm not aware of that.

4 Q. Back to your letter explaining your
5 investigation procedures. You see where it says
6 March 31st, received copies of mortgages?

7 A. What page are you on?

8 Q. I'm on COG 632.

9 A. Okay.

10 Q. Is it safe to assume that March 31st is
11 when you received the copies of the mortgages?

12 A. It is.

13 Q. And right down here, a couple lines
14 down, it says, the bank was going to foreclose but
15 I asked them to allow us to investigate and see if
16 we could work out the problems.

17 Was that during your meeting with
18 Mr. Altman and Mr. Hujik?

19 A. It was.

20 Q. And they said no?

21 A. They did give us allowance time to see
22 if we could close the sale of the building.

23 Q. How much time?

24 A. I think I asked for 60 days.

25 Q. Did you ask for more?

1 BY MR. TILLMAN:

2 Q. All right, so just to clarify, this is
3 Exhibit 19, the HUD-1 from the sale of the North
4 Rhett property to Seacoast. Is this an accurate
5 copy of that document?

6 A. It is.

7 Q. And you signed it, correct?

8 A. No. I don't see my signature.

9 Q. You don't have the full -- okay. Never
10 mind.

11 A. Maybe I did.

12 Q. No.

13 A. I'm sorry.

14 Q. No, I didn't attach the back page on
15 it.

16 A. Yes, you did. I'm sorry.

17 Q. Okay.

18 A. And I did sign it.

19 Q. All right. And there's no notation of
20 any kind of protest of the mortgage at the time you
21 signed this?

22 A. I was not aware of any reason to
23 protest at the time. It only came to mind later or
24 came to my knowledge later.

25 Q. And the bank received 20,000 -- I mean,

1 excuse me, the state church received 20,000 dollars
2 in cash from the transaction, is that correct?

3 A. That's correct.

4 Q. And by signing this, did you approve of
5 the repayment of the notes and satisfaction of the
6 mortgages to Crescom?

7 A. I signed it based on what the document
8 says that to the best of my knowledge and belief
9 it's an accurate statement.

10 Q. And you didn't disagree with any of the
11 payments being made -- being reflected in that
12 document?

13 A. I did not.

14 Q. I'm going to mark as Exhibit 20 the
15 owner's affidavit from the real estate transaction.
16 This is Gibson 327.

17 (DFT. EXH. 20, Owner's Affidavit,
18 Gibson 0327 to 0328, was marked for
19 identification.)

20 BY MR. TILLMAN:

21 Q. I just ask you, is this an accurate
22 copy of the owner's affidavit you signed at or
23 around the time of closing?

24 A. It is.

25 Q. And to the best of your knowledge were

1 all of the representations made in this affidavit
2 correct at the time you signed them?

3 A. Yes, sir.

4 Q. I'm going to mark as Exhibit 21 COG
5 653, appraisal from 2007.

6 (DFT. EXH. 21, Appraisal dated 10/9/07,
7 COG 000653 to 000658, was marked for
8 identification.)

9 BY MR. TILLMAN:

10 Q. I just ask you, that's not a complete
11 document but is that the -- does that look like the
12 appraisal you reviewed in investigating the
13 condition of the North Charleston church?

14 A. Less photos. Without the photos.

15 Q. Okay. But you saw the number, is that
16 correct?

17 A. I did see the number.

18 Q. I'll mark as Exhibit 22 --

19 A. I don't see what relevance this has
20 three years later.

21 Q. Well, we'll see. Exhibit 22, it's SC
22 330.

23 (DFT. EXH. 22, Appraisal dated 9/24/08,
24 SC 330 to 436, was marked for identification.)

25 BY MR. TILLMAN:

1 Q. Ask you if you've ever seen this
2 appraisal before.

3 A. I have not.

4 Q. So did Seacoast tell you during the
5 time of negotiation that they had received an
6 appraisal in 2008?

7 A. No.

8 Q. Did you ask if they had received an
9 appraisal for the property?

10 A. I did not.

11 Q. And if you flip to the third page,
12 you'll see that the state's market value at current
13 residential zoning R-1 at 1.65 million dollars, do
14 you see that?

15 A. I do.

16 Q. And that commercial rezoning B-2 at
17 2.15 million dollars, do you see that?

18 A. Yes.

19 Q. Okay. Do you know if it was rezoned to
20 B-2 commercial?

21 A. I do not.

22 Q. Did you try to determine that
23 information while selling the property?

24 A. I did not.

25 Q. Did it ever concern you that the

1 property had appraised for 1.75 million dollars
2 back in 2007 and it was being sold for 780,000?

3 A. It did.

4 Q. And when did you have those concerns?

5 A. During the process of trying to satisfy
6 a mortgage.

7 Q. And what did you do in response to
8 those concerns?

9 A. I tried to negotiate the best price
10 that I could get at the time.

11 Q. But only with Seacoast, is that
12 correct?

13 A. That's correct. No one else was making
14 an offer on the property.

15 Q. Did anyone else -- was there any way
16 for anyone else to know it was for sale? What was
17 that?

18 A. Mr. Estes offered me a million dollars
19 for it.

20 Q. Other than Mr. Estes?

21 A. No.

22 Q. It wasn't being advertised, is that
23 correct?

24 A. No.

25 Q. You hadn't spoken with any brokers, is

1 take responsibility for the actions of their
2 pastors?

3 A. I cannot speak for the state church.

4 Q. Do you know whether the state church or
5 the national church did anything to help purchase
6 this property when it was purchased?

7 A. I do not.

8 Q. Do you know if they helped financially
9 in the maintenance of the property through the
10 years?

11 A. I do not.

12 Q. Do you know if they helped financially
13 with renovation of the property through the years?

14 A. That I do not know.

15 Q. Would you agree with me that the
16 purchase, renovation and repair of property over
17 time is what builds equity, would you agree with
18 that?

19 A. Yes.

20 Q. And so you can't sit here today and
21 tell me whether the state Church of God or the
22 national church assisted financially in building
23 the equity in this church, correct?

24 A. I can say to you that in relationship
25 with the Church of God that we are all part of the

1 was going on as much information as you could
2 possibly find out?

3 A. In hindsight looking back everything
4 looks better but at the time I thought I was
5 dealing with friends. I didn't know that I was
6 being deceived.

7 Q. Okay. And how were you being deceived?

8 A. At that meeting?

9 Q. Yes, sir.

10 A. I asked what are the obligations. They
11 produced a first mortgage, they produced a
12 promissory note to Chang, another one to
13 Mr. Carson, never mentioned that there's a second
14 mortgage on the property, never mentioned to me
15 that they have an obligation to pay those but they
16 don't and they try to make me pay, us as the Church
17 of God pay things that we are not obligated to pay.

18 Q. Okay. What did they lie to you about
19 during that meeting specifically? What information
20 did you receive that turned out to be false?

21 A. The fact that they did not disclose a
22 second mortgage.

23 Q. Anything else?

24 A. I'm not certain.

25 Q. All right. So what else was discussed

1 during that meeting?

2 A. Basically what I've put in my report.

3 Q. Is there anything that they said to you
4 in that meeting that was not the same or similar to
5 the file that you received from Mr. Altman? In
6 other words, did you find something in the file
7 that they didn't talk about?

8 A. Yes.

9 Q. What was that?

10 A. Later on in the Chang litigation
11 discovered that they had received 310,000 dollars
12 and that they had applied that to a down payment on
13 that property.

14 Q. And who had that mortgage or who had
15 that property? Excuse me, the mortgage on -- what
16 property are we talking about?

17 A. They mortgaged the North Rhett
18 property.

19 Q. Right.

20 A. Took cash out and the same day closed
21 on the Bryhawke property.

22 Q. And who financed that deal?

23 A. I don't know.

24 Q. And they never once mentioned that
25 property?

1 A. I don't know.

2 Q. The Bryhawke mortgage and all that?

3 A. Did they mention it?

4 Q. Yeah. When you were meeting with them,
5 did they say, we took the money out and bought this
6 property?

7 A. No.

8 Q. Did you at any time ask them where the
9 700,000 dollars went or what they used it for?

10 A. No, because I was given the impression
11 that it went to repair the building on North Rhett.

12 Q. Why would you think that when Seacoast
13 is -- later Seacoast is complaining about the state
14 of the roof?

15 A. Because at this point they're showing
16 me these things that they've done, sound, lights,
17 chairs -- or pews, carpet and fixing the roof and I
18 did not know how bad the roof was.

19 Q. Okay. All right. So -- I apologize if
20 I've asked this already. How long were you there?

21 A. Probably 30 minutes.

22 Q. And did they give you copies of all the
23 documents?

24 A. The documents that they gave me, yes.

25 Q. Okay. Did they give you originals or

1 Q. Did he say why?

2 A. He did not but the implication was
3 we'll just continue to pay the lease to the bank
4 and sooner or later it will become available.

5 Q. So they knew the property was
6 distressed?

7 A. Yes.

8 Q. And that they could get it for a
9 bargain price?

10 A. Yes.

11 Q. All right. So they were going to play
12 hardball with you?

13 A. Yes.

14 Q. And did he give you a price that he was
15 willing to pay at that point?

16 A. No. We talked about 800 and some
17 thousand, 825, I believe, and finally settled at
18 780.

19 Q. In that one phone call?

20 A. No.

21 Q. Over a period of time, all right. I
22 mean, I need you to say yes or no, sorry.

23 A. Ask the question again.

24 Q. Sure. Was it in that one phone call or
25 was it over a period of time?

1 overseer.

2 Q. Okay. So that's just what someone else
3 told you?

4 A. Yes. And I'm also going on the
5 testimony of Mark Estes to me that he never
6 received written information, read information.

7 Q. Okay. Do you know if he got verbal
8 permission?

9 A. I have no idea.

10 Q. He didn't talk to you about that?

11 A. You can't get verbal permission.

12 Q. That's not what I asked you. Did he
13 ever talk to you about getting verbal permission
14 regarding approval of the mortgage?

15 A. He said it but you can't get it.

16 Q. He told you that, that he had gotten
17 verbal permission from Bishop Chitwood to do what
18 he did?

19 A. I did not say that.

20 Q. What did you say?

21 A. I said he told me that he had not
22 received written permission to mortgage the
23 property.

24 Q. Okay. Did he tell you that he had
25 gotten verbal permission?

1 A. I don't know. I can't remember that
2 but I do remember very distinctly that
3 conversation.

4 Q. And when did that occur? When did that
5 conversation occur?

6 A. I was on my front porch, we were
7 talking on a cell phone and I don't know if it was
8 before or after closing.

9 Q. What else did you all talk about in
10 that conversation?

11 A. Basically that he wanted to buy the
12 property.

13 Q. Okay. So that was the -- I've got a
14 million doll -- I'll buy the property for a million
15 dollars?

16 A. That wasn't the same conversation.

17 Q. That was a different conversation?

18 A. Yes.

19 Q. So he called back and wanted --

20 A. It may have been after the closing
21 because I did talk to Mark after closing.

22 Q. Okay.

23 A. And asked him then if he had
24 permission.

25 Q. And what was his response?

1 A. His response was I didn't get written
2 permission.

3 Q. Do you recall him talking about getting
4 verbal permission?

5 A. He may have mentioned it but, as I
6 said, that is not permission.

7 Q. But do you recall him talking to you
8 about meeting with Bishop Chitwood and Bishop
9 Chitwood saying go ahead?

10 A. No.

11 Q. You don't remember that conversation?

12 A. I didn't.

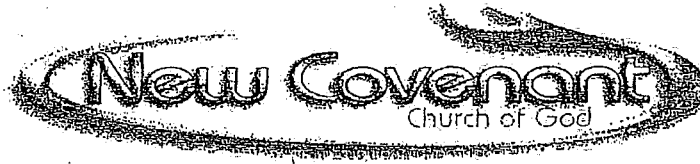
13 Q. Okay. What evidence do you have that
14 the defendants did not present the mortgage issues
15 to a regular or called conference of the local
16 church?

17 A. All I have are the documents that were
18 given.

19 Q. I understand that. My question is what
20 evidence do you have that this mortgage issue was
21 not presented to the local church?

22 A. I don't have any.

23 Q. What evidence do you have that any
24 regular or called conference of the local church
25 was not presided over by the state overseer or one



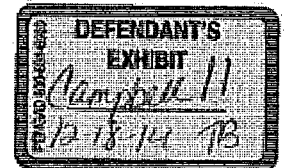
To: M. Thomas Propes, State Overseer
From: Pastor Marc Campbell
Date: Sept 3, 2010
Re: Response Mark and Patricia Estes Fax dated
10/14/10

Sir:

I will recount the events and time line as recorded by me in the transaction and sale of the property located at 5505 North Rhett Avenue, North Charleston, South Carolina. This property was the North Charleston Church of God.

2801 Ashley Phosphate Road North Charleston South Carolina 29418
843.569.7691 phone 843.572.9700 fax

COG 000631



March 22, 2010

Letter appointing me [Marc Campbell] as District Overseer of the Charleston, SC area for the Church of God.

A phone call from Bishop Propes directing me to investigate the property situation on North Rhett as to leases, mortgages and condition.

March/April

I went to the property and met one of the Seacoast pastors, was given a tour and told that the roof was in need of repair.

March 31

Met with Jamon Hujik, Community First Bank and Charlie Altman, attorney for Community First Bank.

Received copies of mortgages.

1st Mortgage \$700,000.00 that was already past due. The Bank had exercised the Rents/Assignments portion of the contract and were now collecting the rent from Seacoast... North Palm ministry had been receiving the rent and were not paying the monthly payments.

2nd Mortgage... \$75,000.00 was due in May 2010

The Bank was going to foreclose but I asked them to allow us to investigate and see if we could work out the problems.

On Good Friday, April 2, 2010 I met with Mark Estes, Patricia Estes and David Carey at the North Palm Ministry Center on Bryhawke Circle, North Charleston.

At this meeting I was provided with information concerning the 1st Mortgage of \$700,000.00 and 2 promissory notes:

Lupita Chang dated August 3, 2006 for \$69,000.00

James R. Carson dated April 25, 2008 for \$51,500.00

After collecting this information I set about trying to determine the value of the property.

I was given a copy of an appraisal that was dated October 10, 2010.

I was given a copy of the lease agreement with Seacoast Church that was effective until Oct 2013.

During the conversation with the Estes at their property, I was shown around. One of the buildings was being renovated for a sanctuary and Mark told me that they had borrowed money from First Citizens Bank for a remodel and the contractor was unable to finish with the amount they had borrowed, they could not find financing and they were being foreclosed upon on that part of the property.

COG 000632

Over the next few weeks, I talked with Glenn Wood of Seacoast and they made an offer to purchase the property 'as is'... for \$780,000.00.

During the negotiations for the sale of the property, Mark Estes called me and asked about purchasing the property. He said, "I will give you a million dollars for it." I responded, "where will you get a million, you couldn't keep the payments up when you were receiving the rent, First Citizens is foreclosing on a part of your property."

He replied, "private investors."

I told him "make an offer, if the deal with Seacoast doesn't work out we will look at it."

I never received an offer on paper, either in a letter or in contract form.

During the title work prior to closing, I discovered that judgments against North Palm Ministry had been granted in Charleston Court to Worsham Sprinkler Company for \$40,658.00 Mechanics Lien and also a judgment from the IRS in the amount of \$49,585.53 for non payment of employee withholdings taxes.

The offer from Seacoast was finally accepted and the sale of the property was finalized on July 15, 2010.

Response to Fax from Mark and Patricia Estes on October 14, 2010

Page 1, Paragraph 1, line 6

What great deception. I have been as open as possible with Pastor Estes. The meeting he mentions in Item 3. He disclosed the first mortgage and the two promissory notes. He failed to disclose a \$75000.00 2nd mortgage with First Community Bank.

Page 2, Item 2, Last line

Indeed Mark Estes did in a phone call mention that his church would be interested in the property and was willing to pay \$1,000,000.00. However, we had a ratified contract with Seacoast at that time. Also, the mortgage had matured 4 months earlier, First Community Bank had exercised the rents and assignments clause of the contract because of non payment of the mortgage and now collecting rent payments directly from Seacoast. Mark had earlier told me that a portion of his present property at Bryhawke Circle was being foreclosed on by First Citizens bank. I did not think the verbal offer was 'doable' in the sense that their resources were strained. No written offer was made to me, presented to me or to any party that I am aware.

Page 2, Item 3

The promissory notes were not filed at the county courthouse, they were signed by the trustees of North Charleston Church of God. In those notes, the repayment terms state that they were to be repaid upon sale or refinance of the property. In both cases,

COG 000633

the property was refinanced after the notes were dated, without being repaid. In other words, **they failed to complete the terms of the notes.** I also found no written record of the State Overseer approving of the conference in which the church voted to borrow monies from these individuals. I found no evidence of the approval of the State Overseer to indebt the Church of God to these individuals.

3.c. Any appraisal is only good for 6 months from the date of issuance. Property values have fallen drastically in the Charleston area. Appraisals are done at the time of sale or refinance of a property for the institution lending funds. They do not constitute a firm value, only what a willing seller and a willing buyer agree to is the real value of property.

Page 3. Item 4

I became frustrated after David Carey called to inquire about a life insurance policy on Pastor Mark Estes that was given as collateral to First Community Bank. It had expired because of non payment of premium. He then wanted to know when his name was going to be off the notes he had signed. I did not divulge information to him because he was no longer a Church of God member or officer of a Church of God. He was an officer of North Palm Ministry.

He wanted to know about the sale, etc. and I declined to let him know. I did become upset and told him I did not want to speak to him about the property. That he had no rights any longer.

Mark's recollection of his demeanor is somewhat colored. He told me he would get an attorney and bring suit against the church in 30 days.

Page 3. Item 5

"The robbery of the Church of God" took place when Mark Estes decided to refinance the property at North Rhett and take the proceeds of a loan (\$310,809.43) and use it to purchase property at Bryhawke Circle North Charleston and have it deeded in the name of North Palm Ministry. Another \$75000.00 loan was used on that same property; which we paid off at the sale of North Rhett to Seacoast church.

As to litigation, I would be happy to testify to these facts.

Respectfully,

Pastor Marc Campbell

COG 000634

1 STATE OF SOUTH CAROLINA COURT OF COMMON PLEAS
 2 COUNTY OF CHARLESTON NINTH JUDICIAL CIRCUIT
 3 CHURCH OF GOD, CHURCH OF GOD OF SOUTH CAROLINA
 AND CHURCH OF GOD AT NORTH CHARLESTON,
 4 Plaintiffs,
 vs. CASE NO. 2013-CP-10-1686
 5 MARK ESTES, PATRICIA ESTES, MICHAEL TIMOTHY
 BROOKS, INDIVIDUALLY AD AS TRUSTEE FOR CHURCH
 6 OF GOD AT NORTH CHARLESTON TRUST, ADAM BOYER
 INDIVIDUALLY AND AS TRUSTEE FOR CHURCH OF GOD
 7 AT NORTH CHARLESTON, ROLANDO RIVERA OSORIO
 INDIVIDUALLY AND AS TRUSTEE FOR CHURCH OF GOD
 8 AT NORTH CHARLESTON, AND NORTH PALM MINISTRIES,
 INC., NORTH PALM COMMUNITY CHURCH AND CRESCOM
 9 BANK AS SUCCESSOR BY MERGER TO COMMUNITY FIRST
 BANK,
 10 Defendants.

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VIDEO
 DEPOSITION OF: ROBERT WARRICK 30(b)(6)
 DATE: March 20, 2014
 TIME: 10:08 AM
 LOCATION: Law Offices of
 George J. Kefalos
 46A State Street
 Charleston, SC
 TAKEN BY: Counsel for the Plaintiff
 REPORTED BY: Roxanne M. Easterwood, RPR
 VIDEOGRAPHER: Nick Stello

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ROBERT WARRICK-DIRECT EXAMINATION BY MS. JOHNSON

1 your education? What do -- do you have a degree
2 in?

3 A. Degree in political science from the
4 College of Charleston.

5 Q. Okay. Are -- do you consider yourself
6 a banking professional?

7 A. Yes.

8 Q. Okay. Do you think you know the
9 standards of behavior that are generally
10 applicable to bankers when making loans?

11 A. Yes.

12 Q. Would you agree that a banker should
13 be thorough when making a loan?

14 A. Yes.

15 Q. Do you agree that a banker should be
16 reasonable when making a loan?

17 A. Yes.

18 Q. Would you agree that a banker should
19 be complete when making a loan?

20 A. Yes.

21 Q. Have you ever made a loan to a
22 corporation?

23 A. I have.

24 Q. Do you understand that a corporation
25 can only act through its agents and employees?

1 A. Yes.

2 Q. Do you understand that the agents and
3 employees must receive authority from the
4 corporation to act?

5 A. Uh-huh. Yes.

6 Q. Do you understand that the authority
7 to act must come from the corporation?

8 A. I do.

9 Q. Would you agree that a banker should
10 get proper corporate authority when making a
11 commercial loan?

12 A. We depend on our attorneys and our
13 staff to do that.

14 Q. You do?

15 A. Yes. We make real estate loans. We
16 read -- there's title insurance. And our closing
17 attorney is responsible for that authority, not
18 the bank.

19 Q. Okay. We'll talk about that in a
20 minute. Would you agree that the authority
21 sometimes comes from a corporate res. --
22 resolution?

23 A. It could.

24 Q. Do you know they have ways a corporate
25 -- a corporation can give authority to act?

1 A. I mean, the various documents. But
2 again, we depend on our attorneys to do that for
3 us.

4 Q. Okay. Have you ever made a loan to
5 one company when another company has given a
6 mortgage to secure the loan?

7 A. I can't remember a time, to be honest
8 with you.

9 Q. Okay. Would you agree that when the
10 borrower -- borrower does not own the property
11 used as collateral there are extra steps to be
12 taken in order to assure that proper authority to
13 make the transaction is had by the bank?

14 A. Yes, one more time. One more time.

15 Q. When a borrower does not own the
16 property used as collateral, there are some extra
17 steps that the bank will have to take in order to
18 assure that property -- proper authority is given?

19 A. The attorney would take those steps,
20 not the bank.

21 Q. Okay.

22 A. On a real estate transaction.

23 Q. Okay. You have to make -- will the
24 bank get a copy of the resolution or whatever
25 document authorizing the mortgage before the

1 closing?

2 A. In some -- in some case.

3 Q. All right. Would you agree that you
4 would have to make sure that the person borrowing
5 money on behalf of corporate -- of a corporation
6 has the authority to borrow the money?

7 A. Again, the attorney's job in a real
8 estate transaction is to offer title insurance and
9 to ensure that fact that they are a qualified
10 borrower, not the bank.

11 Q. Okay. Would you agree that you would
12 have to make sure that the person giving the
13 mortgage on behalf of the corporation has the
14 authority to mortgage the property?

15 A. The attorney would, in fact, do that
16 for us, yes.

17 Q. And this authority would typically
18 come in the nature of a corporate resolution; is
19 that correct?

20 A. I pre -- whatever would make the
21 closing attorney happy so they could give that
22 authority.

23 Q. Okay. There are ways that you can
24 determine whether the resolution is proper or not;
25 is that correct?

ROBERT WARRICK-DIRECT EXAMINATION BY MS. JOHNSON

1 case, and they do not do that in any other case?

2 MR. TILLMAN: Object to the form. Go
3 ahead.

4 THE WITNESS: In some cases we do.

5 BY MS. JOHNSON:

6 Q. Can you give me an example of a case
7 where you would?

8 A. We may request those documents, you
9 know, for some review if it's an unsecured loan or
10 if it's a loan on equipment or something to that
11 nature. On a real estate transaction we do -- we
12 don't.

13 Q. Okay. Can you please take a look at
14 Exhibit Number 1.

15 (The witness reads the document, as
16 requested.)

17 BY MS. JOHNSON:

18 Q. Can you identify this document for me?

19 A. It says at the top: Commercial loan
20 application summary.

21 Q. This does not appear to be the actual
22 application, does it?

23 A. This is an application, I think, at
24 the time that we would get. And if you see at the
25 bottom, it allows us to pull credit bureaus.

1 Q. Okay. So this is the actual
2 application that was submitted to the bank for the
3 loan?

4 A. I would surmise.

5 Q. Okay. Can you tell me who made this
6 application, which entity?

7 A. It's -- at the top it reads: North
8 Palm Ministries, Inc.

9 Q. Okay. What is the date of this
10 application?

11 A. 9/24/2007.

12 Q. Okay. It shows that the application
13 was for a \$700,000 secure loan, correct?

14 A. Yes.

15 Q. Okay. And it shows that the purpose
16 of the loan was to refinance church property to
17 provide cash for purchase of new property; is that
18 correct?

19 A. Yes.

20 Q. Okay. You understood that
21 authorization resolution was to be provided,
22 correct?

23 A. How would I understand that?

24 Q. Can you look at the document where it
25 says authorization resolution dated 10/15/2007?

1 It's below the name of the entity applying for the
2 loan, about three lines down.

3 A. Uh-huh. I see that. I see a date
4 there.

5 Q. Okay. And then the -- there is a
6 checkmark -- a checkbox to be provided?

7 A. Uh-huh. I see that.

8 Q. So -- so the bank understood that
9 authorization resolution was to be provided,
10 correct?

11 A. It looks like they were requesting it.

12 Q. Okay. Can you tell me what is
13 authorization resolution?

14 A. It's a resolution given to the bank by
15 the borrowers.

16 Q. Okay. Would you take a look at
17 Exhibit 10?

18 (The witness reads the document, as
19 requested.)

20 THE WITNESS: That's small.

21 BY MS. JOHNSON:

22 Q. Do you know what this document is?

23 A. It's a note.

24 Q. It's a note. And does this document
25 show who was giving the property to secure the

ROBERT WARRICK-DIRECT EXAMINATION BY MS. JOHNSON

1 correct, and sent it to the attorney?

2 A. With -- with instructions and in
3 letters to have him authorize these.

4 Q. Okay.

5 A. That -- that's the attorney's job, to
6 authorized those.

7 Q. We'll get to that in a minute. So
8 does this mean that the bank at the time it
9 created this document knew that North Charleston
10 Church of God was giving the property to secure
11 the North Palm Ministries loans?

12 A. This is what we assumed. And so we
13 sent the closing package and had it verified.

14 Q. Did -- did the bank understand that
15 because North Palm Ministries was giving the
16 mortgage they needed auth -- two other
17 authorization resolutions?

18 A. Uh-huh.

19 MR. TILLMAN: Object to form.

20 BY MS. JOHNSON:

21 Q. Okay. Did the bank understood --
22 understand that they needed authorization from
23 North Palm Ministries to borrow the money?

24 A. Yes.

25 Q. Did the bank understand that they

ROBERT WARRICK-DIRECT EXAMINATION BY MS. JOHNSON

1 financial information from North Palm Ministries?

2 A. And truthfully, I don't know. I did
3 -- I don't remember if I saw it. I did not look
4 for that.

5 Q. Okay.

6 A. I looked at these legal documents
7 which I was directed to -- to review.

8 Q. Okay. Would you please take a look at
9 Exhibit 2? Can you tell me what this document is?

10 A. It says: Closing -- it says:
11 Community First Bank, attorney closing
12 instructions.

13 Q. Okay. Would you look at page 3 of
14 this letter?

15 A. Got it.

16 Q. Is this document, are these the
17 instructions that you sent to the attorney that
18 closed the loan for North Palm Ministries?

19 A. These are the instructions that Joanne
20 Newberry sent to close the loan.

21 Q. Okay. Back on page 3, do you see
22 where it says borrowing resolution corporate?
23 It's towards the bottom of the page, like the
24 fourth up from the bottom.

25 A. Yeah, I did. I see it.

1 Q. Okay. Can you tell me, according to
2 this letter, who was going to provide this
3 document?

4 A. It says that: Community First will
5 provide the following documents. It's the
6 attorney's responsibility to ensure all documents
7 are completed, properly signed, and executed for
8 proper authority. The attorneys review these
9 sections.

10 And it says right there on the thing,
11 so. It looks like we were providing. The
12 attorney was to verify and understand and give us
13 authority.

14 Q. Okay. Can you take a look at Exhibit
15 3?

16 (The witness reads the document, as
17 requested.)

18 BY MS. JOHNSON:

19 Q. Can you identify this document?

20 A. It says: Third-party pledge
21 agreement.

22 Q. Is this a Community First Bank form?

23 A. Yes.

24 Q. Okay. Do you see that this form was
25 signed by Michael Timothy Brooks, Adam Boyer, and

1 Rolando Rivera Osorio all as trustees?

2 A. Sure. Yes.

3 Q. Do you know who they were trustees
4 for?

5 A. It says: Church of God North
6 Charleston.

7 Q. Okay.

8 A. And a debt obligation of North Palm
9 Ministries.

10 Q. Okay. How did the bank verify that
11 the trustees have any authority to pledge the
12 property of 5505 North Rhett?

13 A. They didn't. It's -- the attorney's
14 job is to verify that. As all those closing
15 packages would go to the attorney. He would
16 verify, and they would make sure and offer title
17 insurance and write detailed instructions to the
18 bank to verify that they have the ability to
19 borrow and decide. It's not the bank's job to do
20 that.

21 Q. Okay. Let's look at Exhibit 5.

22 A. Okay.

23 Q. Oh, I'm sorry. Exhibit 4. Do you
24 know what this document is?

25 A. No. It says -- it says it's a

1 resolution.

2 Q. Okay. Can you read the resolution for
3 us?

4 A. Sure. Dated October 8, 2007. It just
5 says: Resolution. It says: The members and the
6 financial supporters of North Charleston Church of
7 God in a call of business conference have resolved
8 to authorize the trustees: Michael Timothy
9 Brooks, Adam Boyer -- is that right -- Rolando
10 Rivera Osorio, to proceed with the refinance of
11 the present facilities located at 5 -- 5505 North
12 Rhett Avenue, North Charleston, South Carolina.

13 Q. Okay. Now, let's look at Exhibit
14 Number 5.

15 A. Okay. Thank you.

16 Q. Do you know what this document is?

17 A: It says -- at the top it says:
18 Minutes of the 64th General Assembly. These are
19 really small.

20 Q. Yes. Those -- those are minutes of
21 the general assembly for the Church of God. And
22 those were in the bank's file.

23 A. Uh-huh?

24 Q. And can you read the S43 there, the --
25 the ball under the -- the title of the paragraphs?

1 A. Oh, local board of trustees?

2 Q. Uh-huh. Can you read paragraph 3, the
3 underlined part?

4 A. The said local board of trustees shall
5 have the full right, power, and authority to buy
6 property for the use and benefit of the local
7 congregation, sell, hypothecate, exchange,
8 transfer and convey any of the local property held
9 to it or borrowed money or pledge title said
10 property for the repayment of the same.

11 Q. Okay. Do you know who underlined this
12 text?

13 A. These were probably provided by our
14 closing attorney because these is how -- this is
15 how the bank would have gotten these documents.

16 Q. Okay.

17 A. Because the attorney would probably
18 require these in order to understand who had the
19 authority to borrow.

20 Q. Okay. Can you read the rest of the
21 paragraph?

22 A. Sure. It says: And execute all
23 necessary deeds, conveyances and set forth and
24 provide that the proposition shall have first been
25 presented to the regular and called conference of

1 the local church presided over by the state
2 overseer and one who may appoint -- and appoint by
3 two-thirds majority vote, and provide further that
4 the board will have the certification from the
5 state overseer or one who he shall appoint that
6 the propositions in adverse interest in the Church
7 of God -- and then I can't read whatever else that
8 says after that.

9 Q. That -- that's sufficient. Now, let's
10 go back to Exhibit 5 -- Exhibit 4, I'm sorry. Do
11 you see where this resolution says that the
12 overseer was present at the meeting or somebody
13 appointed by the overseer?

14 MR. TILLMAN: Object to the form.

15 THE WITNESS: I don't see that.

16 BY MS. JOHNSON:

17 Q. Okay. Would you agree that there is
18 no record of an inquiry from the bank as to
19 whether the state overseer or one appointed by him
20 was present at the meeting?

21 A. One more time, sorry.

22 Q. Would you agree there is no record
23 that the bank inquired as to whether the bank over
24 -- the state overseer was present at this meeting
25 for the resolution?

1 A. It wouldn't be our job. The attorney
2 would do that. So I don't know why we would have
3 that information.

4 The attorney would have to understand
5 this in order to authorize them to borrow money.

6 Q. Okay.

7 A. So it wouldn't be our -- our task.

8 Q. So the bank did not make any effort
9 to --

10 A. We didn't, no. We did not. That's
11 the attorney's job to do so.

12 Q. Would you agree, under these
13 circumstances that without the state overseer's or
14 authority or someone appointed by the state
15 overseer present at this resolution meeting, the
16 local board of trustees did not have the proper
17 authority to mortgage the property at 55 --

18 A. That -- that's more of a legal
19 opinion. I wouldn't agree or disagree. That's --
20 that's not my in purview.

21 MR. TILLMAN: Object to the form of the
22 last question.

23 BY MS. JOHNSON:

24 Q. Okay. Would you take a look at
25 Exhibit 6?

ROBERT WARRICK-DIRECT EXAMINATION BY MS. JOHNSON

1 people in D got the loan.

2 Q. Okay. Well, let's look at Exhibit 7.

3 A. Is this it right here?

4 Q. I'm sorry.

5 A. Thank you.

6 Q. Do you know what this is?

7 A. It says: Single ledger balance
8 report.

9 Q. From -- this is a ledger balance
10 report from Attorney Chard --

11 A. Okay.

12 Q. -- David Chard, detailing how the
13 funds were disbursed from the loan?

14 A. Okay.

15 Q. Would you -- would you agree with
16 that?

17 A. It appears, yes.

18 Q. Okay. It shows that there were --
19 there was a check made to North Palm Ministries,
20 Incorporated, and then there were two more
21 transfers to North Palm Ministries, Incorporated.

22 Do you see any checks or transfers to
23 North Charleston Church of God on this sheet?

24 A. I don't.

25 Q. Okay. So can we agree that North

1 Charleston Church of God did not receive any funds
2 from this loan?

3 A. I think North Palm Ministries did.

4 Q. Okay. But there are no transfers or
5 funds released to North Charleston Church of God?

6 A. No.

7 Q. Okay.

8 A. Based -- not based on that statement.

9 Q. Okay. Can you look at Exhibit Number
10 8?

11 A. Thank you.

12 (The witness reads the document, as
13 requested.)

14 BY MS. JOHNSON:

15 Q. Can you identify this document?

16 A. Commercial -- it says: Commercial
17 security agreement.

18 Q. Can you tell me who is identified as
19 the debtor on this document?

20 A. It says at the top: Church of God of
21 North Charleston. Then in the agreement it says:
22 Debtor, North Palm Ministries, Inc.

23 Q. Do you know who prepared this
24 document?

25 A. I'm sure the bank did to -- to send to

ROBERT WARRICK-DIRECT EXAMINATION BY MS. JOHNSON

1 we get off the record for a second.

2 VIDEOGRAPHER: Going off the record.

3 The time is 10:52 a.m.

4 (A recess was taken.)

5 VIDEOGRAPHER: We are back on the

6 record. The time is 10:59 a.m.

7 BY MS. JOHNSON:

8 Q. We were talking a minute -- a minute
9 ago about who -- about authority to obtain the
10 loan and mortgage the property, and you were
11 telling me that the bank relies on the attorney to
12 get the proper authority.

13 Can you tell me who chose Mr. Chard in
14 this case as the closing attorney?

15 A. The borrower.

16 Q. The borrower. And did the bank
17 approve Mr. Chard as the attorney for this
18 closing?

19 A. Sure.

20 Q. Okay.

21 A. Since he closed, I would assume that
22 would be they did.

23 Q. Okay. And the bank sent Mr. Chard a
24 letter with instructions on the closing, correct?

25 A. Yes, we did.

1 Q. Okay. And the bank required Mr. Chard
2 to review the documents to make sure that the bank
3 had proper authority to close this transaction; is
4 that correct?

5 A. Yes. Yes.

6 Q. Okay. Why did the bank ask Mr. Chard
7 to review the documents to make sure they had
8 proper authority? Do you -- do you know why Mr.
9 Chard was asked to review these documents?

10 A. Because he's the closing attorney.

11 Q. Okay. Is it because the bank needs to
12 have the proper authority to close the loan?

13 A. Yes, we do.

14 Q. Okay. So would you agree that the
15 bank relies on the attorneys to get the proper
16 authority?

17 A. We do.

18 Q. Okay. The bank does not review the
19 documents? The bank does not do any research to
20 make sure they have the proper authority?

21 MR. TILLMAN: Object to the form.

22 BY MS. JOHNSON:

23 Q. Is that correct?

24 A. No. We depend on the attorney to do
25 that for us.

COMMERCIAL LOAN APPLICATION - SUMMARY

IMPORTANT APPLICANT INFORMATION: Federal law requires financial institutions to obtain sufficient information to verify your identity. You may be asked several questions and to provide one or more forms of identification to fulfill this requirement. In some instances we may use outside sources to confirm the information. The information you provide is protected by our privacy policy and federal law.

NORTH PALM MINISTRIES, INC.	Community FirstBank	Date 09/24/2007
5505 NORTH RHETT AVENUE	884 Orleans Rd	Telephone #
NORTH CHARLESTON, SC 29406	Charleston, SC 29407	Taxpayer I.D.# 57-1224356
Applicant's Name and Address	Creditor's Name and Address	Nature of Business CHURCH
		Business Year End Date

General Information

Legal Relationship: Corporation Partnership Sole-Proprietorship Other LODGE, ASSOCIATION OR ORGANIZATION

Authorization Resolution Dated: 10/15/2007 Submitted with Statement On File With Creditor To Be Provided

Income Tax Return Filed Through What Date: Are Any Returns Being Contested or Audited: Yes No

Name of Accountant or Accounting Firm:

Names of Persons Authorized to Borrow Money on Behalf of and in the Name of the Applicant: MICHAEL TIMOTHY BROOKS, ROLANDO RIVERA OSORIO, ADAM BOYER.

Loan Request

Amount Requested: \$700,000.00 Secured Unsecured Initial Request Additional Advance

Purpose of Loan: REFINANCE CHURCH PROPERTY TO PROVIDE CASH FOR PURCHASE NEW PROPERTY **Terms:** 12 MONTHS P & I-PAYMENTS @ 7.75% FIXED (20 YR AMORTIZ)

Financial Summary (See page 2 for explanation)

<input type="checkbox"/> Financial Statement Submitted with this Summary		<input type="checkbox"/> Current Financial Statement on File with Creditor	
Assets		Liabilities	
Current Assets		Current Liabilities	
Account/Trade Receivables		Long-Term Liabilities	
Inventory - Gross		Other Liabilities	
Fixed Assets		Total Liabilities	
Other		Net Worth (Total Assets minus Total Liabilities)	
Total Assets		Total Liabilities and Net Worth	

Profit and Loss

Additional Information Requested

From	To	Date of Birth - (for individuals only)
Net Sales		
Gross Profit		
Net Operating Profit		
Net Profit/Loss		

Equal Credit Opportunity Notice

Were your gross revenues \$1,000,000 or less in your previous fiscal year?
 Yes No

If you answered "yes" and the Creditor denies your application for credit, you have the right to a written statement of the specific reasons for the denial. To obtain the statement please contact:
 Community FirstBank
 884 Orleans Rd
 Charleston, SC 29407

within 60 days from the date you are notified of Creditor's decision. The Creditor will send you a written statement of reasons for the denial within 30 days of receiving your request for the statement. The notice at right describes additional protections extended to you.

NOTICE: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract), because all or a part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act, the federal agency that administers compliance with this law concerning this creditor is:
 FDIC CONSUMER RESPONSE CENTER
 2345 Grand Boulevard Suite 100
 Kansas City, Missouri 64108

NOTICE - JOINT CREDIT:
 We intend to apply for joint credit. (Initials) _____

This information and the information provided on all accompanying financial statements and schedules is provided for the purpose of obtaining credit for the Applicant(s) or for the purpose of Applicant(s) guaranteeing credit for others. Applicant(s) acknowledge that representations made in this statement will be relied on by Creditor in its decision to grant such credit. This Statement is true and correct in every detail and accurately represents the financial condition of the Applicant(s) on the date given below. Creditor is authorized to make all inquiries it deems necessary to verify the accuracy of the information contained herein and to determine the creditworthiness of the Applicant(s). Applicant(s) will promptly notify Creditor of any subsequent changes which would affect the accuracy of this Statement. Creditor is further authorized to answer any questions about Creditor's credit experience with Applicant(s). Applicant(s) are aware that any knowing or willful false statements regarding the value of the above property for purposes of influencing the actions of Creditor can be a violation of federal law, 18 U.S.C. & 1014, and may result in a fine or imprisonment or both.

In addition, each individual signing below authorizes the Creditor to check their individual credit account and employment history and have a credit reporting agency prepare a consumer credit report on them.

By signing below, the undersigned agree(s) to all the terms and conditions beginning on page 1 through the bottom of page 2 of this Application.

By Michael Timothy Brooks as Trustee Date 10/15/07 By Rolando Rivera Osorio as Trustee Date 10-15-07
 Signature: MICHAEL TIMOTHY BROOKS Signature: ROLANDO RIVERA OSORIO

By Adam Boyer as Trustee Date 10/15/07 By _____ Date _____
 Signature: ADAM BOYER Signature: _____

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CHARD000064



COMMUNITY FIRSTBANK - ATTORNEY CLOSING INSTRUCTIONS

884 Orleans Road
Charleston, SC 29407

Phone: 843-723-7700
Fax: 843-723-5446
E-Mail: jnewberry@cominfirstbank.com

ATTORNEY: R. DAVID CHARD 554-6984 FAX# 554-6996
ADDRESS: 2050 SPAULDING DR STE 2, N CHARLESTON, SC 29406

DATE: 10/02/07

Community FirstBank (hereinafter referred to as CFB) has established the following general closing procedures for the closing of commercial real estate loans.

Each loan package will be accompanied by instructions specific to that transaction. All closings are subject to the general requirements set forth herein. To the extent that the specific closing instructions conflict with the general requirements, the specific closing instructions will control.

CFB requires that you be familiar with all the information and requirements set forth herein and close loans in the name of Community FirstBank. If you do have a question regarding these general closing procedures or the specific closing instructions, please call us immediately and we will answer your questions or resolve any problems you may have with the loan closing.

BORROWER NAME: NORTH PALMS MINISTRIES, INC.
NOTE AMOUNT: \$700,000.00
TERMS OF LOAN: 12 MONTHS P&I PMTS (20 YR AMORT) @ 7.75% FIXED
CLOSING DATE: 10/15/07
BANK CONTACT: JOANN NEWBERRY
PROPERTY ADDRESS: 1ST - 5505 NORTH RHETT AVENUE, N CHARLESTON, SC 29406
COUNTY: CHARLESTON
BRIEF LEGAL DESCRIPTION: TMS# 473-16-00-022

PRELIMINARY INSTRUCTIONS:

- A. Please proceed with a title examination to determine if a First Second Mortgage can be closed on the above security.
- B. All loan documents should be sent the day following loan closing to:

ATTN: JOANN NEWBERRY
COMMUNITY FIRSTBANK
884 ORLEANS ROAD
CHARLESTON, SC 29407
- C. Title insurance binder will be required prior to our release of the closing package.
- D. The loan proceeds check is enclosed. Do not deposit until the Mortgage has been properly recorded and closing documents properly signed and funds are ready to be disbursed. Recorder's Receipt must be returned with loan package for ALL recorded documents.
- E. All statutes, laws, regulations and/or ordinances of the specific jurisdiction must be complied with as is necessary to provide CFB with a valid first lien (or second lien per these instructions) upon the property given or conveyed as security for this loan.
- F. We require that you as closing attorney handle the closing of this loan at no expense to CFB. The loan should be closed, recorded and disbursed on the same day. Any exception should be discussed with the lending officer.

CHARD000114



Review carefully for specific instructions

DOCUMENTS	COMMENTS
A. CFB-MORTGAGE \$700,000.00 Advance at closing \$700,000.00 Maximum amount	
B. Assignment of Leases/Rents and Profits	N/A
C. UCC Financing Statement	N/A
D. HUD Settlement Statement	ATTORNEY TO PREPARE
E. Hazard Insurance Policy	Original policy as evidence of coverage with Loss Mortgage Clause: Community First Bank Its Successors and/or Assigns ATIMA 884 Orleans Road Charleston, SC 29407 Minimum coverage should be replacement cost of the improvements. Forward to Lender for Review Prior to Closing CFB will inform you if the property is in a flood hazard area. N/A
F. Flood Insurance	
G. Request for Notice of Sale	If CFB is second lien holder and if required by State Law
H. Title Insurance Binder	Forward to Lending Officer prior to closing
I. Title Insurance Policy:	
Format - CFB will accept only those title policies written on a standard American Land Title Association (ALTA) form with proper ALTA endorsements. CFB requires that insurance be obtained through a title company acceptable to CFB. CFB request that a Attorney Insured closing letter be furnished with each closing.	
Effective Period - The policy shall be in effect during the entire life of the loan.	
Name of Insured - The title insurance policy must insure Community First Bank at 884 Orleans Road, Charleston, SC 29407.	
Essentials of Clear Title:	
a) Policy must show evidence of conveyance of title to the mortgagor and evidence of the conveyance of pledge of security to CFB by reference to the recording date, i.e., Real Estate Book and Page Number, date recorded and time recorded.	
b) Policy must be cleared of all liens prior to that of CFB. CFB must have a valid first lien or second lien if specified, and the property shall not be pledged as security for any secondary financing unless CFB is notified of the terms of such financing.	
c) All exceptions listed on the title examination must be deleted from the title insurance policy except those standard exceptions as to (1) property taxes which the policy states are a lien but "not yet due and payable". And (2) unexpired covenants and/or restrictions and easements of record. Include the Book and Page references of all recorded easements and restrictions.	
d) Policy must be clear as to matters of survey or provide affirmative coverage as to matters of survey.	
e) CFB shall not accept exceptions for mechanics and materialmen's liens or any other liens.	
f) Express affirmative coverage against loss is required in connection with each exception to any and all encroachments, violations of restrictions, common walls, overhangs of eaves, porches, decks, roofs, etc.	
g) Any easements or rights of way, recorded or unrecorded, must be specifically identified as to location purpose and shown on the survey, for any encroachment or violation thereof. Any negative or adverse easement must have affirmative coverage.	
h) An exception in the title insurance policy relating to rights of tenants in possession or rights of tenants under unrecorded or recorded leases is unacceptable to CFB.	
i) Any negative or adverse condition affecting the character of title to this property must have affirmative coverage from the title insurance company. If the title insurance company cannot provide affirmative coverage, written approval must be provided by CFB before closing of this loan.	

CHARD000115

REQUIRED DOCUMENTATION:

Community FirstBank will provide the following closing documents. It is the closing attorney's responsibility to ensure all documents are properly completed, properly signed and executed under the proper authority. Attorney is to review comment section below for any specific documents that need to be collected by Attorney. We rely on the closing attorney to review each Document for correct completion. If you have questions please notify the lending officer promptly.

CFB will provide the following documents as applicable to each loan. Review carefully for any specific comments.

DOCUMENTS	ATTACHED	COMMENTS
UCC	<input type="checkbox"/>	N/A
Note	<input checked="" type="checkbox"/>	
Security Agreement	<input type="checkbox"/>	N/A
Construction Loan Agreement	<input type="checkbox"/>	N/A
Line of Credit Agreement	<input type="checkbox"/>	N/A
Mortgage	<input checked="" type="checkbox"/>	
Mortgage Riders	<input type="checkbox"/>	N/A
Notice of Right of Rescission	<input type="checkbox"/>	N/A
Truth-In-Lending	<input type="checkbox"/>	N/A
Notice of Special Flood Hazard	<input checked="" type="checkbox"/>	
Agreement to Provide Insurance	<input checked="" type="checkbox"/>	
Servicing Disclosure	<input type="checkbox"/>	N/A
Shelter Line Agreement	<input type="checkbox"/>	N/A
Property Owners Affidavit	<input type="checkbox"/>	N/A
Assignment of Leases, Rents & Profits	<input type="checkbox"/>	N/A
HUD Settlement Statement	<input type="checkbox"/>	ATTORNEY TO PREPARE
Disbursement Authorization	<input checked="" type="checkbox"/>	
Errors & Omissions Statement	<input checked="" type="checkbox"/>	
W-9	<input checked="" type="checkbox"/>	
Application	<input checked="" type="checkbox"/>	
Right to Receive a Copy of Appraisal	<input checked="" type="checkbox"/>	
Waiver of Appraisal Rights Notice	<input checked="" type="checkbox"/>	
Borrowing Resolution Corporate	<input checked="" type="checkbox"/>	CHURCH
Guaranty	<input type="checkbox"/>	N/A
Loan Commitment	<input type="checkbox"/>	N/A
Note Addendums	<input type="checkbox"/>	N/A
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	

CHARD000116

FEE SCHEDULE: Fees to be collected at closing

A. ORIGINATION FEE:	1,750.00
B. APPRAISAL FEE:	1,250.00
C. FLOOD CERTIFICATION FEE:	15.00
D. OTHER: COURIER FEE	25.00
E. OTHER:	

ITEMS TO BE PAID AT CLOSING:

1. PAYOFF TO *First Reliance Bank* ALL OTHER CLOSING COSTS
- 2.

OTHER INSTRUCTIONS: PLEASE FAX COPY OF TITLE COMMITMENT AND PRELIM HUD-1 PRIOR TO CLOSING. PLEASE SECURE HAZARD INSURANCE ON PROPERTY SHOWING CFB AS MORTGAGEE. PLEASE SET CLOSING DATE AND LET CUSTOMER AND LENDER KNOW. WE ARE PAYING OFF FIRST MORTGAGE WITH THIS LOAN. PLEASE GET PAYOFF.

IT IS ESSENTIAL THESE REQUIREMENTS BE MET. IT IS YOUR RESPONSIBILITY AS CLOSING ATTORNEY TO COMPLY WITH ALL INSTRUCTIONS SET FORTH PRIOR TO DISBURSING OUR FUNDS AND WE APPRECIATE YOUR COOPERATION.

COMMUNITY FIRSTBANK

By: JOANN NEWBERRY

Title: LOAN PROCESSOR

CHARD000117

(their care adequately insured where practical) (1912 A, 1914 p. 12)

S43. LOCAL BOARD OF TRUSTEES

1. Each local church or congregation that owns any real estate, such as a church building or parsonage, shall appoint a Local Board of Trustees, to consist of not less than three (3) members, said board to be selected by the local congregation in a business meeting.

2. Members of the Local Board of Trustees shall hold office until their successors are appointed. The Local Board of Trustees shall hold title to, manage, and control, pursuant to the direction of the local congregation, all real estate owned by the local congregation by which they are selected, provided that all such property shall be used, managed, and controlled, for the sole and exclusive use and benefit of the Church of God.

3. The said Local Board of Trustees shall have full right, power, and authority to buy property for the use or benefit of the local congregation; sell, hypothecate, exchange, transfer and convey any of the local property held by it, or to borrow money and pledge the said property for the repayment of the same; and to execute all necessary deeds, conveyances, and so forth, provided that the proposition shall first be presented to a regular or called conference of the local church presided over by the state overseer, or one whom he may appoint, and approved by a two-thirds majority vote, and provided further that the board have a certification from the state overseer, or one whom he may appoint, that the proposition is not adverse to the interest of the Church of God (1912 A, 1914 p. 12)

4. If any local church shall cease to function or exist, then the Local Board of Trustees shall hold the local property as trustees for the Church of God generally in the state where located, and said local board shall convey the local property to the State Board of Trustees, to be used and disposed of by it for the use and benefit of the church in that state generally; or said state board may use the said property, or the proceeds derived from the sale of the same, for the founding of another church in the state, or the promotion of one already existing.

5. If the Local Board of Trustees has ceased to exist or to perform its duties, then the state overseer shall have the right to declare all offices thereon vacant and to appoint a special board of successor trustees, which may be the State Board of Trustees for that state, who shall thereupon automatically hold title.

6. Furthermore, in the event of dissension within a local church of the Church of God, the state overseer of the Church of God for the state in which such local church is located shall have power to declare the offices on the Local Board of Trustees vacant and to appoint a special Board of Trustees, which may be the State Board of Trustees, as successors to the Local Board of Trustees, and such special board so appointed shall automatically then hold title to such local property (1912 A, 1914 p. 12)

7. If a sufficient number of qualified male members are not available in any local church to constitute the Board of Trustees, another or others may be selected from another church (1912 A, 1914 p. 12)

8. Any person appointed to said Board of Trustees shall be a male member in good standing of the Church of God. If at any time any member of any Board of Trustees shall cease to be a member in good standing, or if by reason of death, removal, incapacity, or unwillingness to perform all duties of his office, his place on the board may be declared vacant: on the General Board of Trustees by the general overseer, on the State Board of Trustees by the state overseer, on a Local Board of Trustees by a local church conference; and the same power that declares said office vacant shall appoint a person to serve until the time for regular appointments, and the one so appointed shall have all powers held by the one removed.

S44. INVESTMENTS AND LOANS

(1912 A, 1914 p. 12) (1915 A, 1916 p. 12) (1917 A, 1918 p. 12) (1919 A, 1920 p. 12) (1921 A, 1922 p. 12) (1923 A, 1924 p. 12) (1925 A, 1926 p. 12) (1927 A, 1928 p. 12) (1929 A, 1930 p. 12) (1931 A, 1932 p. 12) (1933 A, 1934 p. 12) (1935 A, 1936 p. 12) (1937 A, 1938 p. 12) (1939 A, 1940 p. 12) (1941 A, 1942 p. 12) (1943 A, 1944 p. 12) (1945 A, 1946 p. 12) (1947 A, 1948 p. 12) (1949 A, 1950 p. 12) (1951 A, 1952 p. 12) (1953 A, 1954 p. 12) (1955 A, 1956 p. 12) (1957 A, 1958 p. 12) (1959 A, 1960 p. 12) (1961 A, 1962 p. 12) (1963 A, 1964 p. 12) (1965 A, 1966 p. 12) (1967 A, 1968 p. 12) (1969 A, 1970 p. 12) (1971 A, 1972 p. 12) (1973 A, 1974 p. 12) (1975 A, 1976 p. 12) (1977 A, 1978 p. 12) (1979 A, 1980 p. 12) (1981 A, 1982 p. 12) (1983 A, 1984 p. 12) (1985 A, 1986 p. 12) (1987 A, 1988 p. 12) (1989 A, 1990 p. 12) (1991 A, 1992 p. 12) (1993 A, 1994 p. 12) (1995 A, 1996 p. 12) (1997 A, 1998 p. 12) (1999 A, 2000 p. 12) (2001 A, 2002 p. 12) (2003 A, 2004 p. 12) (2005 A, 2006 p. 12) (2007 A, 2008 p. 12) (2009 A, 2010 p. 12) (2011 A, 2012 p. 12) (2013 A, 2014 p. 12) (2015 A, 2016 p. 12) (2017 A, 2018 p. 12) (2019 A, 2020 p. 12) (2021 A, 2022 p. 12) (2023 A, 2024 p. 12) (2025 A, 2026 p. 12) (2027 A, 2028 p. 12) (2029 A, 2030 p. 12) (2031 A, 2032 p. 12) (2033 A, 2034 p. 12) (2035 A, 2036 p. 12) (2037 A, 2038 p. 12) (2039 A, 2040 p. 12) (2041 A, 2042 p. 12) (2043 A, 2044 p. 12) (2045 A, 2046 p. 12) (2047 A, 2048 p. 12) (2049 A, 2050 p. 12) (2051 A, 2052 p. 12) (2053 A, 2054 p. 12) (2055 A, 2056 p. 12) (2057 A, 2058 p. 12) (2059 A, 2060 p. 12) (2061 A, 2062 p. 12) (2063 A, 2064 p. 12) (2065 A, 2066 p. 12) (2067 A, 2068 p. 12) (2069 A, 2070 p. 12) (2071 A, 2072 p. 12) (2073 A, 2074 p. 12) (2075 A, 2076 p. 12) (2077 A, 2078 p. 12) (2079 A, 2080 p. 12) (2081 A, 2082 p. 12) (2083 A, 2084 p. 12) (2085 A, 2086 p. 12) (2087 A, 2088 p. 12) (2089 A, 2090 p. 12) (2091 A, 2092 p. 12) (2093 A, 2094 p. 12) (2095 A, 2096 p. 12) (2097 A, 2098 p. 12) (2099 A, 2100 p. 12) (2101 A, 2102 p. 12) (2103 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Ministers' Retirement Plans

A. Investment and Loans

The Ministers' Retirement Plans (Aged Ministers' Plan and Church of God Ministers' Retirement Plan), in excess of a reasonable operating reserve, are to be invested at a fair market rate. Said investments are to be made by no less than a three-fourths vote of the Executive Council upon recommendation by the Investment Committee.

B. Policy on Loans

The interest rate of local church loans from the Ministers' Retirement Plans (Aged Ministers' Plan and Church of God Ministers' Retirement Plan) is to be determined by the Executive Council. Amortization of loans is not to exceed twenty (20) years.

15-57-03 03-23-2011 3/23



STATE OF SOUTH CAROLINA

COURT OF COMMON PLEAS

COUNTY OF CHARLESTON

CHURCH OF GOD, CHURCH OF GOD OF SOUTH CAROLINA AND
CHURCH OF GOD AT NORTH CHARLESTON,
Plaintiffs,

vs. CASE NO. 2013-CP-10-1686

MARK ESTES, PATRICIA ESTES, MICHAEL TIMOTHY BROOKS,
INDIVIDUALLY AND AS TRUSTEE FOR CHURCH OF GOD AT
NORTH CHARLESTON TRUST, ADAM BOYER INDIVIDUALLY AND
AS TRUSTEE FOR CHURCH OF GOD AT NORTH CHARLESTON,
ROLANDO RIVERA OSORIO INDIVIDUALLY AND AS TRUSTEE
FOR CHURCH OF GOD AT NORTH CHARLESTON AND NORTH
PALM MINISTRIES, INC., NORTH PALM COMMUNITY CHURCH
AND CRESCOM BANK AS SUCCESSOR BY MERGER TO
COMMUNITY FIRST BANK,
Defendants.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
CHARLESTON DIVISION

FIRST AMERICAN TITLE INSURANCE COMPANY,
Plaintiff,

vs. CIVIL ACTION NO: 2:14-CV-02294-DCN

CRESCOM BANK, AS SUCCESSOR TO COMMUNITY FIRSTBANK,
Defendant.

DEPOSITION OF: MAJOR THOMAS PROPES

DATE: January 21, 2015

TIME: 10:19 AM

REPORTED BY: TERRI L. BRUSSEAU, RPR, CRR

A. WILLIAM ROBERTS, JR., & ASSOCIATES
Fast, Accurate & Friendly

Charleston, SC (843) 722-8414	Hilton Head, SC (843) 785-3263	Myrtle Beach, SC (843) 839-3376
Columbia, SC (803) 731-5224	Greenville, SC (864) 234-7030	Charlotte, NC (704) 573-3919

1 international church level in your current job
2 position?

3 A. No, I can call for a report if I need
4 one but I don't handle these.

5 Q. Okay. While you were state overseer in
6 South Carolina -- well, first of all, what's your
7 understanding of the purpose of these reports?

8 A. The Church of God is a hierarchal form
9 of government much like Methodist, Episcopal, we're
10 a good blending of those, centralized form of
11 government. There are two reports that are
12 required by the general assembly, which is the
13 highest governing authority in Church of God. Each
14 month credentialed ministers are required to submit
15 a report to their state overseer and to the
16 secretary general's office. That report would give
17 a detailed review of previous month's ministerial
18 activity and other ancillary information.

19 The treasurer, this is the second
20 report that is required, is to give also a monthly
21 report to the same entities appropriately filled
22 out, also with a check known as a tithe of tithe to
23 both entities to support the state ministry and
24 international ministry of Church of God.

25 Q. When you were the state overseer in

1 South Carolina, did you review these monthly
2 treasury reports?

3 A. No.

4 Q. Do you know -- does anyone at the
5 international church review them monthly? Do you
6 know?

7 A. Define review.

8 Q. Do they look at them?

9 A. They handle them and enter the data,
10 same on the state.

11 Q. Who does that?

12 A. When I was overseer in South Carolina
13 it was Melody Hand.

14 Q. Okay. And what about the international
15 church?

16 A. Some employee in business and records.
17 I would have no idea who would do that data entry.

18 Q. If there was missing information in the
19 monthly treasurer's report, how was that handled at
20 the state level while you were state overseer?

21 A. I suppose it would depend on what
22 information was missing.

23 Q. Did you ever have occasion to speak
24 with Melody about missing information and monthly
25 treasurer's reports while you were the state

1 Q. And my purpose for marking these is
2 these e-mails contain discussions about purchasing
3 the North Charleston Church of God property from a
4 lady by the name of Mary Propes with MVP group, I
5 believe it's international, and I just want to
6 confirm that you don't know that Mary Propes.

7 A. Never heard of Mary Propes.

8 Q. Okay. Good enough. What about Troy
9 Propes?

10 A. Never heard of him.

11 Q. Travis Propes?

12 A. Never heard of him.

13 (DFT. EXH. 33, Letter on North Palm
14 Ministry Center letterhead to Dear Brother Propes
15 from Mark Estes, COG 000635 to 000638, was marked
16 for identification.)

17 BY MR. TILLMAN:

18 Q. This is Exhibit Number 33, a letter
19 marked received January 13, 2010 and ask you if you
20 recall receiving this letter from Mark Estes.

21 A. Yes, I do.

22 Q. Okay. Do you see in the first
23 sentence -- not first sentence, I'm sorry, first
24 paragraph the letter reads, per our earlier
25 conversation and the letter from Brother Robinson

1 asking that I consult with you for a resolution to
2 a serious problem, I am responding now?

3 A. Yes, I see that.

4 Q. Do you recall that earlier
5 conversation? Is that that meeting you were
6 talking about in January?

7 A. I do not recall if it was a phone
8 conversation or face-to-face meeting that I had
9 with them.

10 Q. Would that face-to-face meeting to the
11 best of your recollection have occurred in January
12 2010?

13 A. To the best of my recollection sometime
14 thereabout.

15 Q. I think you said it was at the state
16 office, is that right?

17 A. Um-hum.

18 Q. Who was in the meeting?

19 A. Brother and Sister Estes and myself.

20 Q. Did you keep any notes of the meeting?

21 A. I usually have provided for me in a
22 folder specific information about their reports and
23 this would be what would be given to me at any
24 meeting, whether the ministers in question were
25 current on their reports, whether or not the church

1 A. I think so.

2 Q. The next sentence reads, this happened
3 when checks given to us by the other church
4 assuming our lease bounced. Do you recall reading
5 that?

6 A. I'm reading it now. I don't recall
7 reading that in the past. It doesn't stick out in
8 my mind.

9 Q. Did you know at the time that another
10 church had assumed their lease?

11 A. I don't recall if I knew that.

12 Q. Would that be something that would be
13 alarming to you?

14 A. No.

15 Q. Well, in other words, if another church
16 had assumed their lease, would it make you wonder
17 where they were conducting church?

18 A. I suppose if I gave it thought.
19 Obviously I didn't give it too much thought at that
20 meeting.

21 Q. Do you recall discussing Seacoast
22 Church at all during that January meeting?

23 A. I don't recall it.

24 Q. Did you notice when you received this
25 letter marked as Exhibit 33 that it was on

1 we had lost an entire congregation.

2 Q. I'm going to mark as Exhibit 34 --

3 COURT REPORTER: 35.

4 MR. TILLMAN: Sorry, 35.

5 (DFT. EXH. 35, Letter dated 3/16/10 to
6 Mark Stephen Estes from M. Thomas Propes, COG
7 000622, was marked for identification.)

8 BY MR. TILLMAN:

9 Q. This is just a letter -- well, just
10 tell me what this letter is, please.

11 A. This is a standard letter that we would
12 have issued upon the revocation or surrendering or
13 termination of anyone's credentials in Church of
14 God.

15 Q. And this letter was sent on March 16,
16 2010?

17 A. That's what it says, yes.

18 Q. When this letter was sent, had you
19 already concluded that the congregation was going
20 with the Estes?

21 A. Based upon conversation with them.

22 Q. Okay. Did you have any concerns
23 associated with the congregation going with the
24 Estes?

25 A. Absolutely.

1 Q. And what were those concerns?

2 A. When Brother Estes assumed the pastor
3 of the North Charleston Church of God, he was not
4 their first pastor, it's been a longstanding
5 church. For years that church had been there,
6 membership, finances, tithe, ministry. You see,
7 Church of God is not just a bunch of isolated
8 independent local churches, we are as we call it a
9 big family. When one member of the family suffers,
10 we all suffer. When we lose a congregation, it's
11 like losing loved ones, their relationships.

12 Beyond the familial spiritual loss, and
13 you can't -- I don't think that you can quantify
14 that appropriately because it's never ending. It's
15 obviously the financial loss to state and
16 international. Our ministries on state and
17 international exist because of the support, not
18 only the spiritual familial support but the
19 financial support from our local congregations.
20 That's how we're able to do an international
21 ministry.

22 So not only to lose two ministers at
23 the helm and other subordinate ministers but to
24 lose an entire congregation and all of the worth
25 that they bring to us is always heart wrenching.

1 And then obviously there are other concerns that we
2 were made aware of as we began to open the drawers.

3 Q. . . Were you concerned about what would
4 happen with the church property?

5 A. Clearly.

6 Q. . . And what did you decide -- excuse me.
7 What did you do to act on those concerns? And
8 I'm -- let me rephrase that better. You gave me a
9 lot of different concerns. I'm asking this
10 question generally, what did you do to act on all
11 those concerns?

12 A. All right. Once it was obvious to me
13 that we had not only lost lead pastor, staff, an
14 entire congregation, I immediately amalgamated both
15 districts into one district and named Marc Campbell
16 as district overseer. Not having reports from
17 North Charleston, not knowing because I had no way
18 to track what had been going on there, I asked him
19 to begin to investigate, to meet with the Estes
20 because I knew they had a relationship, try to get
21 for me any information that he could concerning the
22 exodus of the congregation, where we were on any
23 property issues that might be lingering, try to
24 find out if there was monies owed, to whom, to give
25 me as detailed briefing as he possibly could, which

1 he agreed to do so.

2 Q. And those concerns regarding the exodus
3 of the church, their financial situation, the real
4 estate situation, all of those concerns became
5 apparent when the credentials were surrendered?

6 A. Yes.

7 Q. I apologize for the break, I'm just
8 going through my outline. And I'm just going to
9 mark for purposes of the record because it hasn't
10 been marked yet Exhibit 36.

11 (DFT. EXH. 36, Letter dated 3/22/10 to
12 Reverend James Marcus Campbell from M. Thomas
13 Propes, Propes/Campbell 00051, was marked for
14 identification.)

15 BY MR. TILLMAN:

16 Q. Is this -- Exhibit 36 is a March 22nd,
17 2010 letter. Is this the letter by which you
18 appointed Reverend Campbell to serve as district
19 overseer?

20 A. Yes. We call it the affidavit of
21 appointment.

22 Q. Had you spoken with Reverend Campbell
23 about this before that date?

24 A. Oh, I'm sure I did. I wouldn't have
25 done it quite like that.

1 resolution.

2 A. Yes.

3 Q. And do you believe that -- excuse me,
4 strike that.

5 Was the loan from First Reliance Bank
6 to North Charleston Church of God on July 13th,
7 2005, was that made in line with the international
8 and state protocols related to financing or
9 conveyance?

10 A. It would appear to me that this
11 document would be generated by the bank. This is a
12 bank required document. Unless there was written
13 certification by the state overseer authorizing
14 this loan, from our position it would have been a
15 breach of protocol.

16 Q. Can you point me to a document, I don't
17 know if it's been marked or you've seen it today,
18 I'm just trying to figure out what the name of the
19 document would be. In what document did you
20 declare all the offices of the local Church of God
21 of North Charleston trustees to be vacant?

22 A. There would have been two documents,
23 one when I signed the dissolution of the
24 congregation and forwarded that dissolution to the
25 presiding bishop of Church of God. That would in

1 fact have indicated that all offices had expired.
2 There was no longer a church in existence under
3 that name. Then in an affidavit of approval that I
4 sent appointing Marc Campbell to act in my stead to
5 sell the property at 5505 North Rhett --

6 Q. And that is -- you said affidavit of --

7 A. Exhibit 38.

8 Q. Okay.

9 A. Exhibit 38.

10 Q. The affidavit of appointment?

11 A. Of approval at the top, the one I'm
12 reading.

13 Q. Okay.

14 A. Items 1 and 2. Since the congregation
15 had been dissolved, and this is redundant, but no
16 office of the church existed because the church
17 itself did not exist.

18 Q. And I understand that but is there an
19 explicit document that says the local Board of
20 Trustees is extinct or is that implicit in the
21 dissolution?

22 A. It would be implied in the dissolution
23 and then the replacement board is Item 2 on Exhibit
24 Number 38.

25 Q. Did you ever -- did you have cause to

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R. Markley Dennis, Jr., Circuit Court Judge

Appellate Case No. 2015-001848

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Of Whom Crescom Bank is theRespondent,

v.

Thomas Propes and Marc Campbell, Third Party
Defendants.

CERTIFICATE OF COUNSEL PURSUANT TO RULE 210(g) SCRAP


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By: _____

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Attorneys for Appellant Churches of God

Dated this 9th day of May, 2016
Charleston, South Carolina

THE STATE OF SOUTH CAROLINA
In the Court of Appeals

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APPELLANT'S PETITION FOR REHEARING

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Pursuant to the provision of Rule 221 (a), Appellants (hereinafter "Petitioners"), through their undersigned counsel, respectfully petition this Court for a rehearing based on facts, points, and arguments overlooked or misapprehended as set forth herein.

STANDARD OF REVIEW

Under Rule 221(a), SCACR, a party may file a petition for rehearing in accordance with Rule 240(d), SCACR. For the losing party to prevail on the petition, that party "must demonstrate the Court overlooked or misapprehended their argument." *Kennedy v. S. C. Retirement Sys.*, 349 S.C. 531, 532, 564 S.E.2d 322, 322 (2001). The purpose of a petition for rehearing "is not to present points the lawyers of the losing parties overlooked themselves or to have the case tried in the Court of Appeals a second time." *Checker Yellow Cab Co., Inc. v. Checker Cab & Parcel Serv., Inc.*, 287 S.C. 608, 612, 340 S.E.2d 549, 552 (Ct. App. 1986). The appellate courts "will not entertain petitions for rehearing on a motion or petition unless the action of the court on the motion or petition has the effect of dismissing or finally deciding a party's appeal." Rule 221 (c), SCACR.

I. As to the voluntary payment doctrine.

The court failed to address whether the Church of God made payment to Crescom Bank with full knowledge of all the facts.

The Court failed to consider or discuss the effect of the fact that the Church paid the mortgage to Crescom Bank without knowledge that its former pastor had taken the money for his own use, and not that of the Church. While the Church knew its former pastor had mortgaged the property without permission, it believed there had been no loss, since the money had used for repairs to the Church property.

The Court overlooked failed to address whether the payment to Crescom Bank was voluntary and knowing if the Church did not know of any loss. The Court misapprehended the knowledge that the Church had at the time it made the payment to the Bank. While it is true that the Bank had knowledge that they payment was made with knowledge that the loan was not authorized, the Church was under the belief that the funds had been used to improve the Church such that no damages were suffered. Clearly the Church cannot be charged with **full knowledge of all facts** such that the payment was voluntary when it did not know that the funds were embezzled by the rogue defendants. The Court's reliance on *Hardaway v. S. Ry. Co.*, 90 S.C. 475, 73 S.E. 1020 and *Moody v. Stem*, 214 S.C. 45, 60, 51 S.E.2d 163, 169 (1948) is in error, because the Court failed to consider Plaintiff's material evidence that Plaintiffs did not have full knowledge of all the facts

II. The Court failed to consider that South Carolina has a statute in place that would provide a statute of limitations for slander of title.

The Court failed to appreciate that an action for slander of title is a claim "founded upon a title to real property" and should be governed by the 10-year statute of limitations contained in Article 3, "ACTIONS FOR RECOVERY OF REAL PROPERTY" S.C. Code § 15-3-350 and titled "ACTION FOUNDED ON TITLE OR FOR RENTS OR SERVICES".

The Court erred in determining that an action for slander of title was governed by Article 5 of Title 15, "ACTIONS OTHER THAN FOR RECOVERY OF REAL PROPERTY" found at S.C. Code § 15-3-550, which provided for a two-year statute of limitations similar to defamation and false imprisonment.

The Court mistakenly relied on *Hosey v. Cent. Bank of Birmingham, Inc.*, 528 So. 2d 843, 844 (Ala. 1988) in making its determination because in *Hosey* the Court there limited its ruling to cases "in the absence of a statute expressly made applicable to such actions." The Court here

ignored the fact that South Carolina does have a statute, more specifically S.C. Code § 15-3-350 that governs actions founded on title, such as slander of title, and the statute of limitations is ten years. As North Carolina Supreme Court held in *Selby v. Taylor*, 57 N.C. App. 119, 120, 290 S.E.2d 767, 768 (1982), *disc. review denied*, 306 N.C. 387, 294 S.E.2d 212 (1982), the thrust of slander of title is the interference with a prospect of sale of real property or interference with a property right.

There is no dispute here that the Respondent's actions interfered with the Church's property rights and the marketability of the property and given that South Carolina has a statute specifically addressing actions founded on title, the statute of limitations is ten years.

III. As to the Aiding and Abetting Breach of Fiduciary Duty:

The Court ruled that "[t]he gravamen of the claim is the defendant's knowing participation in the fiduciary's breach," but failed to address whether Crescom Bank knowingly participated in Estes breach of fiduciary duty.

The record was clear that Crescom Bank was aware Estes had no authority to put a mortgage on property owned by the Church of God (R. pp 0343-344, 0359) but failed to rule on whether making a mortgage with this knowledge rose to the level of aiding and abetting Estes breach of fiduciary duty.

IV. As to whether the trial court erred in attributing the knowledge and acts of agents, including the attorney who closed the bank loans, to Church:

Estes put a mortgage on Church property without authority and used the money for his private purposes. Crescom Bank knew Estes lacked the authority, but nevertheless permitted the attorney hired by Estes, to close the loan. Crescom had a copy of the Minutes containing those limitations in its file (Warrick Deposition pgs. 29 - 31 - R pp 0351 - 0353) and (Exhibit 5 Minutes

- R p. 0364); (also Exhibit 1 to Complaint - R pp 0037 - 0111). The Bank admitted it knew the Rogue defendants did not own the property they were using to obtain the mortgage, yet without further inquiry, it moved on with the closing of the mortgage.

“Q ... So does this mean that the bank at the time it created this document knew that North Charleston Church of God was giving the property to secure the North Palm Ministries loans?

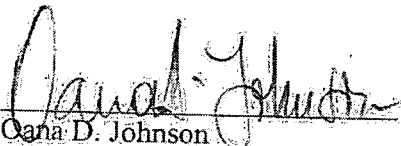
A. This is what we assumed. And so we sent the closing package and had it verified.”

(Warrick deposition page 23 - R pp. 0347)

On one hand, the Bank takes the position that it relied upon the attorney to properly perform the title search and obtain the authorizations. On the other hand, the bank asserts that the attorney was not their agent and thus his knowledge could not be imputed to the Bank, but should be imputed to the Church. This position is not only inconsistent, but in adopting this position the Court failed to appreciate the fact that the attorney did not work for the Church, but for the pastor who stole from the Church. The attorney who closed the loan for the pastor who stole from the Church without authority cannot possibly be said to be the agent of the Church.

CONCLUSION

For the reasons stated below and the reasons stated in Appellants' Briefs and during oral argument, Appellants respectfully request that this court issue an order reversing the lower court's grant of summary judgment.


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ATTORNEY FOR PETITIONERS

This 31st day of January 2018
Charleston, South Carolina

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R. Markley Dennis, Jr., Circuit Court Judge

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PROOF OF SERVICE

I certify that I have served copies of the forgoing Appellant's Petition for Rehearing on Respondents' counsel of record, by depositing true and correct copies in the United States Mail, postage-prepaid, on January 31st, 2018 addressed to the following:

Matthew E. Tillman, Esquire

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APPELLANT'S FINAL BRIEF

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- II. DID THE TRIAL COURT IMPROPERLY IMPOSE A TWO YEAR STATUTE OF LIMITATIONS ON APPELLANTS' SLANDER OF TITLE CAUSE OF ACTION?
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- IV. DID THE TRIAL COURT IMPROPERLY DISMISS APPELLANTS' CONVERSION CAUSE OF ACTION WHERE THAT CLAIM IS FOUNDED ON RESPONDENT'S WRONGFUL TAKING OF THE CHURCH'S CASH PAYMENT?
- V. DID THE TRIAL COURT IMPROPERLY ATTRIBUTE THE KNOWLEDGE AND ACTS OF ROGUE AGENTS TO APPELLANTS WHERE THOSE AGENTS WERE ACTING FOR THEIR OWN PURPOSES OUTSIDE THE SCOPE OF THEIR AUTHORITY?
- VI. DID THE TRIAL COURT IMPROPERLY RULE AS A MATTER OF LAW THAT APPELLANTS' CLAIMS FOR CONVERSION AND AIDING AND ABETTING ARE BARRED BY THE THREE YEAR STATUTE OF LIMITATIONS?

STATEMENT OF THE CASE

This action arises because Respondent, Crescom Bank (successor to Community First Bank), loaned money to one church (North Palm Ministries) and secured it with a mortgage on another church (Church of God) without authority. (Complaint with attachments – R pp. 0017-0151).

The Church of God is a non for profit, charitable corporation, organized under the laws of Tennessee. The Church of God conducts business in South Carolina through its ecclesiastical association with Church of God in South Carolina, (collectively referred to as the Church hereafter). In 1985, the Church acquired title to property located at 5505 North Rhet Avenue, North Charleston, South Carolina.¹ The deed contained an important restriction that limited the authority of the Local Board of Trustees to transfer or mortgage the property. Under the express terms of the deed, the Local Board of Trustees could not mortgage the property except as authorized by the "Minutes of the 49th General Assembly of the Church of God held at the Ellis Auditorium Memphis Tennessee August 14-16 1962". (Exhibit 1 to Complaint - R pp 0037-0111). The Minutes of the 49th General Assembly of the Church of God (Exhibit 1 to Complaint at page 66 – R pp. 0103), required that any proposal to mortgage or sell the property be approved by a conference presided over by the State Territorial Overseer of the Church in relevant part as follows:

The said Local Board of Trustees shall have full right, power and authority to buy property for the use or benefit of the local congregation; to sell, hypothecate, exchange, transfer, and convey any of the local property for the repayment of the same; and to execute all necessary deeds, conveyances, and so forth, provided that each of the following conditions is met: (1) the proposition shall first be presented to a regular or called conference of the local church; (2) presided over by the state overseer, or one whom he may appoint; (3) approved by a two thirds majority vote; and (4) **provided further that the board have a certification, in writing, from the state overseer, or one whom he may appoint that the proposition is not adverse to the interest of the Church of God.**" (emphasis added).

(Exhibit 1 to Complaint - R pp 0037-0111).

Between 2005 and 2010, Respondents Mark Estes, Patricia Estes, Michael Timothy Brooks, Rolando River Osorio and Adam Boyer (hereinafter the Rogue Directors) are alleged to

¹ See ROA (Exhibit 2 to Complaint – R pp. 0112 - 0116), Deed from Lillian Buckner to the Board of Trustees of the Church of God of North Charleston dated October 09, 1985. "The said Local Board of Trustees shall hold title to, manage and control the said real estate for the general use and benefit of the Church of God..."

have been Officers or Directors of the Church of God at North Charleston. (Second Amended Complaint – R pp 0152 -0167). Sometime before October 11, 2005, these Rogue Directors became dissatisfied with the philosophy and direction of Appellants' national church and decided to form a new church. (March 12, 2010 letter - Exhibit 13 to Respondent Crescom's Motion for Summary Judgment – R pp 0168 - 0172). On October 11, 2005, Defendant Mark Estes incorporated a new church, North Palm Ministries, Inc., with the Secretary of State for the State of South Carolina. (Exhibit 3 to Respondent Crescom's Motion for Summary Judgment – R pp. 0168-0172). He took this action without notice or approval from the Church of God as required by its Minutes. (Campbell Deposition pgs 179-181 – R pp 0332-0334).

On October 15, 2007, the Rogue Directors refinanced the loan on Appellants' church properly located at 5505 North Rhet Avenue and borrowed a total of \$700,000, in the name of the new church, North Palm Ministries, Inc. (October 15, 2007 Note from N Palm secured by mortgage of New Covenant Property and October 15, 2016 mortgage from New Covenant for N Palm Loan, Exhibit 6 to Respondent Crescom's Memorandum in Support of its Motion for Summary Judgment – R pp 0220-0235). The note for such loan was signed by the Rogue Directors as Trustees for the new church, North Palm Ministries. (Exhibit 6 to Crescom's Summary Judgment memorandum- R pp. 0220-0235).

Unbeknownst to Appellants, the Rogue Directors took the equity received from the refinance, which amounted to approximately \$300,000 (October 15, 2007 HUD Statement at Exhibit 4 to Respondent Crescom's Summary Judgment Memorandum – R pp. 0215-0218) and used it to purchase land in the name of the new church on Bryhawk Lane again without Appellants' knowledge or consent. (Campbell Deposition pgs. 139-141 – R pp. 0328 - 0330).

The result was that Crescom placed a mortgage on the property located at 5505 North Rhett Avenue which was owned by Appellants, without Appellants' knowledge, as security for the loan made to North Palm Ministries. The mortgage was signed by the Rogue Directors, ostensibly as Trustees for the Church of God at North Charleston, but without authority to do so. (Exhibit 6 to Respondent Crescom's Summary Judgment memorandum - R pp. 0220-0235).

For its part, Crescom knew that the Church of God was giving a mortgage to secure a loan for North Palm Ministries.: "This note is secured with a First Mortgage on 5505 North Rhett Avenue, North Charleston, SC 29406 pledged by Church of God at North Charleston in the amount of \$700,000.00." (Exhibit 6 to Respondent Crescom's Summary Judgment memorandum – R pp. 0220) Respondent's representative Robert Warrick confirmed this fact at deposition:

Q... So does this mean that the bank at the time it created this document knew that North Charleston Church of God was giving the property to secure the North Palm Ministries loans?

A. This is what we assumed. And so we sent the closing package and had it verified.

(Warrick deposition page 23 – R pp. 0347).

Crescom had made loans to corporate entities in the past and was aware that an agent purporting to act on behalf of a corporation could not bind that corporation without authority from the corporation, typically in the form of a corporate resolution (Warrick deposition page 14-17 – R pp. 0340 - 0343). Crescom was aware of specific limitations on the authority of the Rogue Directors, not only because those limitations were on public record (Deed, Exhibit 2 to Complaint – R pp. 0112-0116), but because Crescom had a copy of the Minutes containing those limitations in its file (Warrick Deposition pgs. 29 - 31 – R pp 0351 – 0353) and (Exhibit 5 Minutes – R p. 0364); (also Exhibit 1 to Complaint – R pp 0037 - 0111)).

Not only was it aware of the need for a corporate resolution, Crescom undertook to obtain the corporate resolution authorizing the Rogue Directors to mortgage property owned by the Church of God (Warrick deposition pgs. 26 – 32 (R pp 0348 - 0354); pgs. 40 – 41 (R pp 0357-0358); and Attorney Closing Instructions Exhibit 2 to Warrick deposition (R pp 0360 – 0363). However, it **never obtained the needed authorization for the mortgage** from the Church of God and blamed this failure on the attorney:

Q. Okay. How did the bank verify that the trustees have any authority to pledge the property of 5505 North Rhett?

A. They didn't. It's -- the attorney's job is to verify that. As all those closing packages would go to the attorney. He would verify, and they would make sure and offer title insurance and write detailed instructions to the bank to verify that they have the ability to borrow and decide. It's not the bank's job to do that.

(Warrick deposition page 28; see also pgs. 28 – 32 – R pp. 0350 – 0354).

The Rogue Defendants failed to make the payments for the refinanced mortgage and the bank called a default. (Crescom's Memorandum in Support of Motion for Summary Judgment at page 5 – R pp 0177)). Appellants were called upon to pay the mortgage default. (Crescom's Memorandum in Support of Motion for Summary Judgment at page 6 – R pp. 01778). As a consequence, on July 15, 2010, Appellants who were not aware that the refinance had been used to purchase a new church not affiliated with its denomination, were required to sell the property at below fair market value and forced to satisfy the full outstanding unauthorized mortgage (Crescom's Memorandum in Support of Motion for Summary Judgment at page 5 (R pp 0177) and Campbell Deposition pg. 31 – R pp. 0320).

When Appellants discovered the loan money had been used to purchase a new church, they brought suit against Crescom and the Rogue Defendants for slander of title, conversion, breach of fiduciary duty and aiding and abetting the breach of fiduciary duty filing suit on March

(Ct.App.2006); *Rife v. Hitachi Constr. Mach. Co., Ltd.*, 363 S.C. 209, 609 S.E.2d 565 (Ct. App.2005).

“In determining whether the trial court erred in granting summary judgment, an appellate court views the evidence and all reasonable inferences in the light most favorable to the nonmoving party.” *Englert, Inc. v. LeafGuard USA, Inc.*, 377 S.C. 129, 134, 659 S.E.2d 496, 498 (2008). Summary judgment is not appropriate where further inquiry into the facts of the case is desirable to clarify the application of the law. *Vermeer Carolina's, Inc. v. Wood/Chuck Chipper Corp.*, 336 S.C. 53, 518 S.E.2d 301 (Ct. App. 1999). All ambiguities, conclusions, and inferences arising from the evidence must be construed most strongly against the moving party. *Bayle v. South Carolina Dep't of Transp.*, 344 S.C. 115, 542 S.E.2d 736 (Ct. App. 2001); *see also Ferguson v. Charleston Lincoln Mercury, Inc.*, 349 S.C. 558, 563, 564 S.E.2d 94, 96 (2002) (“On appeal from an order granting summary judgment, the appellate court will review all ambiguities, conclusions, and inferences arising in and from the evidence in a light most favorable to the non-moving party below.”). Even when there is no dispute as to evidentiary facts, but only as to the conclusions or inferences to be drawn from them, summary judgment should be denied. *Hall v. Fedor*, 349 S.C. 169, 561 S.E.2d 654 (Ct. App. 2002). Moreover, summary judgment is a drastic remedy which should be cautiously invoked so no person will be improperly deprived of a trial of the disputed factual issues. *Lanham v. Blue Cross & Blue Shield*, 349 S.C. 356, 563 S.E.2d 331 (2002); *Trivelas v. South Carolina Dep't of Transp.*, 348 S.C. 125, 558 S.E.2d 271 (Ct. App. 2001). *Redwend L.P. v. Edwards*, 354 S.C. 459, 468 (Ct. App. 2003).

I. THE TRIAL COURT IMPROPERLY DISMISSED APPELLANTS' CLAIMS UNDER THE VOLUNTARY PAYMENT DOCTRINE DESPITE THE FACT THAT THE CHURCH PAID WITHOUT FULL KNOWLEDGE OF THE FACTS.

The trial court erroneously applied the voluntary payment doctrine to bar the Church's claims where there is substantial evidence the Church made its payment without full knowledge of the true facts and circumstances regarding the use of the loan proceeds. As recently affirmed by our Supreme Court, where a person or entity pays without "full knowledge of all the facts," the voluntary payment doctrine does not apply. *Freeman v. J.L.H. Invs., LP*, 2015 S.C. LEXIS 367, *28-29 (S.C. Nov. 4, 2015) (citing *Hardaway v. S. Ry. Co.*, 90 S.C. 475, 488-89, 73 S.E. 1020, 1025 (1912) ("It is an elementary principle that no action will lie to recover money voluntarily paid with full knowledge of all the facts" and "without any fraud, duress, or extortion" to make such payment.")).

In *Freeman*, the Court refused to allow the application of the voluntary payment doctrine where the payor knew about the fee at the time she paid it but lacked full knowledge of what comprised the fee. Moreover, there, the Court found that even if the payor had inquired about the fee, no employee of that defendant could have explained how it had arrived at this amount.

Similarly, here, while the Church was aware of the mortgage debt and that the mortgages may have been obtained without authorization, it had no knowledge of what had been done with the proceeds of the loan (conversion of the funds to purchase property for an entity not related to Church of God.) Moreover, the Church had no reason to question the exact usage of the mortgage proceeds because it was deliberately given the impression that the funds were used to repair Church property.

The simple fact of the matter is that the Church of God did not know the money had been stolen.

Mark Campbell, the District Overseer for the Church of God, testified that the church paid off the mortgage believing the funds had been used to make repairs to the Church's North Rhett Property.

“Q. Yeah. When you were meeting with them, did they say, we took the money out and bought this property?”

A. No.

Q. Did you at any time ask them where the 700,000 dollars went or what they used it for?

A. No, because I was given the impression that it went to repair the building on North Rhett.”

(Campbell Deposition at page 141 – R pp. 0330). The Church of God did not know that the money had been stolen and used to purchase property for another church until much later (Exhibit 11 to Campbell Deposition Memo dated 9/3/10 – R pp. 0335 -0338 and Plaintiff's Motion to Alter or Amend – R pp. 0300-0301).

All payments made by the Church were made with the belief that all funds obtained from Crescom were used to improve the Church's property located at North Rhett. The Church relied on the Estes' misrepresentations that the funds obtained from Crescom were used to better the North Rhett property.

A. In hindsight looking back everything looks better but at the time I thought I was dealing with friends. I didn't know that I was being deceived.

Q. Okay. And how were you being deceived?

A. At that meeting?

Q. Yes, sir.

A. I asked what are the obligations. They produced a first mortgage, they produced a promissory note to Chang, another one to Mr. Carson, never mentioned that there's a second mortgage on the property, never mentioned to me that they have an obligation to pay those but they don't and they try to make me pay; us as the Church of God pay things that we are not obligated to pay.

statements made in affidavits, . . . or depositions.” *L & W Wholesale v. Gore*, 305 S.C. 250, 253, 407 S.E.2d 658, 659 (Ct. App. 1991) (citing *T.W. Elec. Serv. Inc. v. Pacific Elec. Contractors Ass'n*, 809 F.2d 626, 630 (9th Cir. 1987)). Here, the testimony of Mr. Campbell, viewed in the light most favorable to the Church, creates an issue of fact as to whether the Church paid “with full knowledge of the facts.” Thus, this Court should reverse the trial’s grant of summary judgment on the basis of the voluntary payment doctrine.

II. THE TRIAL COURT IMPROPERLY IMPOSED A TWO YEAR STATUTE OF LIMITATIONS ON APPELLANTS’ SLANDER OF TITLE CAUSE OF ACTION AND SHOULD BE REVERSED.

The trial court improperly imposed the statute of limitation for defamation, libel, and slander claims to bar the Church’s slander of title cause action. While South Carolina has long recognized a cause of action for slander of title, *Huff v. Jennings*, 319 S.C. 142, 149, 459 S.E.2d 886, 891 (Ct. App. 1995), no South Carolina case has explicitly ruled on which statute of limitations applies to that cause of action.

The lower court mistakenly applied the two-year statute of limitations for libel, slander, or false imprisonment appearing in Article 5 of Title 15, “ACTIONS OTHER THAN FOR RECOVERY OF REAL PROPERTY” found at S.C. Code § 15-3-550. Instead, the lower court should have applied the statute of limitations found in Article 3, “ACTIONS FOR RECOVERY OF REAL PROPERTY” found at S.C. Code § 15-3-350 and titled “ACTION FOUNDED ON TITLE OR FOR RENTS OR SERVICES,” which provides:

No cause of action or defense to an action founded upon a title to real property or to rents or services out of the same shall be effectual unless it appear that the person prosecuting the action or making the defense or under whose title the action is prosecuted or the defense is made, or the ancestor, predecessor or grantor of such person, was seized or possessed of the premises in question within ten years before the committing of the act in respect to which such action is prosecuted or defense made.

(emphasis added). The trial court improperly focused on the word, “slander” rather than the word, “title,” and ignored entirely the fact that the nature of claim being asserted against Respondent bank is founded on an issue of title.

While Appellants concede some courts outside of South Carolina have applied the personal libel and slander statute of limitations to slander of title claims, South Carolina should adopt the reasoning of its sister court in North Carolina to hold that slander of title claims are more properly analyzed as “trespass against real property claims” subject to the longer statute of limitations rather than as personal torts like libel and slander which carry a far shorter statute of limitations.

In *Selby v. Taylor*, 57 N.C. App. 119, 120, 290 S.E.2d 767, 768 (1982), *disc. review denied*, 306 N.C. 387, 294 S.E.2d 212 (1982), the North Carolina Supreme Court held:

[T]he real nature of the action and the better reasoned cases from other jurisdictions lead us to the conclusion that the one-year statute of limitation for personal slander and libel has no application. **The thrust of the tort action of slander of title is the interference with a prospect of sale of real property or interference with a proprietary right.**

(emphasis added). In its lengthy analysis in *Shelby*, North Carolina rejected the law from various jurisdictions as recounted in 53 C.J.S., Libel and Slander § 278 and instead focused on the nature of a slander of title action rather than the mere words contained in the name of the cause of action. It cited numerous cases from around the country which have explained that nature of the harm inflicted in a slander of title cause of action is the invasion of real property right. The *Shelby* Court then explicitly rejected the statute of limitations argument advanced here by Respondents and adopted by the lower court holding:

This is a position which we reject. **We are of the opinion that the real nature of the action prohibits the application of the law of personal slander and requires that the applicable statute of limitations is G.S. 1-52(3) which provides for a limitation of three years for trespass upon real property.**

Id. at 123-4 (emphasis added).

South Carolina should adopt North Carolina's reasoning to apply S.C. Code § 15-3-350 which pertains actions **founded upon a title to real property** to slander of title actions rather than the limitations period applicable to personal torts found in S.C. Code § 15-3-550. To so hold would be consistent with South Carolina long-standing preference to focus on content over form. *C.f., State v. Burkhart*, 350 S.C. 252, 262, 565 S.E.2d 298, 303 (2002) ("It is the substance of the law and not the "particular verbiage" of a charge that determine whether the charge is adequate . . ."); *Burroughs v. Worsham*, 352 S.C. 382, 392, 574 S.E.2d 215, 220 (Ct. App. 2002)("The substance of the law is what must be instructed to the jury, not any particular verbiage."); SCRCP Rule 8 ("Each averment of a pleading shall be simple, concise, and direct. No technical forms of pleading or motions are required. . . . All pleadings shall be so construed as to do substantial justice to all parties."). This Court should reverse the trial court's imposition of a two-year statute of limitations on the slander of title cause of action.

III. THE TRIAL COURT IMPROPERLY DISMISSED APPELLANTS' AIDING AND ABETTING CAUSE OF ACTION WHERE THERE IS SUBSTANTIAL EVIDENCE THAT THE BANK HAD KNOWLEDGE OF AND PARTICIPATED IN THE OTHER DEFENDANTS' BREACHES OF FIDUCIARY DUTIES.

The trial court improperly granted summary judgment to Respondent Bank on the aiding and abetting breach of fiduciary duty cause of action summarily concluding that "[t]here is no evidence that Crescom had actual knowledge of, or participated in, the alleged breaches of fiduciary duty committed by the Estes Defendants and the Trustee." (Order at pg. 5). In so ruling, the lower court ignored the evidence and the inferences that could reasonably be drawn therefrom.

Under *Vortex Sports & Entm't, Inc. v. Ware*, 662 S.E.2d 444, 448 (2008), to state a claim for aiding and abetting breach of fiduciary duty, a plaintiff must show “(1) a breach of a fiduciary duty owed to the plaintiff; (2) the defendant’s knowing participation in the breach; and (3) damages.” *Vortex Sports & Enter., Inc.*, 378 S.C. 197, 203, 662 S.E.2d 444, 448 (Ct. App. 2008) (citing *Future Group, II v. Nationsbank*, 324 S.C. 89, 99, 478 S.E.2d 45, 50 (1996)). An aiding and abetting breach of fiduciary cause of action will lie when a Defendant has actual knowledge of the breach. *Gordon v. Busbee*, 397 S.C. 119, 133-34, 723 S.E.2d 822, 830 (Ct. App. 2012). Here, Respondent Bank mortgaged real property ignoring the special consent requirements noted *on the face of* the deed. Respondent is charged with the knowledge that the property being mortgaged was church property subject to special fiduciary rules and consent requirements which they promptly ignored.

The Rogue Directors presented the Respondent Bank with a resolution that purported to authorize a mortgage on property owned by The Church of God that was clearly deficient. The resolution lacked the approval of the State Overseer, a requirement disclosed on the face of the deed. Without such approval, Respondent Bank knew the Rogue Directors lacked lawful authority to mortgage the property.

To make matters worse, the Rogue Directors disclosed on the face of their loan application their intent to use the proceeds from the mortgage loan to purchase property for a new church (Warrick Deposition, pgs. 17, 19 and Exhibit 1 – R pp. 0343 – 0344, R pp. 0359). The upshot is that the Respondent Bank allowed the Rogue Directors to mortgage another’s property (without authority) and to use the proceeds for their own purposes! Thus, Respondent Bank had actual knowledge of the requirements for consent and cannot rely on their bald denial of knowledge to support their motion for summary judgment.

There is no question but that Estes and Trustees defendants breached their fiduciary duty to Appellants as they never obtained written approval for the mortgage from the State Overseer. Moreover, Appellants have clearly suffered damages. Considering all of the facts in the light most favorable to Appellants, the trial court should have denied Respondent Bank's motion for summary judgment on the aiding and abetting cause of action.

IV. THE TRIAL COURT IMPROPERLY DISMISSED APPELLANTS' CONVERSION CAUSE OF ACTION WHERE THAT CLAIM IS FOUNDED ON RESPONDENT'S WRONGFUL TAKING OF THE CHURCH'S CASH PAYMENT.

The trial court improperly dismissed Appellants' conversion cause of action on the theory that Crescom did not control the use of the loan proceeds and that conversion will not lie for exercising dominion and control over real property. In fact, the Church's conversion cause of action arises from Crescom having demanded and received payment on a note improperly obtained. Crescom wrongfully demanded money not rightfully owed to it from the Church and then took possession of the Church's cash.

Conversion is defined as the unauthorized assumption and exercise of the right of ownership over goods or personal chattels belonging to another to the exclusion of the owner's rights. Money may be the subject of conversion when it is capable of being identified and there may be conversion of determinate sums even though the specific coins and bills are not identified.

Moore v. Weinberg, 383 S.C. 583, 589, 681 S.E.2d 875, 878 (2009) (citations omitted) (emphasis added). See also *Regions Bank v. Schmauch*, 354 S.C. 648, 667, 582 S.E.2d 432, 442 (Ct. App. 2003) ("Conversion may arise by some illegal use or misuse, or by illegal detention of another's personal property."); *Owens v. Andrews Bank & Trust Co.*, 265 S.C. 490, 496, 220 S.E.2d 116, 119 (1975); *Castell v. Stephenson Fin. Co.*, 244 S.C. 45, 50-51, 135 S.E.2d 311, 313 (1964) (defining conversion as a wrongful act which emanates by either a wrongful taking or wrongful detention).

Here, the conversion claim does not arise from Crescom's exercise of control over real property but of its conversion of the Church's cash money which has a determinate amount. Once the Church learned of the true facts concerned the loan and the theft of the loan proceeds, it demanded return of its funds, but, Crescom refused to return the Church's funds thus converting funds properly belonging to the Church to its own use. The trial court ignored the well-settled law that a plaintiff may prevail upon a claim for conversion by showing the unauthorized detention of the property after a demand. *Mackela v. Bentley*, 365 S.C. 44, 48, 614 S.E.2d 648, 650 (Ct. App. 2005). It also ignored the rule that where there is conflicting testimony regarding the ownership of an interest in monies, there is a genuine issue of material fact and summary judgment on a conversion claims for those monies is improper. *Moore*, 383 S.C. at 589, 681 S.E.2d at 878-79. This Court should reverse the trial court's grant of summary judgment and reinstate the conversion cause of action.

V. THE TRIAL COURT IMPROPERLY ATTRIBUTED THE KNOWLEDGE AND ACTS OF ROGUE AGENTS TO APPELLANTS WHERE THOSE AGENTS WERE ACTING FOR THEIR OWN PURPOSES OUTSIDE THE SCOPE OF THEIR AUTHORITY.

The lower court improperly dismissed Appellant-Church's claims on the theory that the Church was bound by the acts of its agents (including the Rogue Directions and the attorney who closed Respondent Bank's loan), and, that all knowledge its purported agents possessed was attributable to it. In so ruling, the trial court recited the general law of agency but failed entirely to consider the well-settled law applicable when agents are operating outside the scope of their authority or are acting "adversely to the principal in a transaction or matter, intending to act solely for the agent's own purposes or those of another person." *Mauldin Furniture Galleries, Inc. v. Branch Banking & Trust Co.*, 2012 U.S. Dist. LEXIS 121140, 2012 WL 3680426 (D.S.C.

Aug. 27, 2012) (citing *Crystal Ice Co. v. First Colonial*, 273 S.C. 306, 257 S.E.2d 496 (1979) (“An equally well-recognized exception to this general rule exists in situations where the agent is acting fraudulently against his principal or for any other reason has an interest in concealing his acquired knowledge from his principal.”), and, *White v. FDIC*, 122 F.2d 770, 776 (4th Cir. 1941) (“[T]he personal interest of a director adverse to that of the corporation will prevent notice to him being deemed notice to the corporation”); *Charleston Library Soc. v. Citizens & S. Nat'l Bank*, 201 S.C. 447, 472, 23 S.E.2d 362, 372 (1942) (“The rule established by the cases above cited, as applicable to attorneys at law representing other interests, in which case no knowledge is imputed, is further borne out by a long line of cases relating to agents in general, in which a similar exception to the general rule that notice to an agent is notice to the principal, is well recognized.”); *Citizens' Bank v. Heyward*, 135 S.C. 190, 205, 133 S.E. 709, 714 (1925).

As explained by Judge Cain in *Mauldin*, “[f]or purposes of determining a principal’s legal relations with a third party, notice of a fact that an agent knows or has reason to know *is not imputed to the principal if the agent acts adversely to the principal* in a transaction or matter, intending to act solely for the agent’s own purposes or those of another person.” *Id.* (citing Restatement (Third) of Agency § 5.04 (emphasis added); see also *White v. FDIC*, 122 F.2d 770, 776 (4th Cir. 1941) (“[T]he personal interest of a director adverse to that of the corporation will prevent notice to him being deemed notice to the corporation”); *Wight v. BankAmerica Corp.*, 219 F.3d 79, 87 (2d Cir. 2000) (“Under the exception, management misconduct will not be imputed to the corporation if the officer acted entirely in his own interests and adversely to the interests of the corporation The theory is that ‘where an agent, though ostensibly acting in the business of the principal, is really committing a fraud for his own benefit, he is acting outside of the scope of his agency, and it would therefore be most unjust to charge

the principal with knowledge of it.”) (citations omitted); *First Nat'l Bank of Sikeston v. Transamerica Ins. Co.*, 514 F.2d 981, 986 (8th Cir. 1975) (“When the employer, officer or director’s interest is adverse to the corporation, his knowledge is not imputed to it.”)).

Here, Appellant Church has made serious allegations of fraudulent activity against the Rogue Directors. As in *Mauldin*, whether they were acting on behalf of Appellants — and by implication, whether their knowledge of the activity should be attributable to Appellants—is ultimately a genuine issue of material fact for the jury and should not have been decided at the summary judgment stage. *Id.* citing *Rothrock v. Copeland*, 305 S.C. 402, 405, 409 S.E.2d 366, 367-68 (1991) (“In determining whether summary judgment is appropriate, a court must not try issues of fact, but must discern whether genuine issues of fact exist to be tried Summary judgment is not appropriate where further inquiry into the facts is desirable”) This Court should reverse the grant of summary judgment because it is a question of fact whether the purported agents were acting within the scope of their employment or purely for their own benefit.

VI. THE TRIAL COURT IMPROPERLY RULED AS A MATTER OF LAW THAT APPELLANTS’ CLAIMS FOR CONVERSION AND AIDING AND ABETTING ARE BARRED BY THE THREE YEAR STATUTE OF LIMITATIONS.

While the parties and the lower court agreed that Appellants’ causes of action for conversion and aiding and abetting are governed by the three-year statute of limitations contained in S.C. Code § 15-3-530, the trial court improperly concluded as a matter of law that Appellants knew or should have known of its potential claims before March of 2010. It is well settled that South Carolina applies the discovery rule to all claims such that the statute of limitations does not begin to run until the party either knew or should have known that some legal right had been invaded. *City of Newberry v. Newberry Elec. Coop., Inc.*, 387 S.C. 254, 692

S.E.2d 510, 2010 S.C. LEXIS 99 (S.C. 2010); *Young v. S.C. Dep't of Corrections*, 333 S.C. 714, 719, 511 S.E.2d 413, 416 (Ct. App. 1999). Here, Appellant-Church did not learn of the encumbrances placed on its property by Respondent until March 22, 2010, (Campbell Deposition pgs. 139-141 – R pp. 0328-0330), and it was not until sometime much later that Appellant learned the proceeds of those loans had been diverted to the Estes Defendants. (*Id.*) The simple fact of the matter is that the Church of God did not know the money had been stolen. (*Id.*)

All payments made by the Church were made with the belief that all funds obtained from Crescom were used to improve the Church's property located at North Rhett. The Church relied on the Estes' misrepresentations that the funds obtained from Crescom were used to better the North Rhett property. Specifically, the Church did not know that the proceeds of the loan had been misappropriated and used to acquire property for an unrelated Church. Where, as here, there is conflicting evidence as to when a reasonable person in Appellants' situation would have known some legal right of its had been invaded, the proper discovery date becomes a question of fact for the jury to decide. *Turner v. Milliman*, 381 S.C. 101, 110, 671 S.E.2d 636, 641 (Ct. App. 2009) (citation omitted), *aff'd in part, rev'd in part on other grounds*, 392 S.C. 116, 708 S.E.2d 766 (2011). The trial court improperly ruled on the question of when Appellants' causes of action began to accrue as a matter of law and should be reversed.

CONCLUSION

WHEREFORE, for all of the foregoing reasons, Appellants respectfully request that this Court **REVERSE** the trial court's grant of summary judgment and remand this action for trial.

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May 26, 2016

CERTIFICATION

The undersigned counsel for Appellant certifies that the Final Brief of Appellant complies with SCRAP Rule 211(b).



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THE STATE OF SOUTH CAROLINA
In the Court of Appeals

Appeal from Charleston County
Court of Common Pleas

R. Markley Dennis, Jr., Circuit Court Judge

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SC Court of Appeals

CASE NO. 2013-CP-10-1686

Church of God and Church of God of South Carolina,Appellants,

v.

Mark Estes, Patricia Estes, Michael Timothy Brooks, Individually and as Trustee for Church of God at North Charleston Trust, Adam Boyer, Individually and as Trustee for Church of God at North Charleston, Rolando River Osorio As Trustee For Church Of God At North Charleston Trust and North Palm Ministries, Inc., North Palm Community Church and Crescom Bank, Successor by Merger to Community First Bank and its Successor Crescom Bank, Defendants.

Of Whom Crescom Bank is theRespondent,

v.

Thomas Propes and Marc Campbell, Third Party
Defendants.

PROOF OF SERVICE

I certify that I have served copies of the forgoing **Appellant's Final Brief and Record on Appeal** on Respondents' counsel of record by depositing true and correct copies in the United States Mail, postage prepaid, on May 27, 2016, addressed to the following:

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May _____, 2016

THE STATE OF SOUTH CAROLINA
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Appeal from Charleston County
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SC Court of Appeals

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Of Whom Crescom Bank is theRespondent,

v.

Thomas Propes and Marc Campbell, Third Party
Defendants.

APPELLANTS' REPLY BRIEF

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January 22, 2016

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REPLY ARGUMENT¹

I. THE TRIAL COURT IMPROPERLY DISMISSED APPELLANTS' CLAIMS UNDER THE VOLUNTARY PAYMENT DOCTRINE DESPITE THE FACT THAT THE CHURCH PAID WITHOUT FULL KNOWLEDGE OF THE FACTS.

Respondent spends considerable ink rehashing the fact that Appellants may have suspected the original loans had not been authorized when they tendered payment to Respondent Bank. It dismisses as "immaterial" the key point that, at the time payment was tendered, Appellants had no clue the funds had been misappropriated to purchase property for an entity not related to Church of God. Respondent then attempts to distinguish *Freeman v. J.L.H. Invs., LP*, 2015 S.C. LEXIS 367, *28-29 (S.C. Nov. 4, 2015) where the Court refused to allow the application of the voluntary payment doctrine where the payor knew about the fee at the time she paid it but lacked full knowledge of what comprised the fee and where even if the payor had inquired about the fee, no employee of that defendant could have explained how it had arrived at this amount.

Here, while Appellants may have been aware that the mortgages may have been obtained without authorization, they had no knowledge the money had been stolen.. All payments made by Appellants were made with the belief that all funds obtained from Respondent Bank were used to improve the Church's property located at North Rhett. They no clue the funds had been misappropriated and used to acquire property for an unrelated church. Moreover, had Appellants inquired of Respondent Bank, no employee of Bank could have explained how the loan proceeds had been used. Clearly, Appellants did not

¹ Appellants believe the issues are, by and large, properly joined and briefed by both sides. Rather than restate the entirety of Appellants' arguments, Appellants crave reference to their brief and submit these limited reply arguments as a supplement to their initial arguments regarding Issues I and IV on Appeal.

have "full knowledge of all the facts" when it repaid the loans, and the voluntary payment doctrine should not apply to bar Appellants from recovering.

Respondent's argument also ignores (and impliedly concedes) Appellants' other key argument which is that, at most, whether Appellants had "full knowledge of all facts" is a question of fact for the jury. Just as in *Freeman*, 778 S.E.2d at 913, none of the affirmative defenses or arguments asserted by Respondent entitle it to judgment as a matter of law prior to trial. Viewing the facts in the light most favorable to Appellants, this Court should reverse the trial's grant of summary judgment on the basis of the voluntary payment doctrine, and, at minimum allow the question of Appellants' "full knowledge" to be decided by the trial of fact.

II. THE TRIAL COURT IMPROPERLY ATTRIBUTED THE KNOWLEDGE AND ACTS OF ROGUE AGENTS TO APPELLANTS WHERE THOSE AGENTS WERE ACTING FOR THEIR OWN PURPOSES OUTSIDE THE SCOPE OF THEIR AUTHORITY.

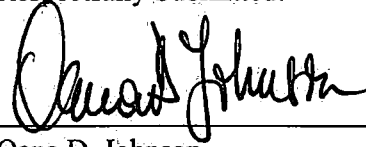
Respondent's argument also ignores (and impliedly concedes) the issue of the trial court's failure to consider the well-settled law applicable when agents are operating outside the scope of their authority or are acting "adversely to the principal in a transaction or matter, intending to act solely for the agent's own purposes or those of another person." *Mauldin Furniture Galleries, Inc. v. Branch Banking & Trust Co.*, 2012 U.S. Dist. LEXIS 121140, 2012 WL 3680426 (D.S.C. Aug. 27, 2012) (citations omitted). As much as Respondent would like to distance itself from the fraudulent and bad acts of its co-defendants, it cannot simply ignore the *ultra vires* acts and still claim the purported agents' knowledge should be attributed to Appellants.

Moreover, Respondent's argument again ignores the impropriety of the trial court granting summary judgment where there are genuine issues of material fact that must be decided by a jury. "Whether an agency relationship exists is a question of fact." *Gamble v. Stevenson*, 305 S.C. 104, 406 S.E.2d 350 (1991); *Hinson v. Roof*, 128 S.C. 470, 122 S.E. 488 (1924). Here, Appellants have made serious allegations of fraudulent activity, and, as in *Mauldin*, whether the purported agent were acting on behalf of Appellants — and by implication, whether their knowledge of the activity should be attributable to Appellants — is a genuine issue of material fact for the jury and should not have been decided at the summary judgment stage. *Id.* See also *Rothrock v. Copeland*, 305 S.C. 402, 405, 409 S.E.2d 366, 367-68 (1991) ("In determining whether summary judgment is appropriate, a court must not try issues of fact, but must discern whether genuine issues of fact exist to be tried Summary judgment is not appropriate where further inquiry into the facts is desirable") This Court should reverse the grant of summary judgment because it is a question of fact whether the knowledge of the purported agents should be attributable to Appellants.

CONCLUSION

WHEREFORE, for all of the foregoing reasons, Appellants respectfully request that this Court **REVERSE** the trial court's grant of summary judgment and remand this action for trial.

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January 22nd, 2016

THE STATE OF SOUTH CAROLINA
In the Court of Appeals

Appeal from Charleston County
Court of Common Pleas

R. Markley Dennis, Jr., Circuit Court Judge

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Of Whom Crescom Bank is theRespondent,

v.

Thomas Propes and Marc Campbell, Third Party
Defendants.

PROOF OF SERVICE

I certify that I have served copies of the forgoing **Initial Reply Brief** on Respondents' counsel of record by depositing true and correct copies in the United States Mail, postage prepaid, on January 22, 2016, addressed to the following:

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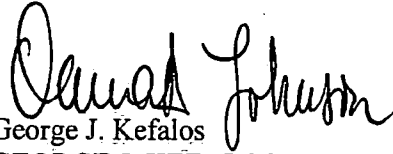
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January 22, 2016

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SC Court of Appeals

RE: Church of God and Church of God of South Carolina vs Mark Estes, Patricia Estes, Michael Timothy Brooks, Individually and as Trustee for Church of God at North Charleston Trust, Adam Boyer, Individually and as Trustee for Church of God at North Charleston, Rolando River Osorio As Trustee For Church Of God At North Charleston Trust and North Palm Ministries, Inc., North Palm Community Church and Crescom Bank, Successor by Merger to Community First Bank and its Successor Crescom Bank
Case No.: 2015-001848

Dear Ms. Kitchens,

Enclosed please find one copy and one original of Appellants' Initial Reply Brief in the above-referenced case matter. Please file the original and return a file-stamped copy to us using the self-addressed, postage-paid envelope enclosed.

Very truly yours,

William R. Turner IV

William R. Turner IV

cc: Matthew E. Tillman, Esq.
Carol Ervin, Esq.
Steven Moskos, Esq.
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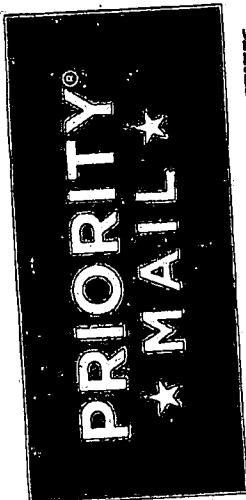
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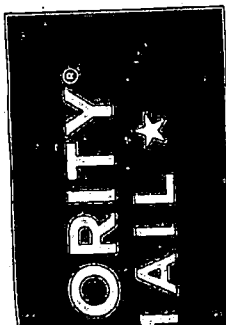
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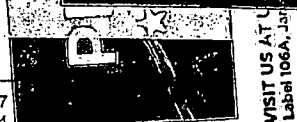
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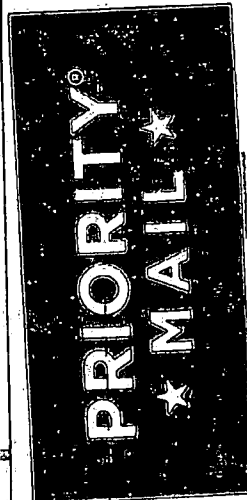
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Re: Church of God v. Mark Estes
Appellate Case No. 2015-001848

Dear Counsel:

Enclosed is the decision of the Court. The remittitur will be sent as provided by Rule 221(b) of the South Carolina Appellate Court Rules.

Very truly yours,

V. Claire Allen, Deputy

CLERK

cc: The Honorable R. Markley Dennis, Jr.

**THIS OPINION HAS NO PRECEDENTIAL VALUE. IT SHOULD NOT BE
CITED OR RELIED ON AS PRECEDENT IN ANY PROCEEDING
EXCEPT AS PROVIDED BY RULE 268(d)(2), SCACR.**

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Of Whom Crescom Bank is the Respondent,

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Defendants.

Appellate Case No. 2015-001848

Appeal From Charleston County
R. Markley Dennis, Jr., Circuit Court Judge

Unpublished Opinion No. 2018-UP-030
Heard October 10, 2017 – Filed January 17, 2018

AFFIRMED

Carol Brittain Ervin and Brian Lee Quisenberry, of Young Clement Rivers, George J. Kefalos, of George J. Kefalos, PA, and Oana Dobrescu Johnson, of Oana D. Johnson, Attorney at Law, all of Charleston, for Church of God of South Carolina; and George J. Kefalos, of George J. Kefalos, PA, and Oana Dobrescu Johnson, of Oana D. Johnson, Attorney at Law, both of Charleston, for Church of God.

Charles S. Altman and Meredith L. Coker, of Altman & Coker, LLC, and Daniel Quigley Orvin and Matthew Tillman, of Womble Bond Dickinson (US) LLP, all of Charleston, for Crescom Bank.

PER CURIAM: In this action arising out of a bank loan, Church of God and Church of God of South Carolina (collectively, Church) appeal, arguing the trial court erred in (1) dismissing Church's claims under the voluntary payment doctrine despite the fact that Church paid without full knowledge of the facts; (2) imposing a two-year statute of limitations on Church's slander of title cause of action; (3) dismissing Church's aiding and abetting cause of action where there is evidence Crescom Bank (Bank) had knowledge of and participated in the other defendants' breaches of fiduciary duties; (4) dismissing Church's conversion cause of action when that claim is founded on Bank's wrongful taking of Church's cash payment; (5) attributing the knowledge and acts of rogue agents to Church when those agents were acting for their own purposes outside the scope of their authority; and (6) ruling as a matter of law that Church's claims for conversion and aiding and abetting are barred by the three year statute of limitations. We affirm pursuant to Rule 220(b), SCACR, and the following authorities:

1. As to whether the trial court erred in dismissing its claims under the voluntary payment doctrine: *Hardaway v. S. Ry. Co.*, 90 S.C. 475, 488-89, 73 S.E. 1020, 1025 (1912) ("It is an elementary principle that no action will lie to recover money voluntarily paid with full knowledge of all the facts" and "without any fraud, duress, or extortion, although no obligation to make such payment existed.")

(quoting 30 Cyc. 1298)); *Moody v. Stem*, 214 S.C. 45, 60, 51 S.E.2d 163, 169 (1948); ("Ordinarily money voluntarily paid on a claim of right, with full knowledge of all the facts, in the absence of fraud, duress, or compulsion, cannot be recovered back merely because the aggrieved party was ignorant of the law relating to his liability."); *Hardaway*, 90 S.C. at 489, 73 S.E. at 1025 (stating when seeking to recover money paid to another, the plaintiff must allege and prove some fact or facts which show the money was paid under circumstances deemed to be involuntary).

2. As to whether the trial court erred in imposing a two-year statute of limitations on its slander of title cause of action: *Pond Place Partners, Inc. v. Poole*, 351 S.C. 1, 18, 567 S.E.2d 881, 890 (Ct. App. 2002) ("The term 'slander of title' is defined as a false and malicious statement, oral or written, made in disparagement of a person's title to real or personal property, causing him injury." (quoting 50 Am. Jur. 2d *Libel & Slander* § 548 (1995))); *id.* ("Generally, an action under slander of title may only be maintained by one who possesses an estate or interest in the affected property."); *id.* at 20, 567 S.E.2d at 891 ("The case of *Huff v. Jennings*, 319 S.C. 142, 459 S.E.2d 886 (Ct. App. 1995), sets forth for the first time in South Carolina the specific elements of the common law action for slander of title."); *Huff*, 319 S.C. at 149, 459 S.E.2d at 891 ("[T]o maintain a claim for slander of title, the plaintiff must establish (1) the publication (2) with malice (3) of a false statement (4) that is derogatory to plaintiff's title and (5) causes special damages (6) as a result of diminished value of the property in the eyes of third parties."); *Jones v. City of Folly Beach*, 326 S.C. 360, 369, 483 S.E.2d 770, 775 (Ct. App. 1997) (stating the discovery rule does not apply to libel and slander cases; therefore, the cause of action accrues at the moment the plaintiff has legal right to sue on it, not when the plaintiff knew or should have known of the alleged wrongful acts); S.C. Code Ann. § 15-3-550(1) (2005) (providing a two-year statute of limitation for "an action for libel, slander, or false imprisonment."); *see also* *Hosey v. Cent. Bank of Birmingham, Inc.*, 528 So. 2d 843, 844 (Ala. 1988) ("While we have never determined what the statute of limitations is for an action for slander of title, we find that '[t]he view generally adopted in the jurisdictions in which the question has arisen is that in the absence of a statute expressly made applicable to such actions, the statute of limitations governing actions for libel and slander is applicable to actions for slander of title.'" (quoting 50 Am. Jur. 2d *Libel and Slander* § 553 (1970))); *id.* ("[I]n *Old Plantation Corp. v. Maule Industries, Inc.*, 68 So. 2d 180, 182 (Fla. 1953), the Supreme Court of Florida wrote, 'While there is authority to the contrary . . . , we conclude that the great weight of authority in this [c]ountry is that the [s]tatute of [l]imitations applicable to libel and slander is equally applicable to actions for slander of title.'""); 50 Am. Jur. 2d *Libel*

and Slander § 529 (2017) ("In the absence of a statute expressly referring to actions for slander of title, the statute of limitations applicable to actions for libel and slander often applies to actions for slander of title.").

3. As to whether the trial court erred in dismissing its aiding and abetting cause of action: *Vortex Sports & Entm't, Inc. v. Ware*, 378 S.C. 197, 204, 662 S.E.2d 444, 448 (2008) ("The elements for a cause of action of aiding and abetting a breach of fiduciary duty are: (1) a breach of a fiduciary duty owed to the plaintiff; (2) the defendant's knowing participation in the breach; and (3) damages."); *Future Group, II v. Nationsbank*, 324 S.C. 89, 99, 478 S.E.2d 45, 50 (1996) ("The gravamen of the claim is the defendant's knowing participation in the fiduciary's breach.").

4. As to whether the trial court erred in dismissing Church's conversion cause of action: *Mullis v. Trident Emergency Physicians*, 351 S.C. 503, 506-07, 570 S.E.2d 549, 550 (Ct. App. 2002) ("Conversion" is defined as the unauthorized assumption and exercise of the rights of ownership over goods or personal chattels belonging to another, to the alteration of their condition or to the exclusion of the rights of the owner."); *id.* at 507, 570 S.E.2d at 551 ("Money . . . may be the subject of conversion if it is capable of being identified and there may be conversion of determinate sums even though the specific coins and bills are not identified." (quoting *SSI Med. Servs., Inc. v. Cox*, 301 S.C. 493, 498, 392 S.E.2d 789, 792 (1990))); *Oxford Fin. Cos. v. Burgess*, 303 S.C. 534, 539, 402 S.E.2d 480, 482 (1991) ("In order to prevail in a conversion action, the plaintiff must prove either title or right to possession of the property at the time of the conversion."); *Owens v. Andrews Bank & Tr. Co.*, 265 S.C. 490, 497, 220 S.E.2d 116, 119 (1975) ("[T]here can be no conversion where there is a mere obligation to pay a debt[;]" "[t]hus, where there is merely the relationship of debtor and creditor, an action based on conversion of the funds representing the debt is improper!").

5. As to whether the trial court erred in attributing the knowledge and acts of agents, including the attorney who closed the bank loans, to Church: *Spence v. Spence*, 368 S.C. 106, 126, 628 S.E.2d 869, 879 (2006) ("The doctrine of apparent authority provides that the principal is bound by the acts of his agent when he has placed the agent in such a position that persons of ordinary prudence, reasonably knowledgeable with business usages and customs, are led to believe the agent has certain authority and they in turn deal with the agent based on that assumption. A principal may be held liable to a third person in a civil lawsuit for the fraud, deceit, concealment, misrepresentation, negligence, and other omissions of duty of his agent which occur in the scope of the agent's employment, even when the principal

did not authorize, participate in, or know of such misconduct or even when the principal forbade or disapproved of the act in question." (citations omitted)); *Koutsogiannis v. BB&T*, 365 S.C. 145, 149, 616 S.E.2d 425, 428 (2005) ("In the attorney-client relationship, clients are generally bound by their attorneys' acts or omissions during the course of the legal representation that fall within the apparent scope of their attorneys' authority.").

6. As to whether the trial court erred in ruling as a matter of law that Church's claims for conversion and aiding and abetting are barred by the three-year statute of limitations: S.C. Code Ann. § 15-3-20 (2005) (providing the statute of limitations starts to run when the "cause of action shall have accrued"); *Brown v. Sandwood-Dev. Corp.*, 277 S.C. 581, 583, 291 S.E.2d 375, 376 (1982) (adopting the "discovery rule" to determine when a cause of action accrues); *Dean v. Ruscon Corp.*, 321 S.C. 360, 363, 468 S.E.2d 645, 647 (1996) ("According to the discovery rule, the statute of limitations begins to run when a cause of action reasonably ought to have been discovered," and "[t]he statute runs from the date the injured party either knows or should have known by the exercise of reasonable diligence that a cause of action arises from the wrongful conduct."); *Dorman v. Campbell*, 331 S.C. 179, 184, 500 S.E.2d 786, 789 (Ct. App. 1998) ("The statute of limitations begins to run from this point, and not when advice of counsel is sought or a full-blown theory of recovery developed."); *Dean v. Ruscon Corp.*, 321 S.C. 360, 363-64, 468 S.E.2d 645, 647 (1996) ("We have interpreted the 'exercise of reasonable diligence' to mean that the injured party must act with some promptness where the facts and circumstances of an injury place a reasonable person of common knowledge and experience on notice that a claim against another party might exist." (quoting *Snell v. Columbia Gun Exchange, Inc.*, 276 S.C. 301, 303, 278 S.E.2d 333, 334 (1981))); *Dorman*, 331 S.C. at 185, 500 S.E.2d at 789 ("[T]he fact that the injured party may not comprehend the full extent of the damage is immaterial.").

AFFIRMED.

SHORT, KONDUROS and GEATHERS, JJ., concur.

The South Carolina Court of Appeals

Church of God and Church of God of South Carolina,
Appellants,

v.

Mark Estes, Patricia Estes, Michael Timothy Brooks,
Individually and as Trustee for Church of God at North
Charleston Trust, Adam Boyer, Individually and as
Trustee for Church of God at North Charleston, Rolando
River Osorio, individually and as Trustee at Church of
God at North Charleston, and North Palm Ministries,
Inc., North Palm Community Church and Community
First Bank and its Successor Crescom Bank, Defendants.

Of Whom Crescom Bank is the Respondent,

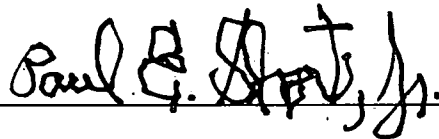
v.

Thomas Propes and Marc Campbell, Third Party
Defendants.

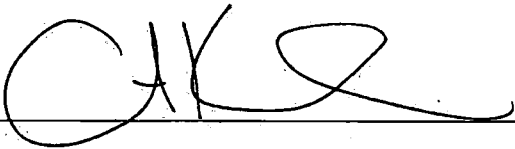
Appellate Case No. 2015-001848

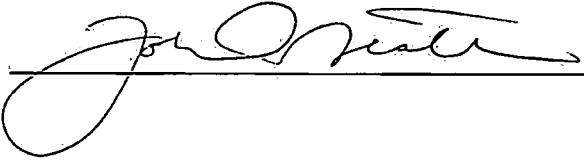
ORDER

After careful consideration of the petition for rehearing, the Court is unable to discover that any material fact or principle of law has been either overlooked or disregarded, and hence, there is no basis for granting a rehearing. Accordingly, the petition for rehearing is denied.



J.



J.


J.

Columbia, South Carolina

cc:

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FILED

March 22, 2018

THE STATE OF SOUTH CAROLINA
In the Court of Appeals

Appeal from Charleston County
Court of Common Pleas

R. Markley Dennis, Jr., Circuit Court Judge

RECEIVED

MAR 05 2018

SC Court of Appeals

CASE NO. 2013-CP-10-1686
APPELLATE CASE 2015-001848

Church of God and Church of God of South Carolina,Appellants,

v.

Mark Estes, Patricia Estes, Michael Timothy Brooks, Individually and as Trustee for Church of God at North Charleston Trust, Adam Boyer, Individually and as Trustee for Church of God at North Charleston, Rolando River Osorio As Trustee For Church Of God At North Charleston Trust and North Palm Ministries, Inc., North Palm Community Church and Crescom Bank, Successor by Merger to Community First Bank, Defendants.

Of Whom Crescom Bank is the Respondent,

v.

Thomas Propes and Marc Campbell, Third Party
Defendants.

RETURN TO APPELLANT'S PETITION FOR REHEARING

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ATTORNEYS FOR RESPONDENT

Pursuant to Rule 240, SCACR, Respondent Crescom Bank, Successor by Merger to Community First Bank, ("**Respondent**") submits its Return to the Petition for Rehearing submitted by Appellants Church of God and Church of God of South Carolina (the "**Appellants**") dated January 31, 2018 (the "**Petition**").

STANDARD OF REVIEW

In order to prevail on a petition for rehearing, Appellant must demonstrate the Court overlooked or misapprehended its argument. Rule 221(a), SCACR; *Kennedy v. South Carolina Retirement System*, 349 S.C. 531, 564 S.E.2d 322 (2001). "The purpose of a petition for rehearing is not to present points which lawyers for the losing parties have overlooked or misapprehended, nor is it the purpose of the petition for rehearing to have the case tried in the appellate court a second time." *Kennedy v. South Carolina Retirement System*, 349 S.C. 531, 532, 564 S.E.2d 322, 322 (2001), citing Jean H. Toal, Shahin Vafai & Robert Muckenfuss, *Appellate Practice in South Carolina* 309 (1999) (citing *Arnold v. Carolina Power & Light Co.*, 168 S.C. 163, 167 S.E. 234 (1933)).

ARGUMENT

The Appellant has failed to set forth any arguments which the Court did not entertain and address in the briefs and during oral argument. Indeed, the arguments made by Appellant in the Petition were discussed in detail in the Appellant's Final Brief, Reply Brief and oral arguments, and were considered and rejected by this Court in its opinion. See *Church of God and Church of God of South Carolina v. Mark Estes et al.*, Op. No. 2018-UP-030 (S.C. Ct.App. filed January 17, 2018) (the "**Opinion**"). As to the Appellants' arguments themselves, Respondent incorporates by this reference the arguments and authority set forth in Respondent's Final Brief and oral argument.

In their Petition, the Appellants merely repeat prior arguments that were rejected in the Opinion. For example, the Appellant argues that the “Court failed to consider or discuss the effect . . . that the Church paid the mortgage to Crescom Bank without knowledge that its former pastor had taken the money for his own use, and not that of the Church.” This is identical to an argument posited by the Appellant in the Final and Reply Brief. *Appellant’s Final Brief* at 8-10; *Appellant’s Reply Brief* at 1-2. This was not a misapprehension of the Appellant’s argument. Rather, it is clear that the Court agreed with Respondent that, because the Appellant had full knowledge that the loan and related mortgage were not authorized by its representatives at the time the loan was repaid, the Appellant made the payment with full knowledge of the relevant and material facts. *Respondent’s Final Brief* at 8-10. Accordingly, the Court did not err in relying on *Hardaway v. S. Ry. Co.*, 90 S.C. 475, 488-489, 73 S.E. 1020, 1025 (1912) and *Moody v. Stem*, 214 S.C. 45, 60, 51 S.E.2d 163, 169 (1948) as support for its conclusion.

The Appellant also argues that the Court failed to consider the argument that the slander of title cause of action is governed by the ten year statute of limitations found in S.C. Code Ann. § 15-3-350. This is also an argument that was explicitly made to the Court and rejected. *Appellant’s Final Brief* at 11-13. There is no case supporting the Appellant’s claim that S.C. Code Ann. § 15-3-350 – a ten year statute of limitations – applies to a slander of title action. Rather, the Court correctly relied on the litany of case and secondary law cited by Respondents for the proposition that a slander of title cause of action is governed by the two year statute of limitations set forth for slander and libel in S.C. Code Ann. § 154-3-550(1). The Court did not misapprehend any arguments made by the parties and did not err in applying the two year statute of limitations.

The Appellant also attempts to rehash arguments supporting their position as to the aiding and abetting breach of fiduciary duty cause of action. Those arguments were presented and rejected by the Court. *Appellants' Final Brief* at 13-14. Further, the portions of the record cited by the Appellants do not even support their argument. Rather, the record citations prove only that Crescom relied on the closing attorney to properly handle the transaction, not that Crescom knew the mortgage may have been unauthorized. Further, simple knowledge of the alleged breach is not sufficient. As set forth the Opinion, the Appellants must prove that the Respondent "knowingly participated" in the alleged breach. *Future Group, II v. Nationsbank*, 324 S.C. 89, 99, 478 S.E.2d 45, 50 (1996). The Appellant provided no such proof. Finally, the Court also found that summary judgment was proper because the aiding and abetting breach of fiduciary duty cause of action is barred by the applicable three year statute of limitations. *Opinion* at ¶ 6. This provides an independent basis for upholding the trial court's order, and the Appellants did not seek reconsideration of this portion of the Opinion.

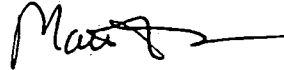
The Appellants also argue that the Court failed to address or misapprehended the closing attorney's role in the subject transaction and improperly imputed that attorney's knowledge to the Appellants. This is, again, a repeat of arguments made in Appellants' Final Brief, Reply Brief and oral arguments. *Appellants' Final Brief* at 16-18; *Appellants' Reply Brief* at 1-2. The Court considered this argument, but ultimately agreed with the Respondent that the Appellants' own agents hired the closing attorney, and his knowledge was imputable to the Appellants. The Court did not misapprehend these arguments which were properly presented in the briefs. Further, this ruling is not necessary to assist the Court in reaching its decision to affirm. The trial court granted

summary judgment as to all of the Appellants' causes of action on other grounds, and those grounds were affirmed in the Opinion. *Opinion* at ¶¶ 1-4, 6.

CONCLUSION

For the reasons set forth above, Respondent requests an Order denying the Appellants' Petition for Rehearing, and awarding the Respondent such other and further relief as this Honorable Court shall deem just and proper.

Respectfully submitted,



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THE STATE OF SOUTH CAROLINA
In the Court of Appeals

Appeal from Charleston County
Court of Common Pleas

R. Markley Dennis, Jr., Circuit Court Judge

CASE NO. 2013-CP-10-1686
APPELLATE CASE 2015-001848

RECEIVED
MAR 05 2018
SC Court of Appeals

Church of God and Church of God of South Carolina, Appellants,

v.

Mark Estes, Patricia Estes, Michael Timothy Brooks, Individually and as Trustee for Church of God at North Charleston Trust, Adam Boyer, Individually and as Trustee for Church of God at North Charleston, Rolando River Osorio, individually and as Trustee at Church of God at North Charleston, and North Palm Ministries, Inc., North Palm Community Church and Community First Bank and its Successor Crescom Bank, Defendants.

Of Whom Crescom Bank is the Respondent,

v.

Thomas Propes and Marc Campbell, Third Party Defendants.

PROOF OF SERVICE

I do hereby certify that on the 1st day of March 2018, I served a copy of the within *Return to Appellant's Petition for Rehearing* in the within entitled matter by sending a copy of the same in an envelope with the correct postage prepaid addressed to:

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March 1, 2018
Charleston, South Carolina



March 1, 2018

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Re: Church of God, et al. v. Mark Estes, et al.
Appellate Case 2015-00184
WBD File No: 85249.0040.9

Dear Ms. Kitchings:

Enclosed for filing please find the original and seven (7) copies of Respondent's *Return to Petition for Rehearing* and *Proof of Service* in the above action. Please return a filed, time stamped copy to me in the enclosed pre-addressed, stamped envelope.

Thank you for your assistance in this matter.

Yours very truly,

Womble Bond Dickinson (US) LLP

Matthew E. Tillman

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MAR 05 2018

SC Court of Appeals

MET/cbc
Enclosures: as stated

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THE STATE OF SOUTH CAROLINA
In the Court of Appeals

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MAY 31 2016

SC Court of Appeals

Appeal from Charleston County
Court of Common Pleas

R. Markley Dennis, Jr., Circuit Court Judge

CASE NO. 2013-CP-10-1686
APPELLATE CASE 2015-001848

Church of God and Church of God of South Carolina,Appellants,

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Mark Estes, Patricia Estes, Michael Timothy Brooks, Individually and as Trustee for Church of God at North Charleston Trust, Adam Boyer, Individually and as Trustee for Church of God at North Charleston, Rolando River Osorio, individually and as Trustee at Church of God at North Charleston, and North Palm Ministries, Inc., North Palm Community Church and Community First Bank and its Successor Crescom Bank, Defendants.

Of Whom Crescom Bank is the Respondent,

v.

Thomas Propes and Marc Campbell, Third Party Defendants.

FINAL BRIEF OF RESPONDENT

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STATEMENT OF ISSUES ON APPEAL

- I. DID THE CIRCUIT COURT PROPERLY FIND THAT ALL OF THE APPELLANTS' CAUSES OF ACTION AGAINST CRESKOM ARE BARRED PURSUANT TO THE VOLUNTARY PAYMENT DOCTRINE?
- II. DID THE CIRCUIT COURT PROPERLY GRANT SUMMARY JUDGMENT AS TO THE SLANDER OF TITLE CAUSE OF ACTION BASED ON A TWO YEAR STATUTE OF LIMITATIONS?
- III. DID THE CIRCUIT COURT PROPERLY GRANT SUMMARY JUDGMENT AS TO APPELLANTS' AIDING AND ABETTING BREACH OF FIDUCIARY CAUSE OF ACTION?
- IV. DID THE CIRCUIT COURT PROPERLY GRANT SUMMARY JUDGMENT AS TO THE APPELLANTS' CONVERSION CAUSE OF ACTION BECAUSE APPELLANTS NEVER HAD A RIGHT TO THE PROCEEDS OF THE LOAN AND THOSE PROCEEDS CONSTITUTED A DEBT TO RESPONDENT?
- V. DID THE CIRCUIT COURT PROPERLY HOLD THAT THE APPELLANTS WERE BOUND BY THE CONDUCT OF THE ESTES DEFENDANTS, TRUSTEE DEFENDANTS AND CLOSING ATTORNEY?
- VI. DID THE CIRCUIT COURT PROPERLY HOLD THAT THE APPELLANTS' CONVERSION AND AIDING AND ABETTING CAUSES OF ACTION ARE BARRED BY THE THREE YEAR STATUTE OF LIMITATIONS?

STATEMENT OF THE CASE

This is an appeal from the circuit court's grant of summary judgment to Respondent Crescom Bank, Successor by merger to Community First Bank ("Respondent") on May 11, 2015 and the circuit court's July 29, 2015 denial of the Appellants' motion for reconsideration (collectively, the "Summary Judgment Order")¹. In 2007 and 2009 respectively, Respondent made two loans in the amounts of \$700,000.00 and \$75,000.00 to the North Charleston Church of God ("NCCOG"), a former congregation of the Appellants. Both loans were secured by mortgages encumbering church property located at 5505 North Rhett Avenue, North Charleston, South Carolina (the "Property"). The NCCOG defaulted on these loans in 2009. The validity of these loans and mortgages is central to the claims against Respondent.

Appellant Church of God is the national body which delegates authority to regional organizations, including the Appellant Church of God of South Carolina. The Church of God of South Carolina has oversight over the local congregations within its territory, including the NCCOG. The Appellants allege that the pastor, exhorter and trustees² of the NCCOG obtained two loans from Respondent and encumbered Church property without proper authorization from the Appellants, as governing bodies. The Appellants later assumed ownership of the encumbered Church property, sold it to the existing tenant, and repaid all amounts owed by the NCCOG to Respondent secured by mortgages on the Property, without protest. Despite repaying the loans, the Appellants retroactively challenged the validity of the Respondent's mortgages and asserted

¹ On July 29, 2011, as evidenced by the Articles of Merger filed of record with the South Carolina Secretary of State and the RMC Office of Charleston County, South Carolina, Community FirstBank merged into Crescent Bank, with the surviving entity known as CresCom Bank, Respondent herein.

² The pastor, exhorter and trustees are co-defendants in the subject lawsuit. The claims against those individuals remain pending.

numerous causes of action by which Appellants sought repayment of the equity in the Property. The circuit court properly granted summary judgment to the Respondent on numerous grounds.

STATEMENT OF FACTS

The NCCOG was formerly a local congregation of the Appellants until its dissolution on approximately March 22, 2010. (R. pp. 375-376). Appellant Church of God of South Carolina, which was a part of the larger national Church of God, had oversight over the NCCOG. The Church of God of South Carolina is managed by a State Overseer who may appoint District Overseers to carry out the business of the Church.

Pursuant to the 2008 Church minutes, Church of God congregations hold real property in trust for the benefit of the Appellant Church of God. (R. pp. 101-102). However, the Church of God minutes are not recorded in the Charleston County Register of Deeds Office.

In 1985, Lillian Buckner conveyed the Property to the NCCOG. (R. pp. 209-213). The deed describes certain approvals that were required prior to conveyance or encumbrance of the Property:

The said Local Board of Trustees shall have full right, power and authority to sell, exchange, transfer and convey said property, or to borrow money and pledge the said real estate for the repayment of the same, and to execute all necessary deeds, conveyances, etc., provided the proposition shall first be presented to a regular or called conference of the said local church, presided over by the State Overseer of the Church of God, or one whom he may appoint, and the project approved by two-thirds of all members of the said local congregations present and voting.

(R. p. 210, lines 6-14).³ The NCCOG owned the Property from 1985 until the District Overseer for the Church of God of South Carolina dissolved the NCCOG on or about March 22, 2010. (R. pp. 375-376). At that point, the Church of God of South Carolina became the owner of the Property.

Mark Estes was pastor of the NCCOG and District Overseer for the Appellant Church of God of South Carolina. (R. p. 153, lines 21-23). Patricia Estes was the Exhorter of the NCCOG. (Mark and Patricia Estes, who are husband and wife, collectively referred to as the "Estes Defendants"). (R. p. 154, lines 1-3). Defendants Adam Boyer, Timothy Brooks and Rolando Osorio ("Trustee Defendants") were the trustees of the NCCOG. (R. p. 154, lines 4-9). On October 11, 2005, Mark Estes incorporated North Palm Ministries, Inc. ("NPM"). The North Charleston Church of God operated as NPM from that date forward. (R. p. 214).

On or about October 15, 2007, the NCCOG received a loan from Respondent in the amount of \$700,000. (R. pp. 215-218). It hired a local attorney to close this loan. (R. p. 219). The note is signed by the Trustee Defendants, as is the mortgage on the Property in favor of the Respondent ("2007 Mortgage"). (R. pp. 220-235). The Trustee Defendants provided the closing attorney with a resolution signed by NCCOG Recording Secretary Lisa Carey indicating that the members and financial supporters of the Church unanimously approved the transaction. (R. p. 236). The proceeds of this loan were used to pay off an existing loan secured by a mortgage to First Reliance Bank, as well as other

³ The language quoted on page 2 of Appellants' Amended Initial Brief is set forth in the 2008 Church Minutes. These Minutes were not even adopted at the time of the 2007 loan transaction. The language in the NCCOG deed is the only recorded document setting forth procedures for approval of real property transactions for the NCCOG. It makes no mention of a requirement that the State Overseer approve real estate transactions in writing.

debts of the Church. (R. pp. 215-218). In addition, the NCCOG received proceeds in the amount of \$310,809.43. (R. p. 215).

On or about October 9, 2008, the NCCOG moved to a new location and leased the Property to Seacoast Church. (R. pp. 237-243). The lease term was five years, ending in 2013, and by its terms Seacoast Church agreed to pay the NCCOG the initial rent of \$9,200.00 per month. (R. p. 237). The lease amount increased periodically, to \$10,500.00 per month. The lease also contained an option to purchase, in amounts starting at \$1,625,000.00 and increasing to \$1,775,000.00 by the end of the term. (R. p. 237).

On or about March 23, 2009, the NCCOG received a loan from Respondent in the amount of \$75,000.00. It hired the same local attorney to close this loan as well. (R. pp. 251-253). The note is signed by the Trustee Defendants, as is the mortgage on the Property in favor of Respondent. (R. pp. 244-247). As with the prior loan, the Trustee Defendants provided the closing attorney with a resolution signed by NCCOG Recording Secretary Lisa Carey indicating that the members and financial supporters of the Church unanimously approved the transaction. (R. p. 250). The NCCOG/NPM received proceeds in the amount of \$74,032.50. (R. p. 251).

In the latter months of 2009 and early months of 2010, Mark Estes and Appellant Church of God of South Carolina's State Overseer Thomas Propes discussed certain grievances that Mr. Estes had with the Church of God. (R. pp. 254-257). These discussions culminated in Pastor Mark Estes' resignation as a pastor and District Overseer with the Church of God on March 12, 2010. (R. pp. 258-259). No later than March 12, 2010, Thomas Propes became concerned about the NCCOG congregation and

ARGUMENT

This appeal is to be determined using summary judgment standard applied by the circuit court. *George v. Fabri*, 345 S.C. 440, 548 S.E.2d 868 (2001). In evaluating a motion for summary judgment, a court must view “the evidence and all reasonable inferences . . . in the light most favorable to the non-moving party.” *Hansson v. Scalise Builders of S.C.*, 374 S.C. 352, 355, 650 S.E.2d 68, 70 (2007). However, if, after granting such deference to the non-moving party, it is apparent to the court that “there is no genuine issue as to any material fact,” and the moving party is entitled to judgment “as a matter of law,” the court should grant summary judgment. *Id.* (quoting S.C. R. Civ. P. 56(c)).

I. THE CIRCUIT COURT DID NOT ERR IN HOLDING THAT ALL OF THE APPELLANTS’ CAUSES OF ACTION AGAINST RESPONDENT ARE BARRED PURSUANT TO THE VOLUNTARY PAYMENT DOCTRINE.

There is no dispute that, after assuming ownership of the Property in March 2010, the Appellants sold the Property and repaid the loans secured by the Property made from Respondent to NCCOG. The Appellants did so without protest and with full knowledge that the Appellants had not authorized the loans and mortgages through the process set forth in their own Minutes.⁴ (R. pp. 281-282). “[A] person cannot use the courts to recover money voluntarily or consensually paid with full knowledge of all of the facts and without fraud, duress, or extortion in some form.” 66 Am Jur 2d *Restitution and Implied Contracts* § 92 (2014). “Thus, it is universally recognized that money voluntarily paid under a claim of right to payment and with knowledge of the facts by the

⁴ As set forth herein, the church Minutes were not recorded, and therefore neither the Respondent nor the closing attorney had record notice of their contents. However, the Appellants contend that the 2007 and 2009 loans and mortgages were unauthorized pursuant to the Minutes, and their knowledge of this contention occurred long before the Respondent’s loans were repaid and the 2007 and 2009 mortgages were satisfied.

person making the claim cannot be recovered on the ground that the claim was illegal, or that there was not liability to pay in the first instance.” *Id.* Further, the “question of whether a payment is voluntary or involuntary is one of law where the facts are undisputed” *Id.* Under South Carolina law, “all payments are presumed to be voluntary until the contrary is made to appear.” *Baker v. Allen*, 220 S.C. 141, 151, 66 S.E.2d 618, 622 (1951) (citing *Moody v. Stem*, 214 S.C. 45, 51 S.E.2d 163 (1948)). Therefore, the burden is on the payor to show that the payment was made involuntarily. *Id.* This is a difficult burden to overcome, and even evidence of payment under protest may not be sufficient to establish that the payment was made involuntarily. *Baker*, 220 S.C. at 151, 66 S.E.2d at 622.

In their Second Amended Complaint and answers to discovery requests, Appellants admitted that they were aware of the 2007 and 2009 Mortgages and the fact that the debt may have been unauthorized by them prior to selling the Property and paying the debt owed to Respondent. (R. p. 160, lines 16-19, R. pp. 281-282). There is no evidence that the Appellants protested or expressed any concerns to Respondent prior to paying the debt. Having made the payment with full knowledge, the Appellants must cite evidence that the payment was involuntary – that is, the payment was the result of fraud, duress, or extortion. They have failed to do so, and therefore the circuit court properly granted summary judgment as to all causes of action against Respondent based on the voluntary payment defense.

The Appellants attempt to circumvent the voluntary payment defense by arguing that the Appellants did not know how their own congregation had used the proceeds from the loans at the time the Appellants repaid Respondent in 2010. These are merely

statements of immaterial facts. There is no dispute that the Appellants actually knew that the subject loans and mortgages may not have been properly authorized by them at the time the Appellants repaid the loan, and this alleged lack of proper authority is Appellants' only challenge to the validity of the Respondent's mortgages. The fact that the Appellants claim to have later discovered that their own congregation used the money for an allegedly improper purpose is of no consequence. Appellants knew of the basis of their present claim against Respondent on the day they repaid the loans. Rather than challenging the validity of the mortgage or otherwise paying under protest, Appellants paid Respondent. Appellants voluntarily repaid the loans, and they are barred from recovering that money.

Likewise, the case law cited by the Appellants in support of their argument is distinguishable. In *Freeman v. J.L.H Invs., LP*, 414 S.C. 362, 778 S.E.2d 902 (2015), the car dealer to whom the payment was made had violated the South Carolina Regulation of Manufacturers, Distributors and Dealers Act, S.C. Code Ann. §§ 56-15-10 to -600 (2006 & Supp. 2014) ("Dealers Act") by failing to properly charge a closing fee in an automobile transaction. The Court held that the consumer's payment of the closing fee was not voluntary because she did not have full knowledge of what comprised the fee and the dealer could not have explained what comprised the fee, as required by the Dealers Act. *Id.* The *Freeman* case cannot be analogized to the present matter. Respondent violated no statutes, and there is no contention that it, rather than the Appellants' congregation, was responsible for the ultimate disposition of the loan funds. The loans and mortgages were either authorized pursuant to the Appellants' regulations or they were not. The Appellants knew that the loans may not have been properly authorized by

their own procedures and repaid the loans anyway. The ultimate use of the funds by the NCCOG is a red herring, immaterial to the voluntary payment defense, and not sufficient to create an issue of fact.

II. THE CIRCUIT COURT PROPERLY IMPOSED A TWO YEAR STATUTE OF LIMITATIONS ON THE APPELLANTS' SLANDER OF TITLE CLAIM AND PROPERLY GRANTED SUMMARY JUDGMENT AS TO THAT CAUSE OF ACTION BASED ON VIOLATION OF THE STATUTE.

South Carolina does not have a statute expressly referring to the period of limitations for slander of title actions. However, most courts that have considered the issue have held that, in the absence of an express statute, the statute of limitations applicable to libel and slander applies. 50 Am. Jur. 2d *Libel and Slander* § 541 (2014); *Hosey v. Central Bank of Birmingham, Inc.*, 528 So. 2d 843, 844 (Ala. 1988) (internal quotations and citations omitted) (“While we have never determined what the statute of limitations is for an action for slander of title, we find that the view generally adopted in the jurisdictions in which the question has arisen is that in the absence of a statute expressly made applicable to such actions, the statute of limitations governing actions for libel and slander is applicable to actions for slander of title.”); *Old Plantation Corp. v. Maule Industries, Inc.*, 68 So. 2d 180, 182 (Fla. 1953) (“While there is authority to the contrary (and we shall refer to this later), we conclude that the great weight of authority in this Country is that the Statute of Limitations applicable to libel and slander is equally applicable to actions for slander of title.”)

In South Carolina, the statute of limitations governing libel and slander is two years. S.C. Code Ann. § 15-3-550(1). Further, the discovery rule does not apply to slander of title claims. 50 Am Jur 2d *Libel and Slander* § 541 (2014) (“A right of action for slander of title accrues, and the statute of limitations commences to run, at the time of

the publication of the slander.”); *Jones v. City of Folly Beach*, 326 S.C. 360, 369, 483 S.E.2d 770, 775 (Ct. App. 1997) (“The trial court was correct in granting Peeples’s motion for summary judgment because South Carolina has not adopted the discovery rule in libel and slander cases.”)

There is no dispute that the closing attorney duly recorded the 2007 Mortgage in the Charleston County RMC Office on October 24, 2007 and duly recorded the 2009 Mortgage on March 27, 2009. (R. p.p. 226-235; R. pp. 244-247). The Appellants’ slander of title claim accrued on these respective dates of publication. Therefore, the two year period of limitations expired on October 24, 2009 and March 27, 2011, respectively. The Appellants commenced this action on March 20, 2013, long after the expiration of the period of limitations.

The Appellants urge the Court to adopt the ten year statute of limitations applicable to actions for recovery of real property to govern slander of title actions. The Appellants fail to cite any jurisdiction that has adopted such a liberal period of limitations, either by statute or common law. Appellants support their argument by citing *Selby v. Taylor*, 57 N.C. App. 119, 290 S.E.2d 797 (N.C. App. 1982), a case in which the North Carolina Court of Appeals applied the applicable three year statute of limitations for trespass to real property in a slander of title case. Like North Carolina, South Carolina has a three year statute of limitations governing actions “for trespass upon or damage to real property.” S.C. Code Ann. § 15-3-530. The Appellants also fail to cite any law in which the discovery rule has been applied to toll the statute of limitations in a slander of title action.

Even assuming the circuit court were to apply the three year statute of limitations to the slander of title cause of action, the claim is time barred. Respondent recorded both mortgages before March 20, 2010. The cause of action for slander of title accrued on the date of recordation. Therefore, the slander of title cause of action is time barred regardless of whether the circuit court applied the two-year or three-year statute of limitations, and the circuit court properly granted summary judgment as to the slander of title claim.

III. THE CIRCUIT COURT PROPERLY GRANTED RESPONDENT'S MOTION FOR SUMMARY JUDGMENT AS TO APPELLANTS' AIDING AND ABETTING BREACH OF FIDUCIARY CAUSE OF ACTION.

The elements for the cause of action for aiding and abetting a breach of fiduciary duty are: "(1) a breach of a fiduciary duty owed to the plaintiff[;] (2) the defendant's knowing participation in the breach[;] and (3) damages." *Future Group, II v. Nationsbank*, 324 S.C. 89, 99, 478 S.E.2d 45, 50 (1996). "The gravamen of the claim is the defendant's knowing participation in the fiduciary's breach." *Id.*; see *Gordon v. Busbee*, 397 S.C. 119, 133-34, 723 S.E.2d 822, 830 (Ct. App. 2012) (affirming the grant of directed verdict in favor of an attorney on aiding and abetting breach of personal representative's fiduciary duty and finding that even if the attorney should have conducted additional investigation into the assets of the estate, that does not constitute evidence of actual knowledge of improper activity on the personal representative's part).

The circuit court properly held that there is no evidence that Respondent had actual knowledge of, or participated in, the alleged breaches of fiduciary duty committed by the Estes Defendants and the Trustee Defendants. The Appellants allege that the Estes Defendants and Trustee Defendants breached their fiduciary duties by: (1) failing to seek or obtain authorization for signing mortgage documents; (2) failing to inform Plaintiff of

S.E.2d 117, 122 (1998) (“Constructive notice is a legal inference which substitutes for actual notice. It is notice imputed to a person whose knowledge of facts is sufficient to put him on inquiry; if these facts were pursued with due diligence, they would lead to other undisclosed facts.”) Furthermore, there is no evidence that Respondent had any knowledge that the requirements set forth in the deed were not met. This is borne out by the second immaterial fact cited by the Appellants: the allegation that the resolution provided by the NCCOG did not contain written approval from the State Overseer. As one can plainly see from the deed, written approval from the State Overseer is not mentioned as a requirement. (R. p. 210). Thus, there is no evidence that Respondent was charged with or gained any knowledge of any such requirement.

Finally, the Appellants argue that the NCCOG disclosed its intent to purchase new Church property with the loan proceeds on their loan application. This disclosure is irrelevant – the application merely states that the funds will be used to purchase Church property. (R. p. 359). The purchase of real property is not unusual or alarming. There remains no evidence that Respondent had any knowledge that the use of loan proceeds to purchase new Church property violated any fiduciary duty owed from the NCCOG to the Appellants or that Respondent actively participated in that purchase. Appellants have presented no evidence related to the loans or the loan proceeds to meet its burden with regard to the existence of a fiduciary duty, nor any damages resulting therefrom. All of the relevant evidence demonstrates that Respondent was simply a lender who loaned money to NCCOG with the expectation that it would be repaid. To the extent any of the other parties breached fiduciary duties to the Appellants, those parties did so without the assistance of Respondent.

IV. THE CIRCUIT COURT PROPERLY GRANTED SUMMARY JUDGMENT AS TO THE APPELLANTS' CONVERSION CAUSE OF ACTION BECAUSE APPELLANTS NEVER HAD A RIGHT TO THE PROCEEDS OF THE LOAN AND THOSE PROCEEDS CONSTITUTED A DEBT TO RESPONDENT.

Conversion is defined as the unauthorized assumption in the exercise of the right of ownership over goods or personal chattels belonging to another to the exclusion of the owner's rights. *SSI Med. Servs., Inc. v. Cox*, 301 S.C. 493, 498, 392 S.E.2d 789, 792 (1990). To establish the tort of conversion, the plaintiff must establish either title to or right to the possession of the personal property. *Crane v. Citicorp Nat'l Servs., Inc.*, 313 S.C. 70, 72, 437 S.E.2d 50, 52 (1993) (superseded by statute on other grounds).

The Appellants contend that Respondent converted their funds by receiving payment on notes that were improperly obtained and refusing to return those funds after demand by the Appellants.

First, there is no evidence indicating that Appellants have established title or right to possession of the funds at the time of the alleged conversion. As set forth above, the Respondent loaned money to the NCCOG, and was repaid upon the sale of Property owned by the NCCOG at the time of the loan. The Appellants never had a right to possession of the funds, as Appellants were not the borrower. Therefore, Appellants' conversion claim must fail.

In addition, the funds to which the Appellants claim a right of possession constituted the voluntary repayment of a loan made by Respondent to Appellants' local congregation. It was nothing more than repayment of a debt, and thus there is no conversion as a matter of law. *Owens v. Andrews Bank & Trust Co.*, 265 S.C. 490, 497, 220 S.E.2d 116, 119 (1975) ("However, there can be no conversion where there is a mere obligation to pay a debt.") Indeed, "where there is merely the relationship of debtor and

Respondent rightfully relied on Appellants' closing attorney to ensure that the Appellants' congregation obtained the proper approvals. There is no evidence in the record which implicates the closing attorney in any fraudulent behavior intended to conceal information from the Appellants. Therefore, the fraud exception to the standard rules of agency is not implicated. As such, the closing attorney's actions and knowledge are binding on the Appellants, and they cannot now claim ignorance of the loans and mortgages. The circuit court properly imputed the closing attorney's behavior and knowledge to the Appellants and dismissed the claims against Respondent based on that finding.

The Appellants are also bound by the 2007 and 2008 resolutions provided by NCCOG Recording Secretary to the closing attorney. Those resolutions evidence unanimous authorizations for the NCCOG to proceed with the loan transactions. (R. p. 236; R. p. 250). These authorizations are binding on the Appellants whether or not the NCCOG Recording Secretary followed Church of God protocol for certifying financial transactions.

Indeed, South Carolina has long recognized that an agent may bind the principal if the agent is acting within the scope of his agency, even if those actions violate corporate policy. In *Hutchison v. Rock Hill Real Estate & Loan Co.*, 65 S.C. 45, 43 S.E. 295 (1902), a corporation's secretary certified in writing that a certain resolution had been passed by the directors authorizing the execution of a bond and an assignment of assets. The court held that the corporation was bound by such certified resolution whether or not it had been passed as a matter of fact:

We will next consider whether the action of R. Lee Kerr, secretary and treasurer, was binding upon the corporation, even admitting that the

resolutions were not authorized by the board of directors. At the foot of the resolution marked "B" is the following certificate: "I, R. Lee Kerr, secretary of the Rock Hill Real Estate and Loan Company, do hereby certify that the above is a true copy of the resolution adopted by the board of directors of the Rock Hill Real Estate and Loan Company, at a meeting held on date above written, and that the same has been duly enrolled in the minute books of the said company..." **The signing of the certificates was within the scope of his employment, and therefore, even if they were unauthorized and fraudulent on the part of R. Lee Kerr, his action was nevertheless binding upon the corporation.**

Id. at 306 (emphasis added). In reaching the holding in *Hutchison*, the court reasoned, "Seeing that someone must be loser by the deceit, it is more reasonable that he who employs and confides in the deceiver should be the loser than a stranger." *Id.* In other words, as a matter of policy, the court would rather punish a board of directors for confiding in deceitful officers than third parties who interact therewith in good faith. Therefore, the NCCOG's Recording Secretary bound the Appellants when she provided the 2007 and 2008 resolutions to the closing attorney. There is simply no evidence to the contrary.

Further, there is no allegation that the NCCOG Recording Secretary acted solely in her own interests, as the Appellants' allege without citation. She is not named as a defendant in the lawsuit, and there are no allegations against her in the Second Amended Complaint. (R. pp. 152-167). Therefore, there exists no evidence that supports Appellants' contention that the 2007 and 2008 resolutions are subject to the fraud exception. The 2007 and 2008 resolutions are binding on the Appellants, and the circuit court properly charged the Appellants with the approval of the transactions set forth in those resolutions.

VI. THE CIRCUIT COURT PROPERLY GRANTED SUMMARY JUDGMENT AS TO APPELLANTS' CONVERSION AND AIDING AND ABETTING CAUSES OF ACTION BECAUSE THOSE CLAIMS ARE BARRED BY THE THREE YEAR STATUTE OF LIMITATIONS.

The circuit court properly held that Appellants' aiding and abetting breach of fiduciary duty and conversion causes of action are governed by a three year statute of limitations. S.C. Code Ann. §15-3-530. The limitations period "begins to run when the plaintiff knew or by the exercise of reasonable diligence should have known that he had a cause of action." *Gibson v. Bank of Am., N.A.*, 383 S.C. 399, 405-406, 680 S.E.2d 778, 782 (Ct. App. 2009) (citations and quotations omitted). "The exercise of reasonable diligence means simply that an injured party must act with some promptness where the facts and circumstances of an injury would put a person of common knowledge and experience on notice that some right of his has been invaded or that some claim against another party might exist." *Id.* at 406, 680 S.E.2d at 782. "When there is no conflicting evidence or when only one reasonable inference can be drawn from the evidence, the determination of when a party knew or should have known that he or she had a claim becomes a matter of law to be decided by the trial court." *Id.* at 407, 680 S.E.2d at 782. The Appellants had both actual and constructive notice that the NCCOG mortgaged the Property prior to March 20, 2010 – over three years before Appellants filed this lawsuit.

The Estes Defendants resigned their Church of God credentials by letter dated March 12, 2010. No later than that date, Church of God of South Carolina State Overseer Thomas Popes became so concerned with the status of the North Charleston congregation and the Property that he named Marc Campbell as District Overseer and asked him to investigate:

Once it was obvious to me that we had not only lost lead pastor, staff, an entire congregation, I immediately amalgamated both districts into one

district and named Marc Campbell as district overseer. Not hav[ing] reports from North Charleston, not knowing because I had no way to track what had been going on there, I asked him to begin to investigate, to meet with the Estes because I knew they had a relationship, try to get for me any information that he could concerning the exodus of the congregation, where we were on any property issues that might be lingering, try to find out if there was monies owed, to whom, to give me as detailed briefing as he possibly could, which he agreed to do so.

Q. And those concerns regarding the exodus of the church, their financial situation, the real estate situation, all of those concerns became apparent when the credentials were surrendered?

A. Yes.

(R. p. 373, line 12 – p. 374, line 6). It is therefore undisputed that Appellants' State Overseer had actual concerns about the status of the Property no later than March 12, 2010, the date on which Mark Estes resigned his credentials as pastor and District Overseer. Whether or not the Appellants later discovered problems with the NCCOG finances is an immaterial fact. No later than March 12, 2010, the State Overseer of the plaintiff knew that the Appellants' rights may have been invaded. The statute of limitations expired three years after that date, at the latest.

Mark Estes' resignation was not the only fact clearly placing the Appellants on notice of a potential claim. For the entire time period relevant to this lawsuit, the Appellants required every congregation, including the NCCOG, to complete a Monthly Treasurer's Report to send to the office of the Church of God of South Carolina and Church of God. (R. pp. 366-367). These Monthly Treasurer's Reports provide the method by which the local Churches report certain financial data, including church property value *and indebtedness*. (R. p. 292). The NCCOG habitually failed to complete and submit the Monthly Treasurer's Report and never completed the property valuation and indebtedness section. (R. p. 293). The Appellant Church of God was so concerned that, in 2008 and



THE STATE OF SOUTH CAROLINA
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Appeal from Charleston County
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R. Markley Dennis, Jr., Circuit Court Judge

MAY 31 2016

SC Court of Appeals

CASE NO. 2013-CP-10-1686
APPELLATE CASE 2015-001848

Church of God and Church of God of South Carolina,Appellants,

v.

Mark Estes, Patricia Estes, Michael Timothy Brooks, Individually and as Trustee for Church of God at North Charleston Trust, Adam Boyer, Individually and as Trustee for Church of God at North Charleston, Rolando River Osorio, individually and as Trustee at Church of God at North Charleston, and North Palm Ministries, Inc., North Palm Community Church and Community First Bank and its Successor Crescom Bank, Defendants.

Of Whom Crescom Bank is the Respondent,

v.

Thomas Propes and Marc Campbell, Third Party Defendants.

CERTIFICATE OF COUNSEL

The undersigned certifies that this Final Brief of Respondent complies with Rule 211(b), SCACR.



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May 26, 2016
Charleston, SC

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Of Whom Crescom Bank is the Respondent,

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PROOF OF SERVICE

I do hereby certify that on the 26th day of May 2016, I served a copy of the within *Final Brief of Respondent* in the within entitled matter by sending a copy of the same in an envelope with the correct postage prepaid addressed to:

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