

THE STATE OF SOUTH CAROLINA
IN THE SOUTH CAROLINA COURT OF APPEALS

RECEIVED

MAR 17 2014

APPEAL FROM HORRY COUNTY

SC Court of Appeals

First National Bank of the South, Successor in interest to Carolina National Bank and Trust
Company,
Respondent

vs.

James T. Callihan a/k/a James Callihan; Edward L. Williams; Frank J. Pennisi a/k/a Frank
Pennisi; Dean J. Karavan a/k/a D.J. Karavan; Charles T. Walls, Jr. a/k/a Charles Walls; Robert S.
Guyton,; and Jeffrey H. Skelley,
Defendants,

Of Whom Frank J. Pennisi and Charles T. Walls are the Appellants.

Appellate Case No.: 2013-001483

The Honorable W. Jeffrey Young
Horry County
Trial Court Case No.: 2010CP2603170

RECORD ON APPEAL

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INDEX

Final Order filed June 28, 2013	2
Complaint	8
Answer and Crossclaim of Appellant Pennisi	45
Answer of Appellant Walls:	57
Transcript of May 20, 2013 Trial	62
Plaintiff's Exhibits 1 - 16	199
Defendant's Exhibit No. 1	237
Certificate of Appellant	240

STATE OF SOUTH CAROLINA)

COUNTY OF HORRY)

First National Bank of the South,
Successor in interest to Carolina National
Bank and Trust Company,

Plaintiff,

vs.

James T. Callihan a/k/a James Callihan;
Edward L. Williams; Frank J. Pennisi a/k/a
Frank Pennisi; Dean J. Karavan a/k/a
D.J. Karavan; Charles T. Walls, Jr. a/k/a
Charles Walls; Robert S. Guyton; and
Jeffrey H. Skelley,

Defendants.

IN THE COURT OF COMMON PLEAS
FIFTEENTH JUDICIAL CIRCUIT
CASE NUMBER: 10-CP-26-3170

ORDER AND JUDGMENT

13 JUN 28 PM 1:47
MELANIE HUGHES-WARD
CLERK OF COURT

HORRY COUNTY

Date of Hearing: May 20, 2013
Trial Judge: Hon. W. Jeffrey Young
Plaintiff's Attorney: Robert A. Kerr, Jr.
Defendants' Counsel: Thomas C. Brittain, Daniel J. MacDonald, and C. Scott Masei
Court Reporter: Henry P. Young

This matter came before the Court for a non-jury trial on May 20, 2013 in Conway, South Carolina. Based upon the pleadings and evidence before it, the Court makes the following Findings of Fact and Conclusions of Law.¹

FINDINGS OF FACT

1. For value received, an entity known as Sand Dollar Cottage, LLC (the "Borrower") made, executed and delivered to Carolina National Bank and Trust Company ("CNB") a written promissory note dated November 8, 2006, as amended, modified and/or renewed by written

¹ The Court notes that, to the extent any of the following Findings of Fact constitute Conclusions of Law, they are adopted as such, and, to the extent any Conclusions of Law constitute Findings of Fact, they are so adopted.

instrument dated December 21, 2007 and April 30, 2008 (collectively hereinafter referred to as the "Note").

2. Under the terms of the Note, the Borrower promised to pay CNB the original principal sum of \$400,000.00, together with interest on the outstanding principal balance payable upon the terms and conditions set forth in the Note with a maturity date of May 3, 2011.

3. To better secure repayment of the Note, each of the Defendants, who are members of the Borrower, executed and delivered to CNB a separate Guaranty dated November 8, 2006 (each a "Guaranty" and collectively, the "Guaranty Agreements"). The Guaranty Agreements guaranteed payment of the Note and any extensions, renewals or replacements thereof and also inured to the benefit of CNB and its participants, successors and assigns.

4. The Defendants used the proceeds of the loan to purchase real property located in the Commonwealth of the Bahamas. Such property was not pledged as collateral for the loan due to the complexities of securing real property in the Commonwealth of the Bahamas.

5. As of February 18, 2008, CNB merged with First National Bank of the South ("FNBS"), as evidenced by a certification letter dated February 25, 2008 and that certain Certificate of Merger issued by the Comptroller of the Currency Administrator of National Banks. Accordingly, FNBS was the owner and holder of the Note and Guaranty Agreements when the Note was renewed on April 30, 2008.

6. As part of the loan renewal process in 2008, the Borrower made a principal reduction payment in the amount of \$100,000.00, thereby reducing the principal balance due and owing under the Note to \$300,000.00. Defendant Pennisi and Defendant Walls funded the principal payment reduction by making a loan and separate capital contributions to the Borrower.



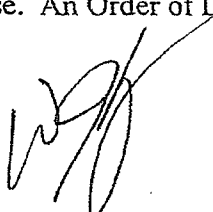
7. Thereafter, the Borrower defaulted on its obligations under the Note by failing to make timely payments of principal and interest. The Defendants were advised of the Borrower's default and the Defendants have failed to remit the sums due under the Note, as required by the Guaranty Agreements. The entire balance of the Note is due and payable together with continuing interest thereon, attorneys' fees and costs of this action. Although Plaintiff made demand on the Defendants for such amount, the Defendants failed and refused to pay the same.

8. On April 13, 2010, FNBS filed this action, alleging a default under the Note and breach of the Guaranty Agreements.

9. During the pendency of this action, the Office of the Comptroller of the Currency closed FNBS and the Federal Deposit Insurance Corporation ("FDIC") was appointed as its Receiver. By Purchase and Assumption Agreement dated as of July 16, 2010 between the FDIC, as Receiver for FNBS, and NAFH National Bank, NAFH National Bank purchased and assumed certain assets of FNBS and became the owner and holder of the Note and Mortgage by assignment.

10. Thereafter, on June 30, 2011, NAFH National Bank merged with Capital Bank, N.A., with the resulting bank title of Capital Bank, N.A. Such merger was effective as of June 30, 2011, as evidenced by a certification letter dated June 30, 2011 from the Comptroller of the Currency Administrator of National Banks.

11. On August 3, 2011, Defendant Williams filed a Voluntary Petition under Chapter 7 of the United State Bankruptcy Code (11 U.S.C. § 101 et seq.) in the United States Bankruptcy Court, District of South Carolina, identified as Case Number 11-04864-dd. Plaintiff filed a proof of claim in the bankruptcy case. An Order of Discharge was entered on March 6, 2012.



12. As of May 20, 2013, the principal amount due under the Note is \$243,830.99. Accrued but unpaid interest through May 20, 2013 is \$63,935.77. Additionally, there are late charges of \$400.00. Interest accrues on the outstanding balance at the rate of \$45.72 per day.

13. Plaintiff received payment on its proof of claim in the Williams Bankruptcy in the amount of \$10,462.35. This amount was received and applied to the unpaid principal balance on June 11, 2012.

14. The total debt exclusive of attorney fees as of May 20, 2013 is \$308,166.76. Additionally, the Note and the Guaranty Agreements provide for recovery by Plaintiff of a reasonable sum as attorneys' fees from Defendants.

15. This matter was filed on April 13, 2010 – three months before FNBS was closed. Pursuant to Rule 25 (c), SCRPC, this case has continued to be prosecuted in the name of FNBS.

CONCLUSIONS OF LAW

1. The Note and Guaranty Agreements are enforceable according their terms, and they are owned and held by Capital Bank, N.A. The definition section found on page two of the Note, placed in evidence at trial, states: "You" or "your" means the Lender and its successors and assigns." (emphasis added). The evidence adduced at trial through testimony and documentary evidence shows that Carolina National Bank and Trust, the original lender, merged into FNBS effective February 18, 2008. The merger was approved by bank regulators. Under state law and federal law, the effect of a merger is the same. The property of the merged firm is vested in the surviving firm without requiring some form of transfer. ²

² See S.C.Code § 33-11-106 ("When a merger takes effect ... the title to all real estate and other property owned by each corporation party to the merger is vested in the surviving corporation without reversion or impairment..."); and 12 U.S.C. § 215 (e) "The corporate existence of each of the consolidating banks or banking associations participating in such consolidation shall be merged into and continued in the consolidated national banking association and such consolidated national banking association shall be deemed to be the same corporation as each bank or banking association participating in the consolidation. All rights, franchises, and interests of the individual consolidating banks or banking associations in and to every type of property (real, personal, and mixed) and choses

2. The documentary evidence and testimony at trial showed that the Note, as renewed, and all Guaranty Agreements were later assigned by FDIC as Receiver of FNBS to NAFH National Bank effective July 16, 2010 when FNBS was closed by the regulators. The documentary evidence and testimony at trial also showed that NAFH National Bank and Capital Bank, N.A. merged effective June 30, 2011, with the resulting bank title, Capital Bank, N.A.
3. The record demonstrates that Capital Bank, N.A. is the owner of the Note, as renewed, and the Guaranty Agreements, and is entitled to enforce those obligations.
4. The record further shows that no guarantor was released from the obligations of their Guaranty Agreement. Each Guaranty was admitted into evidence. Each contained clear provisions concerning modification or release. A guaranty is a promise to pay a debt if the person liable in the first instance fails to make payment. *McGee v. F.W. Poe Mfg. Co.*, 176 S.C. 288, 180 S.E. 48 (1935). Here, the Note, as renewed, is in default and the Defendants each promised to pay the Borrower's debt if Borrower did not. Further, a guaranty is a personal obligation running directly from the guarantor to the creditor which is immediately enforceable against the guarantor upon default of the debtor. *Peoples Federal Savings and Loan Assoc. v. Myrtle Beach Retirement Group, Inc.*, 300 S.C. 277, 387 S.E.2d 672 (S.C. 1989). It is irrelevant whether the Plaintiff pursued the Borrower.
5. The Guaranty Agreements state that a writing signed by the bank is required for a guarantor to be released from the obligations of his Guaranty. In determining the nature of a guaranty the first consideration is the written language. *Pee Dee State Bank v. National Fiber Corp.*, 287 S.C. 640, 340 S.E.2d 569 (Cl.App.1986).

in action shall be transferred to and vested in the consolidated national banking association by virtue of such consolidation without any deed or other transfer."

6. Here, Defendants argue they only guaranteed the first loan from Carolina National Bank & Trust to Borrower. However, the clear language of each Guaranty Agreement defeats their argument. The Guaranty Agreement is given to the "Lender", which is defined to include participants, successors and assigns. Further, by clear terms, each Guaranty is a guaranty of Note Number 400378400 dated 11/8/2006 and "any extensions, renewals or replacements."

7. The Court further concludes that the case has been prosecuted by a proper party. This matter was filed on April 13, 2010 – three months before FNBS was closed. Pursuant to Rule 25(c), SCRCF, this case has been prosecuted in the name of FNBS. Rule 25(c) provides: "In case of any transfer of interest, the action may be continued by or against the original party, unless the court upon motion directs the person to whom the interest is transferred to be substituted in the action or joined with the original party."

8. Rule 25(c) applies to the transfer of interest from one corporation to another with which the first merged. See *Bryant v. Waste Management, Inc.*, 536 S.E.2d 380, 342 S.C. 159 (S.C.App. 2000). Further, "[u]nless the debt instrument or the instrument of guaranty prohibits assignment, an assignment does not release the guarantor, who is discharged only when the underlying debt has been paid or otherwise satisfied in full." *AMA Mgmt. Corp. v. Strasburger*, 309 S.C. 213, 219, 420 S.E.2d 868, 872 (Ct.App.1992).

9. Defendant Walls raised certain arguments for the first time in his post-trial memorandum. No party asserted reformation as a claim or a defense in their pleadings, and the issue was not tried by implication.

10. Having considered the nature, extent and difficulty of the services rendered, the time involved in reviewing the various documents, performing the title search, preparing the pleadings, attendance at hearings, mediation, and trial of the case, the professional standing of

counsel, the fee customarily charged for similar services and the beneficial results obtained for the Plaintiff, I find that the sum of \$50,000.00 is a reasonable fee to allow as attorneys' fees for Plaintiff's attorneys for services performed.

11. Having held that the Guaranty Agreements are enforceable according to their terms, that the underlying Note is in default, and the Note and Guaranty Agreements are owned and held by Capital Bank, N.A., it is hereby

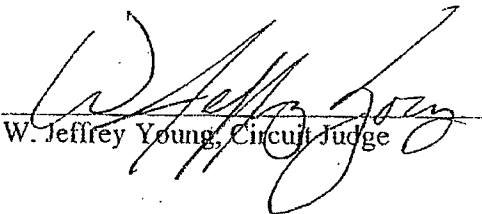
ORDERED, ADJUDGED AND DECREED THAT

a. The total debt due to the Plaintiff by Defendants, as of May 20, 2013 and exclusive of attorney fees, is \$308,166.76.

b. Plaintiff is entitled to an award of attorney fees in the amount of \$50,000.00;

c. Judgment shall be entered, jointly and severally, against Defendants James T. Callihan a/k/a James Callihan; Frank J. Pennisi a/k/a Frank Pennisi; Dean J. Karavan a/k/a D.J. Karavan; Charles T. Walls, Jr. a/k/a Charles Walls; Robert S. Guyton; and Jeffrey H. Skelley, in the amount of \$358,166.76 together with interest thereon after May 20, 2013 at the statutory post-judgment rate, in favor of Capital Bank, N.A.

IT IS SO ORDERED!


W. Jeffrey Young, Circuit Judge

Dated: June 21, 2013
Sumter, South Carolina

WNU served 4/25/2010
FR. DUS: 4/23/2010

STATE OF SOUTH CAROLINA

COUNTY OF Horry

First National Bank of the South,

Plaintiff(s)

vs.

James T. Callihan a/k/a James Callihan, et al.

Defendant(s)

IN THE COURT OF COMMON PLEAS

CIVIL ACTION COVERSHEET

2010-CP - 26- 3170

(Please Print)

Submitted By: Robert A. Kerr, Jr.

Christopher T. Colwell

Address: 654 Coleman Blvd., Suite 100

Mt. Pleasant, SC 29464

SC Bar #: Robert A. Kerr, Jr. (011981)

Christopher T. Colwell (71127)

Telephone #: 843-972-1000

Fax #: 843-972-1005

Other: rkerr@hagoodkerr.com

E-mail: ccolwell@hagoodkerr.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)
Previous Notice of Intent Case #
20 -CP-
☐ 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
☐ Reinstatement 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)
☐ 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)
☐ Motion to Quash Subpoena in an Out-of-County Action (660)
☐ Sexual Predator (510) | | |

Submitting Party Signature:

Chris T. Callihan

Date: April 12, 2010

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

FOR MANDATED ADR COUNTIES ONLY

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

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

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

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

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

STATE OF SOUTH CAROLINA)

COUNTY OF HORRY)

First National Bank of the South,
successor in interest to Carolina
National Bank and Trust Company,

Plaintiff,)

vs.)

James T. Callihan a/k/a James Callihan;
Edward L. Williams; Frank J. Pennisi a/k/a
Frank Pennisi; Dean J. Karavan a/k/a
D.J. Karavan; Charles T. Walls, Jr. a/k/a
Charles Walls; Robert S. Guyton; and
Jeffrey H. Skelley;

Defendants.)

IN THE COURT OF COMMON PLEAS

C/A NO.: 10-CP-26-_____

SUMMONS

FILED
CLERK OF COURT
APR 13 PM 3:19
HARRIS COUNTY

YOU ARE HEREBY SUMMONED and required to answer the Complaint in this action, a copy of which is hereby served upon you and to serve a copy of your Answer to said Complaint on the subscribers at their offices, Hagood & Kerr, PA, P.O. Box 220, 654 Coleman Boulevard (29464), Mount Pleasant, South Carolina 29465, or to otherwise appear and defend, within thirty (30) days after the service hereof, exclusive of the day of such service, and if you fail to answer the Complaint, or otherwise to appear and defend, within the time aforesaid, the Plaintiff in this action will obtain a judgment by default against you for the relief demanded in the Complaint.

HAGOOD & KERR, PA

Christopher T. Colwell

Robert A. Kerr, Jr. (#011981)
Christopher T. Colwell (#71127)
654 Coleman Boulevard
P.O. Box 220 (29465)
Mt. Pleasant, SC 29464
(843) 972-1000

ATTORNEYS FOR THE PLAINTIFF

April 12, 2010
Mt. Pleasant, South Carolina

STATE OF SOUTH CAROLINA)

COUNTY OF HORRY)

First National Bank of the South,
successor in interest to Carolina
National Bank and Trust Company,

Plaintiff,)

vs.)

James T. Callihan a/k/a James Callihan;
Edward L. Williams; Frank J. Pennisi a/k/a
Frank Pennisi; Dean J. Karavan a/k/a
D.J. Karavan; Charles T. Walls, Jr. a/k/a
Charles Walls; Robert S. Guyton; and
Jeffrey H. Skelley,

Defendants.)

IN THE COURT OF COMMON PLEAS

C/A NO.: 10-CP-26-_____

COMPLAINT

(Non-jury)

(Suit on Guaranty)

FILED
HORRY COUNTY
2011 OCT 13 PM 3:19
CLERK OF COURT

The Plaintiff, complaining of the Defendants, alleges and says:

1. It is a lending institution organized and existing under the laws of the United States and doing business in the County of Horry, State of South Carolina.
2. Upon information and belief, Defendant James T. Callihan a/k/a James Callihan ("Callihan") is a citizen and resident of the State of South Carolina, residing in Horry County.
3. Upon information and belief, Defendant Edward L. Williams ("Williams") is a citizen and resident of the State of South Carolina, residing in Horry County.
4. Upon information and belief, Defendant Frank J. Pennisi a/k/a Frank Pennisi ("Pennisi") is a citizen and resident of the State of South Carolina, residing in Horry County.
5. Upon information and belief, Defendant Dean J. Karavan a/k/a D.J. Karavan ("Karavan") is a citizen and resident of the State of South Carolina, residing in Horry County.
6. Upon information and belief, Defendant Charles T. Walls, Jr. a/k/a Charles Walls ("Walls") is a citizen and resident of the State of South Carolina, residing in Horry County.
7. Upon information and belief, Defendant Robert S. Guyton ("Guyton") is a citizen and resident of the State of South Carolina, residing in Horry County.

8. Upon information and belief, Defendant Jeffrey H. Skelley ("Skelley") and together with Callihan, Williams, Pennisi, Karavan, Walls, and Guyton, the "Defendants") is a citizen and resident of the State of South Carolina, residing in Horry County.

9. For value received, Sand Dollar Cottage, LLC (the "Borrower") made, executed and delivered to Carolina National Bank and Trust Company a written promissory note dated November 8, 2006, as amended, modified and/or renewed by written instrument dated April 30, 2009-- (collectively hereinafter referred to as the "Note"). First National Bank of the South is the current owner and holder of the Note pursuant to its merger with Carolina National Bank and Trust Company in February, 2008. A copy of all documents comprising the Note are attached hereto as Exhibit "A" and incorporated herein by reference.

*Not signed
by owner*

10. Pursuant to the terms of the Note, as last amended, modified and/or renewed, the Borrower promised to pay to the Plaintiff the principal sum of Three Hundred Thousand and 00/100ths (\$300,000.00) Dollars, together with interest on the outstanding principal balance payable upon the terms and conditions set forth in the Note as amended, modified and/or renewed with a maturity date of May 3, 2011.

11. Venue is proper in the Court of Common Pleas for Horry County.

12. This Court has personal jurisdiction over the parties and subject matter jurisdiction over this action.

**FOR A FIRST CAUSE OF ACTION
AGAINST DEFENDANT JAMES T. CALLIHAN A/K/A JAMES CALLIHAN
(Suit on a Guaranty)**

13. Plaintiff repeats and realleges the foregoing allegations as if set forth herein verbatim.

14. To better secure obligations under the terms of the Note, Callihan made, executed and delivered to Plaintiff a Guaranty dated November 8, 2006 (the "Callihan Guaranty"). A copy of the Callihan Guaranty is attached hereto as Exhibit "B" and incorporated herein by reference.

15. It is provided in the Callihan Guaranty, among other things, that Callihan unconditionally guaranteed payment to Plaintiff of all amounts due under the Note.

16. Obligations incurred pursuant to the Note are in default for failure of the Borrower to make timely payments of principal and interest as called for under the terms of the Note.

17. There is now due and owing and unpaid upon the Note the principal sum of Two Hundred Fifty Three Thousand Six Hundred Ninety Nine and 44/100ths (\$253,699.44) Dollars, together with accrued interest of Five Thousand Nine Hundred Seventy Six and 05/100ths (\$5,976.05) Dollars as of January 6, 2010, together with interest accruing after that date at the per diem rate of Forty Seven and 57/100ths (\$47.57) Dollars, together with late fees of Four Hundred and 00/100ths (\$400.00) Dollars, together with Plaintiff's attorneys' fees and other costs of collection.

18. The Callihan Guaranty has been placed in the hands of Hagood & Kerr, PA as attorneys for Plaintiff for collection.

**FOR A SECOND CAUSE OF ACTION
AGAINST DEFENDANT EDWARD L. WILLIAMS
(Suit on a Guaranty)**

19. Plaintiff repeats and realleges the foregoing allegations as if set forth herein verbatim.

20. To better secure obligations under the terms of the Note, Williams made, executed and delivered to Plaintiff a Guaranty dated November 8, 2006 (the "Williams Guaranty"). A copy of the Williams Guaranty is attached hereto as Exhibit "C" and incorporated herein by reference.

21. It is provided in the Williams Guaranty, among other things, that Williams unconditionally guaranteed payment to Plaintiff of all amounts due under the Note.

22. Obligations incurred pursuant to the Note are in default for failure of the Borrower to make timely payments of principal and interest as called for under the terms of the Note.

23. There is now due and owing and unpaid upon the Note the principal sum of Two Hundred Fifty Three Thousand Six Hundred Ninety Nine and 44/100ths (\$253,699.44) Dollars, together with accrued interest of Five Thousand Nine Hundred Seventy Six and 05/100ths (\$5,976.05) Dollars as of January 6, 2010, together with interest accruing after that date at the per diem rate of Forty Seven and 57/100ths (\$47.57) Dollars, together with late fees of Four Hundred

and 00/100ths (\$400.00) Dollars, together with Plaintiff's attorneys' fees and other costs of collection.

24. The Williams Guaranty has been placed in the hands of Hagood & Kerr, PA as attorneys for Plaintiff for collection.

**FOR A THIRD CAUSE OF ACTION
AGAINST DEFENDANT FRANK J. PENNISI A/K/A FRANK PENNISI
(Suit on a Guaranty)**

25. Plaintiff repeats and realleges the foregoing allegations as if set forth herein verbatim.

26. To better secure obligations under the terms of the Note, Pennisi made, executed and delivered to Plaintiff a Guaranty dated November 8, 2006 (the "Pennisi Guaranty"). A copy of the Pennisi Guaranty is attached hereto as Exhibit "D" and incorporated herein by reference.

27. It is provided in the Pennisi Guaranty, among other things, that Pennisi unconditionally guaranteed payment to Plaintiff of all amounts due under the Note.

28. Obligations incurred pursuant to the Note are in default for failure of the Borrower to make timely payments of principal and interest as called for under the terms of the Note.

29. There is now due and owing and unpaid upon the Note the principal sum of Two Hundred Fifty Three Thousand Six Hundred Ninety Nine and 44/100ths (\$253,699.44) Dollars, together with accrued interest of Five Thousand Nine Hundred Seventy Six and 05/100ths (\$5,976.05) Dollars as of January 6, 2010, together with interest accruing after that date at the per diem rate of Forty Seven and 57/100ths (\$47.57) Dollars, together with late fees of Four Hundred and 00/100ths (\$400.00) Dollars, together with Plaintiff's attorneys' fees and other costs of collection.

30. The Pennisi Guaranty has been placed in the hands of Hagood & Kerr, PA as attorneys for Plaintiff for collection.

**FOR A FOURTH CAUSE OF ACTION
AGAINST DEFENDANT DEAN J. KARAVAN A/K/A D.J. KARAVAN
(Suit on a Guaranty)**

31. Plaintiff repeats and realleges the foregoing allegations as if set forth herein verbatim.

32. To better secure obligations under the terms of the Note, Karavan made, executed and delivered to Plaintiff a Guaranty dated November 8, 2006 (the "Karavan Guaranty"). A copy of the Karavan Guaranty is attached hereto as Exhibit "E" and incorporated herein by reference.

33. It is provided in the Karavan Guaranty, among other things, that Karavan unconditionally guaranteed payment to Plaintiff of all amounts due under the Note.

34. Obligations incurred pursuant to the Note are in default for failure of the Borrower to make timely payments of principal and interest as called for under the terms of the Note.

35. There is now due and owing and unpaid upon the Note the principal sum of Two Hundred Fifty Three Thousand Six Hundred Ninety Nine and 44/100ths (\$253,699.44) Dollars, together with accrued interest of Five Thousand Nine Hundred Seventy Six and 05/100ths (\$5,976.05) Dollars as of January 6, 2010, together with interest accruing after that date at the per diem rate of Forty Seven and 57/100ths (\$47.57) Dollars, together with late fees of Four Hundred and 00/100ths (\$400.00) Dollars, together with Plaintiff's attorneys' fees and other costs of collection.

36. The Karavan Guaranty has been placed in the hands of Hagood & Kerr, PA as attorneys for Plaintiff for collection.

**FOR A FIFTH CAUSE OF ACTION
AGAINST DEFENDANT CHARLES T. WALLS, JR. A/K/A CHARLES WALLS
(Suit on a Guaranty)**

37. Plaintiff repeats and realleges the foregoing allegations as if set forth herein verbatim.

38. To better secure obligations under the terms of the Note, Walls made, executed and delivered to Plaintiff a Guaranty dated November 8, 2006 (the "Walls Guaranty"). A copy of the Walls Guaranty is attached hereto as Exhibit "F" and incorporated herein by reference.

39. It is provided in the Walls Guaranty, among other things, that Walls unconditionally guaranteed payment to Plaintiff of all amounts due under the Note.

40. Obligations incurred pursuant to the Note are in default for failure of the Borrower to make timely payments of principal and interest as called for under the terms of the Note.

41. There is now due and owing and unpaid upon the Note the principal sum of Two Hundred Fifty Three Thousand Six Hundred Ninety Nine and 44/100ths (\$253,699.44) Dollars, together with accrued interest of Five Thousand Nine Hundred Seventy Six and 05/100ths (\$5,976.05) Dollars as of January 6, 2010, together with interest accruing after that date at the per diem rate of Forty Seven and 57/100ths (\$47.57) Dollars, together with late fees of Four Hundred and 00/100ths (\$400.00) Dollars, together with Plaintiff's attorneys' fees and other costs of collection.

42. The Walls Guaranty has been placed in the hands of Hagood & Kerr, PA as attorneys for Plaintiff for collection.

**FOR A SIXTH CAUSE OF ACTION
AGAINST DEFENDANT ROBERT S. GUYTON
(Suit on a Guaranty)**

43. Plaintiff repeats and realleges the foregoing allegations as if set forth herein verbatim.

44. To better secure obligations under the terms of the Note, Guyton made, executed and delivered to Plaintiff a Guaranty dated November 8, 2006 (the "Guyton Guaranty"). A copy of the Guyton Guaranty is attached hereto as Exhibit "G" and incorporated herein by reference.

45. It is provided in the Guyton Guaranty, among other things, that Guyton unconditionally guaranteed payment to Plaintiff of all amounts due under the Note.

46. Obligations incurred pursuant to the Note are in default for failure of the Borrower to make timely payments of principal and interest as called for under the terms of the Note.

47. There is now due and owing and unpaid upon the Note the principal sum of Two Hundred Fifty Three Thousand Six Hundred Ninety Nine and 44/100ths (\$253,699.44) Dollars, together with accrued interest of Five Thousand Nine Hundred Seventy Six and 05/100ths (\$5,976.05) Dollars as of January 6, 2010, together with interest accruing after that date at the per diem rate of Forty Seven and 57/100ths (\$47.57) Dollars, together with late fees of Four Hundred and 00/100ths (\$400.00) Dollars, together with Plaintiff's attorneys' fees and other costs of collection.

48. The Guyton Guaranty has been placed in the hands of Hagood & Kerr, PA as attorneys for Plaintiff for collection.

**FOR A SEVENTH CAUSE OF ACTION
AGAINST DEFENDANT JEFFREY H. SKELLEY
(Suit on a Guaranty)**

49. Plaintiff repeats and realleges the foregoing allegations as if set forth herein verbatim.

50. To better secure obligations under the terms of the Note, Skelley made, executed and delivered to Plaintiff a Guaranty dated November 8, 2006 (the "Skelley Guaranty"). A copy of the Skelley Guaranty is attached hereto as Exhibit "H" and incorporated herein by reference.

51. It is provided in the Skelley Guaranty, among other things, that Skelley unconditionally guaranteed payment to Plaintiff of all amounts due under the Note.

52. Obligations incurred pursuant to the Note are in default for failure of the Borrower to make timely payments of principal and interest as called for under the terms of the Note.

53. There is now due and owing and unpaid upon the Note the principal sum of Two Hundred Fifty Three Thousand Six Hundred Ninety Nine and 44/100ths (\$253,699.44) Dollars, together with accrued interest of Five Thousand Nine Hundred Seventy Six and 05/100ths (\$5,976.05) Dollars as of January 6, 2010, together with interest accruing after that date at the per diem rate of Forty Seven and 57/100ths (\$47.57) Dollars, together with late fees of Four Hundred and 00/100ths (\$400.00) Dollars, together with Plaintiff's attorneys' fees and other costs of collection.

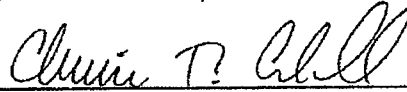
54. The Skelley Guaranty has been placed in the hands of Hagood & Kerr, PA as attorneys for Plaintiff for collection.

WHEREFORE, Plaintiff prays as follows:

For judgment against the Defendants jointly and severally in the amount of Two Hundred Fifty Three Thousand Six Hundred Ninety Nine and 44/100ths (\$253,699.44) Dollars, together with accrued interest of Five Thousand Nine Hundred Seventy Six and 05/100ths (\$5,976.05) Dollars as of January 6, 2010, together with interest accruing after that date at the per diem rate of Forty Seven

and 57/100ths (\$47.57) Dollars, together with late fees of Four Hundred and 00/100ths (\$400.00) Dollars, together with Plaintiff's attorneys' fees, costs of collection and any other applicable charges provided for under the terms of the Note, as guaranteed by the Defendants, and for such other and further relief that the Court may deem just and proper.

HAGOOD & KERR, PA



Robert A. Kerr, Jr. (#011981)
Christopher T. Colwell (#71127)
654 Coleman Boulevard
P.O. Box 220 (29465)
Mt. Pleasant, SC 29464
(843) 972-1000

ATTORNEYS FOR PLAINTIFF

April 12, 2010
Mt. Pleasant, South Carolina

LIST OF EXHIBITS

Exhibit "A" – Note

Exhibit "B" – Callihan Guaranty

Exhibit "C" – Williams Guaranty

Exhibit "D" – Pennisi Guaranty

Exhibit "E" – Karavan Guaranty

Exhibit "F" – Walls Guaranty

Exhibit "G" – Guyton Guaranty

Exhibit "H" – Skelley Guaranty

Exhiblt "A"

Note

[See Attached]

SOUTH COLLEGE COTTAGE LLC 4605 B OLEANN DR SUITE 201 ATLANTA, GA 30327-4000	Carolina National Bank And Trust Company 1150 Main Street Columbia, SC 29201-0000	TAX ID NO. Loan Number: 408370400 Date: 11/08/2008 Maturity Date: 11/08/2009 Loan Amount: \$ 400,000.00 Period:
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BORROWER'S NAME AND ADDRESS
 "You" means the borrower, its successors and assigns.

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

For value received, I promise to pay to you, or your order, at your offices listed above the PRINCIPAL sum of Four Hundred Thousand and 00/100 Dollars \$ 400,000.00

☒ Single Advance: I will receive all of the principal sum on 11/08/2008. No additional advances are contemplated under this note.
☐ Multiple Advances: The principal sum shown above is the maximum amount of principal I can borrow under this note. On _____ I will receive the amount of \$ _____ and future principal advances are contemplated.
 Conditions: The conditions for future advances are _____

☐ Open End Credit: You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and applies to: _____
☐ Closed End Credit: You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).
 I HEREBY agree to pay interest on the outstanding principal balance from 11/08/2008 at the rate of 8.500% per year until the first rate change.
☒ Variable Rate: This rate may then change as stated below.
☒ Index Rate: The future rate will be 3M LIBOR the following index rate Prime Rate as published in the Wall Street Journal.
 The Index: The future rate will not be subject to any liberal or external index. It will be entirely in your control.
☒ Frequency and Index: The rate on this note may change as often as daily.
 A change in the interest rate will take effect on the same day.
☐ Limitation: During the term of this loan, the applicable annual interest rate will not be more than _____ % or less than _____ %.
 Effect of Variable Rates: A change in the interest rate will have the following effect on the payments:
☒ The amount of each scheduled payment will change. ☒ The amount of the final payment will change.

ACCRUAL METHOD: Interest will be calculated on a Actual / 360 basis.
 POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note after maturity, and until paid in full, as stated below:
☒ At the same fixed or variable rate made in effect before maturity (as indicated above).
☐ At a rate equal to _____
☒ LATE CHARGES: If a payment is not made within 10 days after it is due, I agree to pay a late charge of 5% of the payment equivalent, \$0.00 minimum, \$100.00 maximum.
☒ ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which I can ☒ or not ☐ include in the principal amount: \$2000.00 ORIGINATION FEE.
 PAYMENTS: I agree to pay this note as follows:
☒ Interest: I agree to pay interest monthly beginning 12/08/2008.
☒ Principal: I agree to pay the principal at maturity 11/08/2009.
☐ Installment: I agree to pay this note in _____ payments. The first payment will be in the amount of \$ _____ and will be due _____, A payment of \$ _____ will be due _____, thereafter. The final payment of the entire unpaid balance of principal and interest will be due _____
 ADDITIONAL TERMS:

☒ SECURITY: This note is separately secured by (describe separate document by type and date)
UNSECURED
 (This section is for your internal use. It is not to be signed or stamped and will not be part of the original note.)

Signature for Lender

TIMOTHY COOPER
 COMMERCIAL LENDER

PURPOSE: The purpose of this loan is PERSONAL USE
RESIDENTIAL LOT

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy of this note.

SOUTH COLLEGE COTTAGE LLC
 11/08/2008
 LETHAN WILLIAMS, MANAGING MEMBER

SAND DOLLAR COTTAGE, LLC 4105 GOLFANDER SUITE 201 MYRTLE BEACH, SC 29577-4091	First Mailed Date of the South 1350 Main Street Columbia, SC 29201-0000	TAX ID NO. Loan Number: 400378400 Date: 04/30/2008 Maturity Date: 05/03/2011 Loan Amount: 300,000.00 Renewal Of: 400378400
BORROWER'S NAME AND ADDRESS *You must include this, fully and clearly.		LENDER'S NAME AND ADDRESS *You must include this, fully and clearly.

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of Three Hundred Thousand and 00/100 Dollars \$ 300,000.00

☒ Single Advance: I will receive all of this principal sum on 04/30/2008. No additional advances are contemplated under this note.

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

Conditions: The conditions for future advances are _____

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

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

INTEREST: I agree to pay interest on the outstanding principal balance from 04/30/2008 at the rate of 6.750 % per year until maturity

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

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

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

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

A change in the interest rate will take effect _____

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

The rate may not change more than _____ % each _____

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

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

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

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

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

☐ At a rate equal to _____

☒ LATE CHARGE: If a payment is not made within 10 days after it is due, I agree to pay a late charge of 5% of the payment

amount, \$5.00 minimum, \$100.00 maximum

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

above: \$2000 removal fee

PAYMENT: I agree to pay this note as follows:

☐ Interest: I agree to pay accrued interest _____

☐ Principal: I agree to pay the principal _____

☒ Installment: I agree to pay this note in 36 payments. The first payment will be in the amount of \$ 4,808.52

and will be due 06/03/2008. A payment of \$ 4,808.52 will be due the 3rd

day of each month _____

unpaid balance of principal and interest will be due May 3, 2011 thereafter. The final payment of the entire

unpaid balance of principal and interest will be due May 3, 2011

ADDITIONAL TERMS: _____

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

(This section is for your interest only. Failure to file a separate security document does not mean the agreement will not enforce the note.)

Signature for Lender _____

R. BEADROCK MOORE

COMMERCIAL BANKING BXB

PURPOSE: The purpose of this loan is PURCHASE SINGLE RESIDENTIAL LOT

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

SAND DOLLAR COTTAGE, LLC _____

EDWARD C. VILLALBA, MANAGING MEMBER

ten

Exhibit "B"

Callihan Guaranty

[See Attached]

GUARANTY

City _____ State _____

Date of Loan November 8, 2008

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce _____ (herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of _____

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

A. If this is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following _____ and any extensions, renewals or replacements thereof (hereinafter referred to as the "indebtedness").

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

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

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

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

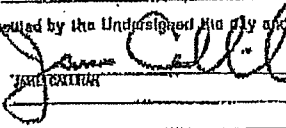
4. The liability of the Undersigned hereunder shall be limited to a principal amount of \$ UNLIMITED (if unlimited or if no amount is stated, the Undersigned shall be liable for all indebtedness, without any limitation as to amount), plus accrued interest thereon, and all other costs, fees, and expenses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

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

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

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

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


JAMES CALDWELL

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

ADDITIONAL PROVISIONS

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantees, accommodation parties or sureties for any or all indebtedness; (ii) any one or more extensions or renewals of indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any indebtedness; (iii) any waiver, adjustment, forbearance, nonprosecution or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any indebtedness; (v) any discharge of any evidence of indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any forbearance or enforcement of any collateral security; (viii) any transfer of any indebtedness or any evidence thereon; (ix) any order of application of any payments or credits upon indebtedness; (x) any action by the Lender under §111(b)(2) of the United States Bankruptcy Code.

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

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

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

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

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

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

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

Exhibit "C"

Williams Guaranty

[See Attached]

GUARANTY

City of

(City)

State of

(State)

Date of Loan: November 8, 2006

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Chickadee Federal Bank and Trust Company, 1710 Midway Blvd, Suite 200, SC 29201-4400 (herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of

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

A. If this X is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: Note Number 100378400 dated 11/08/2006 and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

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

The Undersigned further acknowledges and agrees with Lender that:

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

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

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

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

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

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

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

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

[Signature]
LORIAN L. WILLIAMS

"Undersigned" shall refer to all persons who sign this guaranty, including notary and jointors.

ADDITIONAL PROVISIONS

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all indebtedness; (ii) any one or more extensions or renewals of indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of indebtedness, or any failure to institute proceedings, file a claim, give any required notice or otherwise protect any indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any indebtedness; (v) any discharge of any indebtedness or the acceptance of any instrument in payment thereof or substitution thereof; (vi) any failure to obtain collateral security (including rights of setoff) for indebtedness, or to sue to the proper or sufficient extent and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon indebtedness; (x) any action by the Lender under §1117(b)(2) of the United States Bankruptcy Code.

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

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

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

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

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

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

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

Exhibit "D"

Pennisi Guaranty

[See Attached]

Distance _____ Earth Diameter _____

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to Intestates, George Winton Bagley and Theodore J. Bagley, both of said County, do give and convey unto the said [redacted] therein, with its participants, successors and assigns, called "Landlord", at his option, at any time or from time to time to make loans or extend other pecuniary accommodations to or for the account of _____

SAYED AND DONE AT CHICAGO,

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

As if this is checked, the undersigned guarantees to tender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or existing out of the following _____ and any successors.

[illegible]

The undersigned further acknowledges and agrees with Lender that
7. the use of the proceeds to establish the liability of the undersigned borrower, and in fact or being, exempt
full payment and discharge of all indebtedness, shall in any way exonerate the undersigned or jointly, neither, limit
or release the liability of the undersigned borrower.

or made this money or was otherwise a beneficiary of it. This is an overriding principle of law, and it is not to be departed from. The question is whether the money was received by the Underinsured, whether or not the Underinsured is held in trust, and this question is resolved by written notes actually received by the Lender, and such resolution shall not be affected by any indebtedness existing or contemplated at the time of actual receipt of moneys loaned by the Lender, or by any receipts, extensions and renewals thereof. If there be more than one Underinsured, such Underinsured shall be effective only as to the debt so receiving. The death or incompetence of the Underinsured shall not revoke this guaranty, except upon actual receipt of written notice thereof by Lender and then only as to the decedent or the incompetent and only prospectively, as to future transactions, no matter how long.

2. If the Undergarment shall be dissolved, shall sell, or shall be or become insolvent (however defined) or revoke the authority, then the Lender shall have the right to declare immediately due and payable, right the Undergarment will forthwith pay to the Lender, the full amount of all indebtedness, whether due and payable or unmatured, if the Undergarment voluntarily commences or there is commenced involuntary against the Undergarment a case under the United States Bankruptcy Code, the full amount of all indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice, and the Lender shall have the right to exercise its remedies.

4. The liability of the Undesignated Lender(s) shall be limited to a principal amount of \$ UNLIMITED (consolidated or if the amount is written, the Undesignated Lender(s) shall be liable for all indebtedness, without any limitation as to amount), plus interest (including any late charges, fees, and expenses agreed to be paid under all agreements evidencing the indebtedness) and including the payment of the indebtedness, and all attorneys' fees, collection costs and enforcement expenses (including all costs and expenses) may be taxed and continued in any state, whether or not in excess of such principal amount, without affecting or impairing the liability of the Undesignated Lender(s). The Lender(s) may apply any sums received by or available to Lender on account of the indebtedness from Borrower to any other person (except the Undesignated), from their properties, out of any collateral security or from any other source to payment of the debt(s). Such application of receipts shall not reduce, affect or impair the liability of the Undesignated Lender(s). If the liability of the Undesignated is limited to a stated amount pursuant to this paragraph 4, any payment made by the Undesignated under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written instrument or instruments received by the Lender, evidencing the Lender that such payment is made under this guaranty for such purpose.

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

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

This quantity is ☒ unencumbered / secured by a mortgage or security agreement dated _____
secured by _____

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

1. The first step is to identify the problem or question that needs to be answered.

Exhibit "E"

Karavan Guaranty

[See Attached]

GUARANTY

City San Jose State CA

Date of Loan: November 11, 2006

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Central Bank of the Americas, N.A. (Bank) (Bank), with its participants, successors and assigns, called "Lender", at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of

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

A. If this is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: and any extensions, renewals or replacements thereof (hereinafter referred to as the "indebtedness").

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

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

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

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

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

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

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

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

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

[Signature]
BY KARAH

"Signature" and reference to person will signify guaranty, security and liability.

ADDITIONAL PROVISIONS

8. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantees, accommodation parties or sureties for any or all indebtedness; (ii) any any or more extensions or renewals of indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any indebtedness; (v) any discharge of any evidence of indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of assets) for indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon indebtedness; (x) any action by the Lender under §111(b)(2) of the United States Bankruptcy Code.

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

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

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

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

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

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

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

[Signature] (Page 2 of 2)

Exhibit "F"

Walls Guaranty

[See Attached]

David

{G1}

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1344

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce _____, Santa Rosa Bank and Trust Company, 1850 Main Street, Colorado Springs, Colorado 80901 (herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of _____

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

A. If this tx is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: _____
Note Number 4008784011 dated 11/00/2000 and any extensions,

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

The Undersigned further acknowledges and agrees with Lessor that:

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

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

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

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

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

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

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

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

THIS IS WALLS

11/11/1964

Exhibit "G"

Guyton Guaranty

[See Attached]

GUARANTY

_____ (City) _____ (State)

Date of Loan: November 8, 2006

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

A. If this is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: _____ and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

_____ Note Number 400378490 dated 11/08/2006

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

The Undersigned further acknowledges and agrees with Lender that:

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

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

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

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

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

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

This guaranty is _____ secured by _____ secured by a mortgage or security agreement dated _____

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

ADDITIONAL PROVISIONS

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all indebtedness; (ii) any one or more extensions or renewals of indebtedness (whether or not for longer than the original period); (iii) any modification of the interest rates, maturities or other contractual terms applicable to any indebtedness; (iv) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any indebtedness; (v) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any indebtedness; (vi) any discharge of any avoidance of indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vii) any failure to obtain collateral security (including rights of setoff) for indebtedness, or to sue to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (viii) any foreclosure or enforcement of any collateral security; (ix) any transfer of any indebtedness or any avoidance thereof; (x) any order of application of any payments or credits upon indebtedness; (xi) any action by the Lender under § 111(b)(2) of the United States Bankruptcy Code.

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

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

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

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

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

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

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

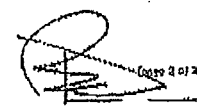
 Page 2 of 2

Exhibit "H"

Skelley Guaranty

[See Attached]

Detail	Solid Correl
(C/S)	(T/S)

for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce, Charles H. Adams (Boy) and Unit Company 1350 Main Street, Cohasset, SO 19221-0035
(herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of

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

and any extensions, renewals or replacements thereof (hereinafter referred to as the "indebtedness").

The undersigned further acknowledges and agrees with Leader that

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

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

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

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

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

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

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

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

71-10746-1385 (10 to 14) [REDACTED] 10/13/68, LAMAR, WY 82001.

ADDITIONAL PROVISIONS

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuation of indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guaranties, accommodation parties or sureties for any or all indebtedness; (ii) any one or more extensions or renewals of indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of indebtedness; or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any indebtedness; (v) any discharge of any evidence of indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for indebtedness, or to sue to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or otherwise any collateral security or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon indebtedness; (x) any action by the Lender under §1117(b)(2) of the United States Bankruptcy Code.

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

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

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

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

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

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

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

STATE OF SOUTH CAROLINA

COUNTY OF HORRY

First National Bank of the South,
successor in interest to Carolina
National Bank and Trust Company,

Plaintiff,

vs.

James T. Callihan a/k/a James Callihan;
Edward L. Williams; Frank J. Pennisi a/k/a
Frank Pennisi; Dean J. Karavan a/k/a
D.J. Karavan; Charles T. Walls, Jr. a/k/a
Charles Walls; Robert S. Guyton; and
Jeffrey H. Skelley,

Defendants.

IN THE COURT OF COMMON PLEAS

C/A NO.: 10-CP-26-_____

VERIFICATION

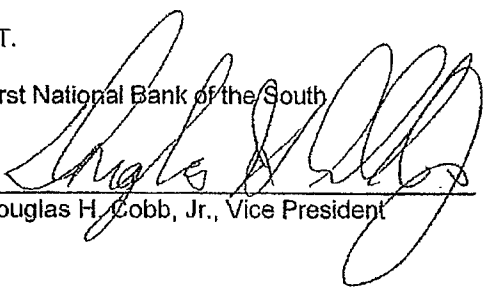
FILED
Horry County
2010 APR 13 PM 3:39
MELANIE HUGGINS-ROD
CLERK OF COURT

Personally appeared before me, Douglas H. Cobb, Jr., who being duly sworn, deposes and
says as follows:

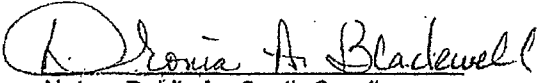
I am employed by the Plaintiff in the above referenced suit. I have read the foregoing
Complaint in this matter, and know the contents thereof and the allegations contained therein are true
of my knowledge (including the amount due and owing), except those matters alleged on information
and belief, and as to those, I verily believe them to be true.

FURTHER AFFIANT SAYETH NAUGHT.

First National Bank of the South


Douglas H. Cobb, Jr., Vice President

Sworn to before me this
10th day of April, 2010


Notary Public for South Carolina
My Commission Expires: 1-16-11

COPY

STATE OF SOUTH CAROLINA)

COUNTY OF HORRY)

First National Bank of the South,)
Successor in interest to Carolina)
National Bank and Trust Company,)

Plaintiff,)

vs.)

James T. Callihan a/k/a James)
Callihan; Edward L. Williams;)
Frank J. Pennisi a/k/a Frank Pennisi;)
Dean J. Karavan a/k/a D.J. Karavan;)
Charles T. Walls a/k/a Charles Walls;)
Robert S. Guyton; and Jeffrey H.)
Skelley)

Defendants.)

IN THE COURT OF COMMON PLEAS
FIFTEENTH JUDICIAL CIRCUIT
CASE NO.: 2010-CP-26-03170

SUMMONS FOR
ANSWER AND CROSSCLAIMS
(Jury Trial Demanded)

CLERK OF COURT
21 NOV 28 PM 4:40
JUNTY

TO: THE DEFENDANTS, JAMES T. CALLIHAN a/k/a JAMES CALLIHAN;
EDWARD L. WILLIAMS; DEAN J. KARAVAN a/k/a D.J. KARAVAN; ROBERT
S. GUYTON AND JEFFREY H. SKELLEY, AND THEIR ATTORNEY, DANIEL
J. MacDONALD, ESQUIRE:

YOU ARE HEREBY SUMMONED and required to Reply to the Crossclaims in this
action, of which a copy is herewith served upon you, and to serve a copy of your Reply to the
said Crossclaims on the subscriber at his office at 4614 Oleander Dr., Myrtle Beach, SC, 29577,
within thirty (30) days after service hereof, exclusive of the day of such service; and if you fail to
Reply to the Crossclaims with the time aforesaid, the filing Defendant in this action will apply to
the Court for the relief demanded in the Crossclaims.

2010-CP-26-3170



THE BRITTAIN LAW FIRM, P.A.

By: 

Thomas C. Brittain, Esq.
4614 Oleander Dr.
Myrtle Beach, SC 29577
Telephone: (843) 449-8562
Facsimile: (843) 497-6124
Attorney for Frank J. Pennisi

November 28, 2011
Myrtle Beach, South Carolina.

2010-CP-26-3170

COPY

STATE OF SOUTH CAROLINA
COUNTY OF HORRY

IN THE COURT OF COMMON PLEAS
FIFTEENTH JUDICIAL CIRCUIT
CASE NO.: 2010-CP-26-03170

First National Bank of the South,
Successor in interest to Carolina
National Bank and Trust Company,

Plaintiff,

vs.

James T. Callihan a/k/a James
Callihan; Edward L. Williams;
Frank J. Pennisi a/k/a Frank Pennisi;
Dean J. Karavan a/k/a D.J. Karavan;
Charles T. Walls a/k/a Charles Walls;
Robert S. Guyton; and Jeffrey H.
Skelley

Defendants.

ANSWER AND CROSSCLAIMS
(Jury Trial Demanded)

FILED
HORRY COUNTY
2011 NOV 28 PM 4:48
KELANIE HUGGINS-WARD
CLERK OF COURT

NOW COMES THE DEFENDANT, FRANK J. PENNISI A/K/A FRANK PENNISI, by and through his attorney, and Crossclaims against the following Defendants, James T. Callihan a/k/a James Callihan, Edward L. Williams, Dean J. Caravan a/k/a D. J. Karavan, Robert S. Guyton and Jeffrey H. Skelley.

Be it known and understood: Any and all allegations in the previously filed answer setout herein of this Defendant are hereby realleged as if setout herein verbatim.

FOR A FIRST DEFENSE

1. Any allegation not herein expressly admitted is denied.

FOR A SECOND DEFENSE

2. Defendant admits Paragraphs 1 through 8 of the Complaint.
3. As to Paragraphs 9 and 10, Defendant admits only that Borrower company made and executed the Promissory Note dated November 8, 2006 to Carolina National Bank and

Trust Company (CNB); but denies that the Borrower entered into a renewal of the note with CNB on April 30, 2009 and is without sufficient information to admit or deny the status of First National Bank of the South and therefore denies all remaining allegations.

4. Paragraphs 11 and 12 are admitted.

5. Paragraphs 13 through 18 make no allegation against this Defendant and therefore no response is required thereto; provided however, if any said paragraph is intended or construed to make any allegation against the interests of this Defendant, the same is denied.

6. Paragraphs 19 through 24 make no allegation against this Defendant and therefore no response is required thereto; provided however, if any said paragraph is intended or construed to make any allegation against the interests of this Defendant, the same is denied.

7. Defendant has already responded to the allegations of Paragraph 25. Any further or contrary allegation is denied.

8. As to Paragraphs 26 through 30, Defendant admits only that he signed the November 8, 2006 Guaranty (Exhibit D to the Complaint) and admits that the terms of his Guaranty speak for themselves and admits that the Hagood & Kerr law firm filed the lawsuit on behalf of the Plaintiff; provided however, and by further response, Defendant denies that his Guaranty applies to the second loan in the amount of \$300,000.00, denies that it applies to First National Bank of the South, denies that he is liable for the amounts claimed if any, and denies all further allegations of the Paragraphs.

9. Paragraphs 31 through 36 make no allegation against this Defendant and therefore no response is required thereto; provided however, if any said paragraph is intended or construed to make any allegation against the interests of this Defendant, the same is denied.

10. Paragraphs 37 through 42 make no allegation against this Defendant and therefore no response is required thereto; provided however, if any said paragraph is intended or construed to make any allegation against the interests of this Defendant, the same is denied.

11. Paragraphs 43 through 48 make no allegation against this Defendant and therefore no response is required thereto; provided however, if any said paragraph is intended or construed to make any allegation against the interests of this Defendant, the same is denied.

12. Paragraphs 49 through 54 make no allegation against this Defendant and therefore no response is required thereto; provided however, if any said paragraph is intended or construed to make any allegation against the interests of this Defendant, the same is denied.

BY WAY OF FURTHER AND AFFIRMATIVE DEFENSES

13. Defendant affirmatively states Plaintiff fails to allege facts sufficient to state a claim against Defendant and therefore this action should be dismissed.

14. Defendant affirmatively states that any claim against them is barred by the negligence, gross negligence, fraud, and misconduct of other parties.

15. Defendant affirmatively states that Plaintiffs' claims are barred by mistake and/or misrepresentation.

16. Defendant affirmatively states that any claim against them is barred by the statute of limitations, waiver, equitable estoppel, and/or laches.

17. Defendant affirmatively states that Plaintiffs' claims for injury and damage, if any, were caused by the intervening or superseding acts of other for whom the Defendants are not responsible or liable.

18. Defendant affirmatively asserts that Plaintiff's claims are barred by its unclean hands.

19. Defendant affirmatively asserts that to the extent that Plaintiff failed to satisfy all conditions precedent to declaring default and/or pursuing foreclosure, Plaintiff's claims are barred.

20. Defendant affirmatively asserts Plaintiff's claims are barred in whole or in part by virtue of the fact that Plaintiff failed to mitigate their alleged damages.

21. Plaintiffs' alleged damages, which Defendant denies, were directly and proximately caused, in whole or in part, by the intervening and superseding negligence and/or the intervening and superseding deliberate wrongful conduct of others, which negligence and/or deliberate wrongful conduct this Defendant affirmatively pleads as a complete bar to all claims against him.

22. To the extent any alleged liability is imposed on this Defendant, which alleged liability is denied, this Defendant is entitled to total or partial indemnity and/or contribution from the responsible parties in an amount in direct proportion to their relative culpability.

23. To the extent any alleged liability is imposed upon this Defendant, which alleged liability is denied, this Defendant is entitled to total and/or partial indemnity, credit, and/or contribution from the responsible parties and/or third parties in an amount in direct proportion to their relative culpability.

24. This Defendant reserves the right to raise additional defense during or after the completion of discovery in this case.

25. Defendant affirmatively states that his Guaranty relates to a party other than Plaintiff.

26. Defendant affirmatively asserts that the actions of Plaintiff and/or Borrower, or the original lender, discharged the debt and/or Defendant's responsibility under the Guaranty.

27. Defendant affirmatively asserts that to the extent that Plaintiff failed to satisfy all conditions precedent to declaring default and/or pursuing collection under the Guaranty, Plaintiff's claims are barred.

CROSSCLAIMS
(Factual Allegations)

28. On or about November 6, 2006, Carolyn Pennisi purchased property known as Sand Dollar Cottage on White Sound Green Turtle Cay in the Bahamas for \$360,000.00 and \$40,000.00 in closing costs. On or about the same time period, Defendant Robert S. Guyton formed a company known as Sand Dollar Cottage, LLC and was the attorney for the LLC. Members of the LLC, identified in the Operating Agreement of Sand Dollar Cottage, LLC, are Edward L. Williams, Dean J. Karavan, Jeffrey H. Skelley, Frank J. Pennisi, James T. Callihan, Charles T. Walls, Jr., and Robert S. Guyton.

29. As stated above, Carolyn Pennisi owns the real estate. Sand Dollar Cottage, LLC does not own the real estate. In November of 2006, all of the individuals having an interest in the LLC took a \$400,000.00, interest only, loan from a Carolina National Bank and Trust Company, all signing as guarantors. In April of 2008, Sand Dollar Cottage, LLC and its members decided to take out a principle reduction loan, (a loan modification). The original bank, Carolina National Bank and Trust Company, merged with the First National Bank of The South and agreed to a new loan of only \$300,000.00.

30. On May 7, 2008 Charles T. Walls, Jr. and Frank J. Pennisi pre-paid their shares; Mr. Walls paying \$33,360.00 and Mr. Pennisi paying \$16,680.00. In addition, Mr. Pennisi loaned \$54,960.00 at 6.75 (%) per cent, interest only loan, to Sand Dollar Cottage, LLC and its individuals for three (3) years, maturing in July of 2011. In a meeting (referenced in the next to last paragraph of this affidavit), Mr. Pennisi agreed to compensate Mr. Walls for his pre-paid

share (\$33,360.00) at a price and time to be determined. At that meeting all of these Defendants agreed Mr. Pennisi owed nothing and was no longer a Guarantor.

31. Mr. Guyton, attorney for the LLC, handled all of the transactions. The bank knew or had reason to know that Mr. Pennisi was no longer a guarantor, that Mr. Guyton had a duty and responsibility to remove Mr. Pennisi as a guarantor as part of the refinancing of the loan, that all of the members associated with the transaction and owners in Sand Dollar Cottage, LLC knew that Mr. Pennisi had paid all of his obligations and had no responsibility to make any additional payments nor guarantee the loan.

32. In 2009, Mr. Pennisi began to receive phone calls from Bryan Tapp and Steve Waddell of The First National Bank of The South requesting "his financial information for the \$300,000.00 loan". Mr. Pennisi informed Mr. Tapp and Mr. Waddell through phone conversations and email, that he was no longer a guarantor and that he and Charles T. Walls, Jr. had pre-paid their shares and were supposed to have been removed as guarantors as part of the refinance by Mr. Guyton, lawyer for all parties. Thereafter, Mr. Tapp called at times and emailed, asking only for financials for Jeff Skelley and James Callihan. This matter was raised by Mr. Pennisi with Mr. Guyton and afterwards the bank did not call again. Mr. Guyton was aware that Mr. Pennisi was not a guarantor as was the bank.

33. Mr. Pennisi has not received any interest on his \$54,960.00 loan since 2009. Mr. Pennisi's out-of-pocket expenses with Sand Dollar Cottage, LLC total \$79,056.00, which includes interest but not attorney fees, (in which the approximate amount is \$20,000.00. Carolyn Pennisi holds title, both equitable and legal, in the underlying property however, due to the economic downturn and Hurricane Irene, the real estate value is greatly diminished.

34. Once the successor bank filed suit, the members of Sand Dollar Cottage, LLC met. Mr. Caravan, Mr. Williams, Mr. Skelley and Mr. Guyton agreed to admit the truth of these matters to the bank and inform the bank that Mr. Walls and Mr. Pennisi were not guarantors and were not supposed to be guarantors and should have been removed from any lender action to the same.

35. Plaintiff knew, or had reason to know, that Mr. Pennisi was not a guarantor. That all Defendants misled Mr. Pennisi as to their promises and actions. That, upon information and belief, these Defendants will not step up and assume their responsibilities as they promised to do. All Defendants so named have breached their duties and promises to Mr. Pennisi.

36. Defendant Robert S. Guyton did not prepare the proper documentation to protect Mr. Pennisi as it was his duty to do.

37. That the Defendants are liable to Mr. Pennisi as set forth hereinabove for breach of contract, fraud, breach of contract accompanied by a fraudulent act and legal malpractice (as to Defendant Guyton).

FOR A FIRST CROSSCLAIM
Breach of Contract

38. That each and every allegation in the answer and factual allegations under CROSSCLAIMS are reiterated herein as if set out herein and made a part hereof.

39. That each Defendant had a duty to pay Mr. Pennisi and admit that he was not a guarantor; that each breached those duties causing monetary damages.

FOR A SECOND CROSSCLAIM
Breach of Contract Accompanied By A Fraudulent Act

40. That each and every allegation in the answer and factual allegations under CROSSCLAIMS are reiterated herein as if set out herein and made a part hereof.

41. That each Defendant agreed to pay Mr. Pennisi as set forth; to allow his removal as guarantor; to notify their attorney accordingly and admit same. That Mr. Pennisi relied on said representations, that he had a right so to do; that these Defendants have not honored same; that Mr. Pennisi's reliance was detrimental, producing monetary damages.

FOR A THIRD CROSSCLAIM
As to Defendant Guyton

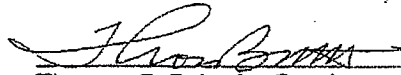
42. That each and every allegation in the answer and factual allegations under CROSSCLAIMS are reiterated herein as if set out herein and made a part hereof.

43. That Mr. Pennisi relied on Mr. Guyton to prepare necessary paperwork to remove him as a guarantor; he failed to do so; creating money damages.

WHEREFORE, Mr. Pennisi prays as follows:

- A) Dismissal of Plaintiff's actions against him
- B) Monetary damages from all Defendants under each crossclaimed cause of action as set forth above
- C) For attorney fee

THE BRITTAIN LAW FIRM, P.A.



Thomas C. Brittain, Esquire

4614 Oleander Drive

Myrtle Beach, SC 29577

(843) 449.8562

(843) 497.6124 (Fax)

Attorney for Frank J. Pennisi

Myrtle Beach, SC

11/28, 2011

STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)

IN THE COURT OF COMMON PLEAS
FIFTEENTH JUDICIAL CIRCUIT
CASE NO.: 2010-CP-26-03170

First National Bank of the South,)
Successor in interest to Carolina)
National Bank and Trust Company,)

Plaintiff,)

vs)

CERTIFICATE OF MAILING

James T. Callihan a/k/a James)
Callihan; Edward L. Williams;)
Frank J. Pennisi a/k/a Frank Pennisi;)
Dean J. Karavan a/k/a D.J. Karavan;)
Charles T. Walls a/k/a Charles Walls;)
Robert S. Guyton; and Jeffrey H.)
Skelley,)
Defendants.)

Marilyn G. McCormick certifies that she is an employee of The Brittain Law Firm, P.A., attorneys for the Defendant, Frank J. Pennisi a/k/a Frank Pennisi, and that she has caused to be hand delivered the documents listed below in the above entitled action to the addressee(s) below on November 29th, 2011 to Daniel J. MacDonald, Esq. and delivered by U.S. Mail to C. Scott Masel, Esq. and Christopher T. Colwell, Esq., also on November 29th 2011.

DOCUMENTS: Summons For Answer and Crossclaims
Answer and Crossclaims

ADDRESSEE: Daniel J. MacDonald, Esquire
Rice, MacDonald, Breeden & Hicks, P.A.
950 48th Avenue North, Suite 200
Myrtle Beach, South Carolina 29577

C. Scott Masel, Esq.
NEWBY, SARTIP, MASEL & CASPER, LLC
Post Office Box 808
Myrtle Beach, SC 29578

Christopher T. Colwell, Esq.
HAGOOD & KERR, P.A.
654 Coleman Blvd.
Mt. Pleasant, SC 29464

Marilyn G. McCormick
Marilyn G. McCormick

SWORN to before me this 29th day of November, 2011.

Alma Dentis
Notary Public for South Carolina
My Commission Expires: 5/2/2021

STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)

IN THE COURT OF COMMON PLEAS
FIFTEENTH JUDICIAL CIRCUIT
CASE NO: 2010-CP-26-03170

First National Bank of the South,)
Successor in interest to Carolina)
National Bank and Trust Company,)

Plaintiff,)

Vs.)

James T. Callihan a/k/a James Callihan;)
Edward L. Williams; Frank J. Pennisi a/k/a)
Frank Pennisi; Dean J. Karavan a/k/a D.J.)
Karavan; Charles T. Walls a/k/a Charles)
Walls; Robert S. Guyton; and Jeffrey H.)
Skelley,)

Defendants.)

ANSWER

(on behalf of Defendant Charles Walls)

FILED
HORRY COUNTY
2010 APR 30 PM 4:09
MELANIE HUGGINS-WARD
CLERK OF COURT

Comes now the Defendant Charles T. Walls, by way of answer and response to the
Plaintiff's Complaint, and says as follows:

FOR A FIRST DEFENSE

1. Any allegation not herein expressly admitted is denied.

FOR A SECOND DEFENSE

2. Defendant admits Paragraphs 1 through 8 of the Complaint.
3. As to Paragraphs 9 and 10, Defendant admits only that Borrower company made and executed the Promissory Note dated November 8, 2006 to Carolina National Bank and Trust Company (CNB); but denies that the Borrower entered into a renewal of the note with CNB on April 30, 2009 and is without sufficient information to admit or deny the status of First National Bank of the South and therefore denies all remaining allegations.
4. Paragraphs 11 and 12 are admitted.

5. Paragraphs 13 through 18 make no allegation against this Defendant and therefore no response is required thereto; provided however, if any said paragraph is intended or construed to make any allegation against the interests of this Defendant, the same is denied.
6. Paragraphs 19 through 24 make no allegation against this Defendant and therefore no response is required thereto; provided however, if any said paragraph is intended or construed to make any allegation against the interests of this Defendant, the same is denied.
7. Paragraphs 25 through 30 make no allegation against this Defendant and therefore no response is required thereto; provided however, if any said paragraph is intended or construed to make any allegation against the interests of this Defendant, the same is denied.
8. Paragraphs 31 through 36 make no allegation against this Defendant and therefore no response is required thereto; provided however, if any said paragraph is intended or construed to make any allegation against the interests of this Defendant, the same is denied.
9. Defendant has already responded to the allegations of Paragraph 37. Any further or contrary allegation is denied.
10. As to Paragraphs 38 through 42, Defendant admits only that he signed the November 8, 2006 Guaranty (Exhibit F to the Complaint) and admits that the terms of his Guaranty speak for themselves and admits that the Hagood & Kerr law firm filed the lawsuit on behalf of the Plaintiff; provided however, and by further response, Defendant denies that his Guaranty applies to the second loan in the amount of \$300,000.00, denies that it

applies to First National Bank of the South, denies that he is liable for the amounts claimed if any, and denies all further allegations of the Paragraphs.

11. Paragraphs 43 through 48 make no allegation against this Defendant and therefore no response is required thereto; provided however, if any said paragraph is intended or construed to make any allegation against the interests of this Defendant, the same is denied.

12. Paragraphs 49 through 54 make no allegation against this Defendant and therefore no response is required thereto; provided however, if any said paragraph is intended or construed to make any allegation against the interests of this Defendant, the same is denied.

BY WAY OF FURTHER AND AFFIRMATIVE DEFENSES

13. Defendant affirmatively states Plaintiff fails to allege facts sufficient to state a claim against Defendant and therefore this action should be dismissed.

14. Defendant affirmatively states that any claim against them is barred by the negligence, gross negligence, fraud, and misconduct of other parties.

15. Defendant affirmatively states that Plaintiffs' claims are barred by mistake and/or misrepresentation.

16. Defendant affirmatively states that any claim against them is barred by the statute of limitations, waiver, equitable estoppel, and/or laches.

17. Defendant affirmatively states that Plaintiffs' claims for injury and damage, if any, were caused by the intervening or superseding acts of other for whom the Defendants are not responsible or liable.

18. Defendant affirmatively asserts that Plaintiff's claims are barred by its unclean hands.

19. Defendant affirmatively asserts that to the extent that Plaintiff failed to satisfy all conditions precedent to declaring default and/or pursuing foreclosure, Plaintiff's claims are barred.
20. Defendant affirmatively asserts Plaintiff's claims are barred in whole or in part by virtue of the fact that Plaintiff failed to mitigate their alleged damages.
21. Plaintiffs' alleged damages, which Defendant denies, were directly and proximately caused, in whole or in part, by the intervening and superseding negligence and/or the intervening and superseding deliberate wrongful conduct of others, which negligence and/or deliberate wrongful conduct this Defendant affirmatively pleads as a complete bar to all claims against him.
22. To the extent any alleged liability is imposed on this Defendant, which alleged liability is denied, this Defendant is entitled to total or partial indemnity and/or contribution from the responsible parties in an amount in direct proportion to their relative culpability.
23. To the extent any alleged liability is imposed upon this Defendant, which alleged liability is denied, this Defendant is entitled to total and/or partial indemnity, credit, and/or contribution from the responsible parties and/or third parties in an amount in direct proportion to their relative culpability.
24. This Defendant reserves the right to raise additional defense during or after the completion of discovery in this case.
25. Defendant affirmatively states that his Guaranty relates to a party other than Plaintiff.
26. Defendant affirmatively asserts that the actions of Plaintiff and/or Borrower, or the original lender, discharged the debt and/or Defendant's responsibility under the Guaranty.

STATE OF SOUTH CAROLINA)

COUNTY OF HORRY)

IN THE COURT OF COMMON PLEAS

FIFTEENTH JUDICIAL CIRCUIT

C/A: 2010-CP-26-3170

First National Bank of the South,
successor in interest to Carolina
National Bank and Trust Company,

Plaintiff,

vs.

James T. Callihan a/k/a James Callihan;
Edward L. Williams; Frank J. Pennisi a/k/a
Frank Pennisi; Dean J. Karavan a/k/a
D.J. Karavan; Charles T. Walls, Jr. a/k/a
Charles Walls; Robert S. Guyton; and
Jeffrey H. Skelley,

Defendants.

CERTIFICATE OF SERVICE

FILED
HORRY COUNTY
2010 APR 30 PM 4:09
ELANIE HUGGINS-WARD
CLERK OF COURT

The undersigned hereby certifies that she is an employee of the law firm of NEWBY
SARTIP MASEL & CASPER, LLC, Attorneys for Defendants Frank Pennisi and Charles Walls
in the within matter, and that the **Answer on behalf of Defendant Charles Walls,**
Interrogatories and Requests for Production in the above referenced matter were served upon
counsel for the Plaintiff named below via Certified Mail, postage prepaid, addressed as follows:

Christopher T. Colwell
HAGOOD & KERR, PA
Post Office Box 220
Mt. Pleasant, SC 29465

April 29th, 2010

Karen K. Madert
Karen K. Madert

1 STATE OF SOUTH CAROLINA

COURT OF COMMON PLEAS
2010-CP-26-03170

2 COUNTY OF Horry

3

4

5

6 FIRST NATIONAL BANK OF THE)
SOUTH, ET AL,)

7

-vs-

8

9 JAMES T. CALLIHAN, EDWARD L.)
WILLIAMS, FRANK J. PENNISI,)
10 DEAN J. KARAVAN, CHARLES T.)
WALLS, JR., ROBERT GUYTON)
11 and JEFFREY H. SKELLEY,)

12 Defendants.)

13

May 20, 2013

14

15 B E F O R E:

16 HONORABLE W. JEFFREY YOUNG

17

18 A P P E A R A N C E S:

19 ROBERT A. KERR, Esquire
Attorney for the Plaintiffs

20

21 THOMAS C. BRITTAIN, Esquire
C. SCOTT MASEL, Esquire
DANIEL J. MacDONALD, Esquire
22 Attorneys for the Defendants

23

24

Henry P. Young
Court Reporter

25

1 I-N-D-E-X

2 WITNESS:

3 DOUGLAS COBB

4 Direct Examination by Mr. Kerr 12
 5 Cross Examination by M. Brittain 33
 Cross Examination by Mr. Masel 53
 6 Cross Examination by Mr. MacDonald 62
 Redirect Examination by Mr. Kerr 67
 7 Recross Examination by Mr. Brittain 70

8 ROBERT GUYTON

9 Direct Examination by Mr. Kerr 75
 10 Cross Examination by Mr. Brittain 79

11 FRANK PENNISI

12 Direct Examination by Mr. Brittain 93
 13 Cross Examination by Mr. Kerr 103
 Cross Examination by Mr. Masel 107
 14 Cross Examination by Mr. MacDonald 108

15 CHARLES WALLS

16 Direct Examination by Mr. Masel 111
 17 Cross Examination by Mr. Kerr 115

18 PLAINTIFF'S EXHIBITS:

19 1 (Merger Documents) 15
 2 (Merger Approval) 18
 20 3 (Power of Attorney) 19
 4 (Loan Documents) 21
 21 5 (Original Note) 24
 6 through 16 (Guaranty Documents) 24

22

23 DEFENSE EXHIBITS:

24 1 (Emails) 70/74

25

1 P-R-O-C-E-E-D-I-N-G-S

2 (Convened at 1:59 p.m., May 20, 2013).

3 THE COURT: All right, this is the case of
4 First National Bank of the South, plaintiff, versus
5 James T. Callihan, et al.

6 If everybody could introduce themselves for
7 the record.

8 MR. KERR: I'm Robert Kerr with the
9 Charleston office of Moore & Van Allen, I represent
10 the plaintiff bank in this case.

11 THE COURT: All right.

12 Mr. Brittain?

13 MR. BRITTAIN: Yes, sir. Thomas C.
14 Brittain, Brittain Law Firm, I represent Frank
15 Pennisi.

16 MR. MASEL: And Scott Masel, I represent
17 Charles Wallace.

18 MR. MacDONALD: Dan MacDonald, I represent
19 Jeffrey Skelly, Robert Guyton, James Callihan and
20 Dean Karavan.

21 If Your Honor please, the defendant Edward
22 Williams, Mr. Williams filed bankruptcy, I believe
23 his bankruptcy case was discharged, I did not
24 handle it but I do not believe he is still a proper
25 defendant under the rules at this time.

1 MR. KERR: Your Honor, for the record, when
2 we were in the roster meeting with Judge John last
3 month he I believe was entering a Form 4 order
4 dismissing the case as against defendant Williams
5 because of the bankruptcy Mr. MacDonald mentioned.

6 THE COURT: All right.

7 MR. SARTIP: Michael Sartip.

8 MR. MASEL: He is from my office, the same
9 defendant.

10 THE COURT: Gentlemen, are there any
11 stipulations that need to be put on the record
12 before we begin?

13 MR. BRITTAIN: Mr. MacDonald and I have one,
14 Your Honor, and I think Scott Masel is in on this,
15 too. Our various defendants have cross-claims
16 against one another and accounting issues as to one
17 another. We have agreed to pass on those
18 determinations until after the Court makes a ruling
19 in this matter.

20 THE COURT: So, however I rule on this, then
21 you all will fight it out among yourselves at that
22 point?

23 MR. BRITTAIN: Yes, sir.

24 THE COURT: If I rule for you there is no
25 reason to do that, if I rule for the plaintiff,

1 then of course --

2 MR. BRITTAIN: It would delay the thing,
3 might be a couple day trial and there is no reason
4 to go through all that, depending on what happens
5 here, so we have agreed right now those are
6 reserved for a later date.

7 MR. MacDONALD: Yes, Your Honor. I thought
8 we had agreed but I'm certain we need confirmation,
9 there is another sort of accompanying action, case
10 number 2011-CP-26-10816, and it is entitled Sand
11 Dollar Cottage versus Carolyn Pennisi. Sand Dollar
12 Cottage is the LLC that all these defendants were
13 members of.

14 THE COURT: Right.

15 MR. MacDONALD: And that action is
16 additionally an accounting and also another
17 equitable claim for specific performance of the
18 agreement which relates to the property which was
19 the genesis of this lawsuit. What I thought we
20 were doing, if not, what we're doing we are
21 postponing bifurcating this issue, we were going to
22 bifurcate all the cross-claims and counter-claims
23 between the defendants and the third-party claims
24 and consolidating them from this action into that
25 action and hear those at the same time because they

1 are all accounting, same facts, same circumstances,
2 and that would give us actually some time to work
3 those out after this hearing.

4 THE COURT: All right. That affects you in
5 no way?

6 MR. KERR: It does not, Your Honor, thank
7 you.

8 THE COURT: All right. Again, this is under
9 case 2010-CP-26-3170. Gentlemen, I have two
10 judicial observations, students who are law
11 students, they will be observing this trial. If we
12 have any bench conferences or anything I'm going to
13 invite them to just listen in. Of course they
14 understand they can't say anything outside here but
15 it just allows them to be more of a part of the
16 process.

17 All right?

18 MR. KERR: Your Honor, the University of
19 South Carolina School of Law or Charleston?

20 THE COURT: Charleston School of Law.

21 All right, are you ready to call your first
22 witness?

23 MR. KERR: Your Honor, may I make just a
24 brief little overview to sort of set the stage?

25 THE COURT: Yes.

1 MR. KERR: Thank you very much.

2 Your Honor this matter was filed April 13,
3 2010, it is a suit on a guaranty. Essentially
4 seven investors got together, were all to borrow
5 some money from a bank and they bought an
6 investment in a house, pleasure house in the
7 Bahamas with the proceeds of a \$400,000 loan that
8 was made in 2006. The loan was at one time, the
9 original making bank which was Carolina National
10 Bank & Trust.

11 THE COURT: Then it became a \$300,000 loan.

12 MR. KERR: Between the second, first renewal
13 and the second renewal Carolina Bank & Trust
14 actually merged into First National Bank of the
15 South who is a plaintiff on the pleadings.
16 Subsequent to the filing of our pleadings, Your
17 Honor, First National Bank of the South, the
18 evidence will show this, I'll walk through this
19 with our witness Mr. Cobb, but the bank was closed
20 by the FDIC and its assets were sold to another
21 lender, so there is a little bit of a chain of
22 custody here that we'll have to walk through,
23 nothing terribly extensive.

24 You are correct in your observation that
25 there was a \$100,000 pay down. There are some

1 questions and positions with respect to the
2 characterization of those monies, where they came
3 from and whether it might affect some sort of
4 release. But the crux of the matter is in 2009 the
5 loan to Sand Dollar Cottage, LLC, the borrower,
6 went into default, there were some discussion goes
7 about restructuring, the loan was accelerated,
8 demand made and then this suit filed in the spring
9 of 2010.

10 Again, there is loan documents I think
11 consists of notes and renewals and guaranties. No
12 mortgage on the property that was purchased with
13 the proceeds of the loan, the property being
14 located in the Bahamas created some complexities
15 that the parties thought were going to be
16 unrealistic under the circumstances, and so we are
17 here to collect the outstanding principal,
18 interest, late fees and attorney fees from the
19 guarantors.

20 THE COURT: All right. Have all the exhibits
21 been marked.

22 MR. KERR: No, sir.

23 MR. BRITTAIN: We did not premark them.

24 THE COURT: Is there anything that is
25 objected to by anybody, so they will come in pretty

1 quickly once this starts?

2 MR. BRITTAIN: Yes.

3 THE COURT: All right.

4 MR. MASEL: We'll do them as they start.

5 THE COURT: Mr. Brittain?

6 MR. BRITTAIN: Yes, sir. I represent Frank
7 Pennisi and this is something you may not see that
8 often, this is a hotly contested guaranty case.

9 THE COURT: Actually I had a very exciting
10 one back in October down in Georgetown.

11 MR. BRITTAIN: Well, I mean, a lot of times
12 these things seem to to be matters of fact. This
13 is extremely different. We don't think the bank
14 has handled this properly from the start especially
15 in connection with this transaction. And they did
16 receive guaranties. Mr. Williams was one of the
17 ones who signed a guaranty, he has been let out of
18 the lawsuit because of bankruptcy, this bank never
19 pursued anything in bankruptcy against him. He is
20 the only person that signed the new note, nobody
21 here today that is a defendant signed a new note
22 and I haven't seen an operating agreement in the
23 documents I have received to establish that. We
24 fight every part of this.

25 Now, let me tell you about my client

1 individually. All those broad claims against how
2 this was handled, and again it is nothing against
3 Mr. Cobb and those, we were dealing with other
4 people. My clients, when this \$400,000 note, when
5 the bank wanted it to become a \$300,000 note which
6 is of significant benefit to the bank for there to
7 be a 25 percent reduction in the principal, my
8 client paid 70 plus thousand dollars of that money.
9 He did so with the understanding that he would no
10 longer be a guarantor. The bank got that money to
11 reduce the principal, along with \$33,000 from Dr.
12 Walls.

13 Now, the documents that would have affected
14 that aren't like we would like to see. You would
15 prefer that he had a lawyer and got all that taken
16 care of like he should. We don't have that. Here
17 is what I've got. I've got the fact the money was
18 paid, that it went to the principal reduction, that
19 the bank officers started contacting Mr. Pennisi and
20 asking him for information about himself.

21 Well, Mr. Pennisi, way before this lawsuit
22 was filed, engages them in conversation, "What are
23 you contacting me for, I paid my money, I'm out."
24 They agreed, then they go back and look and write
25 him an email that says, "We're going to get this

1 from you and the guarantors." In other words, they
2 don't say, "From you and the other guarantors."

3 So our position is we paid, the bank received
4 the benefit, we discussed the issue with them and
5 with the previous bank secured by writings, we are
6 out, we don't owe any more money on it, we paid all
7 of ours and anything that has accumulated since
8 then is not our responsibility.

9 THE COURT: Would you like to make a short
10 statement?

11 MR. MASEL: Yes, just very briefly for Dr.
12 Walls. His position mirrors that of Mr. Pennisi
13 and Mr. Pennisi's conversation, the writings with
14 the bank were on behalf of both of them. Just a
15 couple points I will bring up in addition and that
16 is that it is our position that the second loan, it
17 is one made by a completely different entity, it is
18 a different bank and it has been our position that
19 if there is going to be a new loan transaction
20 entered into that new guaranties need to be entered
21 into. It is a new lender on the documents, it's a
22 new amount, there are new payment terms and we
23 believe there should have been new guaranties
24 signed by all of the individual guarantors.

25 We also believe that the guarantors'

1 obligation should be discharged because they did
2 not consent to the new terms, the extension of time
3 for the payment to be made, the new repayment terms
4 and the new lender.

5 And finally, in addition to the bank not
6 pursuing Mr. Williams, the bank has also not
7 pursued as far as I know Sand Dollar, LLC, and we
8 believe that they have waived their claim to pursue
9 the LLC who is the principal obligor because the
10 Statute of Limitations has now expired, and since
11 the bank is waiving their claim as to the primary
12 obligor they are also waiving their claim against
13 the guarantors.

14 THE COURT: Thank you.

15 Mr. MacDonald?

16 MR. MacDONALD: I will just go on record
17 agreeing with Mr. Masel's last point, his argument.
18 My clients did not contribute additional funds but
19 they do believe that certain actions by the bank
20 have constituted a waiver or a satisfaction of
21 their guaranty.

22 THE COURT: Thank you.

23 Mr. Kerr, you may call your first witness.

24 MR. KERR: Thank you, Your Honor. I would
25 like to call Doug Cobb to the stand.

1 DOUGLAS C. COBB, JR., after being first duly sworn,
2 testified as follows:

3 THE CLERK: State your name for the Court,
4 spell your last name, please.

5 THE WITNESS: Douglas C. Cobb, Jr., C-o-b-b.

6 MR. KERR: We have about 14 exhibits, I think
7 the closer I am the better it will be and we only
8 have a small audience here.

9 DIRECT EXAMINATION BY MR. KERR:

10 Q Mr. Cobb, where do you live?

11 A Moore, South Carolina.

12 Q Is that near Spartanburg?

13 A Yes.

14 Q Who do you live there with?

15 A My wife and my two daughters.

16 Q All right, sir. Tell the Court a little bit
17 about your background and education.

18 A I went to Winthrop University in Rock Hill,
19 graduated 1993. Went to work for a company called
20 Star Paper Tubes shortly after, and in 1999, I
21 believe it was, I went to work for Springs Mortgage
22 Corporation as default manager for real estate
23 mortgages, and in the course of that we began a
24 relationship with Carolina First Bank in Greenville
25 and I transitioned into a job with them and

1 relocated to the Spartanburg area to go to work for
2 them, specialized in software, worked for them
3 about four years, and went to work for First
4 National Bank of the South in the summer of 2009 in
5 the same building, different bank.

6 Q All right, sir. Who is your current employer
7 of record?

8 A Capital Bank.

9 Q That is Capital Bank, NA?

10 A That's correct.

11 Q Did you have an interruption in your
12 education to do a stint in the Armed Services?

13 A I did.

14 Q What branch of the Service?

15 A Army.

16 Q Were you honorably discharged?

17 A Yes.

18 Q Okay. Now, what is your current title at
19 Capital Bank?

20 A Vice-President and special assets officer.

21 Q All right. Now, in your capacity as a
22 vice-president and special assets officer, Capital
23 Bank, are you familiar with the loan file and the
24 related documents concerning a loan made by
25 Carolina National Bank & Trust to Sand Dollar

1 Cottage, LLC, and the guaranties of the defendants
2 in this case?

3 A Yes.

4 Q All right. Let's talk about how you are
5 familiar with that file and how that file comes to
6 reside in your custody. When you went to work for
7 First National Bank of the South had it already
8 merged with Carolina National Bank & Trust?

9 A Yes.

10 Q And did you handle files for Carolina
11 National Bank & Trust in your capacity as special
12 assets officer of First National?

13 A Files that were in that part of that merger,
14 yes.

15 Q Are you familiar with the date of the merger
16 between Carolina National Bank & Trust and First
17 National Bank of the South?

18 A Yes.

19 Q Okay. What date was that merger effective
20 on?

21 A It was in 2008, early 2008.

22 Q All right.

23 MR. BRITTAIN: Your Honor, I can't hear him.

24 THE COURT: If you can, speak into the
25 micraphone.

1 THE WITNESS: I pushed back in this chair,
2 sorry.

3 MR. KERR: Mark this P-1.

4 THE COURT: Any objection from the defendant?

5 MR. BRITTAIN: None from Mr. Pennisi. We
6 have already seen this document.

7 THE COURT: All right, Plaintiff's Exhibit
8 Number 1 is admitted without objection.

9 (Merger documents marked and received in
10 evidence as Plaintiff's Exhibit Number 1).

11 BY MR. KERR:

12 Q Mr. Cobb, is that the documents you referred
13 to when you talked about the merger of the banks?

14 A Yes.

15 Q All right. And upon merger of the banks what
16 efforts did First National itself make in
17 connection with loans that had been made by
18 Carolina National Bank & Trust?

19 MR. BRITTAIN: Your Honor, I would object
20 unless he knows of his own personal knowledge. He
21 has testified he wasn't even working with the bank
22 then. Now, I don't have a problem with the
23 documents that are maintained in the regular course
24 of business but he shouldn't be allowed to testify
25 as to what happened to loans with the bank, he

1 would have heard it from somebody else, he wasn't
2 working there.

3 THE COURT: Mr. Kerr?

4 MR. KERR: Your Honor, he testified that when
5 he went to work for First National Bank he worked
6 on loans that were previously Carolina National
7 Bank & Trust loans.

8 THE COURT: Overruled. Proceed.

9 BY MR. KERR:

10 Q Did you help to collect some of the Carolina
11 Bank & Trust loans?

12 A Yes.

13 Q All right. Now, did you have any connection
14 with the Sand Dollar loan once First National Bank
15 of the South was involved with that loan?

16 A It was assigned to me to work.

17 Q All right. And was First National Bank of
18 the South the owner and holder of that loan and
19 related documents?

20 A Yes.

21 Q Okay. Are The Sand Dollar loan file
22 documents that fall within that file contained
23 therein?

24 A Yes.

25 Q Are all those documents kept in the ordinary

1 course of business?

2 A Yes.

3 Q And were they made in the ordinary course of
4 business?

5 A Yes.

6 Q Does that file contain the kind of documents
7 you expect a loan file in your experience to
8 contain?

9 A Yes.

10 Q All right. I want to ask you --

11 MR. KERR: Your Honor, this is again kind of
12 a chain of custody.

13 Q You were employed in 2010, July of 2010 with
14 First National, correct?

15 A That's correct.

16 Q All right. Are you familiar with the
17 regulatory actions that occurred during that month?

18 A Yes.

19 Q What happened in July of 2010 to First
20 National Bank of the South?

21 A It was put into FDIC receivership.

22 Q All right. And did First National Bank of
23 the South continue to operate?

24 A It did.

25 Q How did it continue to operate?

1 A On the same day it was sold to North American
2 Financial Holdings otherwise known as NAFH.

3 Q Who were the employees that continued to
4 operate the bank?

5 A All the employees at the time.

6 Q Did you become an employee of NAFH?

7 A I did.

8 MR. KERR: I would like to mark Plaintiff's
9 2.

10 THE COURT: Any objection.

11 MR. BRITTAIN: Your Honor, I don't have any
12 objection.

13 THE COURT: Any objections?

14 MR. MacDONALD: No, sir.

15 THE COURT: Without objection.

16 (Merger approval between NAFH and Capital
17 Bank marked and received in evidence as
18 Plaintiff's Exhibit Number 2).

19 THE COURT: All right, you may proceed.

20 BY MR. KERR:

21 Q I was going to show you a copy of what is
22 marked as Exhibit 2. Do you recognize that
23 document?

24 A Yes.

25 Q And what does that document do?

1 A It approves the merger between NAFH and
2 Capital Bank.

3 Q And who was your employer of record after
4 that?

5 A Capital Bank North America.

6 Q NAFH Bank?

7 A Yes.

8 MR. KERR: I would like to mark this as
9 Exhibit 3.

10 THE COURT: Any objection?

11 MR. BRITTAIN: I haven't seen this one
12 before. As long as he testifies as he has with
13 proper foundation I don't think I will have an
14 objection.

15 THE COURT: All right.

16 MR. KERR: Your Honor, for the record, this
17 is a self authenticating certified true and correct
18 public recorded document. It is an instrument
19 201100041360, recorded in deed book 3517 at page
20 2217 in the Horry County Register of Deeds,
21 certified true copy, therefore self authenticating
22 and no foundation needed.

23 THE COURT: All right. This will be admitted
24 as Plaintiff's Exhibit 3.

25 (Power of Attorney marked and received in

1 evidence as Plaintiff's Exhibit Number 3).

2 BY MR. KERR:

3 Q I want to show you what has been marked
4 Exhibit 3. Are you familiar with this document?

5 A Yes.

6 Q What is that document used for?

7 A The listed individuals, the authority to sign
8 on behalf of the FDIC with power of attorney to
9 effect the transfer of documents or other matters
10 as deemed necessary.

11 Q In connection with the failure of First
12 National Bank and the sale and assumption agreement
13 from the FDIC, did you see a lot of these documents
14 with various loans?

15 A Quite a few.

16 Q All right, sir.

17 MR. KERR: And that is in as 3?

18 THE COURT: Yes.

19 Q I'm going to show you what is marked as
20 Plaintiff's 4.

21 THE COURT: Any objection, gentlemen?

22 MR. BRITTAIN: No, sir.

23 MR. MacDONALD: None, Your Honor.

24 THE COURT: Number 4 is admitted without
25 objection.

1 MR. KERR: All right, thank you.

2 (NAFH loan documents marked and received in
3 evidence as Plaintiff's Exhibit Number 4).

4 BY MR. KERR:

5 Q What is the purpose of the document?

6 A It transfers the documents for the specific
7 loan to the new bank.

8 Q The specific loan at issue is which loan?

9 A Sand Dollar Cottage.

10 Q And other related documents?

11 A Correct.

12 Q Including the guaranties?

13 A Yes.

14 Q Now, what is NAFH Bank?

15 A Generally speaking, NAFH was a group of
16 investors made up of a few ex-Bank of America
17 employees for the purpose of buying failed banks
18 and they operated as North American, NAFH National
19 Bank and worked with the FDIC and other banks to
20 explore opportunities to continue that process in
21 buying banks and growing regionally in the
22 southeast.

23 Q Explain to the Court how NAFH National Bank
24 transformed, what is NAFH now?

25 A It's now a publically traded company whereas

1 before it was a group of investors that made it up.

2 Q What is the current name of the bank that you
3 work for?

4 A Capital Bank.

5 Q And is that a successor to NAFH?

6 A It is.

7 Q Explain that succession.

8 A There was a merger between NAFH National Bank
9 and Capital Bank and the powers that be thought
10 Capital Bank was a little bit more of an acceptable
11 name to operate under so that is the reason for it
12 operating under Capital Bank, NA.

13 Q So, based on your knowledge of the file, the
14 merger activity, the chain of custody, who is the
15 owner and holder of the Sand Dollar note and the
16 related guaranties?

17 A Capital Bank, NA.

18 MR. KERR: Your Honor, one second to confer
19 with counsel.

20 THE COURT: Yes, sir.

21 MR. KERR: Just on the exhibits.

22 MR. BRITTAIN: Your Honor, we're agreeing as
23 to admissibility.

24 THE COURT: Right, you still have an
25 opportunity to cross examine.

1 MR. BRITTAIN: He has the note and the
2 guaranties. No objection.

3 MR. KERR: Your Honor, I came into possession
4 of certain other documents today and there are some
5 personal identification numbers, social security
6 numbers on these documents.

7 THE COURT: If you would like you can submit
8 redacted copies to the Court.

9 MR. KERR: Yes. Should I redact the
10 originals or redact copies?

11 THE COURT: You all aren't objecting to the
12 authenticity?

13 MR. BRITTAIN: No.

14 THE COURT: Just replace them with ones that
15 have that personal information redacted if you have
16 a copy.

17 How many do you have?

18 MR. KERR: It's seven guaranties, the
19 original note and two renewals.

20 THE COURT: Okay.

21 MR. KERR: Your Honor, I will throw myself on
22 the spikes here, the practice note for the lawyers
23 in law school that want to do this work was always
24 pre-mark your exhibits so the judge --

25 THE COURT: That is why I asked, I would have

1 given you time to pre-mark them. In fact, if you
2 want to take a short break --

3 MR. KERR: It will just take about two
4 minutes.

5 THE COURT: That's fine.

6 MR. KERR: Your Honor, if may come right up
7 here and make this a little easier.

8 THE COURT: You may.

9 BY MR. KERR:

10 Q Mr. Cobb, we have marked as exhibits the
11 original note, or a note and the note renewals and
12 they have been admitted into evidence. I don't
13 want to go through any terms or conditions, they
14 are self explanatory in a nonjury type matter.

15 THE COURT: Plaintiff's 6 through 16 are
16 admitted without objection.

17 (Note documents and guaranties marked and
18 received in evidence as Plaintiff's Exhibits
19 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16).

20 BY MR. KERR:

21 Q I will cut to the chaff. You are familiar
22 with a principal pay down that was made to the bank
23 on behalf of Sand Dollar?

24 A Yes.

25 Q And this check which is 15 -- I'm sorry,

1 Judge.

2 THE COURT: All right.

3 MR. KERR: Is that 15?

4 THE COURT: Yes.

5 BY MR. KERR:

6 Q Is this a copy of the check that represents
7 the principal pay down and a renewal fee?

8 A Yes.

9 Q All right. Why does the bank charge a
10 renewal fee?

11 A At the time of renewal if it's deemed
12 appropriate.

13 MR. BRITTAIN: Excuse me, one point, Your
14 Honor, and I might be confused. I don't have a
15 problem with this coming into evidence if it is
16 maintained in the normal course of business. I
17 don't believe Mr. Cobb, you weren't working for
18 them back at the time?

19 THE COURT: Hold on. Ask me the question.

20 MR. BRITTAIN: I'm sorry. If he wasn't
21 working for the bank I don't believe he can testify
22 as to what these writings were on this document.
23 It can come into evidence maybe as a business
24 document.

25 THE COURT: That is what I thought they did

1 come in as.

2 MR. KERR: I believe he is the custodian of
3 the records.

4 THE COURT: He's custodian of the records. I
5 mean, I don't see any annotation on it, it is just
6 a check with some receipts and stuff. They're in
7 evidence.

8 MR. KERR: All right, sir.

9 THE COURT: 15 is in evidence.

10 BY MR. KERR:

11 Q With respect to 15 which we are looking at,
12 are you familiar with any other payment made by any
13 other person to pay down principal of this loan?

14 A No.

15 Q All right. And if you will look at Exhibit
16 16, which is the loan ledger, is there any
17 indication on the loan ledger that any payments
18 were made on this loan other than those which would
19 have been regularly scheduled up to the point of
20 default?

21 A No.

22 Q When did the loan go into default?

23 A I don't have the exact date in front of me
24 but it is my recollection it was in late 2009.

25 Q Did you contact or were you contacted by

1 anybody at that time in connection with the Sand
2 Dollar loan?

3 A Yes. When we issued demand letters I was
4 contacted by Mr. Guyton.

5 Q And who is Mr. Guyton?

6 A Mr. Guyton was representing, as I was told,
7 the members of the LLC, Sand Dollar Cottage.

8 Q And at that time was there any conversation
9 about releasing any guarantors?

10 A There were discussions about renewal terms
11 that could potentially result in that happening.

12 Q Was any such agreement ever struck?

13 A No.

14 Q Based on your knowledge of the loan file is
15 there any writing in that file signed by the bank
16 that releases any of the original guarantors of the
17 loan?

18 A No.

19 Q Is there any writing in the file that could
20 be a revocation of a guaranty by any of the
21 guarantors?

22 A No.

23 Q I don't have the numbers, Your Honor. The
24 original note and the two renewals.

25 THE COURT: Five is the original note which

1 was from November 8, 2006. Would that be the
2 original note?

3 MR. KERR: That's correct.

4 BY MR. KERR:

5 Q On November 6, November, 2006 -- what is the
6 loan number of the loan?

7 A 400378400.

8 Q And that loan matured by its terms when?

9 A November the 8th, 2007.

10 Q And what is the loan number of the first
11 renewal loan?

12 A 400378400.

13 Q Is that the same loan number as the first,
14 the original loan?

15 A Yes.

16 MR. KERR: Your Honor, I'm having him look at
17 the second renewal.

18 THE COURT: That would be Plaintiff's Exhibit
19 Number 6.

20 Q Plaintiff's Exhibit 6, what is the loan
21 number on that document?

22 A 400378400.

23 Q Is that the same number as the first renewal?

24 A Yes.

25 Q Is it the same number as the original loan?

1 A Yes.

2 Q Does the document that you're holding now,
3 Exhibit 6, indicate, is it a new loan?

4 A No, it is not.

5 Q What does, what kind of loan is it?

6 A It's a renewal of the existing loan after the
7 principal reduction of a hundred thousand dollars.

8 Q All right, sir.

9 THE COURT: I think I stated that wrong. You
10 have the original, just for the record, to make
11 sure we're straight, the original loan, Plaintiff's
12 Exhibit Number 5, the renewal on 12/21/2007,
13 Plaintiff's Exhibit 6, and the renewal of that one
14 on 4/30/2008 is Plaintiff's Exhibit Number 7.

15 MR. KERR: Thank you, Your Honor.

16 BY MR. KERR:

17 Q So, Mr. Cobb, the status of the loan is what?

18 A It was defaulted and we initiated the suit
19 that this matter is in reference to.

20 Q All right. Based on, based on your records
21 do you have the outstanding principal balance that
22 is due and payable at this time?

23 A I've got the payoff that we provided your
24 office, yes.

25 Q Is there something that I can show you that

1 would help you?

2 THE COURT: Any objection to the document,
3 not that you're agreeing with it?

4 MR. MacDONALD: Yes, we don't agree with it
5 being, his position about renewal but they are all
6 admissible documents.

7 THE COURT: I'll make that determination.

8 MR. MacDONALD: Yes.

9 BY MR. KERR:

10 Q All right. Will this refresh your
11 recollection as to the outstanding principal
12 balance of the loan?

13 A Yes.

14 Q All right. And what is that outstanding
15 principal balance?

16 A \$243,830.99.

17 Q All right, sir. And is there additional
18 accrued interest?

19 A As of April 22nd, 2013, the accrued interest
20 is \$62,655.66 with a per diem of \$45.70.

21 Q And there are late charges also that are
22 recoverable under the loan documents?

23 A In the amount of \$400, yes.

24 Q All right. Since April 22nd, 2013, is there
25 additional accrued interest?

1 A Yes.

2 Q And what is that sum?

3 A Total sum of that is \$1,280.11.

4 Q All right. Now, in connection with some of
5 those statements made here today, what did the bank
6 do in connection with the bankruptcy case of Edward
7 Williams, one of the guarantors, party to this
8 suit?

9 A We filed a claim against the bankruptcy
10 estate as instructed by the bankruptcy court.

11 Q All right, sir. And did the bank recover
12 anything from that bankruptcy trustee?

13 A Yes. A check was received in the amount of
14 \$10,462.35 which was deposited against the
15 principal balance of the loan.

16 Q Does the principal balance as you have
17 testified here reflect that credit from the
18 Williams bankruptcy estate?

19 A Yes.

20 Q All right. So, what is the total debt
21 exclusive of the attorney fees as of today that you
22 are seeking a judgment against the guarantors for?

23 A \$308,166.76.

24 Q All right. And that is an amount that is
25 exclusive of the attorney fees, is that correct?

1 A Yes, sir.

2 Q Are you seeking an award of your attorney
3 fees?

4 A Yes.

5 Q All right.

6 MR. KERR: Your Honor, if I can review my
7 notes very quickly, I might be done.

8 THE COURT: Yes.

9 BY MR. KERR:

10 Q Mr. Cobb, from the loan file and the loan
11 documents that you're familiar with do you know
12 what the purpose of the original \$400,000 loan was
13 to Sand Dollar?

14 A It was for the purchase of the house in the
15 Bahamas.

16 THE COURT: Speak up.

17 A To purchase the house in question.

18 Q Does the loan file contain documentation as
19 to who was authorized to sign on behalf of Sand
20 Dollar?

21 A Yes.

22 Q All right, and who was the manager who
23 executed documents on behalf of Sand Dollar?

24 A Mr. Williams.

25 Q All right. Did he execute the renewal notes

1 as well?

2 A Yes.

3 MR. KERR: Your Honor, no further questions
4 for him on direct.

5 THE COURT: Why don't we take a ten minute
6 recess before cross-examination. The Court will be
7 in recess until 3:00 o'clock by that.

8 I remind you you're still on the stand, so
9 you can't discuss your testimony.

10 THE WITNESS: Yes, Your Honor.

11 (Recessed at 2:47 p.m.).

12 (Resumed at 3:01 p.m.).

13 THE COURT: Mr. Brittain.

14 MR. BRITTAIN: Your Honor, could co-counsel
15 review the file I brought with me today while I
16 cross-examine?

17 MR. KERR: We would like to review the file.
18 Your Honor, we have not scrubbed this file for
19 attorney-client privilege.

20 THE COURT: I think you have to have an
21 opportunity to scrub it.

22 MR. BRITTAIN: Sure, all right. I will go
23 ahead and do this and he can be scrubbing it.

24 THE COURT: We have had plenty of time to do
25 discovery and everything like that.

1 MR. BRITTAIN: Yes, we really have.

2 MR. MacDONALD: Your Honor, it is not for
3 discovery, he has been testifying about things that
4 are in the file.

5 THE COURT: Well, he has been testifying
6 about things that have been put in evidence.

7 MR. MacDONALD: He has testified about
8 resolutions and documents.

9 THE COURT: I'm looking at what is in
10 evidence.

11 MR. MacDONALD: Yes, sir.

12 CROSS EXAMINATION BY MR. BRITTAIN:

13 Q Mr. Cobb, I'm Tommy Brittain, I met you this
14 morning, I was in the Army, too, and we have a
15 Spartanburg connection, I was chairman of the Board
16 of Wofford for several years.

17 I want to be fair with you and ask you
18 questions. If I ask you a question you don't
19 understand please ask me to repeat it and I will be
20 happy to do so.

21 A All right.

22 Q Now, I really promise you I couldn't hear
23 very well at the beginning of your direct
24 examination. I would like to go back over with you
25 which banks you were with. One of the crucial

1 dates is the loan was in November of 2006. Where
2 were you working then?

3 A Carolina First Bank.

4 Q Carolina First Bank?

5 A Yes.

6 Q Okay. And what was their involvement with
7 that loan in 2006?

8 A Carolina First had no involvement.

9 Q No involvement in it, you had no involvement
10 in it, is that correct?

11 A That's right.

12 Q All right. Now, at some point in time there
13 was a hundred thousand dollars paid by Sand Dollar
14 Cottages, LLC. Is that correct?

15 A Yes, sir.

16 Q Okay. Do you recall what date that was?

17 A It would have been, I believe it was May of
18 2008.

19 Q May of 2008?

20 A Yes, sir.

21 Q Where were you working at that time?

22 A Carolina First Bank.

23 Q Okay. Did Carolina First Bank have any
24 involvement with that note at that time?

25 A No, sir.

1 Q Okay. So, just for purposes of the record,
2 any conversation or decisions that involved that
3 note or the second note, the payment of that money,
4 all happened without any knowledge on your part at
5 that time?

6 A Yes, sir, that's correct.

7 Q Okay, all right, sir. Do you know a man by
8 the name of Steve Waddell?

9 A I'm familiar with him.

10 Q Do you know a man by the name of Bryant Tapp?

11 A I don't know Mr. Tapp.

12 Q You agree with me, don't you, they worked for
13 the bank that was involved in the notes and the
14 reduction of the principal in 2006 and 2008?

15 A That isn't my understanding regarding Mr.
16 Tapp. I know for a fact Mr. Waddell didn't.

17 Q Where does Mr. Waddell work now, do you know?

18 A Still with Capital Bank.

19 Q Let me get this straight. Mr. Waddell at
20 this time is still a fellow employee of yours?

21 A That's correct.

22 Q Okay. Do you know whether or not he had any
23 conversation with Frank Pennisi or any other of the
24 guarantors on the Sand Dollar Cottage, LLC, loan?

25 A I have no knowledge of any direct

1 conversations.

2 Q Okay. All right. You have been in charge,
3 so to speak, or familiarizing yourself with the
4 documents that the bank had in connection with this
5 matter since what date?

6 A Since the date, certainly after the point I
7 became employed with First National Bank.

8 Q And about what time was that?

9 A That would have been in August of 2009.

10 Q August of 2009?

11 A Yes, sir.

12 Q Okay. Have you ever been given any
13 information in the form of an affidavit from Frank
14 Pennisi concerning this matter?

15 A In what regard?

16 Q Let me show you, just to see if you can
17 identify this document. I will give you a chance
18 to look at it

19 MR. BRITTAIN: Mark that for identification,
20 Mr. Court Reporter.

21 (Letter from Brittain to Clerk of Court and
22 affidavit of Frank Pennisi was marked as
23 Defendant's Exhibit Number 1).

24 BY MR. BRITTAIN:

25 Q I'm going to show you what has been marked

1 for identification Defendant's Exhibit Number 1 for
2 ID, okay?

3 A All right.

4 Q All right. And we'll look at it together.
5 The first page, there is a copy of a letter I sent
6 to the Clerk of Court here in Horry County, Miss
7 Huggins. You wouldn't know her but just take it at
8 my word she's the Clerk of Court, all right?

9 The second page, and this is dated August 24,
10 2011, is notice and provision of affidavit of Frank
11 J. Pennisi.

12 The third page begins the body of that
13 affidavit. Have you your received that affidavit
14 or seen it?

15 A I don't recall reading it, no.

16 Q Okay. And it never made it into the file
17 that you have at the bank, you don't remember
18 seeing Defendant's Exhibit for Identification
19 Number 1?

20 A I don't recall looking at it but it could
21 have been something that was in the mail traffic
22 between our attorney and ourselves.

23 Q Did you ever hear or learn that there were
24 allegations by Mr. Penissi that Mr. Waddell and Mr.
25 Tapp had been informed of the fact that he paid

1 money to reduce this note and had no further
2 responsibility in connection with the note?

3 A I don't know of any direct conversations
4 between those individuals. It is my understanding
5 Mr. Penissi did feel he was no longer obligated
6 under the loan.

7 Q And were you aware he had conversations with
8 Steve Waddell and Bryant Tapp?

9 A I was not.

10 Q You never talked to Steve Waddell about it?

11 A I have not.

12 Q But you knew that Mr. Pennisi was claiming he
13 had conversations with Steve Waddell?

14 A I knew he was claiming he had conversations
15 with the bank individuals, I did not know who those
16 people were.

17 Q Is Mr. Waddell here today?

18 A No, he is not.

19 Q Is he going to testify in this matter?

20 A Not to my knowledge.

21 Q You don't have any information about this
22 conversation?

23 A I do not.

24 Q Let's go back to Defendant's Exhibit Number 1
25 and let me take you to the last page of that

1 document which is attached to the affidavit of Mr.
2 Pennisi and ask you, this says Bryant Tapp with
3 First National Bank?

4 MR. KERR: Your Honor, objection. I don't
5 know if the document is going to be admitted into
6 evidence but before he should be reading from it he
7 should move for its admission.

8 THE COURT: Are you going to move it into
9 evidence?

10 MR. BRITTAIN: I am.

11 THE COURT: Do you object to that?

12 MR. KERR: I object to the affidavit.

13 THE COURT: He's available to testify,
14 objection sustained.

15 BY MR. BRITTAIN:

16 Q Well, let me just ask you a few questions.
17 You say Bryant Tapp did work for First National
18 Bank?

19 A I have never met Mr. Tapp.

20 Q Okay. So, you don't know whether or not he
21 had any responsibility for this?

22 A I have never met Mr. Tapp.

23 Q I understand you never met him. I'm asking
24 you a different question. Well, you don't deny
25 that Mr. Tapp was involved in this loan, do you?

1 A I'm not denying anything, sir.

2 Q Well, in fact --

3 THE COURT: Wait a minute. Let him answer
4 the question.

5 Q Did he work for the bank?

6 A I have no knowledge one way or the other, I
7 have never met Mr. Tapp.

8 Q I know you have never met him and here again
9 like I said I want to be fair.

10 A I understand.

11 Q Are you telling me you don't have any
12 knowledge as to whether or not he ever worked for
13 the bank?

14 A I have never had any conversations with or
15 never had any dealings with Mr. Tapp. At the time
16 when he apparently may have been working with the
17 bank I was an employee of another institution.

18 Q Okay. So, his name would never appear in the
19 loan file that you are in charge of?

20 A It is not in the file I created when I took
21 over the loan, no.

22 Q So, the file you brought with you is one you
23 created?

24 A With information from the original file,
25 that's correct.

1 Q Okay. So, part of the original file you did
2 not bring with you?

3 A The normal file in its entirety is in that
4 folder.

5 Q Okay. And Mr. Tapp's name does not appear
6 there anywhere?

7 A I have not read lately, all probably six or
8 seven hundred pages. It may be but again I have no
9 knowledge of Mr. Tapp.

10 Q Okay. But in fairness you don't deny that he
11 worked for the bank?

12 A No, I do not.

13 Q All right. Now let's talk about the
14 transition of the original National Bank and the
15 note, moving forward and through to -- it's Capital
16 Bank today, is that correct?

17 A Capital Bank, NA, yes, sir. The importance
18 of that distinction, there was another Capital Bank
19 in South Carolina.

20 Q A fair comment, no problem with that. The
21 original bank was named exactly what?

22 A The original bank when the loan --

23 Q When this note took place.

24 A That would be Carolina -- I'm sorry.

25 Q That's okay.

1 A Carolina National Bank, Carolina National
2 Savings Bank.

3 Q All right. Now, were you involved in any of
4 the merger issues associated with the combination
5 of these banks?

6 A No, sir. That happened in 2008, I was
7 employed with another institution.

8 Q All right, sir. Were the assets purchased by
9 the successor or was there a merger of all assets
10 and liabilities or do you know?

11 A I wouldn't know the distinction there but
12 First National Bank purchased the assets of
13 Carolina National and those assets then became
14 their possession and they were taxed with normal
15 business operations going forward.

16 Q In connection with that process there is an
17 evaluation of assets of the bank, the bank that is
18 being either merged into another or being, or have
19 their assets purchased, is there not?

20 A I would think that would be a good idea.

21 Q All right. And the price or the exchange of
22 consideration is often based on the quality, for
23 lack of a better term, a generic term, of those
24 assets, isn't that correct?

25 A That may be the case. I'm not involved in

1 that decision making.

2 Q But isn't it a fact that the surviving bank
3 purchased this loan at a deeply discounted figure
4 based on the circumstances surrounding it, at least
5 by the time you became an employee of the bank?

6 A I can neither confirm nor deny that.

7 Q Okay. But you understand that is part and
8 parcel of the transactions that are taking place?

9 A I do not understand that's necessarily part
10 of it. My understanding of that type of
11 transaction is an offer is made and it's approved
12 by the UCC and if that offer is accepted then the
13 transaction is consumated.

14 Q Does the Bank Merger Act have any disclosure
15 requirements to guarantors in connection with the
16 transfer of one asset base to another bank?

17 A With regard to the ongoing business
18 transactions there would need to be some
19 information transferred to the, not to the
20 guarantors individually, but to the borrower with
21 regard to where one would be making their payment
22 going forward.

23 Q There is no question, is there, that these
24 guaranties could be modified, isn't that correct?

25 A Could be modified?

1 Q Yes.

2 A As in the normal course of business, whether
3 it's a good business decision to make a decision
4 along those lines, if a bank were approached and
5 discussions were made with regard to that type of
6 transaction it is possible.

7 Q What was Mr. Waddell's position while he was
8 employed with the original bank?

9 A I don't have a specific -- he was a
10 commercial lender, that's all I know. I don't know
11 his exact title at the time.

12 Q But he works for the same bank you do?

13 A Right now he's market president for the
14 Columbia region.

15 Q Preceding you, he worked with the
16 originating bank, for lack of a better term, you
17 never worked there?

18 A That's correct.

19 Q Now --

20 A Judge, may I clarify? It is my understanding
21 that Mr. Waddell worked for First National Bank of
22 the South. I do not have any, I do not believe and
23 I do not have any knowledge he actually ever worked
24 for Carolina National. I'm not certain of which
25 bank, I know he worked for First National Bank of

1 the South. I'm not certain whether or not he ever
2 worked for Carolina National.

3 Q But the First National Bank of the South was
4 involved with handling this loan for a period of
5 time. Is that correct?

6 A Yes, sir.

7 Q Okay. And he, you don't know whether he had
8 any responsibility or not, right?

9 A No.

10 Q But he certainly could have had
11 responsibilities for handling this note based on
12 his employment with First National Bank of the
13 South?

14 A It's possible.

15 Q You don't know one way or the another?

16 A No, sir.

17 Q And there is nothing in your file that would
18 indicate he did or didn't?

19 A Not specifically that I can recall, no.

20 Q Now, you said it could be modified. It's
21 possible under the right circumstances that a
22 guaranty could be modified?

23 A Again, if it is a good business decision to
24 do so it's possible.

25 Q Okay. Well, let's go to this situation where

1 there is a bank that has a note for \$400,000 with
2 you believe seven guarantors and the bank wants to
3 reduce the principal amount of that loan from
4 400,000 to 300,000. You would agree with me, won't
5 you, that that is generally a benefit for the bank
6 to go in having \$400,000 outstanding principal, to
7 reducing that to \$300,000?

8 A I will agree that is beneficial to have the
9 balance of the loan reduced, yes.

10 Q Okay, all right, sir. And assume for
11 purposes of this question that one of the
12 guarantors contributed 75,000 or so of the amount
13 of money that was used to reduce that note and that
14 the bank was aware of that to start with. Just
15 assume that for purposes of this question. I know
16 you may disagree that we never heard this and all
17 that but I'm just asking you to assume it and
18 assume you have six guarantors, other guarantors on
19 the note. Is it, would it be possible or make,
20 possibly make good business judgment to allow that
21 guarantor who has paid more than their
22 proportionate share and the bank is getting a
23 reduction, to no longer be a guarantor?

24 MR. KERR: Your Honor, I object to asking the
25 witness to assume facts that are not in evidence.

1 THE COURT: Sustained.

2 Q The business judgment question concerning a
3 bank's decision to release guarantors is always
4 going to depend on economics, isn't it?

5 A Well, basically you would take the financial
6 information of all the parties and analyze it and
7 determine based on the information in the analysis,
8 whatever the specifics of the transaction is, if
9 that is deemed to be in the best interest of the
10 bank.

11 Q As to any discussions that Mr. Pennisi or
12 other guarantors would have had with any bank
13 officers during the time of these various loans you
14 don't have any knowledge of those conversations or
15 discussions?

16 A As pertains to any guarantors being released,
17 no.

18 Q Well, do you have knowledge of any
19 discussions they had with bank personnel?

20 A That they had?

21 Q Yes, that Pennisi, Skelley, Karavan, any of
22 the guarantors would have had?

23 A No, I don't, no, sir.

24 Q You don't know whether they had a
25 conversation and if so you don't know who they had

1 them with?

2 A That's correct.

3 Q And if the bank said anything you don't know

4 what they said? I know you might think what they

5 may have said but you have no personal knowledge of

6 it?

7 A No, sir.

8 Q Let me somehow, I think I have got the

9 exhibit number right, this was an exhibit that you

10 put in through Mr. Kerr. I have it marked as

11 Number 3, referred to as limited Power of Attorney.

12 THE COURT: Plaintiff's Exhibit Number 3.

13 Q Number 3, thank you, Your Honor. Let me ask

14 you to take a look at that and refresh your memory

15 on it. Do you remember testifying about that

16 document?

17 A Yes, I do.

18 Q Explain this to me. On the second page it

19 says page 2 of 4. It says the form which the

20 attorney in fact shall use for endorsing promissory

21 notes, and that is what we're talking about here

22 with Sand Dollar, LLC, a promissory note?

23 A That's correct.

24 Q Okay. Or preparing, what is that,

25 a-l-l-o-n-g-e-s, I don't know what that means. Do

1 you know what that means?

2 A Where?

3 Q Preparing allonges. What is an allonges?

4 A Well, in my experience an allonges is kind of
5 like a document that goes along with a note,
6 especially when you're dealing with note sales, and
7 confirms a note.

8 Q Do we have an allonges in this case?

9 A Not to my knowledge.

10 Q Promissory note is as follows, pay to the
11 order of, and it has a blank there, right?

12 A That's correct.

13 Q And it has a blank down at the bottom that
14 says by and name. Is that correct?

15 A Yes, it is.

16 Q And shouldn't that be filled out?

17 A I think that refers back to here where you
18 have these individuals.

19 Q Okay. What I'm trying to figure out is, it
20 looks to me like, I mean, I know they put it in the
21 first one but they have put blanks here and
22 wouldn't they say see paragraph one or something
23 like that? I don't understand, it looks to me like
24 this is incomplete because of the failure to either
25 direct you to another part of the document or fill

1 this in. Do you understand that? Do you know?

2 A No, I don't.

3 Q Okay. There is an exhibit that was
4 introduced and I believe His Honor referred to it
5 as 15, which involves a check made out to First
6 National Bank of the South for 104,419.44 and to
7 credit general ledger entries of Carolina National
8 Bank.

9 MR. BRITTAIN: Is that Exhibit Number 15,
10 Your Honor?

11 THE COURT: It is.

12 Q Okay. Let me hand you my copy of it. All
13 right, sir. This would be in the file that you
14 have, the original file?

15 A Yes.

16 Q All right. And do you know whose handwriting
17 appears here when it says description and these
18 three little blanks?

19 A I do not know.

20 Q Okay. And there are two of those entries
21 that appear to have printed handwriting there.
22 Those aren't yours?

23 A No, they are not.

24 Q You don't know whose they are?

25 A No, sir.

1 Q Okay. And whether there is any discussion
2 about there being a new loan or a renewal of a
3 loan, you wouldn't have been involved in those
4 discussions?

5 A I was not with the bank at the time, that's
6 correct.

7 Q But you are testifying that this is a
8 document maintained in the normal course of
9 business?

10 A Yes, I am.

11 Q But you don't know who made those handwritten
12 entries?

13 A No. Those are general ledger ticket stubs, I
14 have no knowledge of who prepares them.

15 Q Do you have any emails in the bank file from
16 Steve Waddell or Bryant Tapp to Mr. Pennisi or Mr.
17 Guyton?

18 A I do not.

19 Q You do not?

20 A No, sir.

21 Q Okay. Would it be in a normal course of
22 business for the bank to maintain copies of emails
23 that its bank officers mailed to guarantors on a
24 note like this?

25 A I'm sorry?

1 Q I'm sorry. Here again I'm trying not to be
2 contentious, I'm just trying to get --

3

4 A With regard to emails, that's an IT issue,
5 especially as it relates to employees that leave
6 the institution or if there is a systems
7 conversion, if you will, when a new bank takes
8 over, a new infrastructure and system are put into
9 place, the people that are responsible for the
10 information security of the bank would maintain the
11 control of those email streams from individuals who
12 are no longer with the bank.

13 Q Okay. So, it could be that a customer of the
14 bank, in this case let's make a specific, let's say
15 the guarantors, would have an email from a bank
16 officer that you didn't happen to have a copy of?

17 A That's possible.

18 MR. BRITTAIN: Your Honor, that is all I have
19 at this time. Thank you, sir. Thank you, Mr.
20 Cobb.

21 THE WITNESS: Yes, sir.

22 THE COURT: Mr. Masel.

23 CROSS EXAMINATION BY MR. MASEL:

24 Q My name is Scott Masel, I represent Mr. Walls
25 and I'm going to take you back a little bit as well

1 and try to fill in some answers to questions that I
2 still have.

3 Prior to the merger between Carolina National
4 Bank and First National Bank of the South, First
5 National Bank of the South as its own entity prior
6 to that merger, is that correct?

7 A That's correct.

8 Q Okay. It owned its own deposits and had its
9 own liabilities and assets, is that correct?

10 A Yes, sir.

11 Q Okay. And then I believe we looked at
12 Exhibit, looks like it was Exhibit 1, the
13 certificate of the merger, and I think you
14 testified in response to Mr. Brittain's questions
15 that that is when First National Bank of the South
16 purchased the assets of Carolina National Bank. Is
17 that correct?

18 A That's correct.

19 Q And so after that date First National Bank of
20 the South became the new owner of the promissory
21 note that was held by Carolina National Bank. Is
22 that right?

23 A That's correct.

24 Q And it was not until after that merger that
25 the final loan document dated April 30 of 2008 was

1 executed. Is that correct?

2 A That sounds right.

3 Q And I believe we have that already marked as
4 Plaintiff's Exhibit 7.

5 In that, what I'm talking about, just so you
6 know, the final one where the loan amount is now
7 \$300,000.

8 A Yes, sir.

9 Q Okay. At the time that this new document,
10 this document was entered into is there anything in
11 your file that reflects that First National Bank of
12 the South gave any notification to any of the
13 guarantors in this case that this, that this
14 obligation was being signed off on by the parties?

15 A Was being what, now?

16 Q Was being signed off on by the bank and the
17 LLC?

18 A There would have been communications to the
19 person who was responsible for signing on behalf of
20 the LLC that the terms that were agreed upon had
21 been approved and then the loan was, the renewal
22 was transacted on April 30.

23 Q Is there anything in your file that would
24 reflect that the bank notified the guarantors
25 individually of this transaction?

1 A Not to my knowledge, no.

2 Q Okay. Would it be fair to say that for this
3 Plaintiff's Exhibit 7, the 300,000 dollar note,
4 that did change the date as to when the debt would
5 come due? Is that correct?

6 A The maturity date.

7 Q The maturity date?

8 A It was extended, as it would be for any
9 renewal.

10 Q Okay. And it also changed the amount of the
11 debt, is that correct?

12 A Yes.

13 Q It also changed the payment schedule of the
14 debt. Is that correct?

15 A That's correct.

16 Q And at the time this April of 2008 loan
17 document was prepared there were no new or
18 additional guaranties prepared for any of these
19 guarantors to sign?

20 A That's correct.

21 Q Is that correct?

22 A That's correct.

23 Q I think you testified also that you believe
24 the loan went into default in late 2009 sometime?

25 A That's correct.

1 Q And at anytime has any of these banks,
2 Carolina National, First National Bank of the
3 South, NAFH or Capital Bank, NA, have any of them
4 pursued the primary obligor Sand Dollar Cottage,
5 LLC, for payment under these loan documents?

6 A The action is against the guarantors.

7 Q There has been no suits filed against the
8 LLC?

9 A Not to my knowledge.

10 Q Do you have the exhibits in front of you,
11 Plaintiff Exhibit 3?

12 I'm going to hand you what we have already
13 marked as Plaintiff's Exhibit 3 and that's the
14 Power of Attorney we have gone over, that you went
15 over with Mr. Brittain a little bit already. I'm
16 going to direct you to page 2 as well, right around
17 the same paragraph, and I'm going to direct you
18 right to the middle of it, the same sentence you
19 read before, "The form which the attorneys in fact
20 shall use for endorsing promissory notes and
21 preparing allonges to promissory notes is as
22 follows."

23 What is endorsing a promissory note?

24 A An endorsement would most likely be in a note
25 sale or some other transaction where the holder of

1 the note is going to be changed and that note would
2 be endorsed over to that new entity as part of that
3 transaction.

4 Q Okay.

5 A This basically is a templet to use, the
6 verbiage here is a templet to use in that type of
7 transaction.

8 Q Okay. When these loan documents were
9 transferred, I guess from First National Bank of
10 the South to NAFH, that would have been by and
11 through this limited Power of Attorney. Is that
12 right?

13 A That's correct.

14 Q Okay. And when the promissory note went from
15 First National Bank of the South to NAFH would the
16 promissory note have been endorsed over to NAFH?

17 A My understanding of this document is it
18 allows for that. If you have any, in certain
19 circumstances like when we had a loan that was
20 secured by let's say lots and in the normal
21 business transaction maybe that is an A and D loan
22 where the borrower is a developer, and that loan,
23 he sells the lots and the bank would have to
24 release those lots from their mortgage. In order
25 for us to be able to do that we would have to

1 assign, because that would be, we would have to
2 assign it, that gives us the authority to sign
3 that, to sign that document. We have to sign that
4 mortgage or assignment of rent or whatever the
5 document may be to that new entity to put it
6 legally on record with the Registrar of Deeds so we
7 could then sign that partial release of mortgage
8 that would allow the transfer of that collateral.

9 Q I think that makes sense to me. Let me stick
10 with the loan documents that we have in this case.
11 When the notes were transferred from First National
12 Bank of the South to NAFH National Bank was the
13 promissory note endorsed over to NAFH?

14 A Not to my knowledge.

15 Q Okay. If you don't mind, take a look at the
16 paragraph one that starts on page one and goes over
17 to the top of page two, if you can read through
18 that quickly for me, not outloud, read it to
19 yourself, I'm going to ask you a question about the
20 last sentence.

21 A Okay.

22 Q All right. That relates to when there are
23 transfers and conveyances that include transactions
24 such as assignments. Is that correct?

25 A That is what it reads to me.

1 Q And the power that is granted in this
2 document is pursuant to a purchase and assumption
3 agreement dated July 16th of 2010 between the FDIC
4 as receiver of First National Bank of the South and
5 NAFH National Bank. Is that correct?

6 A Yes.

7 Q Okay. So, whether or not something can be
8 assigned or the degree to which documents can be
9 assigned, that is pursuant to the terms of this
10 purchase and assumption agreement, is that correct?

11 A That sounds right but in my experience with
12 regard to similar transactions that I described
13 earlier this document gives us the ability to
14 transact those assignments.

15 Q Okay. And do you know what exactly the
16 purchase and assumption agreement dated July 16th
17 of 2010 contains?

18 A I'm familiar with the document.

19 Q With this document?

20 A Yes.

21 Q Okay. And is that the document that is in
22 your file today?

23 A It is not in this specific file but I have
24 emails that have copies of it from bank management
25 where that transaction took place.

1 Q Okay. And do you have any specific
2 recollection as to the contents of that document
3 that provides that this particular assignment could
4 take place in this case?

5 A There again, as I stated before, this
6 document that we're referring to, Exhibit 3, from
7 our experience gives us the authority to assign
8 documents as long as the assignment is signed by
9 one of these people who are given the attorney in
10 fact power by the FDIC.

11 Q Mr. Brittain had asked you about your
12 knowledge as to conversations regarding payments
13 made by his client Mr. Pennisi. Would your answers
14 be the same, that is, you don't have any personal
15 knowledge of conversations regarding the payments
16 made by Mr. Walls with regard to the renewal of the
17 note?

18 A I believe my comments were with regard to
19 conversations, not to payments.

20 Q Conversations?

21 A Correct.

22 Q But you have come to learn that Mr. Pennisi
23 and Mr. Walls believe that they have paid their
24 share of the debt, is that correct?

25 A It is my understanding that Mr. Pennisi and

1 Mr. Walls came up with the, I'm assuming, the
2 entire amount of the \$100,000 that was paid as part
3 of the April 30, 2008 renewal.

4 Q Okay. So, you don't have any reason to
5 believe that the source of that approximately
6 \$100,000 were not from Mr. Pennisi or Mr. Walls, is
7 that correct?

8 A The source technically from the bank's
9 perspective is Sand Dollar Cottage as that is who
10 the check was written out by. The gathering of the
11 funds was an internal transaction between the
12 members of the LLC.

13 MR. MASEL: That's all I have, Your Honor.

14 THE COURT: Mr. MacDonald?

15 MR. MacDONALD: Thank you, Your Honor. I
16 will try not to plow old ground too much.

17 CROSS EXAMINATION BY MR. MacDONALD:

18 Q Mr. Cobb, I represent Mr. Skelly, Mr.
19 Callihan, Mr. Guyton and Mr. Karavan. The Exhibit
20 15 which is the credit general ledger document, I
21 think it is Exhibit 15 which is the credit general
22 ledger document. I just want to make sure that I
23 understand correctly. The ticket that you
24 indicated, which is called the credit general
25 ledger, that is a bank document, is that correct?

1 A That's correct.

2 Q So, that would have been filled out by a bank
3 employee, not by Sand Dollar?

4 A That's correct.

5 MR. MacDONALD: Your Honor, do you have the
6 three notes that are involved in this case?

7 THE COURT: I do.

8 MR. MacDONALD: Could the witness have those,
9 please?

10 THE COURT: Five, six and seven.

11 MR. MacDONALD: Thank you, Your Honor.

12 BY MR. MacDONALD:

13 Q Mr. Cobb, if you would, what is the date of
14 making of Exhibit Number 5 which I believe is the
15 original note?

16 A November the 8th, 2006.

17 Q And what is the maturity date?

18 A November the 8th, 2007.

19 Q Okay. And Exhibit 6, what is the making
20 date?

21 A December the 21st, 2007.

22 Q So, at the time of the second note the first
23 note had already matured?

24 A That is correct.

25 Q Okay. Exhibit Number 7 is the third note?

- 1 A Yes.
- 2 Q What is the making date of that note?
- 3 A April the 30th, 2008.
- 4 Q Okay. And is that after the maturity date of
- 5 the second note?
- 6 A Yes, it is. The maturity date was March
- 7 21st, 2008.
- 8 Q And so the note at least, Exhibit Number 7,
- 9 was made after the maturity of the Exhibit Number
- 10 6?
- 11 A That's correct.
- 12 Q And at the time of maturity is the note, is
- 13 the note due and payable?
- 14 A Yes, it is.
- 15 Q And payment was not made?
- 16 A That is correct.
- 17 Q And so it was technically in default?
- 18 A That's correct.
- 19 Q You testified earlier about some
- 20 authorization of Mr. Williams to sign the notes.
- 21 Do you have a document in evidence that indicates
- 22 his authorization to sign the notes?
- 23 A Yes. There is a copy of the LLC document,
- 24 the operating agreement in the file.
- 25 Q Is it in evidence?

1 A Not to my knowledge.

2 Q So, you are basically testifying about a
3 document that is not in evidence?

4 A I'm testifying about a document that I have
5 knowledge of.

6 Q I understand but it's not in evidence, and
7 that document would indicate what the level of his
8 authority is, correct?

9 A That is correct.

10 Q So you don't have anything that would
11 indicate the level of Mr. Williams' authority to
12 sign the second or third notes?

13 A Other than the document we were provided with
14 at origination.

15 Q And that is part of my point, is you only
16 received a document indicating Mr. Williams'
17 authority at the original note signing, correct?

18 A And again I was not employed with the bank or
19 a part of that so in normal course of action you
20 would ask if there were any changes in the LLC that
21 would involve a need to see other documents but I
22 don't have any knowledge of that.

23 Q What I understand, though, you do not have an
24 authorization document in the file that indicates
25 Mr. Williams was authorized to sign the second or

1 third notes which are Exhibits 6 and 7?

2 A Not other than the original operating
3 agreement.

4 Q I mean, not operating agreement, we're
5 talking about you get an authorization, correct?

6 A A borrowing resolution would be the term,
7 that's correct.

8 Q But you don't have a borrowing resolution for
9 this Exhibit 6 or Exhibit 7?

10 A I have not reviewed this specific document
11 for, file for those specific documents.

12 Q And one has not been put in evidence, is that
13 correct?

14 A That is my understanding, that's correct.

15 Q And just from, just so I'm clear, there was,
16 Mr. Masel and Mr. Brittain went through the limited
17 resolution and I think Mr. Masel asked you, you
18 indicated there was no endorsement of the note when
19 the current bank that holds the note received it
20 from First National, is that correct?

21 A I understand, again the exhibit we went over
22 a moment ago being my understanding that was the
23 only document we needed in order to --

24 Q That is not my question, I'm sorry, my
25 question is but there is no endorsement?

1 A There is no endorsement, to my knowledge,
2 that's correct.

3 Q And there is no endorsement of the guaranty
4 either?

5 A That's correct, to my knowledge.

6 MR. MacDONALD: That's all I have, Your
7 Honor.

8 THE COURT: All right.

9 Mr. Kerr, redirect?

10 MR. KERR: Just a couple.

11 REDIRECT EXAMINATION BY MR. KERR:

12 Q Mr. Cobb, with respect to the lag time
13 between maturity dates of notes and the subsequent
14 renewals, in your experience is that unusual?

15 A Not at all.

16 Q All right. Why is that?

17 A Sometimes it's a matter of waiting on
18 financial statements, sometimes it's a matter of
19 not having sufficient time to be able to finalize
20 the negotiations for terms. There could be a
21 number of things that would delay that from
22 happening.

23 Q And in looking at Exhibit 7 which is the
24 April, '08, promissory note that is in front of
25 you, that note is designated in the upper

1 right-hand corner as what?

2 A It's the renewal note of that same date for
3 the amount of \$300,000, a renewal of the previously
4 existing note.

5 Q All right, sir. Counsel asked you about
6 emails in connection with a bank employee named Mr.
7 Tapp and showed you a document. You have emails in
8 your file?

9 A Yes.

10 Q Are you familiar with the contempt of each
11 and every email that is in your file?

12 A No, because there are so many, unfortunately.

13 Q I'm going to show you something that I would
14 ask if this refreshes your recollection just in
15 connection with emails in the file.

16 MR. KERR: May I approach, Your Honor?

17 THE COURT: You may.

18 Q Let me ask you to look at that and tell me if
19 you recognize that document?

20 A I have have seen it before.

21 Q All right. Do you see the sticker on the
22 lower righthand corner?

23 A Exhibit B.

24 Q That was used in a deposition in this case.

25 A Yes.

1 Q All right. Did that come from the bank's
2 file?

3 A I don't have the deposition transcript in
4 front of me today. Whether it originated from whom
5 you or the other one, you or the other attorneys
6 deposed to get this information.

7 Q Go back a few pages. Can you tell me whether
8 any of the emails originated from the bank?

9 A There are, in email traffic there are emails
10 that came from the bank, yes.

11 Q All right. I believe I asked this question
12 before but out of an abundance of precaution, is
13 there anything in the bank's file where any
14 guarantor revoked in writing their guaranty of the
15 Sand Dollar indebtedness?

16 A The same answer as before, no.

17 MR. KERR: That's all.

18 THE COURT: Any recross based on his
19 redirect.

20 MR. BRITTAIN: I just want to see what he
21 showed him.

22 Did you refer to this?

23 MR. KERR: I used to it refresh him.

24 MR. BRITTAIN: How about marking that for me
25 please, sir.

1 (Emails marked as Defendant's Exhibit
2 Number 1)).
3 RECROSS EXAMINATION BY MR. BRITTAIN:
4 Q I'm handing you what has been marked for
5 identification as Defendant's Exhibit Number 1
6 which I believe is a series of documents that your
7 lawyer handed you just a minute ago?
8 A Uh-huh.
9 Q Did those documents come from the bank file?
10 A I don't know.
11 Q You don't know? So, you don't know if they
12 were in there or not, the bank file?
13 A Not my file, I'm not sure if they were or
14 not.
15 Q You're not sure, okay. And you don't know
16 whether you have seen them before or not, is that
17 correct?
18 A Not certain.
19 Q One of them looks to me like, the one I was
20 showing you, from Bryant Tapp, do you see that,
21 that would be the second document in the group of
22 Defendant's 1 for identification?
23 A Okay.
24 Q Let me ask you, it's got the address of 1350
25 Main Street, Bryant Tapp, First National Bank of

1 the South. Is that where their office was?

2 A At the time.

3 Q 1350?

4 A That's correct.

5 Q So that would be an accurate address for the

6 bank on that email?

7 A Not a corporate address but that was the

8 branch at which, where he worked.

9 Q Okay. So, that is a legitimate address?

10 A To my knowledge.

11 Q You know that, okay.

12 MR. BRITTAIN: All right, that's all I have.

13 THE COURT: All right.

14 Mr. Masel?

15 MR. MASEL: Nothing further.

16 MR. MacDONALD: Nothing further, Your Honor.

17 THE COURT: You may step down.

18 MR. KERR: Your Honor, one --

19 THE COURT: One follow-up?

20 MR. KERR: One follow-up.

21 FURTHER REDIRECT EXAMINATION BY MR. KERR:

22 Q Mr. Cobb, looking at what was marked for

23 identification --

24 THE COURT: Identification only as Defense

25 Number 1.

1 Q Defense Number 1, is there a response from
2 the bank to Mr. Pennisi's email

3 MR. BRITTAIN: If he's going to talk about it
4 he needs to put it in evidence.

5 THE COURT: He is just asking whether it's
6 there or not. Overruled.

7 MR. BRITTAIN: All right.

8 BY MR. KERR:

9 Q On the first page.

10 A I'm not looking at what -- I'm going in
11 reverse order. It looks like the initial email was
12 from April 20th and there was a response on April,
13 there was a response dated May 5th from Mr.
14 Waddell, email date of May 5th from Mr. Waddell.

15 Q As part of that email from Mr. Tapp --

16 A There is an email dated Wednesday, April 15th
17 from Mr. Tapp, another one dated the 14th of April
18 from Mr. Tapp and another dated the 17th of April
19 from Mr. Waddell.

20 Q And that is all 2008?

21 A 2009.

22 Q 2009, okay.

23 MR. KERR: All right, thank you, Your Honor.

24 THE COURT: Any follow-up based on that?

25 MR. BRITTAIN: Your Honor, under the

1 completeness doctrine I don't think he can testify
2 about them.

3 THE COURT: He didn't testify as to what was
4 in them.

5 MR. BRITTAIN: He testified what was in them,
6 yes, being the --

7 THE COURT: No, he didn't. I'm not going to
8 argue about it.

9 MR. BRITTAIN: I will move to introduce it.

10 THE COURT: Mr. Kerr, do you have any
11 objection?

12 MR. KERR: I have no objection to these
13 documents coming into evidence.

14 THE COURT: You have moved them in?

15 MR. BRITTAIN: Yes, sir, Waddell and Tapp.

16 MR. KERR: Defendant's exhibit?

17 THE COURT: Defendant's Exhibit. It will be
18 Defense Exhibit Number 1.

19 MR. KERR: Your Honor, that is multiple
20 copies.

21 THE COURT: You all will have to mark them A,
22 B, C.

23 MR. KERR: Actually the original.

24 THE COURT: Okay.

25 MR. BRITTAIN: The only two I'm moving is

1 Waddell and Tapp and those are the two he testified
2 about.

3 MR. KERR: Can I confer with counsel?

4 THE COURT: You may. Would it be easier to
5 to make them Defense Exhibits 1 and 2?

6 MR. KERR: It is about a five email chain.

7 THE COURT: Email stream?

8 MR. KERR: Yes.

9 THE COURT: All right. Consisting of four
10 pages.

11 MR. KERR: Four pages.

12 THE COURT: Consisting of four pages.

13 (Defendant's Exhibit Number 1 was received
14 in evidence).

15 MR. KERR: Your Honor, the plaintiff would
16 call Mr. Guyton.

17 THE COURT: All right, Mr. Guyton, come
18 forward and be sworn.

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25

1 ROBERT S. GUYTON, after being first duly sworn,
2 testified as follows:

3 MR. BRITTAIN: Your Honor, could we have a
4 side bar right quick?

5 THE COURT: Okay.

6 (Unrecorded bench conference).

7 THE CLERK: State your name for the Court,
8 please, spell your last.

9 THE WITNESS: My name is Robert S. Guyton,
10 G-u-=y-t-o-n.

11 THE COURT: You may proceed.

12 MR. KERR: Yes. Your Honor, some leeway as
13 far as questioning him with leading questions as an
14 adverse witness?

15 THE COURT: Okay.

16 DIRECT EXAMINATION BY MR. KERR:

17 Q Mr. Guyton, you are a guarantor of the loan
18 at issue, are you not?

19 A Yes, I am.

20 Q And you don't take the position that your
21 guaranty has been terminated or is otherwise
22 unenforceable, do you?

23 A I do not.

24 Q All right, sir. You are also a member of
25 this limited liability partnership?

1 A Yes, sir.

2 Q You are a registered agent of Sand Dollar
3 Cottage, LLC,, are you not?

4 A Yes, sir.

5 Q Are you familiar with the organization Sand
6 Dollar, LLC?

7 A Yes, I am.

8 Q Was Everett Williams the manager of the LLC?

9 A Yes, he was.

10 Q At anytime was his management or manager's
11 status revoked or changed?

12 A Not that I'm aware of.

13 Q All right. And to change the manager under
14 the governance documents would it require a meeting
15 of members?

16 A Yes, it would.

17 Q Are you aware of any such meeting of members?

18 A I'm not.

19 Q The original loan for \$400,000 was used for
20 the purchase of personal enjoyment property in the
21 Bahamas, is that correct?

22 A That's correct.

23 Q And it consisted of a residence, is that
24 correct?

25 A That's correct.

1 Q All right. And were you involved in a
2 subsequent transaction with banks concerning
3 renewals of loans?

4 A Typically the loan documents would be sent to
5 my office for execution, yes.

6 Q All right. And were you involved in
7 discussions in 2008 concerning the principal pay
8 down the bank was requiring for renewal?

9 A Yes, I was.

10 Q All right. Is there any evidence of a
11 release of any guarantors at that time in writing?

12 A Not that I'm aware of.

13 Q In 2008 was any new money advanced?

14 A Can you clarify what you mean by new money?

15 Q Did the bank give the Sand Dollar, LLC,
16 borrower any new money?

17 A No, sir.

18 Q In fact Sand Dollar Cottage, LLC, made a
19 significant principal reduction of that loan?

20 A That's correct.

21 Q The principal reduction so that the loan
22 could be renewed was paid off on a check on a Sand
23 Dollar account, is that correct?

24 A That's correct.

25 Q And are you familiar with the exhibit, I

1 believe it is Number 15?

2 MR. KERR: Thank you, Your Honor.

3 A Yes, sir.

4 Q Who signed that check?

5 A I did.

6 Q Are you aware of any individual guarantor
7 providing a check to the bank as a principal pay
8 down?

9 A I am not.

10 Q Are you familiar with the terms and
11 conditions of your individual guaranty?

12 A Generally, yes.

13 Q Are you familiar that each of the guaranties
14 that are in evidence are the same with the
15 exception of signatory?

16 A I would assume so, yes.

17 Q All right.

18 THE COURT: If you're looking to see which
19 one, Mr. Guyton's is Plaintiff's Exhibit 11.

20 MR. KERR: I was looking for the guaranty
21 itself. Thank you, Your Honor.

22 Q Do you understand that your guaranty is in
23 full force and effect until it is revoked by you?

24 A Yes.

25 Q Have you made any written revocation of your

1 guaranty?

2 A I have not.

3 Q Do you understand that the guaranty was in
4 favor of the lender or its successors and assigns?

5 A Yes, I do.

6 Q Do you understand that the guaranty that you
7 signed says that it cannot be modified or amended
8 other than in a writing signed by the parties?

9 A Yes, I do.

10 Q And you're aware of no such writing?

11 A I am not.

12 Q At anytime in connection with the renewal
13 notes do you believe Mr. Williams was not
14 authorized to represent Sand Dollar Cottage, LLC,
15 to its lender?

16 A I don't believe that he was not authorized.

17 Q All right.

18 MR. KERR: That's all I have, Your Honor.

19 THE COURT: Mr. Brittain.

20 CROSS EXAMINATION BY MR. BRITTAIN:

21 Q Mr. Guyton, Mr. Pennisi paid to Sand Dollar,
22 LLC, 70 plus thousand dollars which reflected the
23 significant portion of the hundred thousand dollars
24 that reduced the note. Isn't that correct?

25 A Yes, sir.

1 Q Okay. And there were conversations back and
2 forth about how that happened. Isn't that correct?

3 A Yes, sir.

4 Q And you weren't party to all the
5 conversations between Frank Pennisi and people at
6 the bank, were you?

7 A I was not.

8 Q Did you ever work with Bryant Tapp or Steve
9 Waddell?

10 A I know I worked with Steve Waddell, I don't
11 know about Bryant Tapp.

12 Q But there could have been emails going back
13 and forth between those parties that you were not
14 aware of, is that correct?

15 A Yes, sir.

16 Q All right. Other than Dr. Walls, no other
17 members of the Sand Dollar Cottage, LLC, made a
18 significant contribution to that hundred thousand
19 dollars which reduced the loan amount, did they?

20 A That's correct.

21 Q And technically speaking these loans weren't
22 renewed, they were already in default when the
23 second note was put together, weren't they?

24 A They were matured, yes.

25 Q They were matured and they hadn't been paid?

- 1 A That's correct.
- 2 Q So, you had a new note that was for a
3 different amount, is that correct?
- 4 A That's correct.
- 5 Q All right. And you didn't sign a new
6 guaranty on that, did you?
- 7 A No, sir.
- 8 Q Do you know anything about how the assignment
9 of that guaranty was done between the bank that
10 originally had it and the bank that has ended up
11 with it?
- 12 A No, sir.
- 13 Q You saw here today, didn't you, that the FDIC
14 signed a formal assignment of this note and the
15 entitlement to it over to a bank as part of the
16 transaction chain? Did you see that?
- 17 A Yes, sir.
- 18 Q Okay. But have you seen one from this bank
19 to National Bank of the South, have you seen one of
20 those to First National Bank of the South, the
21 successor?
- 22 A No, sir.
- 23 Q Do you have one of those in your file?
- 24 A No, sir.
- 25 Q And as far as you know there hasn't been an

1 endorsement that transferred or assigned this
2 obligation, isn't that correct?

3 A Not to my knowledge.

4 Q A revocation is where one expresses to
5 another that they no longer stand by what the
6 original guaranty is, isn't that correct?

7 A Yes, sir.

8 Q It makes a lot more difference if they had
9 paid a substantial amount of money as part of that
10 process, doesn't it?

11 A I would think so.

12 MR. BRITTAIN: Thank you. No further
13 questions.

14 THE COURT: Mr. Masel?

15 THE COURT: No questions.

16 THE COURT: Mr. MacDonald?

17 MR. MacDONALD: No, sir.

18 THE COURT: Redirect?

19 MR. KERR: No further on redirect. We
20 reserve the right to examine the witness on
21 cross-examination if he is presented.

22 THE COURT: All right, very well. Thank you.
23 You may step down. .

24 (Witness excused).

25 MR. KERR: Your Honor, the plaintiff would

1 rest.

2 THE COURT: Any motions to be made at this
3 time?

4 MR. BRITTAIN: Yes, Your Honor, I will make a
5 few motions. We make a motion for directed
6 verdict. Taken in a light most favorable there is
7 a failure to establish that there has been a proper
8 assignment of the note. There has been a
9 concession that there has been a substantial
10 reduction, that there was a note that had a term
11 of, an amount of 300,000 as opposed to 400,000 that
12 took place past the maturity date. It makes
13 perfectly good sense that is a new note.

14 There has been a document introduced into
15 evidence that sets forth how that is supposed to be
16 assigned from one bank to the other. That document
17 itself has a blank in the middle of it. It is
18 clear to me, I think it should be clear to the
19 Court that if that document is to be legitimate and
20 operate properly those blanks should be filled out
21 or they should recite or reflect a different
22 portion of the document.

23 If you take Mr. Cobb's testimony, that
24 document should serve as the basic document to
25 authorize an endorsement which is necessary for the

1 assignment. There is no such endorsement. They
2 have a document that is not filled out in the
3 middle. Even if you take the characterization of
4 the document that without it being filled out
5 properly it still is the basis for the assignment,
6 there would need to follow in addition to that as
7 part of the official record a document that does
8 that. We have one in evidence to show us what that
9 looks like. It is the FDIC assignment and I'm a
10 little off on my, I think the Court is much more
11 familiar with the document numbers than I am, I
12 don't know how I got off track on that, but one of
13 the documents in evidence is a document that is
14 from the FDIC and it is an assignment. What is
15 missing here from the bank that is trying to
16 collect this money from my client --

17 THE COURT: Plaintiff's Exhibit Number 4.

18 MR. BRITTAIN: All right, sir. Is that
19 document which would be a necessary part of the
20 chain of title, of transfer of this, quote, asset
21 to the surviving bank or the bank that is bringing
22 the action, so we think, I think for purposes at
23 this stage, without getting into what Mr. Pennisi
24 paid or how to characterize all that, that a
25 necessary showing strictly at law is absent. They

1 haven't crossed their T's and dotted the I's, it is
2 necessary to do so, especially as it affects the
3 guarantors and we would ask the Court to direct a
4 verdict against them.

5 THE COURT: Mr. Kerr?

6 MR. KERR: Thank you Your Honor, may it
7 please the Court.

8 I apologize again for confusion with our
9 evidence. Your Honor, it is clear the documents in
10 evidence demonstrate a clear chain of title as to
11 who is the holder of the loan and the guaranty. It
12 is clear from the merger document, Exhibit Number
13 1, that Carolina National Bank and First National
14 Bank of the South merged. A merger is not an asset
15 sale, it's a combination of two organizations. You
16 get the good and you get the bad. Clearly First
17 National got some bad here and plenty more because
18 the next link in the chain is a transfer from First
19 National Bank to NAFH.

20 How was that transfer effected? Counsel
21 believes that there is something missing. The
22 document at Exhibit 4, which is, or excuse me,
23 Exhibit 3, pardon me, is a recorded Power of
24 Attorney, it is a limited Power of Attorney and it
25 confers the power on certain individuals to sign

1 documents to enable the arrangement between the
2 FDIC as receiver and NAFH Bank, to ensure that
3 there is a clear chain of title and ownership.

4 And, so, in Exhibit 3, the limited Power of
5 Attorney, the FDIC says, "We grant, among others,
6 Robert Hindleman the right to sign in our stead on
7 our behalf certain documents over to NAFH Bank."

8 Exhibit Number 4 is an assignment. By that
9 assignment, remember this is not a real estate
10 loan, this is not a mortgage, this is not a
11 recordable type of transaction, it is a contract.
12 "By the assignment and based on the power conferred
13 upon him in the limited Power of Attorney," which
14 is Exhibit 3. Mr. Hindleman under that power
15 transfers the note and related guaranties to NAFH
16 Bank.

17 Now, the testimony is from Mr. Cobb, who was
18 an employee, NAFH after, even after this action
19 started, merged with another bank and the resulting
20 bank is Capital Bank. Your Honor is certainly
21 familiar with Rule 25(C) that says if there are
22 changes in interest of corporations or what have
23 you in the middle of litigation, if there is a
24 motion the Court can direct the right party be
25 substituted. We have elected just to continue on

1 in the name of the First National Bank of the South
2 but very clearly the FDIC authorized Hindleman to
3 make transfers in NAFH, and the testimony is NAFH
4 was in another merger and the resulting bank is
5 Capital Bank and they are the holder and have the
6 right to enforce the guaranties.

7 So, Your Honor, we believe that the evidence
8 before you clearly indicates who owns the note and
9 the related guaranties and who is authorized to
10 enforce them and that they are being properly
11 enforced.

12 As to the argument that somehow the
13 guaranties have been terminated or there has been a
14 release, the language of the guaranty is clear. A
15 guaranty is a promise to pay a debt if the person
16 liable in the first instance doesn't pay you. And
17 if you look at Exhibits 8 and 13 which are form
18 documents signed by the seven guarantors in this
19 case, in the definition section found on page one
20 it says, it states, quote, you, close quote, or
21 your, in quotations, means the lender in E and its
22 successors and assigns. Here this original lender
23 has successors and assigns and the holding and
24 ownership has been properly, has been properly
25 demonstrated to the Court.

1 We think that the other terms in the
2 guaranties are very clear, that you don't have to
3 go after the note maker. Under South Carolina law
4 a guaranty is an independent obligation. There is
5 no obligation for the bank to try and realize
6 collection on the borrower. In fact here it would
7 be impossible because the borrower doesn't have the
8 very asset that was supposed to be purchased by
9 Sand Dollar Cottage which the original loan
10 provides.

11 Moreover, the State law and the document
12 itself says we have a note, or excuse me, that only
13 payment discharges these people. They can give a
14 revocation which cuts off continuing liability, and
15 the cases are clear that liability or obligation
16 prior to some revocation is still in effect but
17 they can cut off their continuing liability but the
18 bank has no knowledge of any writing that would
19 serve as a revocation. None of the guarantors ever
20 revoked and for them to argue that somehow they are
21 exonerated from their obligation without a
22 revocation, without complying with the terms and
23 conditions of the guaranty as to how to get out of
24 it, which is have a writing from the lender --

25 THE COURT: You say if they paid a check for

1 \$400,000 that would get them out of it, a check for
2 a hundred thousand doesn't get them out?

3 MR. KERR: Your Honor, we would take \$300,000
4 plus some attorney fees.

5 So, Your Honor, we think that we have made
6 out a prima facie case and that the evidence in a
7 light most favorable to the lender is that the
8 chain has been established, the note is in default
9 and the lender is entitled at least at this stage
10 to its recovery. I would also say that we had
11 asked for attorney fees and were you to find for
12 the plaintiff we will take that up post trial.

13 THE COURT: Okay.

14 MR. KERR: All right.

15 THE COURT: Any objection to doing it that
16 way?

17 MR. BRITTAIN: None, Your Honor.

18 THE COURT: All right. Anything further?

19 MR. KERR: That's it, Your Honor.

20 THE COURT: All right. Taking everything in
21 a light most favorable to the non moving party,
22 which would be the plaintiff, I find there is
23 sufficient evidence to go forward. The defense
24 would certainly have opportunity to present their
25 witnesses in this matter.

1 Now, for housekeeping, how many witnesses do
2 you have, Mr. Brittain?

3 MR. BRITTAIN: I plan on just calling one. I
4 have Mr. Pennisi here if there is an issue about
5 the money having been paid.

6 THE COURT: That is really not, didn't you
7 all say earlier that is really, that is not between
8 you all and the banks, that it is another trial?

9 MR. BRITTAIN: You're getting ready to see
10 some emails that may change a little bit of that
11 but one witness is all I'm going to have.

12 MR. MASEL: Just one, Your Honor.

13 MR. MacDONALD: Your Honor, I may have none,
14 give me a few minutes to confer with my client.

15 THE COURT: Do you all want to go ahead and
16 try to finish it tonight?

17 MR. BRITTAIN: I would.

18 THE COURT: All right.

19 MR. KERR: Your Honor, we're at your
20 disposal.

21 MR. BRITTAIN: Whatever the Court wants to
22 do.

23 THE COURT: Why don't we move forward. How
24 long do you think your witnesses will take?

25 MR. MacDONALD: If I have any they will be

1 ten minutes.

2 MR.. BRITTAIN: Witness will probably be 20
3 minutes, 25.

4 Can we take two minutes?

5 THE COURT: We'll take a recess, we'll take a
6 15 minute recess.

7 MR. BRITTAIN: I don't need that long,
8 whatever the Court --

9 MR. MacDONALD: Ten minutes is plenty.

10 THE COURT: We'll be back in here at 4:30.

11 MR. BRITTAIN: All right.

12 (Recessed at 4:18 p.m.).

13 (Resumed at 4:30 p.m.).

14 MR. MacDONALD: Your Honor, I think I'm going
15 to have one or two.

16 THE COURT: Very well.

17 All right, Mr. Brittain, are you ready to
18 proceed?

19 MR. BRITTAIN: Yes, sir.

20 THE COURT: You may call your first witness.

21 MR. BRITTAIN: I call Mr. Frank Pennisi.

22 THE COURT: Mr. Pennisi, come forward and be
23 sworn.

24 MR. BRITTAIN: He will be our only witness,
25 Your Honor.

1 THE COURT: All right. This may not take as
2 long as you thought it would take.

3 MR. BRITTAIN: I don't think so.

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1 FRANK PENNISI, after being first duly sworn,
2 testified as follows:
3 THE CLERK: You may be seated. State and
4 spell your last name, please.
5 THE WITNESS: Frank Pennisi, P-e-n-n-i-s-i.
6 DIRECT EXAMINATION BY MR. BRITTAIN:
7 Q All right, Mr. Pennisi, how about giving the
8 Court the benefit of your background. Where are
9 you from, you know, not spend a lot of time but he
10 needs to know a little bit about where you were
11 born and raised.
12 A I wasn't born in Conway.
13 Q I can tell. He can, too.
14 A I was born in New York City and I went to NYU
15 City University, got my Bachelor's Degree in
16 history and I got my Master's Degree in education
17 at Brooklyn College and I started teaching in 1964
18 in Brooklyn and I became Dean, I later on became
19 crisis intervention supervisor for special
20 education in New York City.
21 Q All right.
22 A I did that for thirty years.
23 Q And how old are you, Mr. Pennisi?
24 A Do I have to say that?
25 Q Yes.

- 1 A Seventy years old.
- 2 Q Okay. So, that was your first career?
- 3 A Yes, sir.
- 4 Q And how did you become involved with our
- 5 place, Myrtle Beach?
- 6 A Also as a New York City teacher a lot of us
- 7 have second jobs and my job became in real estate
- 8 and I became a broker and I used to do seminars and
- 9 fly down on Piedmont Airlines every once in awhile
- 10 with clients for various projects they had.
- 11 Q What years were you doing that?
- 12 A I started teaching in 1964 and I retired
- 13 twenty years ago and -- you mean the real estate,
- 14 sir?
- 15 Q Yes.
- 16 A Real estate, I did it probably '82 to '87
- 17 down here.
- 18 Q And when did you move to Myrtle Beach?
- 19 A I bought a condo in '82, but permanently
- 20 moved down here about 21 years ago.
- 21 Q And your wife Carolyn was with you?
- 22 A She was.
- 23 Q And you also are an author, are you not?
- 24 A I have written three books, yes, sir.
- 25 Q And they have been published?

1 A Yes, sir.

2 Q All right. Now let me direct your attention
3 to the matters that we're here to discuss today.

4 A And I also was mayor in our town for six
5 years.

6 Q You were mayor of Briarcliff Acres?

7 A Correct.

8 Q Which is a political subdivision in Horry
9 County?

10 A Correct.

11 Q Okay. And based on that you have had a good
12 bit of experience with the legal system?

13 A Yes, I have.

14 Q All right. The matter at hand which is Sand
15 Dollar Cottage, LLC, you were involved as a member
16 of that LLC, were you not?

17 A Yes, sir.

18 Q All right, sir. And isn't it true that at
19 the very beginning of that everybody, all of the
20 members put some money into the investment to start
21 with?

22 A Correct.

23 Q Okay. Mr. Skelley did, Mr. Williams did, Mr.
24 Guyton, there was some money at the beginning?

25 A Not much because I believe the total note, no

1 one had to put up any substantial amount of money
2 because it was the total amount of the note.

3 Q Okay. But there is no question but that
4 everybody put something in?

5 A Correct.

6 Q Okay. And there was a house purchased in the
7 Abacos, is that correct?

8 A Correct.

9 Q And technically speaking the members allowed
10 your wife to purchase that in her name and hold it
11 in trust for the members, isn't that correct?

12 A Correct.

13 Q All right. And that was back when the money
14 was borrowed originally back in 2006?

15 A That's correct.

16 Q Now, did you have occasion to be present
17 during hurricane season in the Abacos?

18 A Yes.

19 Q And did my wife happen to be present with you
20 and your wife at that time?

21 A Unfortunately yes.

22 Q All right. And did Hurricane Ryan do
23 significant damage to the home that was purchased
24 as a result of this loan and other homes on Green
25 Turtle Key?

1 A Yes.

2 Q All right. Now, during the course of these
3 events did it come to your attention that the bank
4 involved wanted a reduction or a note that was for
5 less than \$400,000?

6 A Yes. It came to my attention because I
7 believe Mr. Walls kept insisting that we, instead
8 of doing an interest only loan like the first loan
9 was he wanted, we wanted a principal reduction
10 loan, I think that was the difference they would
11 try to do.

12 Q All right. And tell us about how that came
13 to pass and what involvement you and Mr. Walls had
14 in changing the terms of the original note, what
15 contribution, if any, you made?

16 A Well, what happened was the bank was not
17 going to give them the 400,000 but the bank said,
18 "Since that loan is over, we're going to give you
19 300,000," so we had to come up, the LLC had to come
20 up with a hundred thousand dollars so that they
21 could pay off the first note and the bank was
22 issuing another 300,000 for the second note.

23 Q And what money did you put up in connection
24 with the new note for 300,000?

25 A Well, I put in, between Mr. Walls and I, I

1 put up about 70,000, I believe. It came to a
2 hundred thousand between the two of us.

3 Q Okay. And one of the exhibits here today
4 indicates that Sand Dollar, LLC, paid \$104,000 to
5 the bank and then the new note for 300,000 came
6 into existence. Does that sound about right to
7 you?

8 A Yes.

9 Q Okay. Did you know anything about there
10 being a renewal fee attached to any of those
11 amounts?

12 A I'm sorry?

13 Q A renewal fee?

14 A I didn't know.

15 Q All right. Now, you gave in the neighborhood
16 of \$75,000 to Chip Guyton, Robert Guyton, is that
17 correct?

18 A Correct.

19 Q And what was your understanding at the time
20 when you made that, gave that money to him?

21 A Well, before Mr. Walls and I gave them that
22 money we were told that we would have no more
23 obligations --

24 MR. KERR: Objection, Your Honor.

25 THE COURT: Sustained.

1 MR. BRITTAIN: I would like to proffer the
2 testimony.

3 THE COURT: You may proffer it but it's not
4 coming into evidence.

5 MR. BRITTAIN: I understand but I just want
6 to put it down.

7 BY MR. BRITTAIN:

8 Q Who told you that you would have no further
9 obligations if you paid that money and it was given
10 to the bank?

11 A Mr. Chip Guyton.

12 MR. KERR: Continuing objection, Your Honor.

13 MR. BRITTAIN: I understand and I understand
14 it is not in evidence. What we're doing, I'm just
15 getting it in.

16 Q Why would you pay 70 some odd thousand
17 dollars to get a new note to the bank, Mr. Pennisi,
18 what possible reason would there be for you to pay
19 that money other than to extinguish your
20 obligations to the bank? Are there any other ones
21 that you can think of?

22 A No, sir. Well, additional, we paid our
23 portions of percentages of what we owed to the LLC
24 and then the other additional money, the 54
25 thousand, I gave as a loan to the LLC in addition

1 to paying my percentage and Mr. Walls' percentage.

2 Q Okay. So, you made those two payments and
3 then you loaned more money, some \$54,000 to the
4 LLC, is that correct?

5 A Yes. That was part of the 75, yes.

6 Q All right. And all that totaled up from your
7 standpoint to around \$75,000?

8 A Correct.

9 Q And then Mr. Walls contributed around
10 \$32,000, \$33,000?

11 A I believe so, something like that.

12 Q All right. And during that particular
13 contribution cycle are you aware of anyone else
14 putting any money into Sand Dollar, LLC, that went
15 to the bank?

16 A At that time?

17 Q Yes.

18 A No.

19 Q Now, was there ever an occasion when it came
20 to your attention that representatives of the bank
21 might have taken the position that you were still a
22 guarantor or that you were a guarantor on a
23 \$300,000 note?

24 A Yes. We got several telephone call from Mr.
25 Tapp, I believe it was Tapp, asking me for

1 documentation. I said, "What?" He said, "Because
2 of the note." I said, "I'm not on a note," said,
3 "Mr. Walls and I had an agreement, we paid up our
4 end," and he kept, he emailed me a few times in
5 addition to telephone calls on that.

6 Q All right, sir. And there is no question
7 that you told him that, right?

8 A Correct.

9 Q Did he represent himself as being an employee
10 of First National Bank of the South?

11 A Absolutely.

12 Q Okay. I want to hand you what has been
13 marked Defendant's Exhibit Number 1 and refer you
14 to the third page of that document and ask you if
15 you recognize Defendant's Exhibit Number 1, page 3?

16 A This?

17 Q Yes. "My name is Bryant Tapp"?

18 Q Yes. How about publishing that, please, it
19 is not very long.

20 A What do you mean, read that?

21 Q Yes.

22 A "My name is Bryant Tapp with First National
23 Bank and I'm writing to get updated information
24 from you concerning the referenced loan you have
25 with us here at the First National Bank of the

1 South. I sent you an email about a month ago and
2 it must have failed to reach you so I wanted to
3 follow up with what we needed from you and the
4 guarantors of this account. Information I need are
5 as follows."

6 Q Okay, you don't have to read that part. Now,
7 on that same page is there a response from you?

8 A Yes.

9 Q And read that.

10 A "Mr. Tapp. We are not on the loan for Sand
11 Dollar, LLC. I will attempt to contact Mr. Skelly
12 and Mr. Callihan and notify them of your request.
13 Sincerely."

14 Q Okay. And the dates on those are April 14th,
15 2009, and April 15th, 2009. Is that correct?

16 A That's correct.

17 Q Okay, all right. And you had conversations
18 with Mr. Tapp, too, is that correct?

19 A I had at least two or three telephone
20 conversations with Mr. Tapp.

21 Q All right. And did you make any other
22 complaint about the bank taking the position that
23 you were still a guarantor, did you involve anyone
24 else in those discussions?

25 A Well, once I realized I got an email from Mr.

1 Waddell, I believe, asking me am I sure that I'm
2 not on the list --

3 Q As a guarantor?

4 A -- as a guarantor I took it to our attorney
5 Mr. Guyton. I said, "Look, I don't know what is
6 going on but I am getting all these calls and
7 emails from the bank," and so I gave it to him and
8 didn't hear any more from the bank.

9 Q Or any more from Mr. Guyton?

10 A Correct.

11 MR. BRITTAIN: That's all the questions I
12 have. That document we read from is already in
13 evidence, Your Honor.

14 THE COURT: All right. It is Exhibit Number
15 1.

16 MR. BRITTAIN: Defendant's Exhibit Number 1.

17 CROSS EXAMINATION BY MR. KERR:

18 Q Good afternoon, Mr. Pennisi.

19 A Good afternoon.

20 MR. KERR: I would like, Your Honor, for Mr.
21 Pennisi to be able to see the original guaranty.

22 Q Sir, this is Exhibit 13 in evidence. You
23 don't contest that you executed a guaranty in
24 connection with the original \$400,000 loan, do you?

25 A That's my signature.

1 Q All right. And in connection with that
2 guaranty did you read its contents?

3 A I have to be honest with you, you know, we
4 basically went on our attorney's advice.

5 Q All right.

6 A I might have read part of it, yes, you know.

7 Q Well, let me ask you to look at some of the
8 salient pieces of it. Do you see the, do you see
9 the definition of the lender in the third line, it
10 says for good and valuable consideration, et
11 cetera?

12 A In the third paragraph, you're talking about,
13 number 3?

14 Q No, the third line from the top.

15 A Oh, third line from the top, okay. Yes.

16 Q And it says to induce Carolina National Bank
17 and Trust Company, and then it says per and herein
18 with its participants, successors and assigns,
19 called lender. Do you see that?

20 A Yes.

21 Q Do you understand that that means that this
22 document could be enforced by a successor to this
23 bank or an assignment from this bank?

24 A According to this that's what it says.

25 Q Okay. And did you understand that there were

1 certain ways that you could revoke your guaranty,
2 based on this document?

3 A I'm not sure.

4 Q Okay. Look at paragraph two with me. It is
5 paragraph, has the number assigned two about a
6 third of the way down the page. It says, "This is
7 an absolute unconditional and continuing guaranty
8 of payment of the indebtedness and shall continue
9 to be in full force and be binding upon the
10 undersigned whether or not all indebtedness is paid
11 in full."

12 THE COURT: Okay, could you just stop for a
13 second, because that whole line which he just read
14 is totally, is not on this.

15 MR. KERR: Okay.

16 THE WITNESS: Do you want to take a look at
17 it?

18 MR. KERR: Okay. You're right, there is,
19 that part has been somehow blocked, I don't know
20 why.

21 THE COURT: Do you have the original?

22 MR. KERR: Your Honor, this is, this is, this
23 is the evidence for him, there are additional,
24 there are additional guaranties, they are all the
25 same, they are all originals in the bank file.

1 That is what was contained in the bank file.

2 THE COURT: It looks like it was folded or
3 something.

4 BY MR. KERR:

5 Q The part, Mr. Pennisi, I'm trying to get to,
6 talking about the revocation.

7 MR. BRITTAIN: Could I see it, Your Honor?

8 THE COURT: The words are there, it's just
9 that --

10 MR. KERR: They are squished.

11 THE COURT: They're squished.

12 BY MR. KERR:

13 Q And the words I'm trying to get to are below
14 that, that talk to renewals, extensions and
15 refinancing. Did you understand that in signing a
16 guaranty that it would extend to renewals,
17 extensions and refinancings?

18 A I believe so.

19 Q Okay. The document also requires for it to
20 be terminated or released, for you to have some
21 writing by the lender that discharges you from this
22 guaranty. Do you have any writing from the lender
23 which discharges you from this indebtedness?

24 A No, I don't.

25 Q Okay. And I understand you put additional

1 money into the LLC and you understand the LLC paid
2 that principal reduction, correct?

3 A Correct.

4 Q And I understand that you have more skin in
5 this game but did you seek any signed document from
6 the bank saying that they discharged and released
7 you from your guaranty of the indebtedness?

8 A No, I did not.

9 MR. KERR: Your Honor, the document speaks
10 for itself. There are some additional things I
11 could go through but that's all the questions I
12 have.

13 THE COURT: All right, thank you.

14 Mr. Masel?

15 MR. MASEL: Just a few, Your Honor.

16 CROSS EXAMINATION BY MR. MASEL:

17 Q Mr. Pennisi, the discussions you had with the
18 bank by email and telephone, they pertained to you
19 and Mr. Walls together, is that correct?

20 A Correct.

21 Q And the same with regard to discussions with
22 Mr. Guyton as far as the guaranties are concerned?

23 A Yes.

24 Q They always mentioned Mr. Walls in addition?

25 A Yes.

1 Q On the emails, one of the sentences you
2 responded to Mr. Tapp is, "We are not on the loan
3 for Sand Dollar, LLC," were you referring to you
4 and Mr. Walls?

5 A Correct.

6 MR. MASEL: That's all I have.

7 THE COURT: Mr. MacDonald?

8 MR. MacDONALD: Just a couple, Your Honor.

9 CROSS EXAMINATION BY MR. MacDONALD:

10 Q Mr. Pennisi, if I understand correctly, you
11 and Mr. Walls own combined approximately 16 percent
12 of this LLC, is that correct?

13 A I'm not sure but it is probably around that.

14 Q 16 percent?

15 A Probably, yes.

16 Q And you have paid a hundred thousand dollars,
17 you and Mr. Walls combined have paid a hundred
18 thousand dollars?

19 A Correct.

20 Q For the reduction?

21 A Correct.

22 Q That far exceeds your 16 percent, pro rata
23 share, a hundred thousand would be 25 percent of
24 the 400,000, correct?

25 A Yes. I'm not following you on that, I'm

1 sorry.

2 Q \$100,000 was paid to reduce the loan.

3 Correct?

4 A Correct, yes.

5 Q Can we agree with our education that we
6 should have gotten, that that is 25 percent of the
7 loan?

8 A Okay, yes.

9 Q Okay. But you only own 16 percent of the
10 entity, you and Mr. Walls together, your total
11 combined share is 16 percent?

12 A I don't know, is that combined?

13 Q Your eight percent.

14 A I guess it is. Believe me, I'm not certain
15 right now.

16 Q If that's the case, you have paid more than
17 your 16 percent, that is your position, correct?

18 A Yes, because the additional was a loan to the
19 LLC, yes.

20 MR. MacDONALD: That's all I have.

21 THE COURT: Thank you.

22 Any redirect?

23 MR. BRITTAIN: No, sir.

24 THE COURT: Thank you. You may step down.

25 (Witness excused).

1 THE COURT: Mr. Brittain, is that your only
2 witness?

3 MR. BRITTAIN: That is our only witness.

4 THE COURT: Mr. Masel.

5 MR. MASEL: I call Mr. Walls to the stand,
6 Your Honor.

7 THE COURT: Come forward and be sworn.

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1 CHARLES T. WALLS, JR., after being first duly
2 sworn, testified as follows:

3 THE CLERK: You may be seated, state and
4 spell your last name, please.

5 THE WITNESS: Charles T. Walls, Jr.,
6 W-a-l-l-s.

7 THE COURT: You may proceed.

8 MR. MASEL: Okay

9 DIRECT EXAMINATION BY MR. MASEL:

10 Q If you can, tell us where you live and what
11 you do for a living.

12 A I live at 205 Lake Drive in Briarcliff Acres
13 and I'm a pathologist at Grand Strand Regional
14 Medical Center.

15 Q How long have you been a pathologist?

16 A Since training began in 1981, since that
17 date.

18 Q Very good. Tell us how you initially got
19 involved in the Sand Dollar Cottage, LLC,
20 transaction that we're here on today.

21 A Well, Frank and I have had some property
22 relationships before and the other gentlemen in the
23 partnership wanted to purchase property as well but
24 they needed to have current landholders or property
25 owners in the Abacos to buy the land, so Frank and

1 I agreed.

2 Q Okay. And what did you ultimately agree to
3 in regard to the LLC?

4 A We agreed that we would take a minimal
5 position in this, I think the Abacos requested that
6 a former landowner, a property owner have a small
7 percentage and Frank and I agreed to own the
8 smallest percentage possible. I think that was
9 roughly 15, 15 percent, I believe, right.

10 Q And that's between the two of you, is that
11 correct?

12 A Yes, sir.

13 Q And why did you want it to be minimal or as
14 small as possible?

15 A Well, I already had a piece of property, I
16 did not need another.

17 Q When the LLC was formed did you make an
18 initial contribution?

19 A We all did. I believe it was nominal,
20 probably in the ballpark of five to six thousand
21 dollars, if I recall.

22 Q And that was in and around 2006, is that
23 right?

24 A Yes, sir.

25 Q And subsequent to that time what developments

1 took place and what did you do with regard to
2 making additional payments?

3 A I had no other real involvement, I was
4 passive as can be until the, I guess the new
5 document, the loan reduction came up. Up to that
6 point I had nominal or no involvement.

7 Q And what was your understanding as to the
8 loan reduction?

9 A They had a \$400,000 note and if they could
10 reduce that note it was, it would allow them, the
11 other partners in the LLC, to lower their monthly
12 payments so Frank and I agreed to put that money
13 forward and with that, you know, we would be
14 indemnified and let go of our guaranties on the
15 property.

16 Q Okay. And that was what you believed when
17 you made the, when the two of you made the payment
18 of approximately \$100,000?

19 A Yes, sir.

20 Q Would you have made your portion of the
21 payment if it was not for your understanding that
22 you would be indemnified and also released as a
23 guaranty?

24 A Absolutely not.

25 Q Is that the only reason you made that

1 payment?

2 A Yes.

3 Q Okay. As far as any discussions with the
4 bank, as far as your guaranty, in making that
5 payment, did you have any personal conversations
6 with anyone at the bank?

7 A Just with the officer who was -- we were
8 signing the papers, you know, I said, "This is more
9 than a high percentage but this is what I'm willing
10 to pay," and he said with the hundred thousand
11 dollar reduction he felt like his bank would be
12 satisfied and we would be, Frank and I would be
13 therefore free of obligation.

14 Q Okay. Was it your understanding that you
15 would be free of obligation under your guaranties?

16 A That was my understanding.

17 Q Okay. Is that why you signed off on those
18 loan documents?

19 A Absolutely, otherwise there would have been
20 no reason to reduce the payment the way we did.

21 Q Other than that discussion with someone from
22 the bank, did you have any other discussions that
23 you recall with any individuals for the bank?

24 A No, sir, never had contact with them at all.

25 Q We have heard testimony that Mr. Pennisi had

1 discussions with the bank. Are you familiar with
2 those?

3 A Yes, sir.

4 Q And was he discussing those items with the
5 bank with your permission?

6 A Yes, sir.

7 Q And was it your understanding that the
8 permission you granted him was to talk to the bank
9 if in fact you all had paid approximately a hundred
10 thousand dollars and that was for the purpose of
11 being released from your guaranties?

12 A Yes, sir.

13 MR. MASEL: That's all I have, Your Honor.

14 THE COURT: Thank you.

15 Mr. Kerr?

16 CROSS EXAMINATION BY MR. KERR:

17 Q Dr. Walls, did you read your guaranty?

18 A Pardon me?

19 Q Did you read your guaranties before you
20 signed them?

21 A Not all of them.

22 Q Do you understand or did you understand the
23 content of the guaranty at the time you executed
24 it?

25 A I understood I was signing a guaranty for my

1 portion of a loan.

2 Q All right. Did any member, did any
3 representative of the bank give you a document in
4 writing releasing you from the terms of the
5 guaranty?

6 A No, sir. It was verbal communication in
7 conversation while signing.

8 Q All right. Are you familiar with the term if
9 a guaranty requires any amendment or any change to
10 the guaranty it must be in writing?

11 A Not at the time I was signing it but I have
12 subsequently learned such.

13 Q What were you signing?

14 A I was signing what I thought was an agreement
15 that I would guarantee my portion of that loan. I
16 came subsequently to find out I was guaranteeing
17 everybody's portion.

18 Q The only guaranty you signed was at the time
19 of the original loan in 2006, is that right?

20 A Yes, sir, I believe it was 2006 and I thought
21 when that loan ended that I would have to sign
22 another loan agreement.

23 Q Okay.

24 A When it matured.

25 Q You were putting money into the Sand Dollar

1 Cottage, LLC,, that was done to allow for this
2 principal reduction, is that correct, 400 to 300?

3 A I believe that was later.

4 Q That was later?

5 A Yes, sir.

6 Q Your testimony today, then, is in 2006 you
7 understand that you were only guaranteeing your
8 fractional interest?

9 A Yes, sir.

10 Q Okay.

11 MR. KERR: Nothing further.

12 THE COURT: Thank you.

13 Mr. Brittain.

14 MR. BRITTAIN: No questions.

15 THE COURT: Mr. MacDonald?

16 MR. MacDONALD: None, Your Honor.

17 THE COURT: Thank you. You may step down.

18 THE WITNESS: Thank you.

19 (Witness excused).

20 MR. MacDONALD: We're not going to call a
21 witness.

22 THE COURT: All right. Since I'm not coming
23 back down to Horry County, I am probably going to
24 take this under advisement. Is there anything
25 else, do you have any reply?

1 MR. KERR: I don't have any reply.

2 THE COURT: Are there any motions to be made
3 following the defendant's presenting their case?
4 Are there any motions at this time?

5 MR. KERR: Your Honor, the plaintiff would
6 move for directed verdict at this time based on the
7 fact taking the evidence in a light most favorable
8 to these defendants they have introduced no
9 evidence that shows they have been, that their
10 guaranty has been amended, revoked, terminated or
11 they have been released therefrom. The document
12 itself, the guaranties they signed require in the
13 document if they are going to be released they have
14 to have a writing from the bank. The only two
15 guarantors that testified said they have no such
16 writing, so based on that evidence, Your Honor, we
17 think it is clear that we're entitled to enforce
18 the guaranties in the amount of the principal,
19 interest, late charges and attorney fees that we
20 can, that we can prove up to you in a form you deem
21 appropriate.

22 THE COURT: Mr. Brittain?

23 MR. BRITTAIN: Your Honor, I believe there is
24 sufficient evidence in the record, emails that came
25 from the bank officers to constitute a writing

1 previously. In response to his motion, what we
2 have here is an original note that came due, it
3 wasn't paid and it terminated. This could never be
4 a renewal. It is a brand new different note. I
5 don't care what their accounting records are, and
6 numbers, it is a new note for a different amount.
7 They should have gone and gotten new guaranties.
8 There is nothing in the original guaranties that
9 would obligate these individuals to a new note.

10 Secondly, they don't have an original of my
11 man's guaranty and the one they've got you can't
12 read portions of it. It is ineffective. Neither
13 do we have a chain of assignment. We've got, the
14 bank is before you today is not even a party, is
15 not the proper party in this trial. That has
16 already been determined in a motion for summary
17 judgment here in Horry County. There are two
18 orders outstanding. Part of the grounds for
19 granting it was there was not a proper party before
20 this Court and it still hasn't been changed. That
21 is a duty and obligation they have. They haven't
22 done it. It is the wrong party.

23 And so we surely, and it is clear from an
24 equitable standpoint that our client made this
25 substantial contribution, the bank got a benefit

1 from it and whether there are technical legal
2 arguments, we have discussed the problems they have
3 with those, but this Court has the power to
4 equitable, to balance out the responsibilities of
5 these parties, and my client communicated this to
6 them in the honest course of affairs.

7 THE COURT: Though it is not really before me
8 today, you all have stipulated this is only between
9 the defendants and the banks, what between with the
10 defendants is not before me?

11 MR. BRITTAIN: No, sir. What I'm referring
12 to was my client, as soon as it became clear to him
13 that the bank was under the impression he was still
14 on the note he communicated with the bank. He
15 testified that those conversations, what they were,
16 and we introduced in evidence emails back from
17 those individuals which say to the Court my man is
18 out of the guarantor group.

19 Also this. Keep in mine that affidavit is
20 before you, it was filed in April of 2012. It is
21 not refuted, what my client testified what Mr.
22 Waddell said as a representative of the bank is not
23 refuted, he still works for the bank, that
24 affidavit stands, my client testified to it and
25 they did not bring him to testify to it. Mr. Cobb

1 wasn't present, wasn't working for the bank at the
2 time. So what we say about the conversations
3 between the bank that are followed up by the
4 writing have been refuted in the courtroom, my
5 client's version of that testimony. Now, he did
6 say he didn't have a writing in response to a
7 question of Mr. Kerr's but his, but there is a
8 writing, it is for the Court to determine whether
9 based on all the facts --

10 THE COURT: I think that came into evidence.

11 MR. BRITTAIN: Yes, sir, he put it in.

12 THE COURT: The only thing that came into
13 evidence was Defense Exhibit Number 1.

14 MR. BRITTAIN: Let me --

15 THE COURT: That is the only thing came in
16 evidence, the other one was objected to as hearsay.

17 MR. BRITTAIN: No, sir. Let me show you what
18 I'm talking about.

19 THE COURT: I'm saying that is the only thing
20 in evidence from the defense.

21 MR. BRITTAIN: This is what I'm talking
22 about.

23 THE COURT: All right.

24 MR. BRITTAIN: For those reasons we believe
25 that we should prevail and that there has been a

1 modification based on discussions, payment, number
2 one, a significant payment, discussions, that being
3 a normal course of affairs and then an email which
4 is in writing, which has been admitted as being an
5 email that has the address of the bank on it, which
6 tends to verify the testimony of Mr. Pennisi that
7 he was off the loan, informed the bank, once he
8 gave them the information they quit bothering him
9 and he got that email indicating they were looking
10 elsewhere for information. All that gives us what
11 we believe is a sufficient showing to end the
12 guaranty.

13 THE COURT: Mr. Masel?

14 MR. MASEL: Yes, Your Honor. We have the
15 same arguments. In following up on a couple, the
16 2008 transaction again was, was a different entity,
17 First National Bank of the South, I think the
18 testimony that we heard was that that bank
19 purchased the assets of Carolina National Bank.
20 Through that purchase of assets they allege they
21 became the owner of the loan documents.

22 However, the chain of title does not show
23 that those assets, particularly the loan documents
24 in this case, were purchased, assigned, transferred
25 or what have you from Carolina National Bank to the

1 First National Bank of the South. If there is a
2 merger, then those assets that are purchased need
3 to be documented properly. In this case there is
4 no chain of title that reflects that these loan
5 documents were transferred properly from the
6 initial owner of the loan documents to the
7 subsequent owner of the loan documents who
8 purchased them or at least claimed to have
9 purchased them.

10 We also believe that the assignment from
11 First National Bank of the South to NAFH is
12 questionable, that the Power of Attorney that we
13 looked at provides that there are two ways to make
14 the transfer using the Power of Attorney. One of
15 them is by endorsing the promissory note, and I
16 think the bank's testimony admitted there was no
17 endorsement of the promissory note transferring it
18 from one entity to the next entity.

19 And also as far as assignments go, they need
20 to be made pursuant to and consistent with a
21 purchase and assumption agreement dated July 16th
22 of 2010 which is a document not in evidence and we
23 have no idea whether or not that document gives
24 proper authority to be executing transfers under
25 this particular Power of Attorney. We're talking

1 about the loan documents, guaranties, making claims
2 of payment for hundreds of thousands of dollars. I
3 think it is critical that the T's are crossed and
4 the I's are dotted and I think we have skipped two
5 steps in this chain. It simply was not done. The
6 paperwork transferring the loan from Carolina
7 National Bank to the First National Bank of the
8 South, the paperwork is not there. The transfer
9 from First National Bank of the South to NAFH
10 National Bank is not there. We don't know the
11 document that purportedly authorizes this
12 transaction and we know that it wasn't properly
13 endorsed.

14 And as I mentioned in the beginning, I think
15 discharge is proper for a number of reasons and
16 that is that the loan was extended for the LLC
17 without permission or consent of the guarantors.
18 There was no notice to the guarantors as admitted
19 by the bank, there was no guaranties executed as
20 admitted by the bank, the loan terms were modified
21 without the consent from the guarantors and again
22 the statute of limitations expired as to any claim
23 that the bank may have against the LLC. Again,
24 they have not pursued the LLC, which acts as a
25 waiver and release of the claim or the amount due

1 under the underlying obligation of the promissory
2 note itself.

3 That final part of my argument, I just want
4 to get it out so it is on the record, is something
5 that finds its roots in Article III of the UCC and
6 particularly Section 36-3-605. That gives, that
7 relates to negotiable instruments and relates to
8 sureties and accommodating parties who sign off on
9 negotiable instruments to secure a loan.

10 Now, we don't have this here because the
11 guarantors did not actually sign the promissory
12 note, they didn't sign the negotiable instrument,
13 but what the comments to that section say is that
14 these reasons that a guarantor who signs a
15 promissory note can get out of their obligation or
16 is discharged from their obligation as a guarantor
17 is consistent with and finds its roots in the
18 common law, common law that relates to suretyship
19 and guaranties. The comment cites to the
20 restatement, and the restatement outlines how under
21 the common law, not related to any negotiable
22 instruments, the guarantor signs a separate
23 document, they too have the same ground for
24 discharge. That is when there is loan terms are
25 changed without consent and the Statute of

1 Limitations expires against the primary obligor.

2 The reasons the guarantors should be
3 discharged in this case, independent separate
4 documents mirror the reasons that they should be
5 discharged if they had not signed off as
6 accommodating party or surety under the promissory
7 note.

8 THE COURT: Thank you.

9 Mr. MacDonald?

10 MR. MacDONALD: Your Honor, I will join in
11 with Mr. Brittain and Mr. Masel. I will only add
12 we think there is a question of fact. We would
13 like to have the opportunity to brief whether or
14 not when the notes matured and then a new note is
15 signed, whether that requires signing of a guaranty
16 because the notes are actually in default and have
17 matured and in essence you are creating a new note,
18 we would like to be able to brief that to the
19 Court.

20 MR. KERR: Briefly, Your Honor. Counsel
21 referred to two orders that disposed of an issue
22 about who the proper parties was. I would just
23 reiterate that Rule 25(C) allows this matter to
24 continue in the name of the party that brought it
25 as the plaintiff and that we are in procedural

1 posture that is perfectly appropriate.

2 Second, counsel refers to what a bank
3 employee said, what he said, amending what he said.
4 I will call the Court's attention to the Lender
5 Statute of Fraud, South Carolina Code Section
6 37-10-107, which bars certain claims and defenses
7 relating to loans in excess of \$50,000 and we
8 believe that that applies to require a writing, a
9 release document signed by the bank saying
10 affirmatively that a guarantor is released. That
11 is an additional point of law we raise in addition
12 to the general law of guarantyship which is,
13 guaranty is a contract and it is enforceable by its
14 terms.

15 A quick cite to AMA Management Corp versus
16 Strausberger, 420 Southeast 2d 868, which is a
17 South Carolina Court of Appeals case that stands
18 for the proposition that if the principal
19 obligation, the underlying loan is assignable, then
20 assignment of debt operates as an assignment of the
21 guaranty of the debt. We believe we have made out
22 the chain of title, the bank that made the loan
23 merged and we have a document from the Office of
24 the Comptroller of the Currency saying this merger
25 is effective. The new bank became the successor in

1 ownership by merger.

2 When the FDIC took over First National Bank
3 of the South they authorized or conferred the power
4 on certain individuals to make assignment on their
5 behalf to this acquiring entity, NAFH, so the Power
6 of Attorney is what conferred the power and the
7 assignment is the document that changes title. So
8 NAFH becomes owner-holder of the debt and the
9 related obligations by assignment and by operation
10 of law the guaranties come with it, the
11 Strausberger case.

12 And finally, Your Honor, as the witness
13 testified, he is familiar with the fact that NAFH
14 merged with another bank and the resulting bank is
15 Capital Bank and they are owner and holder of the
16 note that is in default and these continuing
17 guaranties which may only be revoked in writing,
18 amended or released by writing.

19 Thank you, Your Honor.

20 THE COURT: Thank you. I still want to look
21 at this matter, so I'll deny your motion. Because
22 I'm not scheduled to come back to Horry County, I
23 will go ahead and take the testimony concerning
24 possible attorneys fees. Whether I rule for it or
25 not, I don't know, but at least we can go ahead and

1 have it at this point. That way you all won't have
2 to come back.

3 MR. KERR: Your Honor, may it please the
4 Court, I'm Robert Kerr and I represent the
5 plaintiff in this case. Under the guaranties that
6 we're suing on there is a provision for collection
7 of attorney fees, costs of collection in the event
8 that the bank is successful party. Your Honor, as
9 an officer of the court I can provide you this
10 information or I can give you an affidavit which I
11 have prepared.

12 THE COURT: Any objection?

13 MR. BRITTAIN: I would like to see it but I
14 probably would agree that should he prevail,
15 knowing him, it would be reasonable. I don't want
16 to fight about it if I can look at it.

17 THE COURT: Show it to them, let them look at
18 it.

19 MR. MacDONALD: Could we do this just in
20 writing, if he puts his affidavit in?

21 THE COURT: I would rather kind of go ahead
22 and get it done. I really want to not have a
23 letter war after this hearing.

24 MR. KERR: Your Honor, may I approach?

25 THE COURT: Yes.

1 MR. KERR: I can quickly summarize the
2 contents. Your Honor, we are asking for \$50,000.
3 I have certain backup from our time and billing
4 system but in general we have been involved in this
5 case since just before the filing of the summons
6 and complaint in the spring of 2010. We have
7 brought the or filed the summons and complaint,
8 effected service, we have had the answers from good
9 counsel, as you have seen here today, we have taken
10 depositions, we have exchanged paper documentary
11 evidence, I filed a motion for summary judgment and
12 briefed it, Judge John sent me home and we took a
13 deposition, and because of the interlocutory nature
14 of a Rule 56 denial we filed another one and
15 thought we had a good shot at that, we have been
16 back and forth for roster meetings, we have been in
17 settlement discussions, we conducted a mediation in
18 Georgetown. In short, this matter has taken up a
19 significant amount of my time and the time of my
20 associate Chris Caldwell.

21 By way of my background, I have been
22 practicing law since the summer of 1988, I am
23 certified as a specialist in creditor/debtor rights
24 and bankruptcy by the South Carolina Supreme Court
25 and have been so certified since 1995. My standard

1 hourly rate of my current law firm Moore & Van
2 Allen is \$340 an hour, we're charging the bank \$250
3 an hour because the matter originated from my
4 previous law firm.

5 We have, and I'm sorry, Your Honor, I do not
6 have the, actually don't have copies of our, of the
7 accounting that shows time and hours, et cetera,
8 from my old firm but at my old firm which was
9 called Haygood & Kerr P.A., from April of 2010
10 until December of 2012 we had 94.4 hours of time in
11 this file, which was \$16,834.50 and expenses of
12 \$1,845, for a total of \$18,679.65.

13 At my current firm Moore & Van Allen where I
14 was, where I was hired and went to work in January
15 of 2012, we have, through 2012, I have two pages
16 here, Your Honor, where I have our bills and we
17 have been paid and I don't have the total, I will
18 be happy to total that up before I leave and give
19 it to you or email it to your clerk and then I have
20 the current amount that has been worked which is an
21 additional \$5,247. My calculation was we had about
22 42 or 43 thousand dollars into it before last week
23 when we knew we had to come up here and we had to
24 get ready and get witnesses here and travel and
25 expend more time. So, Your Honor, my affidavit

1 requests \$50,000 in attorney fees.

2 THE COURT: Do you all have any questions for
3 Mr. Kerr?

4 MR. KERR: I would be happy to send counsel
5 summaries. I'm sorry about --

6 MR. BRITTAIN: I don't --

7 MR. KERR: I'm sorry about a letter writing
8 campaign.

9 MR. BRITTAIN: I don't do a lot of this, I'm
10 shocked at that figure. I mean, I don't agree with
11 it, I don't know where we go from here.

12 THE COURT: What I will do, I will have him
13 submit his affidavit, you can submit any objections
14 to it.

15 MR. BRITTAIN: All right, thank you.

16 MR. MacDONALD: If I could just real quick,
17 Mr. Kerr, are you saying the 50,000 is the amount
18 that the bank has paid you or that is what you're
19 requesting?

20 MR. KERR: Because we have not rendered a
21 final bill at this point, I don't know what
22 additional issues we're going to have to deal with.

23 THE COURT: What I will request you do at
24 this point in time, go ahead and figure up time for
25 today and then submit me an affidavit that is

1 current.

2 MR. KERR: Amended affidavit, all right, sir,
3 I will.

4 THE COURT: That way you all can look at it.

5 All right, if you will submit that within ten
6 days. Did you want to brief something, Mr.
7 MacDonald?

8 MR. MacDONALD: I just wanted to brief the
9 issue related to whether or not the timing of the
10 new notes, because it is post maturity, whether
11 that affects the release or requires new
12 guaranties.

13 THE COURT: I will give you ten days to brief
14 that and then you can respond in ten days, so we
15 won't have a ruling for at least 20 days.

16 Do you want to brief anything?

17 MR. MASEL: I would enjoy the opportunity to
18 supplement.

19 THE COURT: All right, you all supplement
20 within ten days, then I will give you my ruling.

21 MR. MacDONALD: It will be short, Your Honor.

22 MR. BRITTAIN: Thank you very much.

23 THE COURT: Thank you, gentlemen, thank you
24 for a very civil trial, this is civil but you were
25 very civil, you upheld your civility oath and you

1 were a good example for these young law students as
2 they start their careers. Thank you very much.

3 MR. MASEL: Thank you, Your Honor.

4 (Hearing Concluded at 5:25 p.m.).

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I, the undersigned Henry P. Young, Official
Court Reporter for the Eighth Judicial Circuit of
the State of South Carolina, do hereby certify that
the foregoing is a true, accurate, and complete
transcript of record of all the proceedings had and
evidence introduced in the trial of the captioned
case in the Circuit Court for Horry County, South
Carolina, on the 20th day of May, 2013.

I do further certify that I am neither of kin,
counsel, nor interest to any party hereto.

September 8, 2013


Henry P. Young
Court Reporter

Henry P. Young
Court Reporter, Fifteenth Judicial Circuit
704 Creekfront Road
North Myrtle Beach, SC 29582

843 231-0697

September 20, 2013

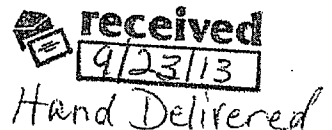
Thomas C. Brittain
Brittain Law Firm
4614 Oleander Drive
Myrtle Beach, SC 29577

First National Bank vs. Frank Pennisi, et al

Transcript of hearing May 20, 2013, Common Pleas Court
for Horry County.

135 pages @ 3.25 per page: \$438.75

Henry P. Young
SSN 431-76-2059

received
9/23/13
Hand Delivered



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

CERTIFICATE OF MERGER

I, John C. Dugan, Comptroller of the Currency, do hereby certify that the document hereto attached is a true and complete copy of the certificate recorded in this Office, evidencing the Merger of "Carolina National Bank and Trust Company," into "First National Bank of the South," effective as of February 18, 2008. The resulting bank title is "First National Bank of the South," Spartanburg, South Carolina, (Charter No. 23953).

IN TESTIMONY WHERE OF, I have

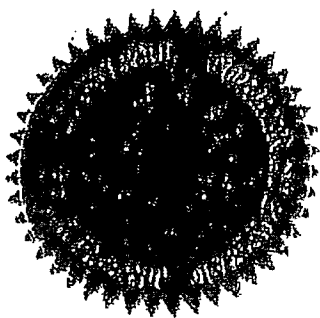
hereunto subscribed my name and caused

my seal of office to be affixed to these

presents at the Treasury Department, in the

City of Washington and District of

Columbia, this August 4, 2009



Comptroller of the Currency





Comptroller of the Currency
Administrator of National Banks

Northeastern District Office
340 Madison Avenue, 5th Floor
New York, New York 10017

Licensing Division
Telephone No.: 212.790.4055
Fax No.: 301.333.7015

February 25, 2008

By facsimile: 864.594.5688
and regular mail.

Ms. Laura Austill
Assistant Vice President/Financial
Reporting Manager
First National Bank of the South
215 N. Pine Street
Spartanburg, South Carolina 29302

Re: Application to merge Carolina National Bank and Trust Company, Columbia, South
Carolina, with and into First National Bank of the South, Spartanburg, South Carolina,
under the title and with the charter number of the latter.
Control No.: 2007 NE 02 032

Charter No.: 23953

Dear Ms. Austill:

This letter is the official certification of the Comptroller of the Currency ("OCC") for the merger
of Carolina National Bank and Trust Company into First National Bank of the South, effective as
of February 18, 2008. The resulting bank title is First National Bank of the South, and the
charter number is 23953.

This is also the official authorization given to First National Bank of the South, the receiving
institution, to operate the main office of the merging bank and its branches, as branches of the
resulting bank. The former main office of Carolina National Bank and Trust Company, located
at 1350 Main Street, Columbia, Richland County, South Carolina 29201, is authorized as Branch
No. 141941A, and is known as the "Columbia Main Branch." Branches of a national bank target
are not listed since they are automatically carried over to the resulting bank and retain their
current OCC branch numbers. If any of the branches are closed, or sold to a non-national bank,
a closing notice must be submitted pursuant to 12 U.S.C. 1831r-1, and a copy of this
authorization must be provided to the OCC. Following the closing of the branch office, a final
closing notice should be submitted to this office. A post-merger branch listing is attached.

Ms. Laura Acattl
Assistant Vice President/Financial
Reporting Manager
First National Bank of the South
Columbia, SC 29101-5010

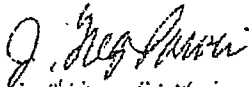
Please be advised that the OCC is also authorizing the resulting bank, should the combination occur between Call Report dates, to recalculate its legal lending limit. The new lending limit should be calculated by using data from the last Call Report of the individual banks filed prior to consummating the merger, as adjusted for the combination. The resulting bank will then file a new Call Report and begin calculating its legal lending limit according to 12 C.F.R. §32.4(u) at the end of the quarter following consummation of the combination.

We understand that upon consummation, the permanent capital of First National Bank of the South will increase. Within 30 days following consummation, please provide this office with the exact dollar amount of the capital change so that we may issue our letter certifying the capital increase.

We acknowledge that the combination occurred as represented in your letter of February 6, 2008.

Please return the charter certificate for Carolina National Bank and Trust Company so that we may properly close the files on Charter No. 24332.

Sincerely,



J. Greg Parvin
Director for District Licensing

Attachment

CMS
02/26/2004

CONTROLLER OF THE CURRENCY
BRANCH ONLY REPORT FOR CHARTER:
SORTED BY STATE, CITY, ZIP, AND COUNTRY

02/26/2004
PAGE: 1

FIRST NB OF THE SOUTH
SPARTANBURG

SC 293020000 083

OPEN DATES	BRANCH CERT ADDRESS	BRANCH NAME	CITY	STATE	ZIP CODE	COUNTRY
08/24/2001	118841A 1050 BOILING SPRINGS ROAD	BOILING SPRINGS BRANCH	BOILING SPRINGS	SC	293110000	081
05/01/2004	118932A 1130 WASHINGTON STREET	SUMTER BRANCH	COLUMBIA	SC	292010000	079
05/28/2004	124004A 1150 MAIN STREET	MESSENGER SERVICE	COLUMBIA	SC	292010000	079
04/16/2006	141541A 1150 MAIN STREET	COLUMBIA MAIN BRANCH	COLUMBIA	SC	292010000	079
07/22/2002	122105A 1840 FOREST DRIVE	TREMHOLM BRANCH	COLUMBIA	SC	292020000	079
10/10/2006	131778A 4011 GARNER'S FERRY ROAD	GARNER'S FERRY	COLUMBIA	SC	292090000	079
12/01/2005	133175A 10114 TWO NOTCH ROAD	NORTHEAST BRANCH	COLUMBIA	SC	291210000	075
06/29/2007	134519A 1401 PELHAM ROAD	NOT GIVEN	GREENVILLE	SC	296150000	045
10/10/2006	137051A 1453 PELHAM ROAD, SUITE 101	PELHAM ROAD BRANCH	GREENVILLE	SC	296150000	045
08/31/2007	138265A 713 MADE HAMPTON BLVD	GREER BRANCH	GREER	SC	296500000	045
10/17/2005	131417A 451 JOHNNIE DODDS BOULEVARD	MT. PLEASANT OFFICE	MT. PLEASANT	SC	294610000	019
07/17/2000	115118A 2680 REIDVILLE ROAD	WESTSIDE BRANCH	SPARTANBURG	SC	291010000	083

R.p. 202



Comptroller of the Currency
Administrator of National Banks

Southern District Licensing
500 North Akard, Suite 1600
Dallas, Texas 75201-3323

June 30, 2011

Kenneth Posner
Chief of Investment Analytics & Research
North American Financial Holdings, Inc.
667 Madison Avenue, 10th Floor
New York, NY 10065

Re: Affiliated Merger of Capital Bank, Raleigh, North Carolina with and into NAFH National Bank, Miami, Florida, (2011-SO-02-0011) with the Resulting Bank Title of Capital Bank, National Association

Dear Mr. Posner:

This letter is the official certification of the Comptroller of the Currency (OCC) to merge Capital Bank, Raleigh, North Carolina with and into NAFH National Bank, Miami, Florida, effective June 30, 2011. The resulting bank title is Capital Bank, National Association, and will be located in Miami, Florida, charter number 24976.

This letter is also the official authorization given to Capital Bank, National Association to operate the main office and the branches of Capital Bank as branches. A listing of each newly authorized branch and its assigned OCC branch number is attached.

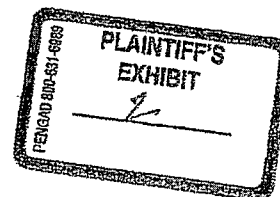
Sincerely,

Brenda E. McNeese

Brenda E. McNeese
NBE/Senior Licensing Analyst

Enclosure

cc: Chris Primrose, EIC, Midsize Bank Supervision
Christopher Marshall, Capital Bank, National Association
Richard Kim, WLRK



NAFH National Bank
Capital Bank Merger
(Resulting Bank: Capital Bank, National Association)
Branch Listing

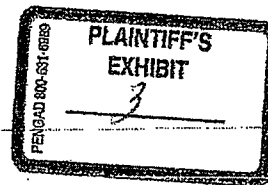
<u>Branch No.</u>	<u>Branch Location</u>
150007A	333 Fayetteville Street, Suite 102, Raleigh, NC
150008A	445 S. Main Street, Burlington, NC
150009A	227 S. Main Street, Graham, NC
150010A	503 Huffman Mill Road, Burlington, NC
150011A	200 Williamsboro Street, Oxford, NC
150012A	300 E. Raleigh Street, Siler City, NC
150013A	8816 Six Forks Road, Raleigh, NC
150014A	130 N. Steele Street, Sanford, NC
150015A	1201 Kildaire Farm Road, Cary, NC
150016A	3466 South Church Street, Burlington, NC
150017A	2127 Clark Avenue, Raleigh, NC
150018A	4901 Glenwood Avenue, Raleigh, NC
150019A	12217 Capital Blvd., Wake Forest, NC
150020A	9632 Chapel Hill Road, Morrisville, NC
150021A	918 Merrimon Avenue, Asheville, NC
150022A	929 S. McPherson Church Road, Fayetteville, NC
150023A	225 Green Street, Fayetteville, NC
150024A	102 E. Washington Street, Mebane, NC
150025A	225 4 th Street, NW, Hickory, NC
150026A	1310 Hendersonville Road, Asheville, NC
150027A	37 Hillsboro Street, Pittsboro, NC
150029A	1260 N. Arendell Avenue, Zebulon, NC
150030A	462 New Leicester Hwy, Asheville, NC
150031A	2222 Jefferson Davis Hwy, Sanford, NC
150032A	12701 US Hwy 70 W, Clayton, NC
150033A	4841 Ramsey Street, Fayetteville, NC
150034A	11 N. Market Street, Asheville, NC
150035A	5070 Kentworth Drive, Holly Springs, NC
150036A	7705 Carpenter Fire Station Road, Cary, NC
150037A	2917 S. Horner Blvd., Sanford, NC
150038A	3310 S. Peak Drive, Hope Mills, NC
150039A	6501 Falls of Neuse Road, Raleigh, NC



Doc # 2011055935, OR BK 15539 Page 2164, Number Pages: 4, Recorded 03/11/2011 at 09:45 AM, JIM FULLER CLERK CIRCUIT COURT DUVAL COUNTY RECORDING \$35.50

A TRIN CORP. ATTORNEY
DUVAL COUNTY REGISTRAR OF DEEDS
J. Skipper, Director - Ballery V. Skipper

Prepared by: Renee Marie Araujo, Esq.
FDIC East Coast Temporary Satellite Office
7777 Baymeadows Way West
Jacksonville, FL 32256



(Leave Blank Above this Line for Recording Information)
(Space above this line must be at least 3 inches)

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the **FEDERAL DEPOSIT INSURANCE CORPORATION**, a corporation organized and existing under an Act of Congress, hereafter called the "FDIC", hereby designates the following individual(s) of **NAFH NATIONAL BANK**, organized under the laws of the state of Florida, as "Attorney(s)-in-Fact" for the sole purpose of executing the documents outlined below:

ROBERT HINTELMANN
RICK MANLEY
RICHARD RABB
KITTY PAYNE
JOEL BARRIER
TERRY SPURLOCK
CHRISTOPHER MARSHALL
EUGENE TAYLOR
R. BRUCE SINGLETARY

WHEREAS, the undersigned has full authority to execute this instrument on behalf of the FDIC under applicable Resolutions of the FDIC's Board of Directors and redelegations thereof.

NOW THEREFORE, the FDIC grants to the above-named Attorney(s)-in-Fact the authority, subject to the limitations herein, as follows:

1. To execute, acknowledge, seal and deliver on behalf of the FDIC as Receiver of **FIRST NATIONAL BANK OF THE SOUTH**, all instruments of transfer and conveyance, including but not limited to deeds, assignments, satisfactions, and lien releases, appropriately completed, with all ordinary or necessary endorsements, acknowledgments, affidavits and supporting documents as may be necessary or appropriate to evidence the sale and transfer of any asset of **FIRST NATIONAL BANK OF THE SOUTH**, including all loans held by **FIRST NATIONAL BANK OF THE SOUTH** to **NAFH NATIONAL BANK** pursuant to that certain



OR BK 15539 PAGE 2165

A TRUE COPY ATTEST
HORRY COUNTY REGISTRAR OF DEEDS
Baller V. Skipper, Director

Purchase and Assumption Agreement, dated as of July 16, 2010 between FDIC as Receiver of
FIRST NATIONAL BANK OF THE SOUTH and **NAFH NATIONAL BANK**.

2. Regarding indebtedness previously owned by the former **FIRST NATIONAL BANK OF THE SOUTH** that had been paid off or otherwise satisfied prior to bank failure, authority is granted to the Attorney(s)-in-Fact to execute, acknowledge, seal and deliver on behalf of the Receiver any and all lien releases that may be necessary for the completion of the documentation obligations of the former **FIRST NATIONAL BANK OF THE SOUTH**, in connection with such paid-off loans or other debt obligations. All lien releases and related documents prepared in connection with this Limited Power of Attorney shall be appropriately completed with all ordinary or necessary endorsements, acknowledgments, affidavits and supporting documents as may be necessary or appropriate to evidence the release of the collateral and satisfaction of the debt.

Attorneys-in-Fact shall undertake to complete all appropriate due diligence necessary to verify the full and final payment and satisfaction of all indebtedness secured by the collateral being released.

The form which the Attorney(s)-in-Fact shall use for endorsing promissory notes or preparing allonges to promissory notes is as follows:

Pay to the order of

Without Recourse

**FEDERAL DEPOSIT INSURANCE CORPORATION as
Receiver for FIRST NATIONAL BANK OF THE SOUTH,
Spartanburg, South Carolina**

By: _____

Name: _____

Title: Attorney-in-Fact

All other documents of assignment, conveyance or transfer shall contain this sentence: "This assignment is made without recourse, representation or warranty, express or implied, by the FDIC in its corporate capacity or as Receiver."

3. FDIC further grants to each Attorney-in-Fact full power and authority to do and perform all acts necessary to carry into effect the powers granted by this Limited Power of Attorney as fully as FDIC might or could do with the same validity as if all and every such act had been herein particularly stated, expressed and especially provided for.

This Limited Power of Attorney shall be effective from July 16, 2010 and shall continue in full force and effect through July 16, 2012, unless otherwise terminated by an official of the FDIC authorized to do so by the Board of Directors ("Revocation"). At such time this Limited Power of Attorney will be automatically revoked. Any third party may rely upon this document as the named individual(s)' authority to continue to exercise the powers herein granted unless a Revocation has been recorded in the public records of the jurisdiction where this Limited Power of Attorney has been recorded, or unless a third party has received actual notice of a Revocation.

Limited Power of Attorney - [ASSUMING INSTITUTION]

Page 2 of 4



OR BK 15539 PAGE 2166

A TRUE COPY, ATTEST
HORRY COUNTY REGISTRAR OF DEEDS
Battery V. Skipper, Horry County, SC

IN WITNESS WHEREOF, the FDIC, by its duly authorized officer empowered by appropriate resolution of its Board of Directors, has caused these presents to be subscribed in its name this 11th day of MARCH, 2011.

FEDERAL DEPOSIT INSURANCE CORPORATION

By: [Signature]
Name: OPHELIA JONES
Title: Manager of Customer Service -
East Coast Temporary Satellite Office
7777 Baymeadows Way West
Jacksonville, FL 32256

Signed in the presence of:

Witness: [Signature]
Printed Name: Melissa Romanowski

Witness: [Signature]
Printed Name: Samuel S. Stangle

STATE OF FLORIDA }
COUNTY OF DUVAL }

On this 11th day of March, 2011, before me, a Notary Public in and for the State of Florida appeared OPHELIA JONES, to me personally known, who, being by me first duly sworn did depose that he/she is Manager of Customer Service, East Coast Temporary Satellite Office of the Federal Deposit Insurance Corporation (the "Corporation"), in whose name the foregoing Limited Power of Attorney was executed and subscribed, and the said Limited Power of Attorney was executed and subscribed on behalf of the said Corporation by due authority of the Corporation's Board of Directors, and the said OPHELIA JONES, acknowledged the said Limited Power of Attorney to be the free act and deed of said Corporation.

[PLACE SEAL BELOW HERE]

NOTARY PUBLIC-STATE OF FLORIDA
Atawn Davis Thomas
Commission # DD937708
Expires: NOV. 02, 2013
BONDED THRU ATLANTIC BONDING CO., INC

[Signature]
Notary Public
Printed Name of Notary: Atawn Davis Thomas
Commission No.: DD937708
My Commission expires: Nov. 2, 2013



OR BK 15539 PAGE 2167

TRUE COPY, ATTEST
Horry County Registrar of Deeds
Ballery V. Skipper, Director

STATE OF FLORIDA)
COUNTY OF DUVAL)

On this 11th day of March, 2011, before me, a Notary Public in and for the State of Florida appeared Melissa Romanowski (witness #1) and Samuel S. Spangle (witness #2), to me personally known to be the persons whose names are subscribed as witness to the foregoing instrument of writing, and after being duly sworn by me stated on oath that they saw OPHELIA JONES, Manager of Customer Service, East Coast Temporary Satellite Office of the Federal Deposit Insurance Corporation, the person who executed the foregoing instrument, subscribe the same, and that they had signed the same as a witness at the request of the person who executed the same.

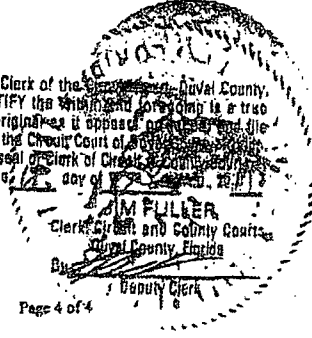
[PLACE SEAL BELOW HERE]

NOTARY PUBLIC-STATE OF FLORIDA
Atawon Davis Thomas
Commission #DD937708
Expires: NOV. 02, 2013
BONDED THROUGH ATLANTIC BONDING CO., INC.


Notary Public
Printed Name of Notary: Atawon Davis Thomas
Commission No.: DD937708
My Commission expires: Nov. 2, 2013

STATE OF FLORIDA
DUVAL COUNTY

I, THE UNDERSIGNED Clerk of the Circuit Court of Duval County, Florida, DO HEREBY CERTIFY that the foregoing is a true and correct copy of the original as it appears on file in the office of the Clerk of the Circuit Court of Duval County, Jacksonville, Florida, this the 12 day of March, 2011.

WITNESS my hand and seal of Clerk of Circuit Court, Duval County, Florida, this the 12 day of March, 2011.

JIM FULLER
Clerk Circuit and County Courts
Duval County, Florida
By: [Signature]
Deputy Clerk

Limited Power of Attorney - [ASSUMING INSTITUTION]

Page 4 of 4

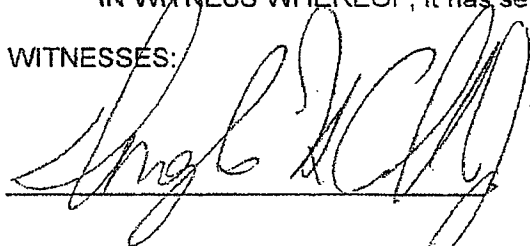
ASSIGNMENT PROMISSORY NOTE AND GUARANTY AGREEMENTS

NOW THEREFORE, FOR VALUABLE CONSIDERATION RECEIVED, Federal Deposit Insurance Corporation, as Receiver for First National Bank of the South does hereby grant, bargain, sell, assign, transfer and set over unto NAFH National Bank, 215 N. Pine Street, Spartanburg, South Carolina 29302-1665, Attn: Chief Financial Officer, without recourse, that promissory note given by Sand Dollar Cottage, LLC to Carolina National Bank and Trust Company dated November 8, 2006, as assigned to First National Bank of the South by merger, and as amended, modified and/or renewed by written instrument dated April 30, 2009, together with those certain guaranty agreements guarantying payment of such note dated November 8, 2006 and executed by James T. Callihan a/k/a James Callihan, Edward L. Williams, Frank J. Pennisi a/k/a Frank Pennisi, Dean J. Karavan a/k/a D.J. Karavan, Charles T. Walls, Jr. a/k/a Charles Walls, Robert S. Guyton, and Jeffrey H. Skelley, and together with all loan documents associated therewith and the money due and to become due thereon. This Assignment shall have an effective date of July 16, 2010.

This instrument is made without recourse, representation or warranty, express or implied, by the FDIC in its corporate capacity or as Receiver.

IN WITNESS WHEREOF, it has set my hand and seal this 28th day of June, 2011.

WITNESSES:


Carol M. Bernotski

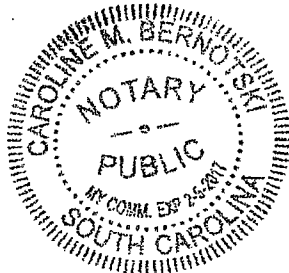
Federal Deposit Insurance Corporation,
as Receiver for First National Bank
of the South

BY:  (SEAL)
Name: Robert Hintelmann
Attorney in fact for the FDIC pursuant to
Limited Power of Attorney

STATE OF SOUTH CAROLINA)
COUNTY OF SPARTANBURG)

ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 28th day of June, 2011 by Robert Hintelmann, Attorney-in-fact for Federal Deposit Insurance Corporation, as Receiver for First National Bank of the South, on behalf of said Corporation.



Carol M. Bernotski
Notary Public for South Carolina
My Commission Expires: 2-5-17



SAND DOLLAR COTTAGE, LLC 4505-B OLEANDER DR SUITE 203 MYRTLE BEACH, SC 29577-0000	Carolina National Bank and Trust Company 1350 Main Street Columbia, SC 29201-0000	TAX ID NO. 20-5841969 Loan Number <u>400378400</u> Date <u>11/08/2006</u> Maturity Date <u>11/08/2007</u> Loan Amount \$ <u>400,000.00</u> Renewal Of _____
BORROWER'S NAME AND ADDRESS "I" includes each borrower above, jointly and severally.	LENDER'S NAME AND ADDRESS "You" means the lender, its successors and assigns.	

For value received, I promise to pay to you, or your order, at your address listed above the **PRINCIPAL** sum of Four Hundred Thousand and 00/100 Dollars \$ 400,000.00

☒ **Single Advance:** I will receive all of this principal sum on 11/08/2006. No additional advances are contemplated under this note.

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

Conditions: The conditions for future advances are _____

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

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

INTEREST: I agree to pay interest on the outstanding principal balance from 11/08/2006 at the rate of 8.500 % per year until the first rate change

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

☒ **Index Rate:** The future rate will be .25% ABOVE the following index rate: Prime Rate as published in the Wall Street Journal

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

☒ **Frequency and Timing:** The rate on this note may change as often as daily

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

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

The rate may not change more than _____ % each _____

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

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

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

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

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

☐ at a rate equal to _____

☒ **LATE CHARGE:** If a payment is not made within 10 days after it is due, I agree to pay a late charge of 5% of the payment amount, \$5.00 minimum, \$100.00 maximum

☒ **ADDITIONAL CHARGES:** In addition to interest, I agree to pay the following charges which ☐ are ☒ are not, included in the principal amount above: \$2000.00 ORIGINATION FEE

PAYMENTS: I agree to pay this note as follows:

☒ **Interest:** I agree to pay accrued interest monthly beginning 12/08/2006

☒ **Principal:** I agree to pay the principal at maturity (11/08/2007)

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

and will be due _____ A payment of \$ _____ will be due _____

_____ thereafter. The final payment of the entire

unpaid balance of principal and interest will be due _____

ADDITIONAL TERMS: _____



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

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

Signature for Lender _____

PURPOSE: The purpose of this loan is PURCHASE SINGLE RESIDENTIAL LOT

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

SAND DOLLAR COTTAGE, LLC _____

00378400 *Ad*

DEBTOR NAME AND ADDRESS	SECURED PARTY NAME AND ADDRESS
SAND DOLLAR COTTAGE LLC 4605 B OLEANDER DRIVE MYRTLE BEACH, SC 29577	Carolina National Bank and Trust Company 1350 Main Street Columbia, SC 29201-0000

CERTIFICATION OF NAME AND ADDRESS

The date of this Certification of Name and Address (Certification) is November 8, 2006

BACKGROUND. This Certification is executed in conjunction with a security agreement between Debtor and Secured Party, dated November 8, 2006, under which Debtor gives Secured Party a security interest in Debtor's property, as described in the security agreement. This Certification is executed for the purpose of providing, warranting, and verifying Debtor's name and address for the purpose of perfecting Secured Party's security interest under the Uniform Commercial Code.

DEBTOR NAME. Debtor hereby warrants to Secured Party that the following is Debtor's complete and correct legal name:
SAND DOLLAR COTTAGE LLC

Debtor will provide Secured Party with verification of Debtor's exact legal name, if requested, at the same time this Certification is executed.

DEBTOR LOCATION. Debtor further warrants that the address or location appearing below is Debtor's (check one and provide address or location in space below)

- ☐ principal residence (individual)
 - ☒ state of registration/incorporation (if Debtor is a registered entity under state law)
 - ☐ chief executive offices (if Debtor is not registered and has more than one place of business)
 - ☐ sole place of business (if Debtor is not registered and has a single place of business)
- 4605 B OLEANDER DRIVE
MYRTLE BEACH, SC 29577

TERM AND FUTURE PROVISIONS. This Certification will remain in effect until Secured Party terminates all security interests Secured Party has in Debtor's property. Debtor agrees to provide Secured Party with 30 days written notice in advance of making any changes to Debtor's name, location, or state of registration, as provided in this Certification.

DEBTOR SIGNATURE
 EDWARD L. WILLIAMS, MANAGING MEMBER 11/08/2006 ORIGINAL

SAND DOLLAR COTTAGE, LLC 4605-B OCEANVIEW DR SUITE 203 MYRTLE BEACH, SC 29577-8000	Carolina National Bank and Trust Company 1350 Main Street Columbia, SC 29201-0000	TAX ID NO. 20-5841969 Loan Number 400378400 Date 12/21/2007 Maturity Date 03/21/2008 Loan Amount \$ 400,000.00 Renewal Of 400378400
	BORROWER'S NAME AND ADDRESS "You" means the borrower above, jointly and severally. LENDER'S NAME AND ADDRESS "You" means the lender, its successors and assigns.	

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of Four Hundred Thousand and 00/100 Dollars \$ 400,000.00

☒ Single Advance: I will receive all of this principal sum on 12/21/2007. No additional advances are contemplated under this note.
☐ Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this note. On _____ I will receive the amount of \$ _____ and future principal advances are contemplated.
 Conditions: The conditions for future advances are _____

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

INTEREST: I agree to pay interest on the outstanding principal balance from 12/21/2007 at the rate of 7.500 % per year until the first rate change

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

☐ No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.
☒ Frequency and Timing: The rate on this note may change as often as daily
 A change in the interest rate will take effect on the same day
☐ Limitations: During the term of this loan, the applicable annual interest rate will not be more than _____ % or less than _____ % . The rate may not change more than _____ % each _____

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:
☒ The amount of each scheduled payment will change. ☒ The amount of the final payment will change.

ACCRAU METHOD: Interest will be calculated on a Actual / 360 basis.
 POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

☒ on the same fixed or variable rate basis in effect before maturity (as indicated above).
☐ at a rate equal to _____

☒ LATE CHARGE: If a payment is not made within 10 days after it is due, I agree to pay a late charge of 5% of the payment amount, \$5.00 minimum, \$100.00 maximum

☒ ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which ☐ are ☒ are not included in the principal amount above: \$100 renewal fee

PAYMENTS: I agree to pay this note as follows:

☒ Interest: I agree to pay accrued interest monthly beginning 01/21/2008

☒ Principal: I agree to pay the principal at maturity (03/21/2008)

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

ADDITIONAL TERMS:

☐ SECURITY: This note is separately secured by (describe separate document by type and date):
 (This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)

Signature for Lender

R. Seabrook Moore
 R SEABROOK MOORE

COMMERCIAL LENDER

PURPOSE: The purpose of this loan is PURCHASE SINGLE RESIDENTIAL LOT

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

SAND DOLLAR COTTAGE LLC

Edward L. Williams 12/21/2007
 EDWARD L. WILLIAMS, MANAGING MEMBER



R.p. 213

SAND DOLLAR COTTAGE, LLC
4605-B OLEANDER DR
SUITE 203
MYRTLE BEACH, SC 29577-0000

First National Bank
of the South
1350 Main Street
Columbia, SC 29201-0000

TAX ID NO. 20-5841969
Loan Number 400378400
Date 04/30/2008
Maturity Date 05/03/2011
Loan Amount \$ 300,000.00
Renewal Of 400378400

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

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

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of Three Hundred Thousand
and 00/100 Dollars \$ 300,000.00

☒ Single Advance: I will receive all of this principal sum on 04/30/2008. No additional advances are contemplated under this note.

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

Conditions: The conditions for future advances are _____

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

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

INTEREST: I agree to pay interest on the outstanding principal balance from 04/30/2008 at the rate of 6.750 %
per year until maturity

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

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

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

☐ Frequency and Timing: The rate on this note may change as often as _____
A change in the interest rate will take effect _____

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

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

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

☐ _____

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

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

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

☐ At a rate equal to _____

☒ LATE CHARGE: If a payment is not made within 10 days after it is due, I agree to pay a late charge of 5% of the payment
amount, \$5.00 minimum, \$100.00 maximum

☒ ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which ☐ are ☒ are not included in the principal amount
above: \$2000 renewal fee

PAYMENTS: I agree to pay this note as follows:

☐ Interest: I agree to pay accrued interest _____

☐ Principal: I agree to pay the principal _____

☒ Installments: I agree to pay this note in 36 payments. The first payment will be in the amount of \$ 4,508.52
and will be due 05/03/2008. A payment of \$ 4,508.52 will be due the 3rd
day of each month thereafter. The final payment of the entire
unpaid balance of principal and interest will be due May 3, 2011

ADDITIONAL TERMS:

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

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

Signature for Lender



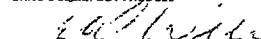
R SEABROOK MOORE

COMMERCIAL BANKING EXE

PURPOSE: The purpose of this loan is PURCHASE SINGLE
RESIDENTIAL LOT

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

SAND DOLLAR COTTAGE LLC


EDWARD L WILLIAMS, MANAGING MEMBER

04/30/2008



R.p. 215

GUARANTY

Columbia

(City)

South Carolina

(State)

Date of Loan: November 8, 2006

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Carolina National Bank and Trust Company 1350 Main Street, Columbia, SC 29201-0000

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

SAND DOLLAR COTTAGE LLC

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

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

NOTE Number 400378400 dated 11/08/2006

and any extensions,

renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

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

The Undersigned further acknowledges and agrees with Lender that:

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

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

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

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

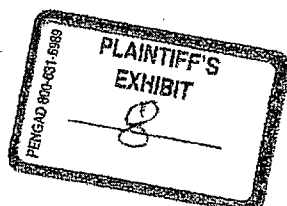
5. The Undersigned will pay or reimburse Lender for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Lender in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

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

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

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

JAMES CALLIHAN



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

ADDITIONAL PROVISIONS

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

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

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

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

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

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

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

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

GUARANTY

Columbia

(City)

South Carolina

(State)

Date of Loan: November 8, 2006

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Carolina National Bank and Trust Company 1350 Main Street, Columbia, SC 29201-0000 (herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of SAND DOLLAR COTTAGE LLC

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

A. If this ☒ is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: Note Number 490378400 dated 11/08/2006 and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

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

The Undersigned further acknowledges and agrees with Lender that:

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

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

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

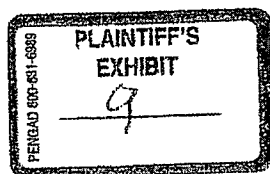
4. The liability of the Undersigned hereunder shall be limited to a principal amount of \$ UNLIMITED (if unlimited or if no amount is stated, the Undersigned shall be liable for all Indebtedness, without any limitation as to amount), plus accrued interest thereon and all other costs, fees, and expenses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

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

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

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

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



D.J. KAKAVAN

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

ADDITIONAL PROVISIONS

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

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

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

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

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

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

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

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

GUARANTY

Columbia South Carolina
(City) (State)

Date of Loan: November 8, 2006

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Carolina National Bank and Trust Company 1350 Main Street, Columbia, SC 29201-0000 (herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of _____

SAND DOLLAR COTTAGE LLC

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

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

Note Number 488378400 dated 11/08/2006 and any extensions,

renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

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

The Undersigned further acknowledges and agrees with Lender that:

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

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

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

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

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

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

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

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



JEFFREY H. SHELLEY

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

ADDITIONAL PROVISIONS

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

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

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

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

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

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

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

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

GUARANTY

Columbia

(City)

South Carolina

(State)

Date of Loan: November 8, 2006

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Carolina National Bank and Trust Company 1350 Main Street, Columbia, SC 29201-0000

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

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

A. If this IX is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: Note Number 400378400 dated 11/08/2006 and any extensions;

renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

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

The Undersigned further acknowledges and agrees with Lender that:

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

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

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

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

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

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

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

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



ROBERT S. GUYTON

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

ADDITIONAL PROVISIONS

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

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

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

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

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

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

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

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

GUARANTY

Columbia

(City)

South Carolina

(State)

Date of Loan: November 8, 2006

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Carolina National Bank and Trust Company 1350 Main Street, Columbia, SC 29201-0000

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

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

A. If this IX is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: Note Number 400378400 dated 11/08/2006 and any extensions,

renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

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

The Undersigned further acknowledges and agrees with Lender that:

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

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

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

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

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

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

This guaranty is IX unsecured; I secured by a mortgage or security agreement dated _____
secured by _____

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



Charles Walls
CHARLES WALLS

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

ADDITIONAL PROVISIONS

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Indebtedness; (ii) any one or more extensions or renewals of Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of Indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any Indebtedness; (v) any discharge of any evidence of Indebtedness or the acceptance of any instrument in renewal thereof or substitution thereof; (vi) any failure to obtain collateral security (including rights of setoff) for Indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon Indebtedness; (x) any election by the Lender under §111(b)(2) of the United States Bankruptcy Code.

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

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

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

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

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

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

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

GUARANTY

Columbia

(City)

South Carolina

(State)

Date of Loan: November 8, 2006

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Credit National Bank and Trust Company 1339 Main Street, Columbia, SC 29201-0000

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

AND DOLLAR COTTAGE LLC

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

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

Note Number 400378400 dated 11/08/2006

and any extensions,

renewals or replacements thereof (hereinafter referred to as the "indebtedness").

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

The Undersigned further acknowledges and agrees with Lender that:

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

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

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

4. The liability of the Undersigned hereunder shall be limited to a principal amount of \$ 100,000.00 (if unlimited or if no amount is stated, the Undersigned shall be liable for all indebtedness, without any limitation as to amount), plus accrued interest thereon, and all other costs, fees, and expenses agreed to be paid under all agreements evidencing the indebtedness and securing the payment of the indebtedness, and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the Undersigned hereunder. The Lender may apply any sums received by or available to Lender on account of the indebtedness from Borrower or any other person (except the Undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, effect or impair the liability of the Undersigned hereunder. If the liability of the Undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the Undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Lender, advising the Lender that such payment is made under this guaranty for such purpose.

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

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

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

☐ secured by _____

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



Mark Berman
MARK BERMAN

"Undersigned" shall refer to all persons who sign this guaranty, security and indemnity.

ADDITIONAL PROVISIONS

6. Whether or not a continuing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all indebtedness; (ii) any one or more extensions or renewals of indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any indebtedness; (v) any discharge of any evidence of indebtedness or the acceptance of any instrument in renewal thereof or substitution thereof; (vi) any failure to obtain collateral security (including rights of setoff) for indebtedness, or to sue to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon indebtedness; (x) any election by the Lender under § 111(b)(2) of the United States Bankruptcy Code.

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

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

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

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

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

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

13. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the Undersigned. This guaranty shall be effective upon delivery to Lender, without further act, condition or acceptance by Lender, shall be binding upon the Undersigned and the heirs, representatives, successors and assigns of the Undersigned and shall inure to the benefit of Lender and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. Except as authorized by the terms herein, this guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Undersigned and Lender. This guaranty shall be governed by the laws of the State in which it is executed. The Undersigned hereby certifies that he or she is at least 18 years of age and is a resident of the State of California.

(Page 2 of 2)

GUARANTY

Columbia (City) South Carolina (State)

Date of Loan: November 8, 2006

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Carolina National Bank and Trust Company 1350 Main Street, Columbia, SC 29201-0000 (herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of

SAND DOLLAR COTTAGE LLC

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

A. If this ☒ is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: Note Number 400378400 dated 11/08/2006 and any extensions,

renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

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

The Undersigned further acknowledges and agrees with Lender that:

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

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

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

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

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

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

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

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



EDWARD L. WILLIAMS

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

ADDITIONAL PROVISIONS

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Indebtedness; (ii) any one or more extensions or renewals of Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of Indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any Indebtedness; (v) any discharge of any evidence of Indebtedness or the acceptance of any instrument in renewal thereof or substitution thereof; (vi) any failure to obtain collateral security (including rights of setoff) for Indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon Indebtedness; (x) any election by the Lender under §111(b)(2) of the United States Bankruptcy Code.

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

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

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

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

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

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

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

(page 2 of 2)

CREDIT GENERAL LEDGER
CAROLINA NATIONAL BANK
 COLUMBIA, SOUTH CAROLINA

PREPARED BY 8/2 APPROVED BY

DATE

5/8/08

GLIP-10

DESCRIPTION

Sand Dollar 400378400
principal + interest @
renewal
OFFSET ENTRY

AMOUNT

Account Number

Tran Code

*

9560001

*

90

\$

102419.44

⑆05390808⑆

90

CREDIT GENERAL LEDGER
CAROLINA NATIONAL BANK
 COLUMBIA, SOUTH CAROLINA

PREPARED BY

APPROVED BY

GLIP-10

DESCRIPTION

Sand Dollar 400378400
renewal fee
OFFSET ENTRY

DATE

5/8/08

AMOUNT

Account Number

Tran Code

*

9565001

*

90

\$

2000.00

⑆05390808⑆

90

SAND DOLLAR COTTAGE LLC 4605 B OLEANDER DR SUITE 202 MYRTLE BEACH, SC 29577		1017 07-807/532
Pay to the Order of	First National Bank of the South	Date <u>May 7, 08</u>
One hundred four thousand four hundred nineteen		\$ <u>104,419.44</u>
44/100 Dollars		
CRESCENT BANK MYRTLE BEACH, SC 29577 For <u>Acct # 40037-84-00</u>		
⑆053208079⑆ ⑆05800877⑆		⑆017

PLAINTIFF'S EXHIBIT
15

DEPOSITION EXHIBIT
4 - Guyton
 12-8-11

PRINT FORM PRINT SERIES FORM VIEW MESSAGES

Loan Payoff Inquiry -

PREVIOUS < SUBMIT > EXIT X

CUSTOMER INFORMATION

SAND DOLLAR COTTAGE LLC

4605-B OLIVER DR

STE 203

MYRTLE BEACH SC 29577

Loan number 9400378488 L

Type Comm and Industrial

PerDiem 45.71031

Ins PerDiem

Messages Chg Aff

Effective date Wednesday, November 21 2012

L83BL0598.2

SPECIAL MESSAGES >

Description	Amounts	Rebates	Payoffs
Current Balance	243,830.99		243,830.99
Secondary Interest	55,706.47		299,537.46
Late Charges	400.00		299,937.46
Other Charges/Fees	146.00		300,083.46

Total Payoff

300,083.46

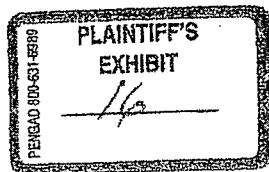
299,937.46

PREVIOUS < SUBMIT > EXIT X

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SILVERLAKE

* all fees & costs of collection
 have been expensed. You
 can add from your billings.
 Please call if any questions



Capital Bank, N.A.
121 Alhambra Plaza suite 1601
Coral Gables FL 33134
PH# (800) 639-5111

Page 1
Date 11/21/12

SAND DOLLAR COTTAGE LLC
4605-B OLEANDER DR
STE 203
MYRTLE BEACH SC 29577

GENERAL INFORMATION

Account Number	9400378400	CIF Number	SAB1264
Home Phone	-	Work Phone	-
Loan Term	36 M	Loan Type Comm and Industrial	
Interest Rate	6.750000%	Origination Date	11/08/06
Loan Officer	Douglas Cobb		
Collateral Cd	000 Unsecured		
Call Report Cd	RC-C4A Commercial and Industrial Loans (U.S. Address		
Purpose Code	00 No Purpose Listed		

BALANCE & PAYMENT INFORMATION

Original Amount	400,000.00	Payment Due Date	10/03/09
Current Balance	243,830.99	Payment Amount	4,508.52
Accrued Interest	0.00	Principal/Interest	4,508.52
Daily Per Diem	45.71	Payment Type	Interest Included

LOAN HISTORY

11/08/06 to 11/21/12

Posting Date	Description of Transactions	Transaction Amount	Principal Balance
11/13/06	Generated Principal Advance	400,000.00	400,000.00
12/01/06	Regular Payment with Compute	2,738.89	400,000.00
12/01/06	Interest Payment Split Out	2,738.89	400,000.00
1/08/07	Regular Payment with Compute	2,927.78	400,000.00
1/08/07	Interest Payment Split Out	2,927.78	400,000.00
2/08/07	Regular Payment with Compute	2,927.78	400,000.00
2/08/07	Interest Payment Split Out	2,927.78	400,000.00
3/06/07	Regular Payment with Compute	2,644.44	400,000.00
3/06/07	Interest Payment Split Out	2,644.44	400,000.00
4/18/07	Late Charge Assessed	100.00	400,000.00
4/25/07	Regular Payment with Compute	2,927.79	400,000.00
4/25/07	Interest Payment Split Out	2,927.79	400,000.00
5/03/07	Late Charge Split Out	100.00	400,000.00
5/03/07	Regular Payment with Compute	2,833.33	400,000.00

Capital Bank, N.A.
121 Alhambra Plaza suite 1601
Coral Gables FL 33134
PH# (800) 639-5111

Page 2
Date 11/21/12
Account No. 9400378400

SAND DOLLAR COTTAGE LLC
4605-B OLEANDER DR
STE 203
MYRTLE BEACH SC 29577

5/03/07	Interest Payment Split Out	2,833.33	400,000.00
6/07/07	Regular Payment with Compute	2,927.78	400,000.00
6/07/07	Interest Payment Split Out	2,927.78	400,000.00
7/06/07	Regular Payment with Compute	2,833.34	400,000.00
7/06/07	Interest Payment Split Out	2,833.34	400,000.00
8/06/07	Regular Payment with Compute	2,927.78	400,000.00
8/06/07	Interest Payment Split Out	2,927.78	400,000.00
8/31/07	Regular Payment with Compute	2,927.78	400,000.00
8/31/07	Interest Payment Split Out	2,927.78	400,000.00
9/19/07	Interest Rate Change	8.000000%	400,000.00
9/19/07	Interest Payment Split Out	5.56	400,000.00
10/18/07	Late Charge Assessed	100.00	400,000.00
10/23/07	Regular Payment with Compute	2,722.21	400,000.00
10/23/07	Interest Payment Split Out	2,722.21	400,000.00
11/01/07	Interest Rate Change	7.750000%	400,000.00
11/01/07	Interest Payment Split Out	2.78	400,000.00
11/14/07	Regular Payment with Compute	2,855.56	400,000.00
11/14/07	Principal Payment Split Out	100.00	399,900.00
11/14/07	Interest Payment Split Out	2,755.56	399,900.00
12/12/07	Interest Rate Change	7.500000%	399,900.00
12/28/07	Interest Rate Change	7.500000%	399,900.00
12/28/07	Late Charge Split Out	100.00	399,900.00
12/28/07	Interest Payment Split Out	3,754.76	399,900.00
12/31/07	Generated Principal Advance	100.00	400,000.00
1/25/08	Interest Rate Change	6.750000%	400,000.00
1/25/08	Interest Payment Split Out	25.00	400,000.00
1/31/08	Late Charge Assessed	100.00	400,000.00
2/05/08	Interest Rate Change	6.250000%	400,000.00
2/05/08	Interest Payment Split Out	33.34	400,000.00
2/15/08	Regular Payment with Compute	2,483.34	400,000.00
2/15/08	Interest Payment Split Out	2,483.34	400,000.00
2/29/08	Late Charge Assessed	100.00	400,000.00
3/19/08	Interest Rate Change	5.500000%	400,000.00
3/19/08	Interest Payment Split Out	8.33	400,000.00
3/31/08	Interest Payment Split Out	4,225.00	400,000.00
5/08/08	Interest Rate Change	6.750000%	400,000.00
5/08/08	Interest Payment Split Out	2,419.44	400,000.00
5/08/08	Interest Payment Split Out	38.89	400,000.00
5/08/08	Principal Curtailment	100,000.00	300,000.00
6/13/08	Late Charge Assessed	100.00	300,000.00
6/30/08	Late Charge Split Out	300.00	300,000.00
6/30/08	Regular Payment with Compute	4,508.52	300,000.00
6/30/08	Principal Payment Split Out	2,596.02	297,403.98
6/30/08	Interest Payment Split Out	1,912.50	297,403.98
7/14/08	Late Charge Assessed	100.00	297,403.98
8/01/08	Regular Payment with Compute	4,508.52	297,403.98
8/01/08	Principal Payment Split Out	2,821.02	294,582.96

Capital Bank, N.A.
121 Alhambra Plaza suite 1601
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Page 3
Date 11/21/12
Account No. 9400378400

SAND DOLLAR COTTAGE LLC
4605-B OLEANDER DR
STE 203
MYRTLE BEACH SC 29577

8/01/08	Interest Payment Split Out	1,687.50	294,582.96
8/13/08	Late Charge Assessed	100.00	294,582.96
9/11/08	Late Charge Split Out	200.00	294,582.96
9/11/08	Regular Payment with Compute	4,508.52	294,582.96
9/11/08	Principal Payment Split Out	2,781.32	291,801.64
9/11/08	Interest Payment Split Out	1,727.20	291,801.64
9/15/08	Late Charge Assessed	100.00	291,801.64
9/26/08	Late Charge Split Out	100.00	291,801.64
9/26/08	Regular Payment with Compute	4,508.52	291,801.64
9/26/08	Principal Payment Split Out	2,797.32	289,004.32
9/26/08	Interest Payment Split Out	1,711.20	289,004.32
10/14/08	Late Charge Assessed	100.00	289,004.32
11/13/08	Late Charge Assessed	100.00	289,004.32
11/14/08	Late Charge Split Out	100.00	289,004.32
11/14/08	Regular Payment with Compute	9,017.04	289,004.32
11/14/08	Principal Payment Split Out	5,695.31	283,309.01
11/14/08	Interest Payment Split Out	3,321.73	283,309.01
12/12/08	Late Charge Split Out	100.00	283,309.01
12/12/08	Regular Payment with Compute	4,508.52	283,309.01
12/12/08	Principal Payment Split Out	2,903.16	280,405.85
12/12/08	Interest Payment Split Out	1,605.36	280,405.85
1/12/09	Regular Payment with Compute	4,508.52	280,405.85
1/12/09	Principal Payment Split Out	2,873.77	277,532.08
1/12/09	Interest Payment Split Out	1,634.75	277,532.08
2/04/09	Regular Payment with Compute	4,508.52	277,532.08
2/04/09	Principal Payment Split Out	2,890.51	274,641.57
2/04/09	Interest Payment Split Out	1,618.01	274,641.57
3/13/09	Late Charge Assessed	100.00	274,641.57
3/23/09	Regular Payment with Compute	4,508.52	274,641.57
3/23/09	Principal Payment Split Out	3,066.11	271,575.46
3/23/09	Interest Payment Split Out	1,442.41	271,575.46
4/10/09	Late Charge Split Out	100.00	271,575.46
4/10/09	Regular Payment with Compute	4,508.52	271,575.46
4/10/09	Principal Payment Split Out	2,912.16	268,663.30
4/10/09	Interest Payment Split Out	1,596.36	268,663.30
5/13/09	Late Charge Assessed	100.00	268,663.30
5/21/09	Regular Payment with Compute	4,508.52	268,663.30
5/21/09	Principal Payment Split Out	2,999.79	265,663.51
5/21/09	Interest Payment Split Out	1,508.73	265,663.51
6/15/09	Late Charge Assessed	100.00	265,663.51
7/07/09	Late Charge Split Out	100.00	265,663.51
7/07/09	Regular Payment with Compute	4,508.52	265,663.51
7/07/09	Principal Payment Split Out	2,946.91	262,716.60
7/07/09	Interest Payment Split Out	1,561.61	262,716.60
7/13/09	Late Charge Assessed	100.00	262,716.60
7/27/09	Late Charge Split Out	97.00	262,716.60
7/27/09	Regular Payment with Compute	4,508.52	262,716.60

Capital Bank, N.A.
121 Alhambra Plaza suite 1601
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PH# (800) 639-5111

Page 4
Date 11/21/12
Account No. 9400378400

SAND DOLLAR COTTAGE LLC
4605-B OLEANDER DR
STE 203
MYRTLE BEACH SC 29577

7/27/09	Principal Payment Split Out	3,021.48	259,695.12
7/27/09	Interest Payment Split Out	1,487.04	259,695.12
8/10/09	Regular Payment with Compute	4,508.52	259,695.12
8/10/09	Principal Payment Split Out	2,979.27	256,715.85
8/10/09	Interest Payment Split Out	1,529.25	256,715.85
9/14/09	Late Charge Assessed	100.00	256,715.85
10/13/09	Late Charge Assessed	100.00	256,715.85
10/26/09	Late Charge Split Out	103.00	256,715.85
10/26/09	Regular Payment with Compute	4,508.52	256,715.85
10/26/09	Principal Payment Split Out	3,016.41	253,699.44
10/26/09	Interest Payment Split Out	1,492.11	253,699.44
11/13/09	Late Charge Assessed	100.00	253,699.44
12/14/09	Late Charge Assessed	100.00	253,699.44
3/10/10	Generated Principal Advance	465.90	254,165.34
3/31/10	Generated Principal Advance	64.00	254,229.34
5/04/10	Generated Principal Advance	64.00	254,293.34
6/11/12	Principal Payment	10,462.35	243,830.99
	6/08/12 Effective Date		

YTD/PYTD/LTD AMOUNTS & COUNTERS

	Year-to-Date	Previous YTD	Life-to-Date
Interest Paid	0.00	0.00	13,870.27
Principal Paid	10,462.35		
Late Charges Paid	0.00	0.00	
Prepayment Penalties	0.00	0.00	0.00
Origination Fees	0.00	0.00	0.00
Extension Fees	0.00		0.00
IRS Interest Reported		0.00	0.00
Times Past Due 16-29	0	0	8
Times Past Due 30-59	0	0	7
Times Past Due 60-89	0	0	0
Times Past Due 90-119	0	0	1
Times Past Due 120-149	0	0	0
Times Past Due 150-179	0	0	0
Times Past Due 180+	0	0	0
Number of Payments Extend	0	0	0
Number of Times Renewed	0	0	2
Number of Months Extended			0
Number of Extensions			0
Number of Right to Cures	0		0

Capital Bank, N.A.
121 Alhambra Plaza suite 1601
Coral Gables FL 33134
PH# (800) 639-5111

Page 5
Date 11/21/12
Account No. 9400378400

SAND DOLLAR COTTAGE LLC
4605-B OLEANDER DR
STE 203
MYRTLE BEACH SC 29577

Number of Bad Checks Received

0

Thank you for banking with us.

Carolyn Pennisi

From: "Robert Guyton" <rsGuyton@rsGuytonlaw.com>
To: "Frank Pennisi" <fpennisi@sc.rr.com>; "shep guyton" <rsGuyton@sccoast.net>
Cc: <cwalls@sc.rr.com>; "Carolyn Pennisi" <cpennisi@sc.rr.com>; "Sharon Schildt" <SSchildt@rsGuytonlaw.com>
Sent: Monday, April 20, 2009 9:48 AM
Subject: RE: Sand Dollar Cottage LLC

Frank, when you provided the funds for principal reduction, there were two components. You paid one amount as your proportionate share, and then you loaned an additional amount to the company. In exchange, all of the other members agree pay you interest on the second amount, and to assume responsibility for the payments to the bank. However, the bank did not release any of the guarantors on the loan, since the loan is really unsecured. From that perspective, and in looking at the banker's comments, he would still have to maintain a current file on you as a guarantor, which would include tax returns etc., even though internally the other members are responsible for making the payments, which all agreed individually to indemnify you. I am not sure why they would be routing the requests for information on James and Jeff through you, but they would need to maintain a current file on all guarantors, since no one has been released. Let me know if that doesn't clear up your questions. I am also copying Sharon Schildt so she can follow up with James and Jeff on their information. Thanks, Shep

From: Frank Pennisi [mailto:fpennisi@sc.rr.com]
Sent: Mon 4/20/2009 9:45 AM
To: shep guyton
Cc: cwalls@sc.rr.com; Carolyn Pennisi
Subject: Fw: Sand Dollar Cottage LLC

Shep

Carolyn and I are a little bit confused regarding this bank contacting us. As you can see they are asking for tax returns for us as well as Callahan and Skelly.

We thought our agreement was, by Carolyn and I paying our share up front, our part of the investment was satisfied. But this looks like we are being included in the outstanding debt. Please advise us, at this point I do not believe it is wise for us to continue discussing this with the bank until we hear from you. (please read Steve Waddell remarks below.

thank you

frank

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

From: Steve Waddell
To: fpennisi@sc.rr.com
Cc: Bryan Tapp
Sent: Friday, April 17, 2009 4:05 PM
Subject: FW: Sand Dollar Cottage LLC

Mr. Pennisi:

My name is Steve Waddell and I am the Market President for the bank. In regards to the below:

We hold certain documents which include a borrowing resolution and written consent, as well as a guarantee agreement.

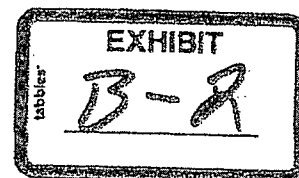
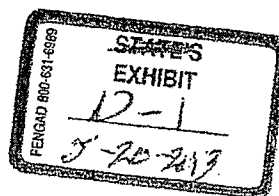
Do you dispute that these are accurate documents?

Please advise accordingly.

Thanks.

Steve Waddell
(803) 744-2373

From: Bryan Tapp



Sent: Thursday, April 16, 2009 10:34 AM
To: Steve Waddell
Subject: FW: Sand Dollar Cottage LLC

Carolyn Pennisi

From: "Steve Waddell" <swaddell@fnbwecandothat.com>
To: <cpennisi@sc.rr.com>
Cc: "Andrea T. Petzer" <apelzer@fnbwecandothat.com>
Sent: Tuesday, May 05, 2009 4:43 PM
Attach: FirstNationalFinancialStatement.pdf
Subject: Financials

Thanks so much for your call today. I am glad to hear that y'all are safe and sound.

As discussed, I will need 2007 Federal Tax Returns, and 2008 if available, along with a personal financial statement. I have attached a form for your use.

When returning, if you could email both Andrea and I, as I will be traveling a little this week.

If you could possibly return these by Friday, it would be greatly appreciated.

Thanks,

Steve
Steven G. Waddell
Senior Vice President
Midlands Market Executive
First National Bank of the South

"We Can Do That"

ph (803) 744-2373
fx (803) 779-0722
swaddell@ebankfirstnational.com

12/2/2

THE STATE OF SOUTH CAROLINA
IN THE SOUTH CAROLINA COURT OF APPEALS

APPEAL FROM HORRY COUNTY

First National Bank of the South, Successor in interest to Carolina National Bank and Trust Company,
Respondent

vs.

James T. Callihan a/k/a James Callihan; Edward L. Williams; Frank J. Pennisi a/k/a Frank Pennisi; Dean J. Karavan a/k/a D.J. Karavan; Charles T. Walls, Jr. a/k/a Charles Walls; Robert S. Guyton, and Jeffrey H. Skelley,
Defendants,

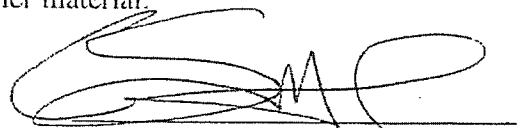
Of Whom Frank J. Pennisi and Charles T. Walls are the Appellants.

Appellate Case No.: 2013-001483

The Honorable W. Jeffrey Young
Horry County
Trial Court Case No.: 2010CP2603170

CERTIFICATE OF COUNSEL

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



C. Scott Masel SC Bar # 12497
Newby Sartip Masel & Casper, LLC
P.O. Box 808
Myrtle Beach, SC 29577
Attorney for Appellants

THE STATE OF SOUTH CAROLINA
IN THE SOUTH CAROLINA COURT OF APPEALS

APPEAL FROM HORRY COUNTY

First National Bank of the South, Successor in interest to Carolina National Bank and Trust
Company,
Respondent

vs.

James T. Callihan a/k/a James Callihan; Edward L. Williams; Frank J. Pennisi a/k/a Frank
Pennisi; Dean J. Karavan a/k/a D.J. Karavan; Charles T. Walls, Jr. a/k/a Charles Walls; Robert S.
Guyton;, and Jeffrey H. Skelley,
Defendants,

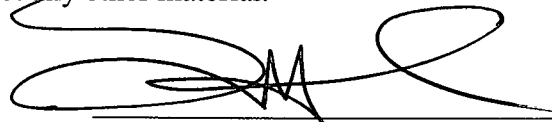
Of Whom Frank J. Pennisi and Charles T. Walls are the Appellants.

Appellate Case No.: 2013-001483

The Honorable W. Jeffrey Young
Horry County
Trial Court Case No.: 2010CP2603170

CERTIFICATE OF COUNSEL

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



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