

ORIGINAL

THE STATE OF SOUTH CAROLINA

In The Court of Appeals

APPEAL FROM BEAUFORT COUNTY

Court of Common Pleas

Marvin H. Dukes, III, Master-in Equity and Special Circuit Court Judge

Case No. 2012-CP-07-1530
Court of Appeals No.: 2013-000305

Bluffton Towne Center, LLC,

Respondent,

v.

Beth Ann Gilleland-Prince
d/b/a The Law Office of Beth
Ann Gilleland, LLC,

Appellant.

RECORD ON APPEAL

VOL. 1

pp.1-100

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SC Court of Appeals

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STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

IN THE COURT OF COMMON PLEAS
THE FOURTEENTH JUDICIAL CIRCUIT
CIVIL ACTION NO.: 2012-CP-07-1530

BLUFFTON TOWNE CENTER, LLC,)
)
Plaintiff,)

vs.)

**ORDER GRANTING JUDGMENT
TO PLAINTIFF**

BETH ANN GILLELAND-PRINCE d/b/a)
THE LAW OFFICE OF BETH ANN)
GILLELAND, LLC,)
)
Defendant.)

This commercial landlord-tenant matter came before me for a final hearing on Thursday, October 25, 2012 at 9:00 a.m. at the Beaufort County Courthouse. Appearing on behalf of the Plaintiff was Russell P. Patterson along with Paul Watson, representative of the Plaintiff. Appearing on behalf of the Defendant was Beth Ann Gilleland-Prince, who appeared pro se. Mr. Watson testified on behalf of the Plaintiff. The Defendant called no witnesses at trial and presented no evidence. ✓

After due and careful consideration of the testimony proffered by the Plaintiff, arguments of counsel, and the post-trial briefs submitted by each side, I find for the Plaintiff for the reasons set forth below.

FINDINGS OF FACT

1. This is a standard, routine collection matter on a commercial lease in which no facts are in dispute.

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2. On or about January 1, 2009, the parties entered into a written three (3) year lease agreement at a rental rate of \$1,825 per month, or \$21,900 per year ("Lease"). The lease term commenced on January 1, 2009 and ended December 31, 2011.

3. Approximately thirteen (13) months after the 3-year lease term started, the Defendant notified the Plaintiff that she was vacating the property in January or February, 2012 and made arrangements to return the keys on or about April 1, 2010.

4. The Defendant did not occupy the premises after February, 2010.

5. The Plaintiff on April 18, 2012 filed suit for rent due for the remaining rental term, after providing credit for two (2) tenants it was able to find (Joe Wilson Re-Election Campaign; Downtown Deli).

6. I find and conclude the Plaintiff properly mitigated its damages by taking commercially reasonable efforts to re-let the premises in order to reduce or offset its damages. These efforts included timely marketing the property, listing same for rent with a commercial rental agent and renting same to Joe Wilson's re-election campaign and a portion of the premises to the Downtown Deli.

7. That the total damages the Plaintiff is entitled to receive for non-payment of rent under the Lease by the Defendant is \$35,784.00, calculated as follows:

- A. Rent Owed Under Lease
Three years (1/1/2009 – 12/31/2011)
at \$21,900 per year X 3 years \$65,700.00
- B. Less: Credits
- (a) Rent paid – Jan. 2009 – Jan. 2010 24,375.00
by Defendant – 13 mos. X \$1,875

(b) Rent from Joe Wilson Re-election Lease – 4½ months @ \$1,200/month	5,400.00
Less: Leasing Commission	<u>(384.00)</u>
	5,016.00
(c) Rent from Downtown Deli Lease (adjacent tenant leased two offices in unit 104 at \$335/month) Aug – Dec 2011 – 5 months	<u>1,675.00</u>
Total Credits	(31,066.00)
C. <u>Plus:</u> Late Fees – (23 months x \$50 per month)	<u>1,150.00</u>
Total Damages	<u>\$35,784.00</u>

8. The Lease expressly provided for the recovery of attorney fees and costs in the event of a breach by the Defendant. Plaintiff's counsel submitted a detailed affidavit in support of its request for an award of attorney fees and costs of \$3,873.55. The Defendant at trial did not question or dispute the reasonableness of said charges. This Court has reviewed said invoices attached to the Affidavit carefully and finds all of said activities were reasonably related to this action and are fair and reasonable charges. In addition, Plaintiff's counsel has significant experience in handling landlord and tenant matters, and other similar types of civil litigation in this area for over 30 years. Based upon the time expended, the results obtained and the experience of counsel, I find such request is fair and reasonable for services performed and anticipated to be performed until final adjudication of the within action, under the terms of the lease documents. Services anticipated to be performed until final adjudication contemplates completion of this matter within reasonable time and does not include exceptional circumstances delaying conclusion beyond the normal time, appeals, etc. Plaintiff's counsel can move for a review of said attorney fees and costs if unanticipated events subsequently occur.

9. The Defendant presented no testimony at trial, but argued after the conclusion of the evidentiary portion of the case that since the Plaintiff had terminated the lease and re-took possession, under the 1927 decision of Simon v. Kirkpatrick, 141 S.C. 251, 139 S.E. 614 (1927), it was not entitled to any damages for the non-payment of the future rent. She asserts she is only liable for the rent due in February 2010, the only month she occupied the premises where rent was not paid. In Simon there was a three-year written lease in which the tenant, after signing the lease, never took possession of the property. The Court held that the landlord could recover the rent obligations up to the date of termination, but not future unpaid rents after termination, unless the lease provided the tenant was still liable for the future rents. Simon, id., p. 618. The lease in Simon had no such language.

10. As discussed below, it is this Court's conclusion that the statement of law in Simon is no longer valid under prevailing South Carolina authorities. Even if Simon is still valid, Plaintiff is clearly entitled to the full claimed damages for the entire term of the Lease since the subject Lease specifically provided the Defendant remained liable for future rents in at least two separate provisions.

A. Simon is Not Valid Law

11. It is the finding and conclusion of this Court that Simon does not state the modern law of damages for the breach of a lease in South Carolina today. The modern rule is clearly stated in a subsequent case, which cites Simon, United States Rubber Company v. White Tire Company, 231 S.C. 84, 97 S.E.2d 403 (1956). In that case, the landlord terminated the lease due to the failure of the tenant to pay rent (§ 27-35-140 of the South Carolina Code of Laws, formerly § 41-65 of the 1952 Code, and under § 27-35-150 (formerly § 41-66 of the 1952 Code)) for abandonment. These are the identical grounds that the Plaintiff in the instant action also terminated the lease. The Court in White

Tire, citing Simon, stated that upon the termination of the lease, the relationship of the parties as landlord and tenant came to an end. However, although the tenant no longer had an obligation to pay the landlord future rent, it did have an obligation for damages resulting from its breach of the contract. The measure of damages was stated as follows by the Court at p. 409:

“The measure of such damages is the amount that she (landlord) would have received as rent for the remainder of the term, had there been no default, less such amount as she (landlord) may receive from the new tenant, - for it was her duty (landlord) to minimize her damages. Burkhalter v. Townsend, 139 S.C. 324, 138 S.E. 34.”
(parenthetical material added)

12. In Richman v. Joray Corp., 183 F.2d 667 (4th Cir. 1950), the Court dealt with a long-term bowling alley lease located in South Carolina. Again citing Simon, the Court adopted basically the same rule for damages as found in White Tire, at p. 671:

“It is the rule in South Carolina that when a lessee declines to perform his contract, a cause of action immediately arises in favor of the lessor for full damages, present and perspective, which were the necessary and direct result of the breach; and the measure of the damages is the difference between the rent fixed in the lease and the rental value of the premises for the entire term at the time of the breach, together with such special damages as may result from the breach.”

13. This same rule has been applied by subsequent courts on various occasions. See: Richman v. Joray Corp., 192 F.2d 660 (4th Cir. 1951); In re: Builders Transport, Inc., 471 F.3d 1178 (11th Cir. 2006 – applying South Carolina contract law).

14. If the rule announced in the 1927 Simon decision were still in existence today, the Plaintiff would be in a “Catch-22” position, with no way to mitigate its damages. If it requested the Defendant to vacate (either voluntarily or through eviction), under Simon it would forego all rights to damages for the remaining term. If it took no action to require the Defendant to vacate (either voluntarily or through eviction), it could not regain control of the premises to re-let, thus never having the opportunity to mitigate its damages by finding a replacement tenant. This Court believes

5/8

such a result is not consistent with the modern South Carolina rule found in White Tire and the other cases cited above.

B. Prince Liable for Future Rents Even if Simon Valid Law

15. This Court finds and concludes that even if the rule announced in 1927 by the Court in Simon is still applicable today, the Plaintiff is entitled to the full damages it claims because it specifically reserved the right for all damages under the subject Lease.

16. On page 1 of the Lease, in the last section, captioned “**DEFAULTS**”, there is the following language:

“**DEFAULTS** – ***. Subject to any governing provision of law to the contrary, if Tenant fails to cure any financial obligation within 10 days (or any other obligation within 30 days) after written notice of such default is provided by Landlord to Tenant, Landlord may take possession of the Premises without further notice (to the extent permitted by law), and without prejudicing Landlord’s right to damages. *** Tenant shall pay all costs, damages, and expenses (including reasonable attorneys fees and expenses) suffered by Landlord by reason of Tenant’s defaults.” (emphasis added)

17. A more clear, unambiguous intention to reserve all rights against the Defendant for the rents due during the full term is more difficult to imagine. Not only did the Plaintiff specifically reserve its right to damages (i.e., recovery of future rents in the event of termination), but the lease provided a specific damage formula by providing the Defendant must pay all costs, damages and expenses as a result of default. It is clear the most critical, common and obvious “damages” suffered by a Plaintiff under a commercial lease is the payment of rent, which is the primary monetary obligation of the Defendant. No other construction would provide full meaning to all of the terms of the Lease.

18. The language in the Lease in paragraph 1 is also consistent with the parties' conduct when the Defendant announced she was not going to honor the Lease and vacate early. The e-mail exchange between the parties of December 18, 2009 is revealing as to this point.

a. Defendant E-Mail to Plaintiff – "I am trying to give you as much notice as possible. I hope that you and I will be able to work something out amicably, because I realize the lease will not expire for another year."

b. Plaintiff E-Mail in Response to Defendant – "As a judge and attorney, I would assume that you will honor your obligation under the lease. As you know, you are liable for the entire rent, not just your portion. . . . I am not willing to forgive the balance of the lease."

c. Subsequently, on February 26, 2010, in the Plaintiff's notice of default and right to cure letter to Defendant (Exhibit 3), the third paragraph clearly provides Defendant was liable for all future rents. (" . . . you will still be obligated and responsible for payment of money set forth below, together with additional costs, legal fees, expenses and rents that continue to accrue under the terms of the lease because of non-payment.")

19. Finally, Mr. Watson testified that the Defendant referenced at least one potential replacement tenant to reduce her obligations under the Lease, although said prospective tenant never signed a lease. If at that time she construed the Lease to impose no obligation as to future rents, there would have been no legitimate business reason for the Defendant to make such a referral. Thus, it is clear both the Defendant and the Plaintiff construed the Lease as an obligation of the Defendant for all future rents.

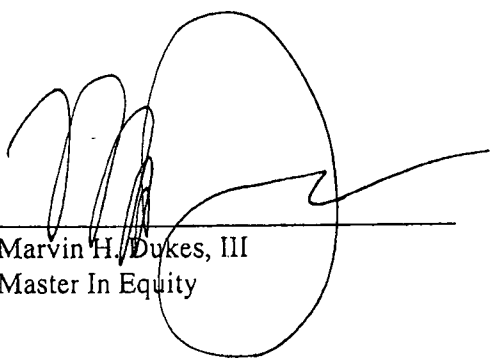
20. The same result was reached by the Court in Camden Inv. Co. v. Gibson, 204 S.C. 513, 30 S.E.2d 305 (1944), which also cites Simon. Just as in this case, the tenant signed a long-term lease and advised the landlord it would not perform. Just as in this case, the landlord gave

notice of the breach, that it would try to re-let the premises, but was holding the tenant responsible for future rents. The Court in Camden, citing Simon, held that future rents were clearly recoverable, holding at p. 307 the future rents were "... a proper element of damage for the breach of a lease contract."

21. Finally, the Court in Blumberg v. Nealco, 307 S.C. 537, 416 S.E.2d 211 (1992), which also cited Simon, reached the identical result. In that case, the Court held that the landlord's claim for future rents was still valid since the existing lease provided that a termination would not release said future obligations. The language in said lease provided that the exercise of the right of termination shall "... not prejudice any other rights which a lessor may have against the lessee hereunder... including the obligation to pay rents." The subject Lease, as discussed above, contains very similar language, providing that a notice of termination and landlord taking possession will not prejudice landlord's right to damages. Thus, even if Simon is still good law, as interpreted and applied by the Court in Camden and Blumberg, the Plaintiff's claims survive.

22. I find and conclude that the Plaintiff is entitled to a judgment in the amount of \$39,627.55 (\$35,784.00 in rent and late fees and \$3,843.55 in attorney fees and costs) against Beth Ann Gilleland-Prince.

AND IT IS SO ORDERED.



Marvin H. Dukes, III
Master In Equity

Beaufort, South Carolina
December 26 2012

STATE OF SOUTH CAROLINA

COUNTY OF BEAUFORT

BLURFTON TOWNE CENTER, LLC,

Plaintiff(s)

vs.

BETH ANN GILLELAND-PRINCE d/b/a THE LAW
OFFICE OF BETH ANN GILLELAND, LLC,

Defendant(s)

IN THE COURT OF COMMON PLEAS

CIVIL ACTION COVER SHEET

2012-CP - 07

APR 18 PM 12:01
CLERK OF COURT
JUDICIAL BRANCH
SOUTH CAROLINA

(Please Print)

Submitted By: Russell P. Patterson

Address: P. O. Drawer 8047, Hilton Head Island, SC
29938

SC Bar #: 4375

Telephone #: (843) 341-9300

Fax #: (843) 341-9301

Other:

E-mail: russell@russellpattersonlaw.com

NOTE: The cover sheet 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 cover sheet 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
☐ Constructions (100)
☒ Debt Collection (110)
☐ Employment (120)
☐ General (130)
☐ Breach of Contract (140)
☐ Other (199) | ☐ Torts - Professional Malpractice
☐ Dental Malpractice (200)
☐ Legal Malpractice (210)
☐ Medical Malpractice (220)
☐ Notice/ File Med Mal (230)
☐ Other (299) | ☐ Torts - Personal Injury
☐ Assault/Slander/Libel (300)
☐ Conversion (310)
☐ Motor Vehicle Accident (320)
☐ Premises Liability (330)
☐ Products Liability (340)
☐ Personal Injury (350)
☐ Wrongful Death (360)
☐ Other (399) | ☐ Real Property
☐ Claim & Delivery (400)
☐ Condemnation (410)
☐ Foreclosure (420)
☐ Mechanic's Lien (430)
☐ Partition (440)
☐ Possession (450)
☐ Building Code Violation (460)
☐ Other (499) |
| ☐ Inmate Petitions
☐ PCR (500)
☐ Mandamus (520)
☐ Habeas Corpus (530)
☐ Other (599) | ☐ Judgments/Settlements
☐ Death Settlement (700)
☐ Foreign Judgment (710)
☐ Magistrate's Judgment (720)
☐ Minor Settlement (730)
☐ Transcript Judgment (740)
☐ Lis Pendens (750)
☐ Transfer of Structured Settlement Payment Rights Application (760)
☐ Other (799) | ☐ Administrative Law/Relief
☐ Reinstate Driver's License (800)
☐ Judicial Review (810)
☐ Relief (820)
☐ Permanent Injunction (830)
☐ Forfeiture-Petition (840)
☐ Forfeiture-Consent Order (850)
☐ Other (899) | ☐ Appeals
☐ Arbitration (900)
☐ Magistrate-Civil (910)
☐ Magistrate-Criminal (920)
☐ Municipal (930)
☐ Probate Court (940)
☐ SCDOT (950)
☐ Worker's Comp (960)
☐ Zoning Board (970)
☐ Administrative Law Judge (980)
☐ Public Service Commission (990)
☐ Employment Security Comm (991)
☐ Other (999) |
| ☐ Special/Complex /Other
☐ Environmental (600)
☐ Automobile Arb. (610)
☐ Medical (620)
☐ Other (699) | ☐ Pharmaceuticals (630)
☐ Unfair Trade Practices (640)
☐ Out-of State Depositions (650)
☐ Sexual Predator (610) | | |

Submitting Party Signature: _____

Date: 4/7 - 12

Note: Frivolous civil proceedings may be subject to sanctions pursuant to SCRCP, Rule
 Frivolous Civil Proceedings Sanctions Act, S.C. Code Ann. §15-36-10 et. seq.
 SCCA / 234 (03/09)

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Record on Appeal

FOR MANDATED ADR COUNTIES ONLY

Allendale, Anderson, Beaufort, Colleton, Florence, Greenville,
Hampton, Horry, Jasper, Lexington, Pickens (Family Court Only), and Richland

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 BEAUFORT

) IN THE COURT OF COMMON PLEAS
) THE FOURTEENTH JUDICIAL CIRCUIT
) CIVIL ACTION NO.: 2012-CP-07- 1530

BLUFFTON TOWNE CENTER, LLC

Plaintiff,

vs.

**SUMMONS
(Non-Jury)**

BETH ANN GILLELAND-PRINCE d/b/a
THE LAW OFFICE OF BETH ANN
GILLELAND, LLC,

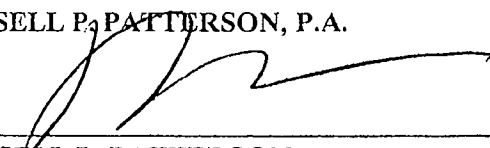
Defendant.

12 APR 18 PM 12:07
BEAUFORT COUNTY, S.C.
CLERK OF COURT

TO: THE DEFENDANT ABOVE-NAMED:

YOU ARE HEREBY SUMMONED and required to answer the Complaint in this action, a copy of which is herewith served upon you, and to serve a copy of your Answer to said Complaint on the subscribers at the offices of Russell P. Patterson, P.A., Post Office Box 8047, Hilton Head Island, South Carolina, 29938, within thirty (30) days after service hereof, exclusive of the date of service, and if you fail to answer the Complaint within the time aforesaid, the Plaintiff in this action will apply to the Court for the relief demanded in the Complaint.

RUSSELL P. PATTERSON, P.A.


RUSSELL P. PATTERSON
P.O. Box 8047
Hilton Head Island, SC 29938
(843) 341-9300
russell@russellpattersonlaw.com
Attorney for the Plaintiff

Hilton Head Island, South Carolina
April 14, 2012

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STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)

IN THE COURT OF COMMON PLEAS
THE FOURTEENTH JUDICIAL CIRCUIT
CIVIL ACTION NO.: 2012-CP-07- 1530

BLUFFTON TOWNE CENTER, LLC)
Plaintiff,)

vs.)

BETH ANN GILLELAND-PRINCE d/b/a)
THE LAW OFFICE OF BETH ANN)
GILLELAND, LLC,)
Defendant.)

COMPLAINT
(Non-Jury)

12 APR 18 PM 12:01
CLERK OF COURT
BEAUFORT COUNTY, S.C.

The Plaintiff, complaining of the acts of the Defendant herein, alleges as follows:

1. That the Plaintiff is a limited liability company organized and created under the laws of the State of South Carolina.
2. That the Plaintiff is informed and believes that the Defendant, Beth Ann Gilleland-Prince d/b/a The Law Office of Beth Ann Gilleland, LLC ("Gilleland") is an individual residing in Beaufort County, South Carolina.
3. That on or about January 1, 2009, the Plaintiff leased commercial office space to the Defendant (Gilleland) pursuant to a written lease agreement, a copy of which is attached hereto as Exhibit 1 and incorporated herein by reference.
4. Under the terms and provisions of the lease, the Defendant agreed to lease Unit Space 104, 27 Dr. Mellichamp Drive, Bluffton, South Carolina 29910 ("Premises") commencing on January 1, 2009, and ending on December 31, 2011 at the rate of \$1,875 per month.

5. That the Defendant has failed or refused to pay the rents due and owing, having paid only the first month's rent for January 2009 in the amount of \$1,875.

6. That through efforts to re-let the property, the Plaintiff was able to rent the property to third parties, as follows:

a. Four and one-half (4½) months to Joe Wilson Campaign at \$1,200 per month - \$5,400;

b. Downtown Deli, August through December 2011, five (5) months at \$335 per month - \$1,675

7. That the total rents received from third parties was \$7,075.

8. That after deducting the one month's rent paid of \$1,875, and the \$7,075 collected from third parties, the total due and owing for unpaid rent from the Defendant is \$34,850, as reflected on the accounting attached as Exhibit 1.

9. That under the terms of the Lease, Plaintiff is entitled to \$1,150 in late fees (\$50 x 23 months).

10. That the Plaintiff is entitled to judgment against the Defendant in the sum of \$36,000.

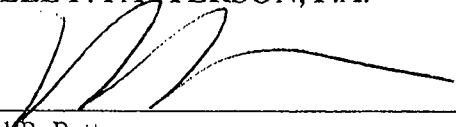
11. Under the terms and provisions of the lease and the default by the Defendant, the Plaintiff is entitled to reasonable attorneys fees and costs.

WHEREFORE, the Plaintiff prays as follows:

1. For judgment against the Defendant in the amount of \$36,000, as set forth on Exhibit A, plus its reasonable attorneys fees and costs.

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

RUSSELL P. PATTERSON, P.A.



Russell P. Patterson
P.O. Drawer 8047
Hilton Head Island, SC 29938
(843) 341-9300
russell@russellpattersonlaw.com
Attorney for the Plaintiff

Hilton Head Island, South Carolina
April 16, 2012

**NOTICE REQUIRED BY THE
FAIR DEBT COLLECTION PRACTICES ACT (THE ACT)
15 U.S.C. Section 1601, As Amended**

1. The amount of the debt is stated in the Complaint attached herein.
2. The Creditor, to whom the debt is owed, is the Plaintiff as named in the Summons and Complaint.
3. The debt as described in the attached Complaint will be assumed to be valid by the Creditor's law firm unless you, the Debtor, thirty (30) days, dispute the validity of the debt or some portion thereon.
4. If the Debtor notifies the Creditor's law firm in thirty (30) days from receipt of this notice that the debt or any portion thereof is disputed, the Creditor's law firm will obtain a verification of the debt and a copy of the verification will be mailed to the Debtor by the Creditor's law firm.
5. If the Creditor named in the attached letter is not the original Creditor, and if you make a written request to the Creditor's law firm thirty (30) days, the name and address of the original Creditor will be mailed to you by the Creditor's law firm.
6. Written requests should be addressed to Russell P. Patterson, Esquire, Russell P. Patterson, P.A., P.O. Drawer 8047, Hilton Head Island, SC 29938.
7. This notice should not be construed as a thirty (30) day grace period. Creditor may pursue collection efforts immediately and not wait thirty (30) days.

THIS IS AN ATTEMPT TO COLLECT A DEBT, AND ANY INFORMATION
OBTAINED WILL BE USED FOR THAT PURPOSE.

DAMAGES SUMMARY

4/16/12

Beth Ann Gilleland – lease accounting
Bluffton Towne Center - unit 104
27 Dr. Mellichamp Dr., Bluffton, SC 29910

Rents

Two years (1/1/2009 – 12/31/2011)
at \$21,900 per year

\$43,800.00

Credits:

(a) Rent paid – Jan. 2009 by Defendant \$1,875.00

(b) Rent from Joe Wilson re-election
office – 4½ months @ \$1,200/month 5,400.00

(c) Rent from Downtown Deli (adjacent
tenant that has leased two offices in
unit 104 at \$335/month
Aug – Dec 2011 – 5 months 1,675.00

Total Credits (8,950.00)

Plus: Late Fees 1,150.00

Net amount owed for Rent \$36,000.00

REAL ESTATE LEASE

This Lease Agreement (this "Lease") is made effective as of January 1, 2009, by and between Bluffton Towne Center, LLC ("Landlord"), and Beth Ann Gilleland-Prince, dba The Law Office of Beth Ann Gilleland, LLC and Miguel Pico, dba Hispanic Solutions, ("Tenants"). The parties agree as follows:

PREMISES. Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant Unit 104 (the "Premises") at 27 Dr. Mellichamp Dr., Bluffton, South Carolina 29910.

TERM. The lease term will begin on January 1, 2009 and will terminate on December 31, 2011.

LEASE PAYMENTS. Tenant shall pay to Landlord monthly payments of \$1,825.00 per month, payable in advance on the first day of each month, beginning on January 1, 2009, for a total annual lease payment of \$21,900.00. Lease payments shall be made to the Landlord at 2217 Princess Anne St, Suite 325, Fredericksburg, Virginia 22401, which may be changed from time to time by the Landlord.

POSSESSION. Tenant shall be entitled to possession on January 1, 2009, and shall yield possession to Landlord on the last day of the term of this Lease, unless otherwise agreed by both parties in writing.

USE OF PREMISES. Tenant may use the Premises only for general office use. The Premises may be used for any other purpose only with the prior written consent of Landlord, which shall not be unreasonably withheld. Tenant shall notify Landlord of any anticipated extended absence from the Premises not later than the first day of the extended absence.

PROPERTY INSURANCE. Landlord and Tenant shall each be responsible to maintain appropriate insurance for their respective interests in the Premises and property located on the Premises.

DEFAULTS. Tenant shall be in default of this Lease if Tenant fails to fulfill any lease obligation or term by which Tenant is bound. Subject to any governing provisions of law to the contrary, if Tenant fails to cure any financial obligation within 10 days (or any other obligation within 30 days) after written notice of such default is provided by Landlord to Tenant, Landlord may take possession of the Premises without further notice (to the extent permitted by law), and without prejudicing Landlord's rights to damages. In the alternative, Landlord may elect to cure any default and the cost of such action shall be added to Tenant's financial obligations under this Lease. Tenant shall pay all costs, damages, and expenses (including reasonable attorney fees and expenses) suffered by

EXHIBIT 1

Landlord by reason of Tenant's defaults. All sums of money or charges required to be paid by Tenant under this Lease shall be additional rent, whether or not such sums or charges are designated as "additional rent".

NOTICE. Notices under this Lease shall not be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, addressed as follows:

LANDLORD:

Name: Bluffton Towne Center, LLC
Address: 2217 Princess Anne St., Suite 325
Fredericksburg, Virginia 22401

TENANT:

Name: Beth Ann Gilleland-Prince and Miguel Picco
Address: 27 Dr. Mellichamp Dr., Suite 104
Bluffton, SC 29910

Such addresses may be changed from time to time by either party by providing notice as set forth above.

ENTIRE AGREEMENT/AMENDMENT. This Lease Agreement contains the entire agreement of the parties and there are no other promises or conditions in any other agreement whether oral or written. This Lease may be modified or amended in writing, if the writing is signed by the party obligated under the amendment.

SEVERABILITY. If any portion of this Lease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision, it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

WAIVER. The failure of either party to enforce any provisions of this Lease shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease.

CUMULATIVE RIGHTS. The rights of the parties under this Lease are cumulative, and shall not be construed as exclusive unless otherwise required by law.

GOVERNING LAW. This Lease shall be construed in accordance with the laws of the State of South Carolina.

SECURITY DEPOSIT. At the time of the signing of this Lease, Tenant has paid to Landlord, in trust, a security deposit of \$0 to be held and disbursed for Tenant damages to the Premises (if any) as provided by law.

LATE PAYMENTS. Tenant shall pay a late fee equal to \$50.00 for each payment that is not paid within 10 days after its due date.

HOLDOVER. If Tenant maintains possession of the Premises for any period after the termination of this Lease ("Holdover Period"), Tenant shall pay to Landlord a lease payment for the Holdover Period equal to 150% of the normal payment rate set forth in the following Renewal Terms paragraph. Such holdover shall constitute a month to month extension of this Lease.

NON-SUFFICIENT FUNDS. Tenant shall be charged \$25.00 for each check that is returned to Landlord for lack of sufficient funds.

MAINTENANCE. Landlord shall have the responsibility to maintain the Premises in good repair at all times, except that the tenant shall be responsible for general interior maintenance, including doors, windows, HVAC filters, light bulbs, minor plumbing repairs and carpet and painting. Tenant accepts premises in "as is" condition, except for the Landlord improvements described in Exhibit A.

UTILITIES AND SERVICES.

Tenant shall be responsible for all utilities and services in connection with the Premises.

LIABILITY INSURANCE. Tenant shall maintain liability insurance in a total aggregate sum of at least \$100,000.00. Tenant shall deliver appropriate evidence to Landlord as proof that adequate insurance is in force. Landlord shall have the right to require that the Landlord receive notice of any termination of such insurance policies.

TAXES. Taxes attributable to the Premises or the use of the Premises shall be allocated as follows:

REAL ESTATE TAXES. Landlord shall pay all real estate taxes and assessments for the Premises.

PERSONAL TAXES. Tenant shall pay all personal taxes and any other charges which may be levied against the Premises and which are attributable to Tenant's use of the Premises, along with all sales and/or use taxes (if any) that may be due in connection with lease payments.

DESTRUCTION OR CONDEMNATION OF PREMISES. If the Premises are partially destroyed in a manner that prevents the conducting of Tenant's use of the Premises in a normal manner, and if the damage is reasonably repairable within sixty days after the occurrence of the destruction, and if the cost of repair is less than \$100,000.00, Landlord shall repair the Premises and lease payments shall abate during the period of the repair. However, if the damage is not repairable within sixty days, or if the cost of repair is \$100,000.00 or more, or if Landlord is prevented from repairing the

damage by forces beyond Landlord's control, or if the property is condemned, this Lease shall terminate upon twenty days' written notice of such event or condition by either party.

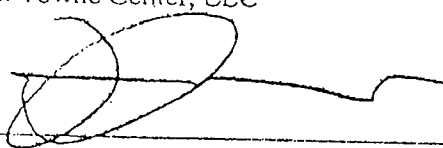
ACCESS BY LANDLORD TO PREMISES. Subject to Tenant's consent (which shall not be unreasonably withheld), Landlord shall have the right to enter the Premises to make inspections, provide necessary services, or show the unit to prospective buyers, mortgagees, tenants or workers. As provided by law, in the case of an emergency, Landlord may enter the Premises without Tenant's consent.

DANGEROUS MATERIALS. Tenant shall not keep or have on the Premises any article or thing of a dangerous, flammable, or explosive character that might substantially increase the danger of fire on the Premises, or that might be considered hazardous by a responsible insurance company, unless the prior written consent of Landlord is obtained and proof of adequate insurance protection is provided by Tenant to Landlord.

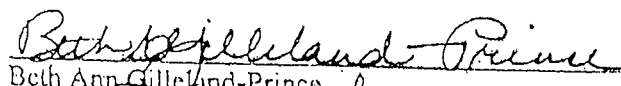
SUBORDINATION OF LEASE. This Lease is subordinate to any mortgage that now exists, or may be given later by Landlord, with respect to the Premises.

LANDLORD:

Bluffton Towne Center, LLC

By: 

TENANT:


Beth Ann Gilleland-Prince

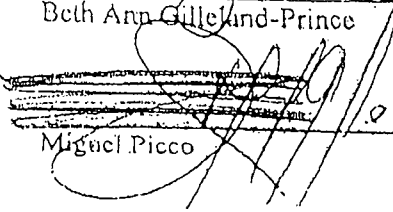

Miguel Picco

EXHIBIT A

Landlord shall make the following improvements to unit 104:

1. Reverse door opening from hall way to utility room.
2. Repair and paint sheetrock walls in utility room.
3. Install base cabinet and sink in utility room.

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	2012-CP-07-1530
COUNTY OF BEAUFORT	)	
BLUFFTON TOWNE CENTER, LLC,	)	
Plaintiff,	)	
	)	
vs.	)	
	)	
BETH ANN GILLELAND-PRINCE	)	ANSWER
d/b/a THE LAW OFFICE OF BETH	)	
ANN GILLELAND, LLC,	)	
	)	
Defendant.	)	
	)	

**TO: PLAINTIFF BLUFFTON TOWNE CENTER, LLC AND
RUSSELL P. PATTERSON, ATTORNEY FOR THE PLAINTIFF**

1. Any allegation set forth in the Plaintiff's complaint not herein specifically admitted is hereby denied and strict proof is demanded thereof.
2. The allegation contained in paragraph 1 of the Plaintiff's complaint is admitted.
3. The allegation contained in paragraph 2 of the Plaintiff's complaint is denied and strict proof is demanded thereof. In further answering, the Defendant would submit that Beth Ann Gilleland-Prince is an individual residing in Beaufort County, South Carolina. However, The Law Office of Beth Ann Gilleland, LLC is a limited liability company organized and existing under the laws of the State of South Carolina.
4. In responding to the allegations contained in paragraphs 3 and 4, the Defendant craves reference to the document referred to therein and further submits that the document speaks for itself.
5. Defendant denies the allegations contained in paragraph 5 of the Plaintiff's complaint and strict proof is demanded thereof.
6. The Defendant is without sufficient information to form a belief pertaining to the allegations contained in paragraphs 6 and 7 of the Plaintiff's complaint, and such allegations are therefore denied and strict proof demanded thereof.
7. The defendant denies the allegations contained in paragraphs 9, 10 and 11 of the Plaintiff's complaint and strict proof is demanded thereof.

FOR A FIRST DEFENSE

(Motion to Dismiss Pursuant to SCRPC Rule 12 (b)(6))

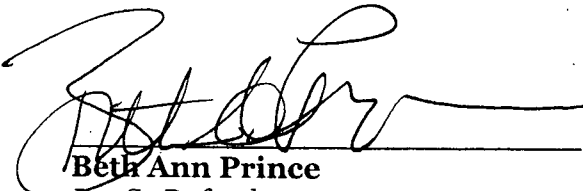
8. The Defendant moves this Court to dismiss this matter pursuant to SCRPC Rule 12(b)(6) in that the Plaintiff has failed to state a claim upon which relief may be granted.

FOR A SECOND DEFENSE

(Expiration of Statute of Limitations)

9. The Defendant is informed and believes this matter is barred by the applicable statute of limitations.

Wherefore, based upon the foregoing, the Defendant prays this Honorable Court to dismiss the Plaintiff's complaint in its entirety and Order such other and further relief as deemed just and proper.


Beth Ann Prince
Pro Se Defendant
PO Box 2797
Bluffton, SC 29910
(843) 706-2797

Bluffton, SC
May 21, 2012

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

BLUFFTON TOWN CENTER,) CASE NO.: 2012-CP-07-1530
)
Plaintiff,)
)
v.)
)
BETH ANN GILLELAND PRINCE)
Et al.,)
)
Defendants.)
)
)
)
_____)

Reference Hearing held before the Honorable
Marvin H. Dukes, III, Master in Equity and Special
Circuit Judge for Beaufort Common Pleas, in his
chambers at the Beaufort County Courthouse, Room
212, 102 Ribaut Road, Beaufort, South Carolina,
commencing at approximately 10:00 a.m. on the 26th
day of October, 2012.

APPEARANCES

For the Plaintiff: Russell Patterson, Esquire
Post Office Box 8047
Hilton Head Island, SC 29938

For the Defendant Beth Ann Prince, Esquire
Post Office Box 840
Bluffton, SC 29910

Reported by: Joanne B. McDonald, CVR

REPORTER'S INDEX TO PLAINTIFF'S EXHIBITS

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COURT: Good morning everyone. We are here in Case 12-CP-07-1530 which is Bluffton Town Center vs. Beth Ann Gilleland Prince d/b/a Law Office of Beth Ann Gilleland, LLC. I have reviewed the Summons and Complaint in this matter. I previously had a telephone conversation with the parties in which I encouraged the parties to attempt a resolution but none was possible so we are here today for a final hearing. Any preliminary matters we need to take up prior to the trial of this case?

MR. PATTERSON: Nothing from the Plaintiff, Your Honor.

MS. PRINCE: Or from the Defendant.

COURT: Happy to hear from you Mr. Patterson.

MR. PATTERSON: We call Mr. Paul Watson. Your Honor I went ahead and took the liberty of marking and pre-marking the Plaintiff's Exhibits and I have copied co-counsel to speed things along and we can begin with Mr. Watson.

MR. PAUL WATSON, called as a
witness, after being duly sworn,
testified as follows:

BY MR. PATTERSON:

Q. State your full name please.

A. Paul C. Watson.

Q. And what do you do for a living Mr. Watson?

A. I am a real estate broker and property manager.

Q. And where do you live?

A. In Fredericksburg, Virginia.

Q. Are you the owner of the Bluffton Town Center,
LLC?

A. Yes.

Q. In April of 2006 did you purchase a commercial
building in Bluffton?

A. Yes.

Q. And what is that called or describe that for me.

A. It is a shopping center called Bluffton Town
Center. It's about 400,000 square feet and it has ten
spaces.

Q. And was the Defendant, Beth Ann Prince a tenant in
space 103 at the time you purchased property in April,
2006?

A. Yes.

Q. And so the space that the lease is about is space 104 a different space, correct?

A. Correct.

Q. And what type of business was Ms. Prince operating in space 103?

A. A law office.

Q. And did Ms. Prince rent space 103 until January of 2009?

A. Yes.

Q. And looking at Exhibit 1, what is that document?

A. It is a lease of January 1, 2009.

Q. Okay, who are the tenants?

A. Beth Ann Gilleland Prince d/b/a Law Office of Beth Ann Gilleland and Miguel Pico d/b/a Hispanic Solutions.

Q. Okay and what space is this for?

A. This is space 104.

Q. Is that a larger space than 103?

A. Yes.

Q. What was the term of the lease?

A. It was for three years.

Q. From when to when?

A. Beginning January 1, 2009 and terminating December 31, 2011.

Q. What was the rent under the lease?

A. \$1,825.00 per month.

Q. And on the first page under Default, were you required to give a ten day notice on a default?

A. Yes.

Q. And in that same provision on the bottom of the first page, if there was a default were you entitled to recover attorney's fees and costs?

A. Yes.

Q. And was there any security deposit paid?

A. No.

Q. And under the top of Page 3 was there a \$50.00 late fee for each payment missed?

A. Yes.

Q. And did you and Ms. Gilleland, Ms. Prince excuse me, sign Exhibit 1?

A. Yes.

MR. PATTERSON: Your Honor, we would offer Exhibit 1 into evidence.

MS. PRINCE: No objection.

COURT: All right.

(WHEREUPON, PLAINTIFF'S
EXHIBIT NUMBER 1 WAS MARKED
AND ENTERED INTO EVIDENCE).

BY MR. PATTERSON:

Q. Did Defendants pay the rent for the first year until January, 2010?

A. Yes.

Q. What is Exhibit 2?

A. It is an email exchanged between myself and Ms. Prince where she had advised me that she had accepted a position as Magistrate Court Judge and she was going to be vacating the space.

Q. And did you file part of Exhibit 2 as her email to you?

A. Yes.

Q. That's on or about December 18, 2009 when you received that?

A. Yes.

Q. And did Ms. Prince tell you when she was going to vacate?

A. She said approximately January or February.

Q. And did she tell you that she realized that the lease still had another year remaining?

A. Yes.

Q. And is the top part of Exhibit 2 your response to her?

A. Yes.

Q. And what did you tell her?

A. Well I thanked her for the notice and advised her that I expected her to honor the obligation and I would not forgive the balance of the lease.

Q. And were there any conversations by phone other than this email?

A. Not that I recall.

Q. So the only communication you had concerning Ms. Prince leaving and being responsible for the remaining lease was this email?

A. Yes.

MR. PATTERSON: Your Honor, I would like to offer this as Exhibit 2 into evidence.

MS. PRINCE: No objection.

(WHEREUPON, PLAINTIFF'S
EXHIBIT NUMBER 2 WAS MARKED
AND ENTERED INTO EVIDENCE).

BY MR. PATTERSON:

Q. Did -- tell me what Exhibit 3 is.

A. It is a ten day notice to pay or quit dated February 26, 2010 to both Ms. Prince and Mr. Pico.

Q. And you sent that certified, return receipt?

A. I did, yes.

Q. And is the second page where Ms. Prince received that notice?

A. Yes.

Q. And this was for nonpayment of the January rent?

A. Yes.

Q. Excuse me, February, 2010 rent?

A. Yes.

Q. And did she ever pay this -- that rent?

A. No.

Q. Did you receive any response to Exhibit 3?

A. No.

MR. PATTERSON: I would offer
Exhibit 3 into evidence Your Honor.

MS. PRINCE: No objection.

(WHEREUPON, PLAINTIFF'S
EXHIBIT NUMBER 3 WAS
MARKED AND ENTERED INTO
EVIDENCE).

BY MR. PATTERSON:

Q. Did you hire an attorney in March of 2010?

A. Yes.

Q. And did you direct your attorney to send an email
which is Exhibit 4?

A. Yes.

Q. And did you ask Ms. Prince through your attorney to vacate the property?

A. Yes.

Q. Is Exhibit 4 a copy of that email?

A. Yes.

MR. PATTERSON: Your Honor, I would offer that into evidence.

MS. PRINCE: No objection.

(WHEREUPON, PLAINTIFF'S EXHIBIT
NUMBER 4 WAS MARKED AND ENTERED
INTO EVIDENCE).

BY MR. PATTERSON:

Q. Through your attorney did you receive a response Exhibit 5 dated March 28th from Ms. Prince?

A. Yes.

Q. And what did she advise?

A. She said she had not had any contact with Mr. Pico for approximately a year and she did not know how to locate him.

Q. What did she say about paying the monies due on the remaining lease term?

A. She said she was not able to pay them.

Q. Because why?

A. She didn't give a reason. She just said I am unable to pay the back rent.

Q. Or else I would pay it?

A. Yes.

Q. You mean she didn't have the money to pay?

A. Apparently yes.

MR. PATTERSON: I would offer
Exhibit 5 into evidence.

MS. PRINCE: No objection.

(WHEREUPON, PLAINTIFF'S
EXHIBIT NUMBER 5 WAS MARKED
AND ENTERED INTO EVIDENCE).

BY MR. PATTERSON:

Q. Is Exhibit 6 an email where through your attorney you still tried to get the key to the property?

A. Yes.

Q. So you could re-rent?

A. Yes.

MR. PATTERSON: I would offer
Exhibit 6 into evidence Your Honor.

MS. PRINCE: No objection.

(WHEREUPON, PLAINTIFF'S
EXHIBIT NUMBER 6 WAS MARKED
AND ENTERED INTO EVIDENCE).

BY MR. PATTERSON:

Q. And would this be Exhibit 7, 8 and 9 e-mails between Ms. Prince and your attorney and your real estate agent to try to get the key?

A. Yes.

Q. And as shown by Exhibit 9?

MS. PRINCE: How would he know these exhibits. I don't have any objection to the admission of any of these.

COURT: Okay, why don't you walk your way through just for the record, seven, eight and nine. Is that what you said?

MR. PATTERSON: Yes.

BY MR. PATTERSON:

Q. And did eventually -- we would offer those into evidence, Your Honor.

(WHEREUPON, PLAINTIFF'S EXHIBIT NUMBERS 7, 8 AND 9 WERE MARKED AND ENTERED INTO EVIDENCE).

BY MR. PATTERSON:

Q. Eventually on or about April 1, 2010 did you secure the key to the property?

A. Yes.

Q. Tell me what Exhibit 10 is.

A. On May 5, 2010 I signed a listing agreement with a real estate company to lease the space. This was Charter One Commercial Real Estate.

MR. PATTERSON: Your Honor, we would offer that into evidence.

COURT: All right, as I understand it the entire --

MS. PRINCE: No objection.

(WHEREUPON, PLAINTIFF'S

EXHIBIT NUMBER 10 WAS MARKED

AND ENTERED INTO EVIDENCE).

BY MR. PATTERSON:

Q. So was the real estate agent able to find a tenant for the space?

A. Yes. He found a short term tenant Joe Wilson For Congress campaign office for four and a half months.

Q. Okay and was that for a rent of Twelve Hundred Dollars a month?

A. Yes.

Q. And is Exhibit 11A a leasing commission that Charter One was due of \$384.00 to find that tenant?

A. Yes.

Q. And did Joe Wilson stay there for the entire time and pay the rent for four and a half months?

A. Yes.

Q. And did you credit Ms. Prince the amount of monies you received; the net amount of monies after the commission?

A. Yes.

Q. Tell me what Exhibit 12 is.

A. Adjacent to 104 is another tenant called Downtown Deli. When the space was vacant they contacted me and said they needed more space and asked if they could lease some portion of 104 so I agreed to carve out two office spaces for 104 and leased it to Downtown Deli.

Q. And what was the amount you agreed to for rent for the two office spaces of 104?

A. Three thirty-five a month.

Q. And is Exhibit 13 a copy of the lease with The Downtown Deli?

A. Yes.

Q. And is that a lease for both the original space and the two office spaces?

A. Yes.

Q. And does it reference the two office spaces in the first paragraph under premises?

A. Yes.

Q. And attached as Exhibit A to Exhibit 13 is that a diagram of Ms. Prince's unit, Unit 104?

A. Yes.

Q. And where it says Downtown Deli Catering, was those the two offices that the adjoining tenant rented for \$335.00 a month?

A. Yes.

Q. And did Downtown Deli have they been paying on their lease Exhibit 13?

A. Yes.

Q. After Ms. Prince's lease expired December 31, 2011 did you have your attorney send a notice for payment, Exhibit 14?

A. Yes.

Q. Did you receive any response?

A. No.

Q. Have you used your best efforts to try to rerent space 104?

A. Yes.

Q. Why weren't you able to find another tenant other than Joe Wilson and Downtown Deli?

A. I guess just the poor market.

Q. Is Exhibit 15 a summary of the damages you are claiming in this action?

A. Yes.

Q. And that's a total of \$35,784.00?

A. Yes.

Q. Just briefly walk through with me how you determined that.

A. Okay, the first amount of \$65,700 was rent for three years from January 1, 2009 through December 31, 2011 and then under Item D is the credits Ms. Prince paid from January, 2009 through January, 2010 which is \$24,375.00. Rents received from Joe Wilson less the leasing commission and then you see Downtown Deli. Total credits of \$31,066 plus the late fees of twenty-three months of \$1,150.00 is a total of \$35,784.00.

MR. PATTERSON: Your Honor, I don't have any other questions of Mr. Watson. If you would answer any that Ms. Prince may have.

COURT: What is that last Exhibit number?

MR. PATTERSON: Exhibit 15, I am
sorry. Let me make sure you have that.

COURT: There it is. I do have it,
I am sorry.

BY MS. PRINCE:

Q. Do you have the stack of exhibits still in front
of you?

A. I do.

Q. Okay I want to refer you if you would to the
Plaintiff's Exhibit 2 it's the email exchange between
you and I back in December of 2009. Over the course of
these years that you and I were in a landlord-tenant
relationship, we didn't speak on the phone very often,
did we?

A. No.

Q. As a matter of fact if we had spoken on the phone,
it may have only been possibly once or twice. Is that
about right?

A. That sounds correct yes.

Q. So our general course of communication was pretty
much always through email was it not?

A. Yes.

Q. So did you think it was unusual that I was communicating with you about this strictly through email rather than a telephone call or any other method?

A. No.

Q. I would also like to ask you a couple of questions about my email to you and that is, what was the reason that I gave why I was vacating the space?

A. You was appointed Magistrate Court Judge and as a result had to close your law office.

Q. Because I was prohibited from engaging in the full time practice of law, correct?

A. Yes.

Q. And I also told you in there when I believed I would be leaving, correct?

A. Correct.

Q. Either the end of January or possibly some of February, correct?

A. Correct.

Q. And is that to your knowledge approximately when I did leave?

A. Yes.

Q. Okay, let's go on to Plaintiff's Exhibit 3 your notice to pay or quit. The first paragraph "You are hereby notified that you have ten days to pay to the

undersigned office rent now due from you in the amount of \$1,875.00 as set forth below or your right to possession of the above-referenced premises will cease and you must quit the same". Did you intend, if I did not pay, to file an eviction action against me to require me to leave?

A. Yes.

Q. And did you intend for me to continue to have any rights under the lease?

A. Well if you were evicted you would not have any rights, I assume. I mean I don't know the law.

Q. Well I am not asking you what the law is, I am asking what your intention was. Would you - what did you believe those circumstances would entail.

A. Well the lease required me to give you a ten day notice since you were in default so this notice complied with the lease.

Q. Let's go back and talk about the -- well one more question about Plaintiff's Exhibit 3 while you have it in front of you. Anywhere in there are you requesting me to return the keys to you? Did you specifically request that anywhere?

A. No.

Q. And anywhere in there do you specifically request a response from me of any sort?

A. I am requesting a response to the term of paying.

Q. But wouldn't you agree that by the terms of the letter that you sent that a non-response, meaning no rent being sent to you, that it would be safe to presume that I have either left or intending to leave? You never needed to file an eviction action against me, correct?

A. Well I would assume I would, yes.

Q. But you didn't need to, correct; because I left voluntarily pursuant to the terms of this letter?

A. Yes.

Q. Okay, do you have any reason to believe that by my not presenting you with the rent -- for the one month rent that you asked for including the late fee that I understood that to mean that if I don't pay you, I have to go?

A. What's your question again?

Q. My question is by the terms of the letter would you presume that me as the recipient of the letter with the lease that if I don't pay this, I need to leave or else there's going to be an eviction action?

A. Yes.

Q. Okay, I am going to ask you now if you would go back to Plaintiff's Exhibit 1 for me. That's the lease agreement and I am going to refer you specifically to the first page down at Defaults and I am going to read you a portion here. "Landlord may take possession of the premises without further notice to the extent permitted by law without prejudicing Landlord's right to damages. In the alternative, Landlord may elect to cure any default and the cost of such action shall be added to Tenant's financial obligations under this lease." Anywhere in that default provision and not necessarily just the portion I read, but I am highlighting the area of where it would speak to that, does it say that if you terminate the lease I am still required and obligated to pay rent.

MR. PATTERSON: I think I would object, that's asking for a legal conclusion. The lease says what it says and that's what Your Honor is here to do is to interpret what the lease says.

COURT: I think that -- is there a claim that it's ambiguous or something?

MS. PRINCE: The law is very clear that you don't have any more obligation

as the future lease is due -- that the tenant will remain obligated for rent even in the event the lease is terminated. The Landlord is not entitled to collect any future rent after the lease is terminated.

COURT: Your question though goes to the language in the lease itself.

MS. PRINCE: Right, but I think that we need to go to the intention of the parties. He is the one that drafted the lease presumably when he presented it to me.

COURT: Well that's why I was asking about ambiguity because if the document is not ambiguous and the parties --

MS. PRINCE: I think that he can --
- I am not asking him to interpret it. I am asking him, does it say he is entitled to future rent -- does it say you are entitled to future rents?

COURT: You are asking him to read it to the extent that you want him to

find certain passages and read them? I will certainly allow you to do that but as to the interpretation of it --

MS. PRINCE: I am not asking him for interpretation. I am asking him just strictly, is there a provision in here that says -- has that contained language to the effect of Landlord is entitled to collect future rents in the event the lease is terminated.

MR. PATTERSON: Your Honor, she just read the language that says, "without prejudicing Landlord's right to damages" --

MS. PRINCE: Damages and future rent are not the same thing.

MR. PATTERSON: Okay, well that's a legal argument. It is not a question for this witness.

COURT: I think there is no argument that this is an ambiguous document so I think it's probably my job at some point to look through the lease itself and see what it means, but as far

as the witness's opinion what this means
I will sustain the objection.

MS. PRINCE: Just so I can be clear
for the record the basis that you are
sustaining the objection is because you
believe I am asking for an opinion
rather than a factual statement of
whether the lease contains language that
says future rent or not?

COURT: I don't mind if you pick
out the portion and say, can you read
the first sentence such and such, but if
you get to, what does that mean, then
you have crossed the line. I think if
you say, can you tell me where in this
lease it says such and such I think
that's fine.

MS. PRINCE: Judge I think that's
exactly what my question was. Can you
tell me does it say this?

COURT: I think that's probably
argument for you to make at the end that
nowhere in this lease does it say that
or whatever but I think anything beyond

that may -- again I think the lease says what it says and it speaks for itself or it doesn't speak for itself so I believe it's proper for argument so --

MS. PRINCE: Okay, then.

BY MS. PRINCE:

Q. All right Mr. Watson let's go on to Plaintiff's Exhibit 4 and this is the letter that your attorney had sent -- or actually it's an email, had sent to me back in March of 2010 and I just want to point out after Item number 3 where it says "If we cannot work out an agreement along these lines, we will have to file an ejectment action and a suit for back rent which is not a course we wish to follow." Do you see that?

A. Yes.

Q. Okay and I am just going to ask again I understand it may be subject to objection, if I am missing something, does that refer anywhere to future rent?

A. It is not mentioned here, no.

Q. All right let's go on to Plaintiff's Exhibit 5 and is this the email where I responded to your attorney to that particular email and he specifically asked me if I knew where Mr. Pico was and I just want to reaffirm here does it not say that I vacated the unit at the

beginning of February and the only items that I am aware of that are still in the unit are furniture that was there when I moved in?

A. Yes.

Q. Okay. And do you have any reason to believe that that is not a factual statement?

A. No.

Q. Mr. Watson, do you ordinarily not keep a key to your properties?

A. I do not keep a key.

Q. Do you have any type of routine course of action upon a tenant vacating wherein you change the locks or do you just -- so you do ordinarily change the locks after somebody leaves?

A. Yes.

Q. Okay. So you would have probably changed the locks whether or not I ever gave you a key back?

A. Yes.

Q. And presumably you do that for security reasons and what not?

A. Yes.

Q. But to your knowledge when it was brought to my attention that you did not have a key and one was requested, I rather promptly provided them actually on

the day that I was asked to do so? Is that your understanding?

A. Yes.

Q. I just -- I am trying to make it clear you didn't feel that you were having to chase me around for a set of keys, did you?

A. No.

Q. Let's look at Exhibit 10 and this is the listing agreement with David Batchelder and it specifies that the lease rate that you were at least going to attempt to get was approximately twelve dollars per square foot, is that correct?

A. Yes.

Q. And to your knowledge that the unit of 104 is about 1500 square feet, right?

A. Yes.

Q. Okay and that would work out to be about what I was paying. I was paying \$1,825 a month and I think that 1500×12 is 1800. Does that sound about right to you?

A. Yes.

Q. When you leased the unit to Joe Wilson for Congress the terms of the lease -- the rent was significantly less than mine, wasn't it?

A. Yes.

Q. Can you tell me why that was?

A. Well I think that was the market at the time. The -- my real estate agent advised me that that was fair, that was about what the market was.

Q. But you are getting more than that now for that space are you not for the space that you have Ron Lee renting? Aren't they paying about \$11.00 a square foot?

A. Yes.

Q. Okay. What can you account for the change in such a short period a time in the market rate?

A. Well of course The Downtown Deli lease is a whole lot of difference, leasing two spaces so therefore the terms are different.

Q. But in terms of price per square foot, there is a difference between what I was paying at 12 understandably what you accepted from Joe Wilson for Congress which was \$8.00 per square foot and at least for a portion of the space Ron Lee are paying \$11.00 per square foot?

A. Yes.

Q. Over the course of approximately two years from the last correspondence I received from your attorney

in March of 2010 when we made arrangements for David to come pick up the keys, to your knowledge was there ever a bill or a request for rent payments sent to me over the course of the next two years?

A. No.

Q. Why was that?

A. Well I don't think it was necessary. You were sent a ten day letter when you vacated and the lease was in place.

Q. I was trying to understand. If you thought you were entitled to collect the rent for every single month that I was not there or at least the difference in what you were collecting what I would have paid, why wouldn't you be sending me a bill each month?

A. Well I don't send bills or invoices to any tenants. When you have a lease you routinely send rent each month.

Q. Even when you are requesting a late fee, you usually send something, don't you?

A. Well when people are late I sent letters.

Q. And you are requesting late fee for every single month that from the date that I left until the end of the lease, correct?

A. Right. You advised that you were not able to pay.

Q. I am just asking a question. For your new tenant, you have changed your lease, haven't you?

A. Yes.

Q. You changed it significantly haven't you? You have gone from about four pages to close to twenty probably?

A. Yes.

Q. And you've got some pretty specific language in there you didn't have before correct?

MR. PATTERSON: Your Honor, I would object for relevance. It doesn't matter what kind of new lease he's got. That doesn't have anything to do with this lease.

COURT: What's the relevance?

MS. PRINCE: The relevance is that what I am expecting is going to happen at the end here is that counsel is going to argue that damages means rent and I think that it is important to understand we haven't gotten to ambiguity yet, but I think it is coming and I would like some testimony on the record that Mr. Watson is a very sophisticated business

man. This is what he does for a living and I think that it is important to note that his new leases include very specific language under the liability clause in the event of termination due to tenant default and they also have very specific language regarding surrender and acceptance. I think that that goes to the intention of the parties and what he thought he was contracting for at the time with me.

MR. PATTERSON: There is no way that what somebody did in 2009 and the intention of the parties can be reflected by what somebody did five years later, with some other party and some other circumstance, some other negotiations. It is completely irrelevant to try to pull any leases that were done that she had nothing to do with and there could be a million reasons why he is using a different lease forward. It has nothing to do with this case.

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MS. PRINCE: We do it all the time when we talk about statutory construction. We talk about legislative intent and we talk about use of specific language and that it is presumed if you don't use that specific language but we know you are capable of using that that's not what you intended.

COURT: This is not statutory construction law. I mean this is more like a subsequent remedial measure kind of thing and even assuming it is a remedial measure I mean again no one told me that this is an ambiguous contract.

MS. PRINCE: I have not said it is an ambiguous contract. I have said that I anticipate that counsel is going to say it is ambiguous because I have a feeling that this is going to come down to the Plaintiff and the defense having two different meaning of what the term damages means.

COURT: Well let's do this. I don't think that another lease entered into by this Plaintiff and another party two years later has any relevance to this case. And again I will certainly allow you to argue as much as you want with regard to your belief or understanding of what this lease Exhibit 1 means, but I think a whole other lease entered into years down the road with another party probably doesn't have relevance as to this lease so I am going to sustain the objection.

MS. PRINCE: I don't have any further questions.

BY MR. PATTERSON:

Q. A couple of questions. Look at Exhibit 4 please. You were asked where in this document it says it would have put Ms. Prince on notice she was responsible for future rents. Would you read paragraph 2 please?

A. That the rent due for the last two months be paid and that you continue to make rent payments for the space.

Q. Okay and there was some discussion about the key and whether you needed to have the key or not. Do you know if it is cheaper to rekey property by giving the locksmith the key to the unit so they can get to the inside of the lock?

A. It is, yes.

Q. Did you turn down any tenants during the time you tried to relent the premises?

A. No.

Q. Did anybody offer you a lot more money?

A. No.

Q. Was the rental market for commercial space in Bluffton during this time period really strong?

A. No.

Q. Did you do the best you could on the advice of your local Charter One Commercial real estate agent to find the best tenants for the most money?

A. Yes.

Q. Would there be any reason why you wouldn't want to get more money for your space during this time period?

A. No.

Q. I see in Exhibit 2 Ms. Prince had said she would -
- you had asked her if she could sublease the property

after she told you she was going to leave and not honor the rest of the lease?

A. Yes.

Q. And did she indicate she would let you know if she found any tenants?

A.. Yes.

Q. Did she ever during this whole time period where she wasn't paying rent and vacated, did she ever send you some tenants?

A. At one point she said that she had someone to sublease part of the space but then it didn't turn out.

Q. How much of the space did that person want?

A. I don't know.

Q. How much did he want to pay for rent? Was it \$300.00?

A. I don't recall.

Q. Did that person ever sign a lease or follow up to try to lease the space?

A. No.

Q. Other than that one person did Ms. Prince ever send you any other potential tenants?

A. No.

Q. Did she ever sublet the property?

A. No.

Q. And I think you already answered it, is the reason why you didn't send a bill every single month for two and a half years to Ms. Prince because she said she didn't have any money and wasn't going to pay?

A. Yes.

Q. And even after we sent her a letter Exhibit 14 asking the money, did she ever pay any money?

A. No.

Q. So from the day she left until today she has never paid any money for the space?

A. No.

Q. Never indicated a willingness to pay?

A. No.

Q. Did that have anything to do with the reason you didn't send her bills every single month?

A. No, well yes I didn't send a bill for the reason she told me she wasn't able to pay it.

Q. Okay, I don't have any other questions.

COURT: Anything else?

MS. PRINCE: Yes, just a few follow up questions.

BY MS. PRINCE:

Q. Mr. Patterson just ask you if I made any attempts to sublease the space. Would I have had the right to do that under the circumstances?

A. I think so, yes.

Q. Well how could I have subleased the space? Did I have use of the space?

A. Well before you vacated you could have.

Q. Well no I am not talking before I vacated. I am talking about after that. I mean I believe that was the context of the question -- after I left and hadn't paid you anything else. If I had sent anybody to try to fill that space or if I had made any attempt to sublease it. Is that something I would have had the right to do?

A. Well you could have presented that option to me for my decision regarding somebody to take over the space or to sublease in your place.

Q. So you are saying my lease was still in effect?

A. Yes.

Q. What rights did I have under the lease? Was I able to use the space?

A. Well not after you defaulted.

Q. As a matter of fact you told me if you don't pay you need to get out or I am going to file an eviction action and make you get out, right?

A. Right.

Q. So I am just trying to be clear here. You told me I had to go and I couldn't come back and you wanted the keys. You can't use the space but I want you to pay for it, right?

A. Yes.

Q. I don't have any further questions.

MR. PATTERSON: Nothing further,
Your Honor.

COURT: Is that the Plaintiff's
case?

MR. PATTERSON: Your Honor, except
for the attorney's fees and I have
submitted an Affidavit and prepared
Exhibit 16. You can come down Mr.
Watson. And am prepared to testify as
to the attorney's fees we are claiming
which are set forth in the Affidavit.

COURT: Have you had an opportunity
to look at the Affidavit?

MS. PRINCE: I have not. It was presented to me right when the whole stack of exhibits was.

COURT: Go off the record for a second and take a look at it if you would like to cross-examine Mr. Patterson about the Affidavit.

MS. PRINCE: I don't -- I mean I see the total fees here, I don't -- it's --

COURT: Back on the record - back on the record. Have you had an opportunity to review the Affidavit of Mr. Patterson with regard to this case and have you been given the opportunity to cross-examine Mr. Patterson with regard to that Affidavit, but I understand you having reviewed it, you don't have any --

MS. PRINCE: I don't have any questions, Your Honor.

COURT: As I understand it that Affidavit has been offered as an exhibit and is part of this exhibit package?

MR. PATTERSON: Yes, Your Honor, it is Exhibit 16.

MS. PRINCE: And I don't have any objection.

COURT: Okay so it is 16 without objection.

(WHEREUPON, PLAINTIFF'S
EXHIBIT NUMBER 16 WAS
MARKED AND ENTERED INTO
EVIDENCE).

MR. PATTERSON: That's the Plaintiff's case Your Honor.

COURT: Where is the total amount you are claiming? Do you have a breakdown?

MR. PATTERSON: It is on paragraph 6 the total amount we are claiming is \$3,843.55 and that's also the same number that we would ask that that be added to the damages on Exhibit 15.

COURT: All right, happy to hear from you.

MS. PRINCE: This Defendant is not going to present a case, Your Honor.

COURT: All right then, I am happy to hear closing arguments.

MR. PATTERSON: Your Honor this is very straightforward, simple case. We have got a standard lease. The tenant breached the lease, moved out, did not pay for the time period that we have got from -- after she vacated. Exhibit 15 summarizes the total obligations of the tenant under the lease. I gave her credit for the rent paid which she only paid for thirteen months. We then had a credit for Joe Wilson and the Downtown Deli lease. It is undisputed that the the Landlord used his best efforts, hired one of the best real estate agents -- firm to lease the property, used his best efforts. Ms. Prince never committed any valid tenants. She tries to reduce these damages. There is no evidence we turned down any good tenant deals. The lease provides for recovery of attorney's fees which are undisputed as being reasonable so that brings us to

the issue that defense counsel is trying to raise that somehow the lease doesn't allow for the Landlord to collect for the rent that's not paid. There is no way a reasonable person reading this lease could come to that conclusion. There is no ambiguity. Under the -- it clearly says the Tenant is responsible for the lease payments for the whole term of the lease. Tenant shall pay the Landlord a monthly rent of \$1,825.00 payable the first of the month \$21,900.00 during the term of the lease. The term of the lease is January 1st, 2009 to December 31, 2011. The lease doesn't require we send her notice, send her a bill. She is obligated because she signed. Under the default section - - we obviously complied with the ten day default. It says "If the Tenant fails to cure a financial obligation within ten days after written notice of default, Landlord may take possession of the premises without further notice and

without prejudicing the Landlord's right to damages". Then it says "Tenant shall pay all costs, damages and expenses including reasonable attorney's fees and expenses suffered by the Landlord by reason of Tenant's defaults." So damages clearly include the one thing -- the only thing that tenants pay under this is rent. It's the only thing that could possibly be included as the rent under there and so for her to say that damages as used twice in the lease and the obligation to pay the rent somehow doesn't include the payment of the rent is trying to completely rewrite the lease.

There is no evidence of an ambiguity and we are entitled to the rent. It just doesn't make sense for her interpretation that damages doesn't include the payment of rent.

COURT: Happy to hear from you.

MS. PRINCE: It is not my interpretation that damages does not

include rent. It's South Carolina's Supreme Court Simon vs. Kirkpatrick. I could go on about this for several pages. I don't dispute any of the facts of the case at all. Would you like a copy of the case, Judge?

COURT: Thank you.

MR. PATTERSON: What is the cite for that?

MS. PRINCE: Citation is 139 SE 614. This particular case is from September of 1927. This has been reaffirmed also in Bloomberg vs. Neal Co. which is from 1992 and I will go ahead and pass that up as well. Mr. Patterson, the citation to that is 416 SE2d 211, South Carolina Court of Appeals from 1992. That was remanded as to the issue of attorney's fees only. I don't have the second part of the case because it is not relevant to what we are here about today but back to Simon vs. Kirkpatrick. This is kind of the grandfather of this line of cases and

there is not a lot of case law on landlord-tenant in the State of South Carolina. I don't know if these cases don't get appealed very often. I don't know what happens but there's not a lot out there. But what is out there is pretty clear.

MR. PATTERSON: Do you have an extra copy of that case there?

MS. PRINCE: You know I thought I made a third copy, but I did not and I do apologize for that. I don't ordinarily come without a copy for everybody. I think I was thinking we would be sitting around a big table and I could pass -- it talks about termination of the lease and once the consideration for the promise to pay rent has been withdrawn, that the obligation to pay rent no longer exists unless it is very specific in the lease that -- and it needs to refer to rent, not just damages. Damages could refer to back rent. Damages could refer to

all sorts of things. Let me get to something specific here. I think it is also important that I was sent a notice to either pay or I would be evicted and then sent a second letter that said either pay or you will be evicted and the message was very clear. I want you to leave and you gotta leave now. So it was not a question of surrender and acceptance. It wasn't a matter of the course of action on the parties. It was a very expressed request to leave. Eviction unquestionably terminates the lease. The question now becomes is there anything in this lease that is going to allow Mr. Watson or Bluffton Town Center to collect future rents. Upon a termination of a lease for conditions broken the Lessor is entitled to rent which had previously become due but not in the absence of an expressed agreement entitled to recover rent subsequently to become due. And this is just a whole long line of cases that the

South Carolina Supreme Court has adopted from other jurisdictions because they didn't have anything prior to this. The law seems to be clear that if a Lessor enters the premises it declares a forfeiture for the failure of the Lessee to pay rent. All rent is deemed as collectible by the Lessor but the rent that which has not fully become due at the time of entry in forfeiture an action cannot be maintained. In this case the Appellant elected to terminate the lease for non-payment of rent and evict the respondent by an action of law. This effectually terminated the tenancy, exonerated the Lessee from all liability for rent not due at the time of the eviction. And I am just picking out highlights here because it does go on for quite some time. I am going to go on now and talk about Hoover vs. Neal Co. where they have again reaffirmed the rulings and reasonings adopted in Simon vs. Kirkpatrick in a much more recent

case from 1992 and I am going to refer you to the second page of the case. In this particular case conversely the lease did provide for future rents and that is why the judge dismissed the claim without prejudice in that particular instance and the reason being the judge dismissed Bloomberg's claim for future payments without prejudice. Ordinarily a termination of a lease will terminate a Lessor's rent to future payments. However, if the lease agreement provides for payment of future rents, termination will not release the Lessee of such future obligations and as an example in this particular case this is what the lease said. It goes on for about a paragraph about termination but in pertinent part it says "If such default continues for five days after written notice to Lessee then the entire rent specified herein for the entire term of the lease or if any rent thereof shall become due and payable at that

time and the Lessor shall have the right at its sole option forthwith to terminate this lease and to repossess the leased premises. Exercise or non-exercise by Lessor of such right of termination shall not prejudice any other rights which the Lessor may have against the Lessee hereunder and shall not operate to relieve the Lessee of its obligation to pay rental or its obligations under any other covenants and agreements herein contained." And it is because of that very specific provision about obligation to pay rental that the judge said I am going to dismiss this without prejudice. I will say this, Mr. Watson does this for a living. He drafted that lease.

MR. PATTERSON: Your Honor, I would object to that. There is no testimony that he drafted the lease.

MS. PRINCE: I thought I asked that question but perhaps I didn't. He is the one that presented the lease to me.

Either he drafted or somebody drafted it on his behalf.

MR. PATTERSON: Or the Defendant drafted it because we don't have any testimony as to who drafted it so we have to cover all the options.

MS. PRINCE: I am representing I did not draft this.

COURT: We are just in argument.

MS. PRINCE: I didn't draft the lease nor did I make any amendments or modifications to it. It says what it says. It does not refer to rents. It does not refer to future obligations. It refers to damages and I think to say that in light of case law it very specifically says if you want future rent, you need to put in your lease you get future rent. That you have future rental obligations in the event of termination due to non-payment of rent. I don't think that a general provision for damages which could refer to many things, having nothing to do with future

rent is sufficient to cover that. I was told on several occasions cease and leave and yet I am also required in the absence of a provision that I am required to pay rental after termination. The lease is terminated. Get out and don't come back. I think it is pretty clear I had no rights under the lease after that. Consideration was withdrawn. I had not contracted prior to this in the lease to be obligated for future rental and I was well aware of that fact when I signed that lease. I don't have anything further.

COURT: All right.

MR. PATTERSON: Briefly Your Honor.

MS. PRINCE: Your Honor, I could prepare a brief.

COURT: Why don't we do this? If you all want to give me any additional case law or anything, I'll give you a couple of days. I am not going to look at it for a couple of days anyway so I will know --

MS. PRINCE: A couple of days in my world and a couple of days in your world might not be the same thing. Why don't you give me a specific day?

COURT: How about a week from now?

MS. PRINCE: Perfect.

COURT: 5:00, Mr. Patterson will that give you enough time?

MR. PATTERSON: Yes, Your Honor.

COURT: By Thursday whatever next Thursday is.

MS. PRINCE: And via email is good?

COURT: Yes, just copies to other back and forth.

MS. PRINCE: Sure, of course.

COURT: I will look at it and let's not have any additional argument, a summary letter enclosed please find the case -- and I will take a look at all of this and let you all know and in the interim as always if you figure out a way to reach a happy resolution to this, let me know and --

MR. PATTERSON: You want the
exhibits? Or you have the sets?

COURT: Yes, just the originals.
All right thank you very much.

MS. PRINCE: Thank you, it was good
to see you.

(WHEREUPON, the Hearing
Was Concluded.)

C E R T I F I C A T E

I, Joanne B. McDonald, Certified Court Reporter and Notary Public in and for the State of South Carolina, do hereby certify that the foregoing One Hundred Five (105) Pages of typewritten testimony were taken down by me, then reduced to transcript with computer-aided transcription; that the same is a true, correct and complete transcript of the proceedings as stated in the caption.

I further certify that I am not of kin nor counsel to any of the parties hereto and, further, that I have no interest whatsoever in the outcome of said proceedings.

SO WITNESS MY HAND AND SEAL this 2nd of
October, 2011.

Notary Public/Court Reporter

My Commission Expires 09/27/2013

1/1/09

REAL ESTATE LEASE

This Lease Agreement (this "Lease") is made effective as of January 1, 2009, by and between Bluffton Towne Center, LLC ("Landlord"), and Beth Ann Gilleland-Prince, dba The Law Office of Beth Ann Gilleland, LLC and Miguel Picco, dba Hispanic Solutions, ("Tenants"). The parties agree as follows:

PREMISES. Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant Unit 104 (the "Premises") at 27 Dr. Mellichamp Dr., Bluffton, South Carolina 29910.

TERM. The lease term will begin on January 1, 2009 and will terminate on December 31, 2011.

LEASE PAYMENTS. Tenant shall pay to Landlord monthly payments of \$1,825.00 per month, payable in advance on the first day of each month, beginning on January 1, 2009, for a total annual lease payment of \$21,900.00. Lease payments shall be made to the Landlord at 2217 Princess Anne St, Suite 325, Fredericksburg, Virginia 22401, which may be changed from time to time by the Landlord.

POSSESSION. Tenant shall be entitled to possession on January 1, 2009, and shall yield possession to Landlord on the last day of the term of this Lease, unless otherwise agreed by both parties in writing.

USE OF PREMISES. Tenant may use the Premises only for general office use. The Premises may be used for any other purpose only with the prior written consent of Landlord, which shall not be unreasonably withheld. Tenant shall notify Landlord of any anticipated extended absence from the Premises not later than the first day of the extended absence.

PROPERTY INSURANCE. Landlord and Tenant shall each be responsible to maintain appropriate insurance for their respective interests in the Premises and property located on the Premises.

DEFAULTS. Tenant shall be in default of this Lease if Tenant fails to fulfill any lease obligation or term by which Tenant is bound. Subject to any governing provisions of law to the contrary, if Tenant fails to cure any financial obligation within 10 days (or any other obligation within 30 days) after written notice of such default is provided by Landlord to Tenant, Landlord may take possession of the Premises without further notice (to the extent permitted by law), and without prejudicing Landlord's rights to damages. In the alternative, Landlord may elect to cure any default and the cost of such action shall be added to Tenant's financial obligations under this Lease. Tenant shall pay all costs, damages, and expenses (including reasonable attorney fees and expenses) suffered by

Landlord by reason of Tenant's defaults. All sums of money or charges required to be paid by Tenant under this Lease shall be additional rent, whether or not such sums or charges are designated as "additional rent".

NOTICE. Notices under this Lease shall not be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, addressed as follows:

LANDLORD:

Name: Bluffton Towne Center, LLC
Address: 2217 Princess Anne St., Suite 325
Fredericksburg, Virginia 22401

TENANT:

Name: Beth Ann Gilleland-Prince and Miguel Picco
Address: 27 Dr. Mellichamp Dr., Suite 104
Bluffton, SC 29910

Such addresses may be changed from time to time by either party by providing notice as set forth above.

ENTIRE AGREEMENT/AMENDMENT. This Lease Agreement contains the entire agreement of the parties and there are no other promises or conditions in any other agreement whether oral or written. This Lease may be modified or amended in writing, if the writing is signed by the party obligated under the amendment.

SEVERABILITY. If any portion of this Lease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision, it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

WAIVER. The failure of either party to enforce any provisions of this Lease shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease.

CUMULATIVE RIGHTS. The rights of the parties under this Lease are cumulative, and shall not be construed as exclusive unless otherwise required by law.

GOVERNING LAW. This Lease shall be construed in accordance with the laws of the State of South Carolina.

SECURITY DEPOSIT. At the time of the signing of this Lease, Tenant has paid to Landlord, in trust, a security deposit of \$0 to be held and disbursed for Tenant damages to the Premises (if any) as provided by law.

LATE PAYMENTS. Tenant shall pay a late fee equal to \$50.00 for each payment that is not paid within 10 days after its due date.

HOLDOVER. If Tenant maintains possession of the Premises for any period after the termination of this Lease ("Holdover Period"), Tenant shall pay to Landlord a lease payment for the Holdover Period equal to 150% of the normal payment rate set forth in the following Renewal Terms paragraph. Such holdover shall constitute a month to month extension of this Lease.

NON-SUFFICIENT FUNDS. Tenant shall be charged \$25.00 for each check that is returned to Landlord for lack of sufficient funds.

MAINTENANCE. Landlord shall have the responsibility to maintain the Premises in good repair at all times, except that the tenant shall be responsible for general interior maintenance, including doors, windows, HVAC filters, light bulbs, minor plumbing repairs and carpet and painting. Tenant accepts premises in "as is" condition, except for the Landlord improvements described in Exhibit A.

UTILITIES AND SERVICES.

Tenant shall be responsible for all utilities and services in connection with the Premises.

LIABILITY INSURANCE. Tenant shall maintain liability insurance in a total aggregate sum of at least \$100,000.00. Tenant shall deliver appropriate evidence to Landlord as proof that adequate insurance is in force. Landlord shall have the right to require that the Landlord receive notice of any termination of such insurance policies.

TAXES. Taxes attributable to the Premises or the use of the Premises shall be allocated as follows:

REAL ESTATE TAXES. Landlord shall pay all real estate taxes and assessments for the Premises.

PERSONAL TAXES. Tenant shall pay all personal taxes and any other charges which may be levied against the Premises and which are attributable to Tenant's use of the Premises, along with all sales and/or use taxes (if any) that may be due in connection with lease payments.

DESTRUCTION OR CONDEMNATION OF PREMISES. If the Premises are partially destroyed in a manner that prevents the conducting of Tenant's use of the Premises in a normal manner, and if the damage is reasonably repairable within sixty days after the occurrence of the destruction, and if the cost of repair is less than \$100,000.00, Landlord shall repair the Premises and lease payments shall abate during the period of the repair. However, if the damage is not repairable within sixty days, or if the cost of repair is \$100,000.00 or more, or if Landlord is prevented from repairing the

damage by forces beyond Landlord's control, or if the property is condemned, this Lease shall terminate upon twenty days' written notice of such event or condition by either party.

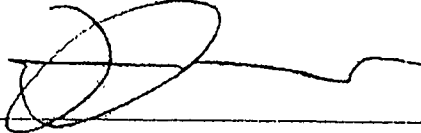
ACCESS BY LANDLORD TO PREMISES. Subject to Tenant's consent (which shall not be unreasonably withheld), Landlord shall have the right to enter the Premises to make inspections, provide necessary services, or show the unit to prospective buyers, mortgagees, tenants or workers. As provided by law, in the case of an emergency, Landlord may enter the Premises without Tenant's consent.

DANGEROUS MATERIALS. Tenant shall not keep or have on the Premises any article or thing of a dangerous, flammable, or explosive character that might substantially increase the danger of fire on the Premises, or that might be considered hazardous by a responsible insurance company, unless the prior written consent of Landlord is obtained and proof of adequate insurance protection is provided by Tenant to Landlord.

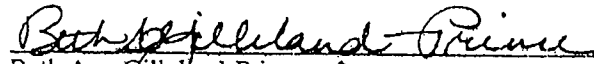
SUBORDINATION OF LEASE. This Lease is subordinate to any mortgage that now exists, or may be given later by Landlord, with respect to the Premises.

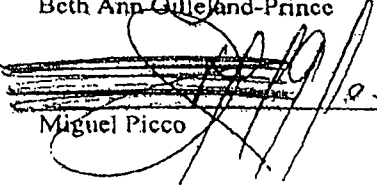
LANDLORD:

Bluffton Towne Center, LLC

By: 

TENANT:


Beth Ann Gilleland-Prince


Miguel Picco

12-18-09

**PLAINTIFF'S
EXHIBIT**

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Date: Friday, December 18, 2009 9:31 AM**From:** pcwatson@cox.net**To:** bethanngil@aol.com**Subject:** Re: Lease

Thanks for the notice. As you know, office space is very difficult to rent now. As a judge and attorney, I would assume that you will honor your obligation under the lease. As you know, you are liable for the entire rent, not just your portion. I have not pressed you for the full rent since Miguel moved, but I am not willing to forgive the balance of the lease. Ideally, you can sub-lease the space. If not, perhaps we can negotiate some kind of buy-out for the balance of the lease.

----- bethanngil@aol.com wrote:

Hi Paul. I was appointed as a magistrate court judge a few weeks ago. I have very recently committed to taking the position full-time, which means that I am required close my practice. All full-time judges are prohibited from engaging in private practice. As such, I am in the process of getting cases finished and trying to wrap things up. I know that I will be needing to stay through the end of January, and possibly some of February. I am trying to give you as much notice as possible. I hope that you and I will be able to work something out amicably, because I realize that the lease will not expire for another year. However, this judicial appointment is a great honor, and obviously, I could not pass that up.

I will also keep my eyes and ears open for anyone who may want the space.

Thanks.

Beth Ann Gilleland-Prince, Esquire
The Law Office of Beth Ann Gilleland, LLC
27 Dr. Mellichamp Drive, Suite 104
Bluffton, SC 29910
(843) 757-7261
Fax (843) 757-7361

--

Paul Watson, CBA, CMEA, CCIM, CBI

HFI Companies / Capital Business Appraisers
2217 Princess Anne Street
Suite 325
Fredericksburg, VA 22401
Tel. 540-373-9500
FAX 540-373-9527
Cell 540-287-4064
pcwatson@cox.net

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Record on Appeal
2013-000305

2-26-10

Bluffton Towne Center, LLC

Bluffton's Finest Small Retail Shops

PLAINTIFF'S
EXHIBIT

3

February 26, 2010

Ms. Beth Ann Gilleland-Prince
4819 Bluffton Parkway
Bluffton, SC 29910

Mr. Miguel Picco
240 Moss Creek Drive
Hilton Head Island, SC 29926

10 Day Notice to Pay or Quit

Dear Ms. Gilleland-Prince and Mr. Picco:

You are hereby notified that you have ten (10) days to pay to the undersigned office rent now due from you in the amount of \$1,875.00 as set forth below, or your right to possession of the above referenced premises will cease and you must quit the same.

The amount set forth below should be remitted to this office within aforesaid ten (10) day period in the form of money order or certified check. Personal or business checks will not be accepted. If it should become necessary to institute further legal action, it may result in legal fees and court costs being assessed against you.

In the event you do not satisfy all the requirements of this ten (10) day notice by paying the amount set forth below and do either voluntarily or by court leave the premises, you will still be obligated and responsible for payment of monies set forth below, together with any additional costs, legal fees, expenses and rents that continue to accrue under the terms of the lease because of non-payment.

Furthermore, if you do not pay rent due within this ten (10) day period and do not quit the premises, legal action will be instituted for possession of the premises referenced above plus rent, attorney fees and other costs.

Sincerely,



Paul C. Watson, Managing Member

Base Rent: \$1,825

Late Charge: \$50.00

TOTAL DUE WITHIN TEN DAYS: \$1,875.00

DATE DELIVERED: March 2, 2010

2217 Princess Anne Street Suite 325 ♦ Fredericksburg, Virginia 22401
(540) 373-9500 ♦ Fax (540) 373-9527

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Record on Appeal
2013-000305

Plaintiff
000007

7006 2150 0005 2523 8494

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)
For delivery information visit our website at www.usps.com

Postage	\$	Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Sent To: **Miguel A. P. Liso**
Street, Apt. No. or PO Box No.: **240 Moss Creek Dr.**
City, State, ZIP+4: **Bluffton SC 29921**

7006 2150 0005 2523 8494

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)
For delivery information visit our website at www.usps.com

Postage	\$	Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Sent To: **Both Sikeland-Prince**
Street, Apt. No. or PO Box No.: **4819 Bluffton Pkwy**
City, State, ZIP+4: **Bluffton SC 29910**

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Both Sikeland-Prince
4819 Bluffton Pkwy
Bluffton, SC
29910

COMPLETE THIS SECTION ON DELIVERY

A. Signature: **[Signature]** ☐ Agent ☐ Addressee

B. Received by (Printed Name): _____ C. Date of Delivery: _____

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type:
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number
(Transfer from service label) **7006 2150 0005 2523 8494**

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-04-1540

Russell Patterson

3/28/10

From: Russell Patterson [russell@russellpattersonlaw.com]
Sent: Sunday, March 28, 2010 12:24 PM
To: 'Beth Ann Gilleland (E-mail)'
Cc: 'Paul Watson (E-mail)'
Subject: Bluffton Towne Center v. Gilleland-Prince , Pico

PLAINTIFF'S
EXHIBIT

4

Importance: High

Per the message I left at your office with the Bluffton Magistrate Court on Thursday 3/25/10, I have been retained by Bluffton Towne Center as to the existing defaults in the 1/09 lease between the parties. Rent is past due for Feb. and March. I understand that you and Mr. Pico have partially vacated the premises.

My client has potential tenants who are interested in the space. In order to reach an amicable resolution of this matter I would propose the following course of action:

- 1) You and Miguel Pico (please provide his address and as I have no way of contacting him) voluntary vacate and remove all of your possession from the space. This will allow my client and his rental agent to try and re-let the space.
- 2) That the rent due for the last two months be paid and that the two tenants continue to make monthly payments until the space is relet .
- 3) If you know of any potential tenants, please pass along their names to our rental agent David Batchelder.

If we can not work out an agreement along these lines we will have to file for an Ejectment action and a suit for back rent, which is not a course we wish to follow.

I look forward to your response. You can call me on my mobile at anytime time to discuss 384-7321. I am also mailing a copy of this e-mail to your home address to be certain you receive same. Thanks.

Russell P. Patterson
Law Offices of Russell P. Patterson PA
P.O. Drawer 8047
21 Office Park Rd - Carolina Building suite 104 (zip 29928)
Hilton Head Island SC 29938
ph: 843-341-9300 fax -843-341-9301
russell@russellpattersonlaw.com

IRS CIRCULAR 230 DISCLOSURE:

Any Federal tax advice contained herein is not written to be used for, and the recipient and any subsequent reader cannot use such advice for, the purpose of avoiding any penalties asserted under the Internal Revenue Code. If the foregoing contains Federal tax advice and is distributed to a person other than the addressee, each additional and subsequent reader hereof is notified that such advice should be considered to have been written to support the promotion or marketing of the transaction or matter addressed herein. In that event, each such reader should seek advice from an independent tax advisor with respect to the transaction or matter addressed herein based on the reader's particular circumstances.

3-28-10

PLAINTIFF'S
EXHIBIT

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

From: bethanngil@aol.com [mailto:bethanngil@aol.com]
Sent: Sunday, March 28, 2010 8:52 PM
To: Russell Patterson
Subject: Re: Bluffton Towne Center v. Gilleland-Prince , Pico

Russell,

I have not had any contact with Mr. Pico in approximately one year. I do not know where he is or where to find him. I vacated the unit at the beginning of February, and the only items that I am aware of that are still in the unit are furniture that was there when I moved in.

I am happy to assist in getting the place rerented, however, I am simply unable to pay the back rent, or else I would pay it. Filing an ejectment action is simply unnecessary. I have been out of the unit for nearly two months, as Mr. Watson requested.

Beth Ann Prince
Beaufort County Magistrate Court Judge
Bluffton Magistrate Court
4819 Bluffton Parkway
Bluffton, SC 29910
843-757-1500

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3-30-10

Russell Patterson

From: Russell Patterson
Sent: Tuesday, March 30, 2010 9:26 AM
To: Beth Ann Gilleland (E-mail)
Cc: Paul Watson (E-mail)
Subject: Bluffton Towne Center

Thank-you for your response. My client does not have a key to the unit. Can you please send one to me or leave one at your office for the realtor to pick-up? Thanks

Russell P. Patterson
Law Offices of Russell P. Patterson PA
P.O. Drawer 8047
21 Office Park Rd - Carolina Building suite 104 (zip 29928)
Hilton Head Island SC 29938
ph: 843-341-9300 fax -843-341-9301
russell@russellpattersonlaw.com

IRS CIRCULAR 230 DISCLOSURE:

Any Federal tax advice contained herein is not written to be used for, and the recipient and any subsequent reader cannot use such advice for, the purpose of avoiding any penalties asserted under the Internal Revenue Code. If the foregoing contains Federal tax advice and is distributed to a person other than the addressee, each additional and subsequent reader hereof is notified that such advice should be considered to have been written to support the promotion or marketing of the transaction or matter addressed herein. In that event, each such reader should seek advice from an independent tax advisor with respect to the transaction or matter addressed herein based on the reader's particular circumstances.

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

From: bethanngil@aol.com (mailto:bethanngil@aol.com)
Sent: Thursday, April 01, 2010 10:11 AM
To: Russell Patterson
Subject: Re: Bluffton Towne Center

4/1/10

**PLAINTIFF'S
EXHIBIT**

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Russell,

I had the keys ready to send to you, but if you would prefer, you can send someone over to the Bluffton Magistrate Court to pick them up. I will be here all day.

Beth Ann Prince
Beaufort County Magistrate Court Judge
Bluffton Magistrate Court
4819 Bluffton Parkway
Bluffton, SC 29910
843-757-1500

4/1/10
Russell Patterson

From: Russell Patterson [russell@russellpattersonlaw.com]
Sent: Thursday, April 01, 2010 11:28 AM
To: 'bethanngil@aol.com'
Cc: 'David Batchelder Jr (E-mail)'; 'Paul Watson (E-mail)'
Subject: RE: Bluffton Towne Center

PLAINTIFF'S
EXHIBIT

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I will ask David to come by and pick them up at the Magistrates office today. Can you leave them at the front desk with his name on same. I believe his office is right down the street. Thanks.

From: bethanngil@aol.com [mailto:bethanngil@aol.com]
Sent: Thursday, April 01, 2010 10:31 AM
To: Russell Patterson
Subject: Re: Bluffton Towne Center

4/1/10

That is no problem. I will leave them at the traffic window
name
on them.

PLAINTIFF'S
EXHIBIT

9

Beth Ann Prince
Beaufort County Magistrate Court Judge
Bluffton Magistrate Court
4819 Bluffton Parkway
Bluffton, SC 29910
843-757-1500

EXCLUSIVE RIGHT TO LEASE LISTING AGREEMENT

THE STATE OF SOUTH CAROLINA, BEAUFORT COUNTY

This Agreement is made and entered into this 5 day of May, 2010

By and between Bluffton Towne Center, LLC & Bluffton Towne Center II, LLC, (Owner/s) and
Charter I Commercial, Inc., (Broker)

A. EMPLOYMENT: In consideration of the Broker's services, Owner does hereby employ Charter I Commercial, Inc. as its sole and exclusive leasing agent for the herein described property (Property), and give Broker the exclusive right and authority to lease the Property, from 5/23/2010 to 11/22/2011 subject to the terms and conditions herein.

B. PROPERTY DESCRIPTION:

Tax Map Number: R610-039-00A-0014-0000
Address: 27 Dr. Mellichamp Drive, Unit 104, Bluffton, SC 29910
Square Footage: approximately 1,500
Other Description: _____

C. TERMS: As below or on other terms acceptable to Owner:

Lease Rate: \$12.00 (NNN) per square foot or rate accepted by Owner
Length of Term: As acceptable by Owner
Allowance: None unless one is agreed upon by Owner

D. DEFECTS: Owner represents, that to the best of its belief, the Property is not subject to any defect and does not contain any hazardous or toxic substance.

E. COMMISSIONS: Owner agrees that Broker has earned a commission if Owner and tenant enter into a fully executed lease agreement for the herein described property. Said commissions are to be paid to Broker whether tenants are found by Broker, Owner or other broker/agents. Commissions are to be paid by Owner upon commencement of the initial term of a lease and for renewals, extensions or expansions as defined below. Commissions are to be computed as follows:

1. For leases with an initial term of five (5) years or longer, Owner agrees to pay Broker a leasing commission of 6% of the rent for the initial term and 3% for the first renewal.
2. For leases with an initial term of less than five (5) years, Owner agrees to pay Broker a leasing commission of 6% of the rent for the initial term and all renewals up to five years.
3. For leases that are based on a month-to-month term, Owner agrees to pay Broker a leasing commission of 8% of the rent every six (6) months.

F. DEFAULT OF TENANT: Broker does not guarantee the financial or business strength of any Lessee. Broker will, at Owner's request, obtain any financial or background information deemed necessary by Owner for Owner's review. Should Tenant go into Default at any time during their Lease Term, Broker will not be held accountable for any commissions paid to Broker for Lessee's term.

G. TERMINATION: If within one hundred twenty (120) days after the termination of this agreement, Owner leases the Property to a prospective tenant who was shown the property during Broker's listing period, Owner shall pay the aforementioned commission to Broker, provided that the names of the prospective tenants to whom the property was shown are furnished to Owner by Broker in writing within ten (10) days after termination of this exclusive listing period.

H. PROCURRING CAUSE FOR SALE OF PROPERTY: If during or immediately following the term of the leases entered into pursuant to this agreement, any of the said lessees purchase all or part of said Property, Charter I Commercial, Inc. shall be considered the procuring cause for such sale. As the procuring cause a sales commission of 5% of the purchase price, reduced by any remaining prepaid unearned leasing commission, shall be paid to Broker at the time of closing.

I. MARKETING/CO-BROKERAGE: Owner directs Broker to market and advertise this listing and offer subagency to all South Carolina licensees. Owner agrees that Broker may compensate an Agent representing the Tenant from the fee described above.

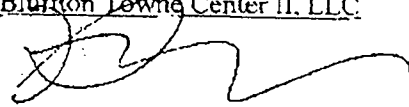
Warranty is hereby made that the undersigned is the Owner/s of this property and/or have the authority to execute this agreement.

Broker: Charter I Commercial, Inc.

By: _____
David M. Bachelder, CCIM

Address: 1544 Fording Island Road
Hilton Head Island, SC 29926
Phone: (843) 837-4460

Bluffton Towne Center, LLC &
Owner: Bluffton Towne Center II, LLC

By: 
Paul Watson

Address: 2217 Princess Anne Street, #325
Fredericksburg, VA 22401
Phone: (540) 373-9500

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7/7/10

LEASE

THIS AGREEMENT OF LEASE is made this 7 day of July, 2010, by and between Bluffton Towne Center, LLC (hereinafter called "Landlord") and Joe Wilson for Congress, (hereinafter called "Tenant").

ARTICLE I PREMISES

Landlord, for and in consideration of the rents, covenants and agreements hereinafter reserved, mentioned and contained on the part of Tenant, its successors and assigns, to be paid, kept, observed and performed, by these presents does hereby lease, rent, let and demise unto Tenant, and Tenant does hereby take and hire, upon and subject to the terms, provisions, covenants, conditions and limitations hereof, the retail premises, known as the Bluffton Towne Center, Unit 104, located at 27 Dr. Mellichamp Drive, Bluffton, SC 29910.

ARTICLE II TERM

2.1 The Lease Term shall be for four and one half months ("Term"). The Lease Term shall commence on July 15, 2010 ("Lease Commencement Date"). If the Lease Commencement Date is not the first day of a month, then the Lease Term shall be extended to include the partial month in which the Lease Commencement Date occurs. The Lease shall expire November 30, 2010.

2.2 If Landlord is unable to give possession of the Premises on or about the Anticipated Occupancy Date by reason of the holding over or retention of possession of any Tenant or occupant, or if repairs, improvements or decorations to the Premises, or to the building of which the Premises form a part ("Building") are not completed, or for any other reason, Landlord shall not be subject to any liability for the failure to give possession on the Anticipated Occupancy Date. Under such circumstances the rent reserved and covenanted to be paid herein shall not commence until the possession of the Premises is given or the Premises are available for occupancy by Tenant, and no such failure to give possession on the Anticipated Occupancy Date shall in any other respect affect the validity of this Lease or the obligations of Tenant hereunder, nor shall the same be construed in any way to extend the Term of this Lease. If permission is given to Tenant to possess the Premises or to occupy premises other than the Premises prior to the Anticipated Occupancy Date, Tenant covenants and agrees that such occupancy shall be deemed to be under all the terms, covenants, conditions and provisions of this Lease.

ARTICLE III RENT

3.1 Tenant covenant and agree to pay to Bluffton Towne Center, LLC at 2217 Princess Anne Street, Suite 325, Fredericksburg, VA 22401 without notice or demand and without abatement, deduction or setoff, in funds drawn on a member bank of the Federal Reserve System, Fifth District, the following:

3.2 Minimum Rent: Tenant shall pay in advance, on the first day of each calendar month, One thousand two hundred and 00/100 Dollars (\$1,200.00) (hereinafter called the "Fixed Minimum Rent"). The Rent Commencement Date shall be July __, 2010.

ARTICLE IV SECURITY DEPOSIT

4.1 Tenant has paid to Landlord One thousand two hundred Dollars (\$1,200.00), ("Security Deposit") as security for compliance with the terms of this Lease. Upon the occurrence of any default by Tenant, Landlord may, from time to time in its sole discretion, without prejudice to any other remedy, use and apply the Security Deposit to the extent necessary to make good any arrearages of rent and any other damage, injury, expense or liability suffered by Landlord by such default. Following any such application of the Security Deposit, Tenant shall pay to Landlord on demand as additional rent the amount so applied in order to restore the Security Deposit to its original amount. Within thirty (30) days after the Lease Expiration Date and after the Premises have been properly vacated and inspected and the keys returned to Landlord, then Landlord shall return said Security Deposit to Tenant, without interest, less such portion of the Security Deposit as Landlord shall have used to satisfy Tenant's obligations under this Lease. If Landlord transfers the Security Deposit to any transferee of the Shopping Center or Landlord's interest therein, then said transferee shall be liable to Tenant for the return of the Security Deposit, and Landlord shall be released from all liability for the return of the Security Deposit.

ARTICLE V USE OF THE PREMISES AND OPERATION OF BUSINESS

5.1 Permitted Use: Tenant will use and occupy the Premises solely for the following express use(s) and purpose(s) and for no other use or purpose: general office use, operating under the name of "Joe Wilson for Congress." ("Permitted Use").

ARTICLE VI ENVIRONMENTAL COVENANTS

6.1 (a) Tenant, its employees, agents, contractors and invitees shall, at Tenant's own expense, comply with all Environmental Laws, as herein defined, in connection with its use and occupancy of the Premises or the Shopping Center and shall obtain, maintain and comply with all necessary environmental permits, approvals, registrations and licenses.

(b) Tenant, its employees, agents, contractors and invitees shall not use, generate, release, manufacture, treat, refine, produce, process, store, dump or dispose of any Hazardous Substance, as herein defined, on, under, or about the Premises, the Building or the Shopping Center, or transport to or from the Premises, the Building or the Shopping Center any Hazardous Substance except normal office products, which products shall be used, stored and disposed of in accordance with all Environmental Laws.

(c) Tenant shall, at Tenant' own expense, make all submissions to, provide all information required by, and comply with all requirements of all governmental authorities (the "Authorities or Authority") under the Environmental Laws. Tenant shall provide Landlord with copies of any environmental audit prepared by or for Tenant with respect to the Premises and any report(s) or filing(s) made by Tenant with any Authority.

ARTICLE VII LATE CHARGE

7.1 Tenant agrees to pay to Landlord, as additional rent, a late fee equal to five percent (5%) of any amount due for monthly Fixed Minimum Rent or other payments due hereunder if said payments have not been received by Landlord within five (5) days of the due date.

ARTICLE IX ASSIGNMENT & SUBLETTING

8.1 Tenant shall not assign this Lease or any of Tenant' rights or obligations hereunder, or sublet or permit anyone to occupy the Premises or any part hereof, without the prior written consent of Landlord which will not be unreasonably withheld. No assignment or transfer of this Lease may be effected by operation of law or otherwise without Landlord's prior written consent. The consent of Landlord to any assignment or subletting shall not be construed as a waiver or release of Tenant from liability for the performance of all covenants and obligations to be performed by Tenant under this Lease. The transfer, whether a single transfer or multiple transfers, of fifty percent (50%) or more of the ownership interests of Tenant within a twelve (12) month period shall be deemed equivalent to an assignment or subletting requiring consent of Landlord. Any attempted assignment or subletting made without Landlord's consent shall, at the option of Landlord, be deemed an Event of Default under this Lease. Landlord's acceptance or collection of rent from any assignee, sub-Tenant or occupant shall not be construed (a) as a consent to or acceptance of such assignee, sub-Tenant or occupant as a Tenant, (b) as a waiver by Landlord of any provision hereof, (c) as a waiver or release of Tenant from liability for the performance of any obligation to be performed under this Lease by Tenant, or (d) as relieving Tenant or any assignee, sub-Tenant or occupant from the obligation of obtaining Landlord's prior written consent to any subsequent assignment, subletting or occupancy. Tenant hereby assigns to Landlord any rent due from any assignee, sub-Tenant or occupant of Tenant as security for Tenant' performance of its obligations pursuant to this Lease; provided, however, that Tenant shall have the right to collect such rent as long as Tenant is not in default under the terms of this Lease. Tenant authorizes each such assignee, sub-Tenant or occupant to pay such rent directly to Landlord if such assignee, sub-Tenant or occupant receives written notice from Landlord specifying that such rent shall be paid directly to Landlord. In the event of default by any assignee of Tenant or any successor of Tenant in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such assignee or successor. Landlord may consent to subsequent assignments or subletting of this Lease or amendments or modifications to this Lease with assignees of Tenant, without notifying Tenant, or any successor of Tenant, and without obtaining its or their consent thereto and such action shall not relieve Tenant of liability under this Lease. Tenant shall not

mortgage this Lease without Landlord's consent, which consent may be granted or withheld in Landlord's reasonable discretion. All restrictions and obligations imposed pursuant to this Lease on Tenant shall be deemed to extend to any sub-Tenant, assignee or occupant of Tenant, and Tenant shall cause such persons to comply with all such restrictions and obligations.

ARTICLE X, Repairs

10.1 Landlord shall keep and maintain the roof and other exterior portions of the Premises (exclusive of doors, windows, glass, showcases and storefronts) and heating and air conditioning equipment in good repair, provided that Tenant shall give Landlord written notice of the necessity for such repairs, and provided that the damage thereto shall not have been caused by Tenant, its agents, contractors, invitees or employees, in which event Tenant shall be responsible therefore and shall promptly repair such damage. The provisions of this Section 10.1 shall not apply in the case of damage or destruction by fire or other casualty or by eminent domain in which event the obligations of Landlord shall be as set forth in Articles XXV and XXVI. Except as provided in this Section 10.1, Landlord shall have no obligation or liability for repair or maintenance of the Premises, or any part thereof, nor shall Landlord be obligated to make any improvements of any kind upon the Premises, or to make any repairs, replacements or improvements to any equipment, facilities or fixtures contained therein, except Landlord shall be responsible for replacing any defective heating and air conditioning equipment.

10.2 Tenant, at Tenant's sole cost and expense, shall keep the interior of the Premises, including but not limited to all doors, windows and glass, and other mechanical installations and equipment used by or in connection with the Premises in clean, safe and sanitary condition and in good order and repair, excluding HVAC and promptly replace any plate glass which may be broken or damaged with glass of like kind and quality, and will suffer no waste or injury thereto, and quit and surrender the Premises at the expiration of the Term in as good condition as when received, except for ordinary wear and tear. Without limitation of the generality of the foregoing, Tenant, at Tenant's sole cost and expense, shall promptly make all repairs and replacements to (a) Tenant's signs, (b) all glass, window panes and doors. Tenant shall be responsible, at Tenant's sole cost and expense, for providing all janitorial, cleaning, pest and termite control services for the Premises. All such services shall be provided in accordance with standards customarily maintained for similar shopping centers and Tenant shall maintain, at Tenant's sole cost and expense, service contracts therefore. Tenant will not overload the electrical wiring and will not install any additional electrical wiring or plumbing unless it has first obtained Landlord's written consent thereto, and if such consent is given, Tenant will install such wiring or plumbing at its own cost and expense. Tenant will repair promptly, at its own expense, any damage to the Premises or the Building caused by bringing into the Premises or the Building any property for Tenant's use or by the installation, use or removal of such property, regardless of fault or by whom such damage shall be caused, unless caused by Landlord's, its agents', employees' or contractors' gross negligence or willful misconduct.

10.3 Intentionally Deleted.

10.4 If permitted by law, Landlord shall have the right at any time and from time to time during the Lease Term to either continue to contract for service from the current utility

service provider or contract for service from a different company or companies providing utility service (each such company shall hereinafter be referred to as an "Alternate Service Provider"). Tenant shall cooperate with Landlord, the utility service provider, and any Alternate Service Provider at all times and, as reasonably necessary, shall allow Landlord, utility service provider, and any Alternate Service Provider reasonable access to the Property's pipes, electric lines, feeders, risers, wiring, and any other machinery within the Premises. Landlord shall in no way be liable or responsible for any loss, damage, or expense that Tenant may sustain or incur by reason of any change, failure, interference, disruption, or defect in the supply or character of the utility service furnished to the Premises, or if the quantity or character of the service supplied by the utility service provider or any Alternate Service Provider is no longer available or suitable for Tenant's requirements, and no such change, failure, defect, unavailability, or unsuitability shall constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of rent, or relieve Tenant from any of its obligations under the Lease.

ARTICLE XI UTILITIES

11.1 Tenant, at its own expense, shall arrange with the appropriate utility companies for the provision of any and all utilities. Tenant shall pay promptly when due the charges for all utility services rendered or furnished on the Premises, including, without limitation, heat, water, sewer, telephone, gas and electricity (whether by meter or sub-meter). Landlord will provide and maintain the necessary mains and electrical conduits to bring water, gas and electricity to the perimeter of the Premises. Under no circumstances shall Landlord be liable to Tenant in damages or otherwise (a) if any utility shall become unavailable from any public utility company, public authority or any other person or entity supplying or distributing such utility, or (b) for any interruption in service of electricity, water, sewer, gas, heat, ventilation, telephone or air conditioning caused by fire, accidents, strikes, breakdowns, necessary maintenance, alterations, repairs, acts of God or any other causes; and the foregoing shall not constitute a termination of this Lease or an actual or constructive eviction and shall not entitle Tenant to terminate this Lease or to an abatement of rent payable hereunder.

ARTICLE XII TENANT'S TAXES

12.1 Tenant shall pay before delinquency any business, rent or other taxes that are now or hereafter levied, assessed or imposed upon Tenant's use or occupancy of the Premises, the conduct of Tenant's business at the Premises, or Tenant's equipment, fixtures, furnishings, inventory or personal property. If any such taxes are enacted, changed or altered so that any of such taxes are levied against Landlord, or the mode of collection of such taxes is changed so that Landlord is responsible for the collection or payment of such taxes, then Tenant shall pay as additional rent due hereunder the amount of any and all such taxes.

ARTICLE XIII COMPLIANCE WITH LAWS

13.1 Tenant shall comply with all present and future laws, rules, regulations, orders, directions and requirements of all governmental departments, bodies, bureaus, agencies and officers, and with all rules, directions, requirements and recommendations of fire departments,