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SC Court of Appeals

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM LEXINGTON COUNTY
Court of Common Pleas
James O. Spence, Master-in-Equity

Case No. 2011-CP-32-01205

Appellate Case No. 2020-001580

First Reliance Bank,

Respondent,

v.

Charles E. Bishop, Brett D. Blanks, BCM of Lexington, LLC d/b/a Dam Bar & Grill, B&H of
Lexington, LLC, and Branch Banking and Trust Company of South Carolina, Defendants,

Of whom Brett D. Blanks, BCM of Lexington, LLC d/b/a Dam Bar & Grill, and B&H of
Lexington, LLC are Appellants.

RECORD ON APPEAL – VOL. 1

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FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF LEXINGTON
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE

ORIGINAL
FILED

CASE NO. 2011-CP-32-1205

First Reliance Bank

Charles E. Bishop

PLAINTIFF(S)

DEFENDANT(S)

2011 AUG -1 P 4: 24

CHECK ONE:

- JURY VERDICT.** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- DECISION BY THE COURT.** This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.
- ACTION DISMISSED (CHECK REASON):** Rule 12(b), SCRPC; Rule 41(a), SCRPC (Vol. Nonsuit); Rule 43(k), SCRPC (Settled); Other
- ACTION STRICKEN (CHECK REASON):** Rule 40(j), SCRPC; Bankruptcy; Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; Other
- DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):**
 Affirmed; Reversed; Remanded; Other
 NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

BETH A. CARRIGG
CLERK OF COURT
LEXINGTON SC

IT IS ORDERED AND ADJUDGED:

- See attached order. (Formal order to follow)
- Statement of Judgment by the Court: This case is referred to

The Honorable James O. Spence as Special Circuit Court Judge.

Dated at Lexington, South Carolina, this Twenty-Ninth day of July, 2011.


PRESIDING JUDGE

This judgment was entered on the N/A day of N/A 2011, and a copy mailed first class this 15th day of August, 2011 to attorneys of record or to parties (when appearing pro se) as follows:

James Edward Bradley
ATTORNEY(S) FOR PLAINTIFF

Gene Trotter
ATTORNEY(S) FOR DEFENDANT

BETH A. CARRIGG
CLERK OF COURT

ORIGINAL

STATE OF SOUTH CAROLINA) FILED
)
COUNTY OF LEXINGTON 2017 JAN 11 P 3:42) IN THE COURT OF COMMON PLEAS

First Reliance Bank,)
) WETHA A. CARRIGS
) CLERK OF COURT
Plaintiff,)
)

**MASTER'S REPORT AND JUDGMENT
OF FORECLOSURE AND SALE**

vs.)

Charles E. Bishop, Brett D. Blanks,)
)
BCM of Lexington, LLC d/b/a Dam Bar &)
Grill, B&H of Lexington, LLC and Branch)
Banking and Trust Company of South)
Carolina,)
)
Defendants.)

Pursuant to Rule 53 of the South Carolina Rules of Civil Procedure, this matter was referred to the undersigned Master-in-Equity to make appropriate findings of fact and conclusions of law with authority to enter a final judgment in the case. Any appeal from the decision of the Master-in-Equity shall be directly to the South Carolina Court of Appeals.

Pursuant to the reference, a hearing was held, attended by the attorneys of record, the testimony was taken, which is reported herewith, and from the testimony and evidence, I find and conclude as follows:

FINDINGS OF FACT

1. The Lis Pendens was filed on March 28, 2011.
2. The Summons and Complaint were filed on March 28, 2011.
3. Service was made upon the Defendants as is shown by the Affidavits of Service filed.
4. The Defendants Charles E. Bishop, Brett D. Blanks, BCM of Lexington, LLC d/b/a Dam Bar & Grill, and B&H of Lexington, LLC, have answered.

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5. The Defendant Branch Banking and Trust Company of South Carolina is in default. The Complaint alleges the Defendant Branch Banking and Trust has mortgages recorded at Book 7504, page 95 and Book 8546, page 232 which have been satisfied and should be marked satisfied. Because Branch Banking and Trust is deemed to admit the allegations in the Complaint, these allegations are admitted. *See, Roche v. Young Bros.*, 332 S.C. 75, 504 S.E.2d 311 (1998).

6. The parties received notice of the hearing by way of the court issued Notice of Hearing Date. Branch Banking and Trust is in default and did not receive notice of the hearing. However, a copy of this order and accompanying documents will be mailed to Branch Banking and Trust.

7. A hearing was held pursuant to which the Plaintiff offered testimony regarding the obligations in this matter.

8. At the hearing, counsel for Charles B. Bishop, Brett D. Blanks, and BCM of Lexington, LLC d/b/a Dam Bar & Grill, and B&H of Lexington, LLC, withdrew the answer and consented to the foreclosures.

9. For value received, on August 3, 2006, BCM of Lexington, LLC, entered into a promissory note with First Reliance for the amount of \$525,495.

10. On August 3, 2006, BCM of Lexington, LLC, entered into a Business Loan Agreement with First Reliance. This Business Loan Agreement indicated that the loan was to be guaranteed by Charles E. Bishop and Brett D. Blanks.

11. On August 3, 2006, First Reliance Bank entered into a mortgage with Marshall C. Hartmann securing the amount of the loan. The mortgage is on 1605 N Lake Drive, Lexington,

South Carolina 29072. The mortgage is recorded at Book 11276, Page 239, in the Office of the Register of Deeds for Lexington County, South Carolina.

12. In addition, on August 3, 2006, Marshall Hartmann entered into an Assignment of Rents for all rents from 1605 N Lake Drive. The Assignment of Rents indicates that it is cross-collateralized in the same manner as the mortgage.

13. On August 3, 2006, the Defendant Brett D. Blanks entered into an unlimited Commercial Guaranty guarantying all debts of BCM of Lexington, LLC, to First Reliance.

14. On August 3, 2006, the Defendant Charles E. Bishop entered into an unlimited Commercial Guaranty guarantying all debts of BCM of Lexington, LLC, to First Reliance.

15. On October 31, 2007, Marshall Hartmann conveyed the property subject to the mortgage of Plaintiff to BCM of Lexington, LLC, by deed recorded at Book 12449, page 10, in the Register of Deeds for Lexington County.

16. On or about May 29, 2009, the Defendants BCM of Lexington, LLC, Marshall C. Hartmann, Brett D. Blanks, and Charles E. Bishop entered into Change in Terms Agreements. These Agreements indicate that the original notes will be extended and indicate that the loan is cross-collateralized with other loans to the Defendants.

17. As of November 10, 2011, there is the following owing on the Note, Mortgage, Business Agreement, and Guarantees: \$459,632.21 in principal, \$79,569.21 in interest, late fees and costs of \$14,678.20 for a total of \$553,879.62.

18. These obligations are in default by virtue of the cross-default provisions and the Defendants' failure to make payments to First Reliance Bank.

19. On January 22, 2007, Marshall C. Hartmann and Brett D. Blanks entered into a promissory note with First Reliance Bank in the principal amount of \$792,087.

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CLERK OF THE COURT
LEXINGTON COUNTY, SOUTH CAROLINA

20. In addition, Marshall C. Hartmann and Brett D. Blanks entered into a Business Loan Agreement.

21. On January 22, 2007, Marshall C. Hartmann and Brett D. Blanks entered into a mortgage for property known as 1600 Block of N. Lake Drive, Parcel 2, 2A, 2B, and 2C. The real property tax identification number is 003418-01-009. This Mortgage is recorded in Book 11702 at page 156 in the Lexington County Register of Deeds Office.

22. On January 22, 2007, Marshall Hartmann and Brett Blanks entered into a mortgage for property located at N. Lake Drive and Beekeeper Court, Parcel 1, consisting of 1.75 acres. The tax identification number for this property is 003418-01-007. This Mortgage is recorded in Book 11702 at page 163 in the Register of Deeds Office for Lexington County.

23. On January 22, 2007, Marshall Hartmann entered into a second mortgage with First Reliance Bank for property located at 1605 N. Lake Drive. The real property tax identification number for this property is 003418-01-008. This Mortgage is recorded in Book 11702 at page 178 in the Register of Deeds Office for Lexington County.

24. On February 20, 2007, Marshall Hartmann and Brett Blanks conveyed the mortgaged property to B&H of Lexington, LLC, by deed recorded at Book 11788, page 175, in the records of the Register of Deeds Office for Lexington County.

25. On May 29, 2009, Marshall Hartmann, Brett Blanks, and Charles Bishop entered into a promissory note in the amount of \$821,646.97 reaffirming the debt due on the note dated January 22, 2007.

26. On May 29, 2009, Marshall Hartmann, Brett Blanks and Charles Bishop entered into a Commercial Pledge Agreement securing the loan by a grant in the security interest of all collateral including "a Mortgage and Assignment of Rents secured by Loan #980124166 in

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REGISTER OF DEEDS
LEXINGTON COUNTY
SOUTH CAROLINA

property located at 1605 N Lake Drive, Lexington, SC 29072; recorded in Lexington County on 8/04/06 on Book 11276 at Page 239.” In addition, the Commercial Pledge Agreement indicates that the loan is cross-collateralized with all other loans to the borrowers and loans which the borrowers have guaranteed.

27. As of November 10, 2011, the principal due on this loan is \$804,805.32, interest is \$79,880.34, and late fees and costs are \$33,556.77 for a total of \$918,242.43.

28. The mortgages constitute valid liens on the property.

29. Payment due on the notes has not been made as provided for therein, and the Plaintiff, as the holder thereof, has elected to accelerate payment of the entire indebtedness and has placed the notes, security interests and mortgages in the hands of its attorney of record herein for collection.

30. Having considered the nature, extent and difficulty of the services rendered (the field of mortgage foreclosures being a specialized area of practice); the time involved in reviewing the various loan documents; performing the title search; preparing the pleadings and preparing for and attending hearings; the professional standing of the Plaintiff's attorney; the fee customarily charged in this jurisdiction for similar services; and the beneficial results obtained for the Plaintiff, I find that the sum of \$10,000.00 is a reasonable attorney's fee for the Plaintiff's attorney for services performed and anticipated to be performed until final adjudication of the within action, under the terms of the notes and mortgages.

31. The total amount due and owing on the notes and mortgages, with interest at the rate provided in the notes, and other costs and expenses of collection, including attorney's fees secured by the notes and mortgages, is as follows:

A. Principal due as of November 10, 2011, \$1,264,437.53;

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LEXINGTON COUNTY
SOUTH CAROLINA

51A)

- B. Total interest of \$159,449.55 to November 10, 2011;
- C. Late fees and costs of \$48,234.97; and
- F. Attorney Fees and Costs of \$10,000.00.

Total debt secured by notes, mortgages, and security interests including interest and attorney's fees to date shown \$1,482,122.05.

32. The Plaintiff is seeking foreclosure of its mortgages.

CONCLUSIONS OF LAW

I, therefore, conclude as follows:

1. The Plaintiff should have judgment of foreclosure of its mortgages and the mortgaged real property should be ordered sold at public auction after due advertisement.

IT IS THEREFORE, ORDERED, ADJUDGED AND DECREED:

1. That there is due to the Plaintiff on its notes, mortgages, security interests and attorney's fees the sum of \$1,482,122.05 representing the total debt due to the Plaintiff together with interest thereon at the rate provided in the notes to the date hereof.

2. That the amount due in the preceding paragraph (the "Total Debt" as set forth in Paragraph 31, supra, and later accrued interest and costs) shall constitute the total judgment debt due to the Plaintiff and shall bear interest hereafter at the rate of 12 percent per annum.

3. That the Defendants are liable for the aforesaid debt and shall, prior to the date and time of the sale of the subject real and personal property, hereinafter described, pay to the Plaintiff, or the Plaintiff's attorney, the amount of the debt as aforesaid, together with the costs and disbursements of this action.

4. That the Defendants are enjoined from diminishing the property in any way or removing fixtures or other attachments to the property under penalty of contempt of court.

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 COUNTY OF LOS ANGELES
 SUPERIOR COURT

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5. That on default of payment prior to the date and time of the sale, the real property shall be sold by the undersigned Master-in-Equity at public auction, at the Lexington County Judicial Center in the City of Lexington, County and State aforesaid, on some convenient sales day hereafter, on the following terms, that is to say:

A. FOR CASH: The undersigned Master-in-Equity shall require a deposit of 5 percent on the amount of the bid (in cash or equivalent) the same to be applied on the purchase price only upon compliance with the bid, but in case of non-compliance within thirty (30) days the same to be forfeited and applied to the costs and then to the Plaintiff's debt.

B. Interest on the balance of the bid shall be paid to the day of compliance at the rate of 12 percent per annum.

C. The sale shall be subject to taxes and assessments, existing easements and easements and restrictions of record.

D. Purchaser to pay for the deed and the cost of recording the deed.

6. That if the Plaintiff is the successful bidder at the said sale, for a sum not exceeding the amount of costs, expenses and the indebtedness of the Plaintiff in full, the Plaintiff may pay to the undersigned Master-in-Equity only the amount of the costs and expenses, crediting the balance of the bid on the Plaintiff's indebtedness.

7. That a personal or deficiency judgment not being waived, the bidding will remain open after the date of sale.

8. That the undersigned Master-in-Equity will, by advertisement according to law, give notice of the time and place of sale and the terms thereof, and that he will execute to the purchaser, or purchasers, a deed and bill of sale to the premises and personal property sold. The Plaintiff, or any other party to this action, or any other person may become a purchaser at such

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LEXINGTON, SOUTH CAROLINA

sale. Upon such sale being made, should the successful bidder, or his assignee, fail to comply with the terms thereof thirty (30) days after the date of sale, then the undersigned Master-in-Equity may re-advertise the property for sale on the next, or some other subsequent, sales day, at the risk of the highest bidder, and so from time to time thereafter until a full compliance shall be secured.

9. That the undersigned Master-in-Equity shall apply the proceeds of the sale as follows:

FIRST: To the payment of the amount of the costs and expenses of this action; and

NEXT: To the payment of the amount to the Plaintiff or the Plaintiff's attorney, of the amount of the Plaintiff's debt and interest or so much thereof as the purchase money will pay on the same; and

NEXT: Any surplus will be held pending further Order of this Court pursuant to Rule 71(c), SCRCF.

10. That it is further ORDERED, ADJUDGED AND DECREED that, in the event the successful bidder is other than the Defendant(s) in possession herein, the Sheriff of Lexington County is hereby directed to eject and remove from the premises the occupant(s) of the property sold, together with any and all personal property located thereon, and to put the successful bidder, or his assigns, in full, quiet and peaceable possession.

11. That it is further ORDERED, ADJUDGED AND DECREED that each Defendant named herein, and all persons whomsoever claiming under him, them or it, be forever barred and foreclosed of all right, title, interest, and equity of redemption in the said mortgaged property so sold, or any part thereof.

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LEXINGTON COUNTY
SOUTH CAROLINA

12. That it is further ORDERED, ADJUDGED AND DECREED that the deed of conveyance and bill of sale made pursuant to this judgment and said sale shall contain the names of only the Plaintiff, the first-named Defendant, who was the title holder of the mortgaged property at the time of the filing of the Lis Pendens, and the Grantee; and that the Register of Deeds is hereby authorized to omit from the indices pertaining to such conveyance the names of all parties not contained in said deed.

13. That the undersigned Master-in-Equity shall retain jurisdiction to do all necessary acts incident to this foreclosure, action on guaranty and action on security interest, including, but not limited to, the issuance of a Writ of Assistance, disposing of any surplus funds pursuant to Rule 71(c), SCRPC.

14. That after the Order Confirming Sale and Disbursements has been issued and filed, the undersigned Master-in-Equity shall direct the Register of Deeds to release of record the mortgage liens being foreclosed.

15. That the following is a description of the real and personal property herein ordered to be sold:

All those certain pieces, parcels, or lots of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 3 containing 0.692 acre, Parcel 3-A containing 0.058 acre, Parcel 3-B containing 0.016 acre and Parcel 3-C containing 0.007 acre, as shown on a plat prepared for Tom Pool & Richard Pool by Drafts Surveying, Inc., RLS, dated February 21, 2003 and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 9335, at page 80, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Derivation: Parcel 3-A containing 0.058 acre being property conveyed to Marshall C. Hartmann by deed of Gary D. Renaud and Faye L. Renaud, recorded June 15, 2004 in Record Book 9338, at page 87 and by Quit-Claim deed of RE-Stations, Inc., recorded June 15, 2004 in Record Book

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LEXINGTON, SOUTH CAROLINA

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9338, at page 89, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: Parcel 3-B containing 0.016 acre being property conveyed to Marshall C. Hartmann by deed of Thomas Richard Pool, recorded June 15, 2004 in Record Book 9338, at page 91, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: Parcel 3 containing 0.692 acre and Parcel 3-C containing 0.007 acre being property conveyed to Marshall Hartmann by deed of Thomas Richard Pool, recorded June 15, 2004 in Record Book 9338, at page 93, in the Office of the Register of Deeds for Lexington County, South Carolina.

TMS # 003418-01-008

ALSO:

All those certain pieces, parcels, or lots of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 2 containing 1.165 acres, more or less; Parcel 2-A containing 0.147 acre, more or less; Parcel 2-B containing 0.055 acre, more or less; and Parcel 2-C containing 0.226 acre, more or less, as shown on a revised plat (revised May 19, 2004), prepared for Tom Pool & Richard Pool by Draft Surveying, Inc., and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 9335, at page 88, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Subject to the right of ingress and egress to Parcel 1, as fully shown on plat recorded in Record Book 7933, page 167, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: This being property conveyed to Marshall C. Hartmann and Brett Blanks by deed of Thomas Richard Pool, dated January 22, 2007 and recorded in Record Book 11702, at page 154, in the Office of the Register of Deeds for Lexington County, South Carolina.

TMS # 003418-01-009

ALSO:

All that certain piece, parcel, or lot of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 1 containing 1.753 acres, more or

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LEXINGTON COUNTY SOUTH CAROLINA


less, as shown on a plat prepared for Tom Pool, Richard Pool and Joe Waters by Draft Surveying, Inc., dated February 21, 2003 and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 7933, at page 167, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Together with the right of ingress and egress over and across that portion of property shown as 20' Ingress/Egress Easement of Parcel 1, on plat recorded in Record Book 7933, page 167, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: This being property conveyed to Marshall C. Hartmann and Brett Blanks by deed of Joseph T. Waters, III, dated January 22, 2007 and recorded in Record Book 11702, at page 154, in the Office of the Register of Deeds for Lexington County, South Carolina.

TMS # 003418-01-007

AND IT IS SO ORDERED.


The Honorable James O. Spence
Master-in-Equity for Lexington County

Lexington, South Carolina

1-5-12
December , 2011

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KATH A. CARRIS
CLERK OF COURT
LEXINGTON SC

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2011-CP-32-01205
NOTICE OF SALE
(Deficiency Judgment Requested)

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STATE OF SOUTH CAROLINA
COUNTY OF LEXINGTON
IN THE COURT OF COMMON PLEAS

METH A. CARRIGG
CLERK OF COURT
LEXINGTON SC

BY VIRTUE of the decree heretofore granted in the case of *First Reliance Bank vs. Charles E. Bishop, Brett D. Blanks, BCM of Lexington, LLC d/b/a Dam Bar & Grill, B&H of Lexington, LLC and Branch Banking and Trust Company of South Carolina*, the undersigned Master-in-Equity for Lexington County, South Carolina, will sell on Monday, February 6, 2012, at 11:00 a.m. in Courtroom 3-A of the Lexington County Judicial Center, 205 East Main Street, Lexington, South Carolina, to the highest bidder:

All those certain pieces, parcels, or lots of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 3 containing 0.692 acre, Parcel 3-A containing 0.058 acre, Parcel 3-B containing 0.016 acre and Parcel 3-C containing 0.007 acre, as shown on a plat prepared for Tom Pool & Richard Pool by Drafts Surveying, Inc., RLS, dated February 21, 2003 and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 9335, at page 80, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Derivation: Parcel 3-A containing 0.058 acre being property conveyed to Marshall C. Hartmann by deed of Gary D. Renaud and Faye L. Renaud, recorded June 15, 2004 in Record Book 9338, at page 87 and by Quit-Claim deed of RE-Stations, Inc., recorded June 15, 2004 in Record Book 9338, at page 89, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: Parcel 3-B containing 0.016 acre being property conveyed to Marshall C. Hartmann by deed of Thomas Richard Pool, recorded June 15, 2004 in Record Book 9338, at page 91, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: Parcel 3 containing 0.692 acre and Parcel 3-C containing 0.007 acre being property conveyed to Marshall Hartmann by deed of Thomas

Richard Pool, recorded June 15, 2004 in Record Book 9338, at page 93, in
the Office of the Register of Deeds for Lexington County, South Carolina.

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TMS # 003418-01-008

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ALSO:

BETH A. CARRIGG
CLERK OF COURT
LEXINGTON, SC

All those certain pieces, parcels, or lots of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 2 containing 1.165 acres, more or less; Parcel 2-A containing 0.147 acre, more or less; Parcel 2-B containing 0.055 acre, more or less; and Parcel 2-C containing 0.226 acre, more or less, as shown on a revised plat (revised May 19, 2004), prepared for Tom Pool & Richard Pool by Draft Surveying, Inc., and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 9335, at page 88, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Subject to the right of ingress and egress to Parcel 1, as fully shown on plat recorded in Record Book 7933, page 167, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: This being property conveyed to Marshall C. Hartmann and Brett Blanks by deed of Thomas Richard Pool, dated January 22, 2007 and recorded in Record Book 11702, at page 154, in the Office of the Register of Deeds for Lexington County, South Carolina.

TMS # 003418-01-009

ALSO:

All that certain piece, parcel, or lot of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 1 containing 1.753 acres, more or less, as shown on a plat prepared for Tom Pool, Richard Pool and Joe Waters by Draft Surveying, Inc., dated February 21, 2003 and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 7933, at page 167, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Together with the right of ingress and egress over and across that portion of property shown as 20' Ingress/Egress Easement of Parcel 1, on plat recorded in Record Book 7933, page 167, in the Office of the Register of

Deeds for Lexington County, South Carolina.

FILED

Derivation: This being property conveyed to Marshall C. Hartmann, and Brett Blanks by deed of Joseph T. Waters, III, dated January 22, 2007 and recorded in Record Book 11702, at page 154, in the Office of the Register of Deeds for Lexington County, South Carolina.

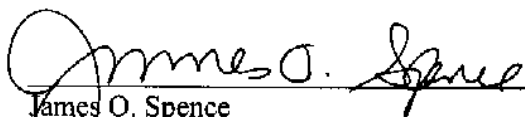
2012 JAN 11 3:43
BETH A. CARRIGG
CLERK OF COURT
LEXINGTON SC

TMS # 003418-01-007

TERMS OF SALE: The successful bidder, other than the Plaintiff, will deposit with the Master, at conclusion of the bidding, five percent (5%) of his bid, in cash or equivalent, as evidence of good faith, same to be applied to the purchase price in case of compliance, but to be forfeited and applied first to costs and then to the Plaintiff's debt in the case of non-compliance. Should the last and highest bidder fail to comply with the other terms of the bid within twenty (20) days, then the Master may re-sell the property on the same terms and conditions on some subsequent Sales Day (at the risk of the said highest bidder). Deficiency judgment being waived, the bidding will remain open for 30 days beyond the date of the sale to close on March 8, 2012. The sale shall be subject to taxes and assessments, existing easements and restrictions, easements and restrictions of record. Plaintiff may waive any of its rights, including its right to a deficiency judgment, prior to sale.

Dated: Jan 5, 2012
Lexington, South Carolina

Moore, Taylor & Thomas, P.A.
James Edward Bradley
Attorneys for Plaintiff
1700 Sunset Boulevard
P.O. Box 5709
West Columbia, SC 29171
Telephone: (803) 796-9160
Facsimile: (803) 791-8410


James O. Spence
Master-in-Equity for Lexington County

ORIGINAL

STATE OF SOUTH CAROLINA)

FILED)

IN THE COURT OF COMMON PLEAS

COUNTY OF LEXINGTON)

First Reliance Bank, 2012 JAN 11 3:44)

C/A No. 2011-CP-32-01205

DETH A. CARRIGG
Plaintiff)
COURT)
OF LEXINGTON)

vs.)

AFFIDAVIT OF INDEBTEDNESS
AND AUTHORIZATION TO TESTIFY

Charles E. Bishop, Brett D. Blanks,)
BCM of Lexington, LLC d/b/a Dam Bar &)
Grill, B&H of Lexington, LLC and Branch)
Banking and Trust Company of South)
Carolina,)

Defendants.)

PERSONALLY appeared before me Hal E. Cobb who being duly sworn, deposes and says:

1. That he is a vice president of First Reliance Bank lender on the loan which is the subject of the above referenced foreclosure action. That the amount of indebtedness is as follows:

On the August 3, 2006 Note:

- A. Principal due as of November 10, 2011, \$459,632.21;
 - B. Total interest of \$79,569.21 to November 10, 2011;
 - C. Late charges and costs of \$14,678.20;
- TOTAL \$553,879.62 *

On the January 22, 2007 Note:

- A. Principal due as of November 10, 2011, \$804,805.32;
 - B. Total interest of \$79,880.34 to November 10, 2011;
 - C. Late charges and costs of \$33,556.77;
- TOTAL \$918,242.43 *

The combined debt on both notes is:

A. Principal due as of November 10, 2011, \$1,264,437.53;

B. Total interest of \$159,449.55 to November 10, 2011;

C. Late charges and costs of \$48,234.97;

TOTAL COMBINED DEBT: \$1,472,122.05

FILED

2012 JAN 11 3:44

BETH A. CARRIGG
CLERK OF COURT
LEXINGTON SC

2. This document authorizes the law firm of Moore, Taylor & Thomas, P.A., or its representative, to testify on behalf of First Reliance Bank.

By:



Hal E. Cobb

SWORN to before me this

22 day of December, 2011.



(SEAL)

Notary Public for the State of South Carolina

My Commission Expires: 6-14-11

ORIGINAL

STATE OF SOUTH CAROLINA) FILED)
) IN THE COURT OF COMMON PLEAS)
COUNTY OF LEXINGTON) 2012 JAN 11 PM 3:44)

First Reliance Bank,) DEATH A. CARRIGG) C/A No. 2011-CP-32-01205
) CLERK OF COURT)
Plaintiff,) LEXINGTON, SC)

vs.)

**AFFIDAVIT OF
JAMES EDWARD BRADLEY**

Charles E. Bishop, Brett D. Blanks,)
BCM of Lexington, LLC d/b/a Dam Bar &)
Grill, B&H of Lexington, LLC and Branch)
Banking and Trust Company of South)
Carolina,)
Defendants.)

1. I am over the age of 18 and otherwise qualified to give sworn testimony in Court.
2. I have represented First Reliance Bank in this matter.
3. I attach a summary of the costs and fees incurred in this matter showing the hours devoted to this matter as well as the costs incurred to third party providers.

4. The total attorneys' fees expended by our law firm in this matter to date are \$8,594.50. First Reliance Bank has paid us for these fees. The total costs incurred by our firm to date are \$2,811.15. An itemization of these fees and costs is attached to this affidavit as Exhibit A.

5. I charged First Reliance Bank \$175 per hour in this matter.

6. I was admitted to practice law in 1993 by the South Carolina Supreme Court. I am a graduate of the University of South Carolina School of Law where I served on the Moot Court Board, the National Moot Court Team, the Law Review, and student government. A copy of my resume showing my activities in law school and some of my professional activities is attached as Exhibit B to this affidavit.

7. Since graduating law school, I have clerked for Don S. Rushing who was a state court circuit judge. I clerked for Federal District Judge G. Ross Anderson, Jr. I then worked at the McNair Law Firm as an associate in commercial litigation for two years.

8. In 1997, I came to work at Moore, Taylor & Thomas, P.A., where I work now as a partner.

9. I have tried a significant number of jury trials. I have been invited into membership in the American Board of Trial Advocates (ABOTA) which is an invitation only organization of lawyers who try cases before juries. In order to be considered for membership in ABOTA, a particular lawyer must have tried at least 25 cases to verdict before a jury. I have tried more cases than this to a verdict before juries.

10. I have also been designated a super lawyer by the Super Lawyer publication for South Carolina, and I carry an AV rating from the Martindale Hubble Peer Review Rating Service.

11. As to the extent of difficulty of the legal services rendered in this matter, there were depositions taken in this matter. In addition, the case involved questions of commercial law and real estate law.

12. As to the time and labor necessarily devoted to this case, I attach a copy of the hours I spent on this case as well as an explanation for the work done.

13. As to the professional standing of counsel, I rely upon my previous statements in this affidavit.

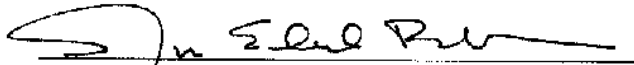
14. As to the contingency of compensation, I handled this matter on an hourly fee basis so there was not a contingency of compensation.

FILED
JAN 12 3:14
CLERK OF COURT
SOUTH CAROLINA

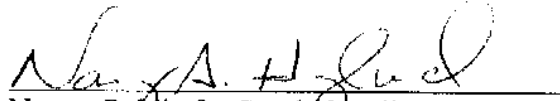
15. As to the fee customarily charged for similar services, I believe the fee of \$175.00 an hour to be reasonable and within the range of what is normally charged for commercial litigation in Lexington County.

16. Based upon the statements in this affidavit and the attachments, I believe the fees we have charged in this matter are \$8,594.50 and the costs we have incurred in this matter are \$2,811.15. I believe these fees to be reasonable and reasonably expended in this matter.

FURTHER AFFIANT SAYETH NAUGHT.


James Edward Bradley

SWORN to before me this 10th
day of November, 2011


Notary Public for South Carolina
My Commission Expires: 5/28/2018

NETH A. CARRIGE
CLERK OF COURT
LEXINGTON COUNTY, SC

2012 JAN 11 P 3:44

FILED

Date Entry #	Received From/Paid To Explanation	Chq# Rec#	General		Fees	Bld		Trust Activity		Balance
			Repts	Disbs		Inv#	Acc	Repts	Disbs	
118226	First Reliance/Hartman									
W101638	First Reliance Bank v. Hartman, Marshall									Resp Lawyer: JEB
Sep 19/2010	553670 Lawyer: JEB 0.80 Hrs X 175.00 Review foreclosure package; Correspondence H. Cobb				140.00	69074				
Oct 12/2010	555524 Lawyer: JEB 1.90 Hrs X 175.00 Review loan documents; Telephone call with client H. Cobb regarding same; Analysis of loan documents; Email client H. Cobb regarding same				332.50	69074				
Oct 12/2010	555532 Lawyer: JEB 0.60 Hrs X 175.00 Telephone call with H. Cobb regarding factual background and opinion needed				105.00	69074				
Nov 1/2010	557997 Billing on Invoice 69074 FEES 577.50				0.00	69074				
Nov 8/2010	562131 Lawyer: JEB 3.00 Hrs X 175.00 Detailed review and summary of all loan documents regarding in particular cross defaults, security agreement and receiver; legal research regarding appointment of receiver; Telephone call with H. Cobb regarding same; email to H. Cobb regarding same and recommendations				525.00	70241				
Nov 9/2010	562137 Lawyer: JEB 0.30 Hrs X 175.00 Telephone call with client H. Cobb regarding default and moving forward				52.50	70241				
Dec 1/2010	565203 Billing on Invoice 70241 FFPS 577.50				0.00	70241				
Dec 14/2010	565329 First Reliance PMT - Fee (Ckt 032422)	190763	577.50							
Dec 29/2010	572680 Lawyer: JEB 0.30 Hrs X 175.00 Telephone call with client H. Cobb regarding receiver, foreclosure and bankruptcy				52.50	71532				
Jan 6/2011	572902 Lawyer: JEB 0.50 Hrs X 175.00 Meeting with client H. Cobb				87.50	71532				
Jan 12/2011	573077 Lawyer: JEB 1.50 Hrs X 175.00 Review bankruptcy notice and filings; Review receivership law for pleadings				262.50	71532				
Jan 13/2011	573070 Lawyer: JEB 4.50 Hrs X 175.00 Review loan documents; Draft foreclosure complaint, summons, lis pendens, motion for receiver, and verification; Review bankruptcy pleadings; Draft motion for relief from stay; Review deed information regarding transfers online; Email to client H. Cobb regarding same				787.50	71532				
Jan 13/2011	573995 Lawyer: NH 0.30 Hrs X 80.00 Request title search				24.00	71532				
Jan 14/2011	573149 Lawyer: JEB 0.70 Hrs X 175.00 Conference with NH regarding title search; Review and correct deed and property description information				122.50	71532				
Jan 14/2011	573431 Lawyer: NH 0.20 Hrs X 80.00 Conference with JEB regarding title search and deed information				16.00	71532				
Feb 1/2011	574766 Billing on Invoice 71532 FEES 1352.50				0.00	71532				
Feb 2/2011	573486 Pro Title Services, Corp. Title Search - 1650 N. Lake Dr.			430.75		72325				
Feb 2/2011	573486 Pro Title Services, Corp. Title Search - 1621 & 1623 N. Lake Dr.			1311.00		72325				
Feb 2/2011	573496 Lawyer: NH 0.70 Hrs X 80.00 Print and review title work; process invoice for payment				56.00	72325				
Feb 9/2011	575297 First Reliance PMT - Fee (Ckt 032911)	191455	577.50							
Feb 25/2011	580031 Lawyer: NH 0.10 Hrs X 80.00 Conference with JEB regarding mortgage question on complaint				8.00	72325				
Feb 25/2011	580040 Lawyer: JEB 4.00 Hrs X 175.00 Review Hartmann bankruptcy; Review title work for 1605 N. Lake; Review title work for 1621 North Lake; Review mapping program for location; Review prior mortgage of BB&T;				700.00	72325				

ROA 021



Client Ledger
ALL DATAS

Date	Received From/Paid To	Chq#	General		Fees	Bld	Trust Activity			
Entry #	Explanation	Rec#	Rpts	Disbs		Inv#	Acc	Rpts	Disbs	Balance
	Amend complaint for foreclosure in light of property transfer and BB&T mortgage; Review and amend motion for receiver; Amend captions in light of property transfer and BB&T mortgage									
Feb 27/2011	580119 Lawyer: NB 0.80 Hrs X 80.00 Extensive changes to complaint, copy exhibits				64.00	72325				
Mar 1/2011	579117 First Reliance PMT - Fee (Ck# 033084)	191803	1352.50							
Mar 1/2011	578119 First Reliance RET - Retainer (Ck# 033084)	191804	577.50			72325				
Mar 1/2011	580565 Billing on Invoice 72325 FEES 828.00 DTSRS 1741.75 RCPTS 577.50			0.00		72325				
Mar 1/2011	590567 RET - Retnr alloc on Inv: 72325	72325	577.50			72325				
Mar 1/2011	590563 RET - Retnr alloc on Inv: 72325	72325	577.50			72325				
Mar 8/2011	583002 Lawyer: JEB 0.30 Hrs X 175.00 Review pleadings; Email H. Cobb regarding same				52.50	73395				
Mar 16/2011	585106 Lawyer: JEB 0.10 Hrs X 175.00 Telephone call with client H. Cobb regarding status update				17.50	73395				
Mar 16/2011	585396 Lawyer: NH 0.70 Hrs X 80.00 Additions to Complaint				56.00	73395				
Mar 17/2011	585399 Lawyer: NH 0.20 Hrs X 80.00 Prepare verification for execution; Arrange for verification to be delivered to client				16.00	73395				
Mar 18/2011	583990 Lexington County Filing Fee	24182		150.00		73395				
Mar 18/2011	583900 Lexington County Filing Fee	24183		25.00		73395				
Mar 18/2011	593403 Lawyer: NH 0.50 Hrs X 80.00 Final review and prepare exhibits for execution				40.00	73395				
Mar 26/2011	585597 Lawyer: NH 0.60 Hrs X 80.00 Copy lawsuit for filing with Clerk of Court; Arrange for filing with Clerk of Court; Edits to motion for receiver; Forward to Clerk of Court for filing				48.00	73395				
Mar 30/2011	586143 Lawyer: NH 0.80 Hrs X 80.00 Review lawsuit and motion from Clerk's office; Search addresses and service agents for defendants; Gene Trotter will accept service for all; Conference with FMC regarding scheduling of hearing				64.00	73395				
Mar 30/2011	597508 Lawyer: DLGL 0.20 Hrs X 70.00 Telephone calls regarding motion hearing				14.00	73395				
Apr 1/2011	588044 Billing on Invoice 73395 FEES 309.00 DTSRS 175.00			0.00		73395				
Apr 6/2011	592142 Lawyer: JEB 0.10 Hrs X 175.00 Update to H. Cobb				17.50	74123				
Apr 7/2011	591746 Lawyer: DLGL 0.30 Hrs X 70.00 Telephone call to Judge Keasley's office regarding hearing; Scan and email pleadings to G. Trotter's office				21.00	74123				
Apr 7/2011	591763 Lawyer: JEB 0.40 Hrs X 175.00 Telephone call with G. Trotter; Correspondence with H. Cobb regarding service				70.00	74123				
Apr 8/2011	589072 First Reliance/Hartman PMT - Fee & Costs (Ck #033461)	192517	1992.25							
Apr 8/2011	589073 First Reliance/Hartman PMT - Fee & Costs (Ck #033461)	192517	629.00							
Apr 8/2011	599074 First Reliance/Hartman PMT - Fee & Costs (Ck #033461)	192517	629.00							
Apr 8/2011	592156 Lawyer: JEB 0.20 Hrs X 175.00 Meeting with H. Cobb				35.00	74123				
Apr 8/2011	592159 Lawyer: JEB 0.20 Hrs X 175.00 Correspondence G. Trotter regarding accepting service and receiver				35.00	74123				
Apr 13/2011	591665 Lawyer: NH 1.30 Hrs X 80.00 Review file for address information; Prepare memo for process server; Meet with process server for service				104.00	74123				

ROA 022

Client Ledger
ALL DATES

Date	Entry #	Received From/Paid To Explanation	Chq# Rec#	General		Fees	Bld Inv#	Trust Activity		Balance
				Rpts	Disbs			Rpts	Disbs	
		instructions: Serve BR&T by mail								
Apr 13/2011	592280	Lawyer: JEB 0.40 Hrs X 175.00 Telephone call with G. Trotter; Review file for service				70.00	74123			
Apr 14/2011	591666	Lawyer: NH 1.10 Hrs X 80.00 Conference with process server; Prepare affidavits of service (2); Prepare acceptance of service for Gene Trotter; Conference with JEB				88.00	74123			
Apr 14/2011	592170	Lawyer: JEB 0.90 Hrs X 175.00 Review service with process server; Telephone call with G. Trotter regarding service; Telephone call with Judge Keesley's office regarding hearing date				157.50	74123			
Apr 15/2011	590159	Davis Rudolph Service Fee			390.00		74123			
Apr 15/2011	591673	Lawyer: NS 0.20 Hrs X 80.00 Prepare affidavit of service (BR&T)				16.00	74123			
May 2/2011	598173	Lawyer: JEB 0.10 Hrs X 175.00 Correspondence regarding motion for receiver and hearing				17.50	74967			
May 5/2011	594848	Billing on Invoice 74123 FEES 614.00 DISBS 390.00			0.00		74123			
May 5/2011	598725	Lawyer: JEB 0.30 Hrs X 175.00 Telephone call with G. Trotter regarding receiver				52.50	74967			
May 16/2011	599786	Lawyer: JEB 0.10 Hrs X 175.00 Correspondence regarding receiver hearing				17.50	74967			
May 17/2011	599255	Lawyer: JEB 1.30 Hrs X 175.00 Review answer and hearing notice; Scan and send answer to H. Cobb; Telephone call with G. Trotter; Correspondence G. Trotter regarding hearing; Telephone call with H. Cobb regarding hearing; Draft reply to counterclaim; Send reply and notice; Telephone call with H. Cobb regarding hearing (2nd)				227.50	74967			
May 19/2011	599287	Lawyer: JEB 0.30 Hrs X 175.00 Review correspondence from H. Cobb regarding receiver; Telephone call with H. Cobb regarding same				52.50	74967			
May 19/2011	599298	Lawyer: JEB 0.10 Hrs X 175.00 Telephone call with client H. Cobb regarding status				17.50	74967			
May 20/2011	599408	Lawyer: JEB 0.10 Hrs X 175.00 Telephone call with G. Trotter				17.50	74967			
May 23/2011	599266	Lawyer: JEB 1.50 Hrs X 175.00 Telephone call with clerk's office; Telephone call with G. Trotter; Notice depositing of defendants; Motion for summary judgment				262.50	74967			
May 24/2011	598290	First Reliance/Hartman PMT - Fee & Costs (Ck #033832)	193705	482.00						
May 24/2011	598291	First Reliance/Hartman PMT - Fee & Costs (Ck #033832)	193295	-175.00						
May 24/2011	598292	First Reliance/Hartman PMT - Fee & Costs (Ck #033832)	193705	-175.00						
May 26/2011	598747	Lexington County Filing fee	24883		25.00		74967			
May 26/2011	599302	Lawyer: JEB 0.30 Hrs X 175.00 Deposition notices: Bishop, Planks, BCM and B&H				52.50	74967			
Jun 1/2011	600918	Billing on invoice 74967 FEES 717.00 DISBS 25.00			0.00		74967			
Jun 7/2011	601466	First Reliance/Hartman PMT - Fee & Costs (Ck #033893)	193303	1004.00						
Jun 7/2011	601467	First Reliance/Hartman PMT - Fee & Costs (Ck #033893)	193383	-390.00						
Jun 7/2011	601468	First Reliance/Hartman PMT - Fee & Costs (Ck #033893)	193383	390.00						
Jun 7/2011	605492	Lawyer: JEB 0.30 Hrs X 175.00 Telephone call with G. Trotter regarding hearing and workout				52.50	76208			
Jun 7/2011	605494	Lawyer: JEB 0.10 Hrs X 175.00 Telephone call with client H. Cobb regarding status				17.50	76208			
Jun 14/2011	605791	Lawyer: JEB 0.10 Hrs X 175.00 Update to Hal Cobb				17.50	76208			

ROA 023

Client Ledger
ALL DATES

Date	Entry #	Received From/Paid To Explanation	Chq# Rec#	General		Fees	Bld Inv#	Trust Activity			Balance
				Rpts	Disbs			Acc	Rpts	Disbs	
Jun 14/2011	605795	Lawyer: JEB 0.30 Hrs X 175.00 Letter to G. Trotter regarding assignment of rents				52.50	76208				
Jun 15/2011	605857	Lawyer: JEB 0.30 Hrs X 175.00 Telephone call with client H. Cobb; Telephone call with G. Trotter				52.50	76208				
Jun 23/2011	606084	Lawyer: JEB 0.30 Hrs X 175.00 Telephone call with G. Trotter; telephone call with H. Cobb regarding settlement and depositions				52.50	76208				
Jun 27/2011	606560	Lawyer: JEB 0.30 Hrs X 175.00 Telephone call with H. Cobb regarding depositions and status				52.50	76208				
Jun 28/2011	606556	Lawyer: JEB 0.20 Hrs X 175.00 Telephone call with G. Trotter regarding meetings and depositions				35.00	76208				
Jun 29/2011	606549	Lawyer: JEB 3.30 Hrs X 175.00 Prepare for and take depositions of Bishop and Blanks				577.50	76208				
Jul 1/2011	606761	Billing on Invoice 76208 FEES 910.00			0.00		76208				
Jul 6/2011	617355	Lawyer: JEB 0.20 Hrs X 175.00 Telephone call with client H. Cobb regarding status				35.00	77474				
Jul 30/2011	617446	Lawyer: JEB 0.50 Hrs X 175.00 Review correspondence from G. Trotter; Email to H. Cobb and R. McIntyre regarding same and motion for summary judgment.				52.50	77474				
Jul 21/2011	610666	Creel Court Reporting Court Reporting - Depositions of Bishop & Blanks	25444		354.40		77474				
Jul 21/2011	617466	Lawyer: JEB 0.10 Hrs X 175.00 Correspondence H. Cobb regarding status				17.50	77474				
Jul 28/2011	617467	Lawyer: JEB 0.20 Hrs X 175.00 Email R. McIntyre and H. Cobb regarding affidavit of Blanks and payment history				35.00	77474				
Jul 28/2011	617468	Lawyer: JEB 0.20 Hrs X 175.00 Telephone call with client R. McIntyre regarding affidavit of Blanks and payment history				35.00	77474				
Jul 28/2011	617469	Lawyer: JEB 1.20 Hrs X 175.00 Review deposition of Blanks and Bishop; Review answer; Review complaint and title work in preparation for hearing				210.00	77474				
Jul 28/2011	617470	Lawyer: JEB 0.90 Hrs X 175.00 Prepare argument for hearing before Judge McMahon				157.50	77474				
Jul 29/2011	617471	Lawyer: JEB 1.30 Hrs X 175.00 Telephone call with client R. McIntyre regarding affidavit; Draft affidavit; Email to R. McIntyre regarding same				227.50	77474				
Jul 29/2011	617472	Lawyer: JEB 2.50 Hrs X 175.00 Hearing before Judge McMahon regarding summary judgment				437.50	77474				
Aug 16/2011	615836	First Reliance PMT - Fee & Cost (Ck# 034507)	194426		25.00						
Aug 16/2011	615837	First Reliance PMT - Fee & Cost (Ck# 034507)	194426		1627.50						
Aug 22/2011	618372	Lawyer: JEB 0.30 Hrs X 175.00 Letter to Judge Spence regarding hearing and reference Lexington County				52.50	77474				
Aug 25/2011	618049	Filing Fee	25790		125.00		77474				
Aug 25/2011	618415	Lawyer: JEB 0.30 Hrs X 175.00 Telephone call with H. Cobb and D. Porter regarding meeting				52.50	77474				
Aug 26/2011	618416	Lawyer: JEB 0.30 Hrs X 175.00 Telephone call with G. Trotter; Email to G. Trotter regarding meeting				52.50	77474				
Sep 1/2011	620249	Billing on Invoice 77474 FEES 1365.00 DTSAS 179.40			0.00		77474				
Sep 2/2011	623391	Lawyer: JEB 2.70 Hrs X 175.00 Meeting with H. Cobb, G. Trotter and debtors regarding workout				472.50	78726				
Sep 12/2011	623430	Lawyer: JEB 0.30 Hrs X 175.00 Memo regarding foreclosure; Correspondence NH regarding hearing				52.50	78726				

ROA 024

Date	Entry #	Received From/Paid To Explanation	Chq# Rec#	General		Fees	Bld Inv#	Trust Activity		
				Rpts	Disbs			Repts	Disbs	Balance
Sep 14/2011	623440	Lawyer: JEB 0.70 Hrs X 175.00 Review correspondence from G. Trotter; Correspondence to H. Cobb regarding same; Conference with NF regarding scheduling hearing				123.50	78726			
Sep 14/2011	625832	Lawyer: NH 0.10 Hrs X 90.00 Conference with JEB regarding scheduling of hearing				9.00	78726			
Sep 20/2011	625654	Lawyer: JEB 0.30 Hrs X 175.00 Correspondence W. Hazelwood and H. Cobb regarding counterclaims				52.50	78726			
Sep 21/2011	625833	Lawyer: NH 0.30 Hrs X 90.00 Review email from JEB and client regarding counterclaim summary; Prepare summary and email to JEB				24.00	78726			
Sep 26/2011	625666	Lawyer: JEB 0.30 Hrs X 175.00 Correspondence Judge Spence and NH regarding hearing				52.50	78726			
Oct 1/2011	627875	Billing on Invoice 78726 FEES 781.50					78726			
Oct 12/2011	629599	Lawyer: JEB 1.30 Hrs X 175.00 Correspondence W. Cobb regarding meeting with Judge Spence; Review pleadings in preparation for Judge Spence status conference; Status conference with Judge Spence				332.50				

UNBILLED					BILLED				BALANCES	
PERIOD	CHE	RECOV	FEES	TOTAL	DISBS	FEES	TAX	RECEIPTS	A/R	TRUST
END DATE	0.00	0.00	332.50	332.50	2811.15	8034.50	0.00	8216.75	2628.90	0.00
			332.50	332.50	2811.15	8034.50	0.00	8216.75	2628.90	0.00

UNBILLED					BILLED				BALANCES	
PERIOD	CHE	RECOV	FEES	TOTAL	DISBS	FEES	TAX	RECEIPTS	A/R	TRUST
END DATE	0.00	0.00	332.50	332.50	2811.15	8034.50	0.00	8216.75	2628.90	0.00
			332.50	332.50	2811.15	8034.50	0.00	8216.75	2628.90	0.00

REPORT SELECTIONS - Client Ledger
 Layout Template: Default
 Advanced Search Filter: None
 Requested by: Ann
 Finished: Thursday, November 03, 2011 at 04:35:52 PM
 Ver: 10.0 SP4 (10.0.20100527)
 Matters: W101638
 Clients: All
 Major Clients: All
 Client Intro Lawyer: All
 Matter Intro Lawyer: All
 Responsible Lawyer: All
 Assigned Lawyer: All
 Type of Law: All
 Select From: Active, Inactive, Archived Matters
 Matters Sort by: Default
 New Page for Each Lawyer: No
 New Page for Each Matter: No
 No Activity Date: Dec 31/2199
 Firm Totals Only: No
 Totals Only: No
 Entries Shown - Billed Only: No
 Entries Shown - Disbursements: Yes
 Entries Shown - Receipts: Yes
 Entries Shown - Time or Fees: Yes
 Entries Shown - Trust: Yes
 Incl. Matters with Retainer Bal: No
 Incl. Matters with Neg Unbld Disc: No
 Trust Account: All
 Working Lawyer: All
 Include Corrected Entries: No
 Show Check # on Paid Payables: No
 Show Client Address: No
 Consolidate Payments: No
 Show Trust Summary by Account: No
 Show Interest: No
 Interest Up To: Nov 3/2011
 Show Invoices that Payments Were Applied to: No
 Display Entries in: Date Order

Sta	Slip ID	Date	Client	Case	Tkpr	Att.	Hours	Rate	Detail
W	9797	10/12/2011	115505	W101638	WBRA	WBRA	1.90	\$175.00	Correspondence H. Cobb regarding meeting with Judge Sance; Review pleadings in preparation for Judge
W	11809	10/18/2011	115505	W101638	WBRA	WBRA	0.20	\$175.00	Telephone call with H. Cobb and R. McIntyre regarding status hearing and strategy
W	12035	10/24/2011	115505	W101638	WBRA	WBRA	0.40	\$175.00	Telephone call with D. Siddons regarding sell off of mortgage and note; Telephone call with H. Cobb regard
W	12212	10/28/2011	115505	W101638	WBRA	WBRA	0.20	\$175.00	Correspondence H. Cobb and D. Siddons regarding sale of note
W	12219	10/28/2011	115505	W101638	WBRA	WBRA	0.10	\$175.00	Monthly status report
W	12224	10/28/2011	115505	W101638	WBRA	WBRA	0.20	\$175.00	Correspondence D. Siddons regarding offer; Correspondence H. Cobb regarding same
W	12227	10/31/2011	115505	W101638	WBRA	WBRA	0.20	\$175.00	Review correspondence from D. Siddons; Correspondence to H. Cobb and R. McIntyre regarding same

ROA 026

Hours	Fees	Disbursement	Retainer	Interest	Total
3.20	\$560.00	\$0.00	\$0.00	\$0.00	\$560.00
6.00	\$2,149.50	\$479.40	\$0.00	\$0.00	\$2,628.90
0.00	\$1,365.00	\$479.40	\$0.00	\$0.00	\$1,844.40
0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
0.00	\$784.50	\$0.00	\$0.00	\$0.00	\$784.50
3.20	\$1,344.50	\$0.00	\$0.00	\$0.00	\$1,344.50

ROA 027

JAMES EDWARD BRADLEY
Moore, Taylor & Thomas, P.A.
P.O. Box 5709
West Columbia, South Carolina 29171
(803) 796-9160

PERSONAL: Born Chapel Hill, North Carolina, December 18, 1967
Son of James Bradley, Jr. and Nancy Jones Bradley
Married to Elizabeth Holderman: 3 children – ages 6, 6, and 8

EDUCATION: **UNIVERSITY OF SOUTH CAROLINA SCHOOL OF LAW**
Columbia, South Carolina
J.D., *Cum Laude*, May 1993
Honors and Activities
Order of the Coif; Publications Editor, South Carolina Law Review; Associate Justice, Moot Court Bar; National Moot Court Team; Order of the Barrister; Order of the Wig and Robe; Dean's List; Legal Writing Instructor; Elected Representative, Student Bar Association; Karen Lee Scholarship; John Belton O'Neal Inn of Court; Academic Standing Committee and Dean's Advisory Counsel

DAVIDSON COLLEGE
Davidson, North Carolina
B.A., Economics, May 1990

LEGAL EXPERIENCE: **UNIVERSITY OF SOUTH CAROLINA SCHOOL OF LAW**
Columbia, South Carolina
Adjunct Professor, Legal Writing 1998-2000

McNAIR LAW FIRM
Columbia, South Carolina
Associate, Commercial Litigation 1995-1997

THE HONORABLE G. ROSS ANDERSON, JR.
Federal District Court Judge for the District of South Carolina
Law Clerk 1994-1995

THE HONORABLE DON S. RUSHING
Resident Circuit Judge for the Sixth Judicial Circuit
Law Clerk 1993-1994

NELSON, MULLINS, RILEY & SCARBOROUGH
Columbia, South Carolina
Summer Associate, Summers 1991 and 1992

PUBLICATIONS: *Carolina Research and Development Foundation Considered Public Body Under Freedom of Information Act*, 44 SCLR 127 (1992)
Cameras in the Courtroom Revisited, South Carolina Lawyer, March/April 1994 at 33
Daubert! Small Impact on South Carolina Evidence Law, South Carolina Trial Lawyer Bulletin, Fall 1994 at 12

PROFESSIONAL ORGANIZATIONS: American Board of Trial Advocates 2007-2011
Chairman, South Carolina Bar Judicial Qualifications Committee 2010-2011
South Carolina Bar Judicial Qualification Committee 2007-2011
President USC School of Law Alumni Association 2008-2011
Richland County Bar Association Memorials Chair 2009

ROA 028



Richland County Bar Newsletter Editor 2010-2011
Executive Committee Richland County Bar 2011
11th Circuit Representative, South Carolina Bar House of Delegates 2002-2011
11th Circuit Representative, Young Lawyers Division 2001-2002
5th Circuit Representative, Young Lawyers Division 1995-1997
Chairman, Tolerance Project 1994-1995
Chairman, Law School for Nonlawyers Project 1995-1997
Editor, *The Bar Tab*, South Carolina Publication 1997
Board of Editors, *The Young Lawyer*, ABA Publication 1996-1998

COMMUNITY INVOLVEMENT: Shandon Presbyterian Church, Sunday School Teacher 1997-2011
Salkehatchie Summer Service Project Board of Directors 1997-2011
Richland County Children's Hospital Board 2004-2007
Leadership Columbia 1997

PRESENTATIONS: *Civil Court Judicial Forum*
Moderator
Columbia, South Carolina
September 30, 2009

The Art of Depositions: Powerful Techniques to Maximize Your Success
Columbia, South Carolina
October 30, 2008

Advanced Discovery and Evidence
Columbia, South Carolina
November 30, 2007

Preserving Objections and Making Post-Trial Motions
South Carolina Defense Trial Attorneys' Association
Asheville, North Carolina
July 27, 2007

Building Your Civil Trial Skills
Columbia, South Carolina
December 19, 2006

Winning Your First Civil Trial in South Carolina: What They Didn't Teach You in Law School
Columbia, South Carolina
March 22, 2006

The Fundamentals of Construction Contracts: Understanding the Issues
Columbia, South Carolina
February 10, 2006

Conducting Depositions in South Carolina: Practical Strategies That Win Cases
Columbia, South Carolina
December 15, 2005

How to Litigate Your First Civil Trial in South Carolina
Columbia, South Carolina
December 20, 2004

Superior Deposition Strategies in South Carolina Civil Trial Practice
Columbia, South Carolina
December 9, 2004

ROA 029

ORIGINAL

STATE OF SOUTH CAROLINA)

COUNTY OF LEXINGTON)

FILED)

IN THE COURT OF COMMON PLEAS

First Reliance Bank,)

2012 JAN 11) P 3:44

C/A No. 2011-CP-32-01205

Plaintiff: A. CARRIGE)

CLERK OF COURT)
LEXINGTON SC)

vs.)

**AFFIDAVIT OF COUNSEL AS TO
COMMERCIAL LOAN**

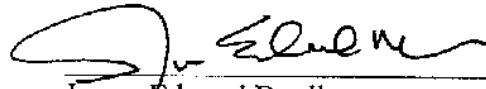
Charles E. Bishop, Brett D. Blanks,)
BCM of Lexington, LLC d/b/a Dam Bar &)
Grill, B&H of Lexington, LLC and Branch)
Banking and Trust Company of South)
Carolina,)

Defendants.)

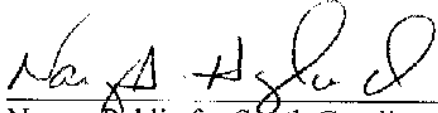
The affiant being duly sworn testifies as follows:

1. I am over the age of 18 and otherwise qualified to give sworn testimony in Court.
2. I am the attorney for the Plaintiff in this matter. As such, I have knowledge of the type of loan at issue as well as the details of the loan and the foreclosure.
3. This loan is a business loan made to a corporation secured by commercial real estate. As such, it is not subject to the Home Affordable Modification Program.
4. This foreclosure is not subject to the stay entered May 2, 2011, by the Supreme Court on foreclosures for the following reasons:
 - a. The loan is secured by commercial property;
 - b. The property is not an owner occupied dwelling; and
 - c. As a result, this foreclosure is exempt from Supreme Court Executive Order 2011-05-02-01.
5. I request that the property identified in this matter be sold in accordance with the pleadings.

FURTHER AFFIANT SAYETH NAUGHT.


James Edward Bradley

SWORN to before me this
27th day of December 2011.


Notary Public for South Carolina
My Commission Expires: 5/28/2018

FILED
2012 JAN 11 2 3:44
SOUTH A. OARRIGGS
CLERK OF COURT
SOUTH CAROLINA

ORIGINAL

FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF LEXINGTON
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE

FILED CASE NO. 2011 CP-32-01205

First Reliance Bank

Charles E. Bishop, Brett D. Blanks, BCM of

2012 JAN 11 3:42

Lexington, LLC d/b/a Dam Bar & Grill, et al.

PLAINTIFF(S)

BETH A. CARRIG DEFENDANT(S)

Submitted by: James Edward Bradley

CLERK OF COURT
LEXINGTON, SC

Attorney for : Plaintiff Defendant
or
 Self-Represented Litigant

DISPOSITION TYPE (CHECK ONE)

- JURY VERDICT.** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- DECISION BY THE COURT.** This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.
- ACTION DISMISSED (CHECK REASON):** Rule 12(b), SCRPC; Rule 41(a), SCRPC (Vol. Nonsuit); Rule 43(k), SCRPC (Settled); Other
- ACTION STRICKEN (CHECK REASON):** Rule 40(j), SCRPC; Bankruptcy; Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; Other
- DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):**
 Affirmed; Reversed; Remanded; Other

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: See attached order (formal order to follow) Statement of Judgment by the Court:

ORDER INFORMATION

This order ends does not end the case.

Additional Information for the Clerk :

INFORMATION FOR THE JUDGMENT INDEX

Complete this section below when the judgment affects title to real or personal property or if any amount should be enrolled. If there is no judgment information, indicate "N/A" in one of the boxes below.

Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled (List amount(s) below)
First Reliance Bank		\$
		\$
		\$

If applicable, describe the property, including tax map information and address, referenced in the order:

TMU# 003418-01-008; 003418-01-009; 003418-01-007

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained in this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be computed such as interest or additional taxable costs not available at the time the form and final order are submitted to the judge may be provided to the clerk. Note: Title abstractors and researchers should refer to the official court order for judgment details.

James O. Spence
Circuit Court Judge MI

3068
Judge Code

1-11-12
Date

For Clerk of Court Office Use Only

This judgment was entered on the _____ day of _____, 20____ and a copy mailed first class or placed in the appropriate attorney's box on this _____ day of _____, 20____ to attorneys of record or to parties (when appearing pro se) as follows:

ATTORNEY(S) FOR THE PLAINTIFF(S)

ATTORNEY(S) FOR THE DEFENDANT(S)

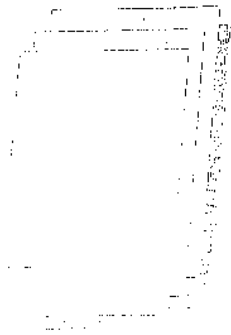
CLERK OF COURT

Court Reporter:

FILED
2012 JAN 11 3:42
BETH A. CARRIG
CLERK OF COURT
LEXINGTON, KY

2011CP320 1205

DOCUMENTS
NOT
SCANNED
FOR RECORD
OF HEARING
SEE FILE



STATE OF SOUTH CAROLINA)
)
COUNTY OF LEXINGTON)

COURT OF COMMON PLEAS
11-CP-32-1205

ORIGINAL

FILED

FIRST RELIANCE BANK

Plaintiff(s)

VS

CHARLES E. BISHOP, ET AL.

Defendant(s)

ORDER

of

DEFICIENCY JUDGMENT
(Third Party Bid)

SCANNED

Pursuant to the Judgment of Foreclosure in the Master-in-Equity Court given in the above case on January 11, 2012, the Plaintiff is entitled to have a personal and deficiency judgment against the Defendants Charles E. Bishop, Brett D. Blanks, BCM of Lexington, LLC d/b/a Dam Bar & Grill and B&H of Lexington, LLC as follows:

Amount of judgment of foreclosure entered by the
Equity Court----- \$ 1,482,122.05

Plus: Interest at 12.0% from date
of judgment to date of final sale----- \$ 57,499.04

Interest at 12.0% from date of final
sale to date of bid compliance----- \$ 5,983.60

TOTAL DEBT COMPUTED TO DATE OF CONVEYANCE TO
THIRD PARTY----- \$ 1,545,604.69

LESS: Proceeds disbursed to Plaintiff-

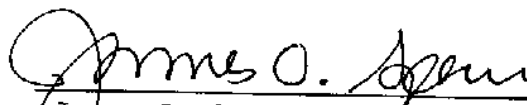
Amount of bid by 3rd party	\$ 910,000.00	
Plus: Interest on bid	+ \$ 5,983.60	
Less: 1% bid fee to county	- \$ 2,500.00	
		(\$ <u>913,483.60</u>)

AMOUNT OF PERSONAL JUDGMENT OF DEFICIENCY
ENTERED AGAINST THE ABOVE NAMED DEFENDANT(S) --- \$ 632,121.09

This judgment is entered together with interest at the rate
of 12 %, from March 28, 2012.

IT IS SO ORDERED.

Date: April 2, 2012
Lexington, S.C.


James O. Spence, Judge
Master-in-Equity Court

7

ROA 035

STATE OF SOUTH CAROLINA
 COUNTY OF LEXINGTON
 IN THE COURT OF COMMON PLEAS

FORM 4

JUDGMENT IN A CIVIL CASE

CASE NO. 2011 CP-32-01205

ORIGINAL

FIRST RELIANCE BANK

FILED

CHARLES E. BISHOP, ET AL.

PLAINTIFF(S)

2012 APR - 3 A 9:41 DEFENDANT(S)

Submitted by:

Attorney for : Plaintiff Defendant
 or
 Self-Represented Litigant

DISPOSITION TYPE (CHECK ONE)

- JURY VERDICT.** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- DECISION BY THE COURT.** This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.
- ACTION DISMISSED (CHECK REASON):** Rule 12(b), SCRPC; Rule 41(a), SCRPC (Vol. Nonsuit); Rule 43(k), SCRPC (Settled); Other
- ACTION STRICKEN (CHECK REASON):** Rule 40(j), SCRPC; Bankruptcy; Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; Other
- DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):**
 Affirmed; Reversed; Remanded; Other

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: See attached order (formal order to follow) Statement of Judgment by the Court:

ORDER INFORMATION

This order ends does not end the case.

Additional Information for the Clerk : DEFICIENCY JUDGMENT TO BE ENTERED AS INDICATED BELOW

INFORMATION FOR THE PUBLIC INDEX

Complete this section below when the judgment affects title to real or personal property or if any amount should be enrolled. If there is no judgment information, indicate "N/A" in one of the boxes below.

Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled (List amount(s) below)
FIRST RELIANCE BANK	CHARLES E. BISHOP	\$632, 121. 09
FIRST RELIANCE BANK	BRETT D. BLANKS	\$632, 121. 09
FIRST RELIANCE BANK	BCM OF LEXINGTON, LLC, D/B/A DAM BAR & GRILL	\$632,121.09
FIRST RELIANCE BANK	B&H OF LEXINTON, LLC	\$632, 121. 09

If applicable, describe the property, including tax map information and address, referenced in the order:

THREE PARCELS -

TMS NUMBERS: 003418-01-008, 003418-01-009 AND 003418-01-007

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained in this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be computed such as interest

or additional taxable costs not available at the time the form and final order are submitted to the judge may be provided to the clerk. Note: Title abstractors and researchers should refer to the official court order for judgment details.

James O. Spivey
Circuit Court Judge

3068

Judge Code

4-2-12
Date

For Clerk of Court Office Use Only

This judgment was entered on the _____ day of _____, 20____ and a copy mailed first class or placed in the appropriate attorney's box on this _____ day of _____, 20____ to attorneys of record or to parties (when appearing pro se) as follows:

J. EDWARD BRADLEY, ESQ.
MOORE, TAYLOR & THOMAS

ATTORNEY(S) FOR THE PLAINTIFF(S)

GENE TROTTER, ESQ.
TROTTER & MAXFIELD

ATTORNEY(S) FOR THE DEFENDANT(S)

CLERK OF COURT

Court Reporter:

FILED
2012 APR -3 A 9:24

STATE OF SOUTH CAROLINA)
)
 COUNTY OF LEXINGTON)

COURT OF COMMON PLEAS
 11-CP-32-1205

ORIGINAL

FIRST RELIANCE BANK

FILED

Plaintiff)
 vs. 2012 APR -3 A 9:43)
)
 CHARLES E. BISHOP, ET AL.)
)
)
)
 Defendant)

MASTER-IN-EQUITY'S
 REPORT ON SALE AND
 STATEMENT OF RECEIPTS
 AND DISBURSEMENTS

1. Pursuant to a prior Order of this Court and after due notice and publication, I sold the property subject of this action. The bidding remained open for 30 days as required. At the close of sale Samantha Deese/Bentley's Reach House, LLC was the successful bidder and thereafter complied with the bid as provided in said Order.

2. I have executed and delivered to the successful bidder (or their Assignee) a good and sufficient deed.

3. I have received and disbursed the costs and proceeds of sale as set forth below -

	DISBURSEMENTS	RECEIPTS
Amount of Bid by Third Party		\$ 910,000.00
Interest on 3 rd Party Bid		\$ 5,983.60
Reference Fee paid by Plaintiff		\$ 125.00
Amount of judgment	\$ 1,482,122.05	
Interest on judgment from date of judgment to date of sale	\$ 57,499.04	
Interest on bid from date of sale to date of compliance	\$ 5,983.60	
TOTAL JUDGMENT TO PLAINTIFF	\$ 1,545,604.69	
ITEMIZED EQUITY COURT COSTS:		
Reference fee paid to Lexington County - \$ 125.00		
1% of Bid Fee paid to Lexington County - \$ 2,500.00		
Total Equity Court Costs	\$ 2,625.00	
SUBTOTALS	\$ 1,548,229.69	\$ 916,108.60
Amount of Deficiency Judgment against Defendant		\$ 632,121.09
GRAND TOTALS	\$ 1,548,229.69	\$ 1,548,229.69

Date: April 2, 2012
 Lexington, South Carolina

James O. Spence
 Judge James O. Spence
 Master-in-Equity Court

ROA 038

ORIGINAL

STATE OF SOUTH CAROLINA

COUNTY OF LEXINGTON

First Reliance Bank,

Plaintiff,

vs.

Charles E. Bishop, Brett D. Blanks,
BCM of Lexington, LLC, d/b/a Dam Bar
& Grill, B&H of Lexington, LLC, and
Branch Banking and Trust of South
Carolina,

Defendants.

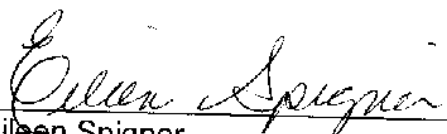
IN THE COURT OF COMMON PLEAS
ELEVENTH JUDICIAL CIRCUIT

Case No. 2011-CP-32-01205

CERTIFICATE OF SERVICE

I, the undersigned employee of Trotter and Maxfield, Attorneys at Law, do hereby swear and affirm that on the 26th day of March, 2012, I served the foregoing **Petition for Order of Appraisal** by mailing a copy of same First Class Mail, postage pre-paid to the following:

James E. Bradley, Esquire
P. O. Box 5709
West Columbia, SC 29171


Eileen Spigner

DATED: March 26, 2012
Columbia, South Carolina

ROA 039

ORIGINAL

STATE OF SOUTH CAROLINA

IN THE COURT OF COMMON PLEAS
ELEVENTH JUDICIAL CIRCUIT

COUNTY OF LEXINGTON

FILED CASE NO.: 2011-CP-32-01205

First Reliance Bank,

**MOTION AND ORDER INFORMATION
FORM AND COVERSHEET**

vs.

Charles F. Bishop, Brett D. Blanks, BCM, of
Lexington, LLC, d/b/a Dam Bar & Grill,
B&H of Lexington, LLC and Branch Banking
and Trust Company of South Carolina,

Defendant.

Plaintiff's Attorney: James E. Bradley, Bar No. 66130 Address: P.O. Box 5709 West Columbia, SC 29171 Phone: (803) 796-9160 Fax (803) 791-8410 E-mail: ward@mttlaw.com Other: _____	Defendant's Attorney: Gene Trotter, Bar No. 5636 Address: 1701 Richland Street, Columbia, SC 29201 Phone: (803) 799-6000 Fax (803) 799-6947 E-mail: gene@trotterandmaxfield.com Other: _____
---	---

MOTION HEARING REQUESTED (attach written motion and complete **SECTIONS I and III**)
 FORM MOTION, NO HEARING REQUESTED (complete **SECTIONS II and III**)
 PROPOSED ORDER/CONSENT ORDER (complete **SECTIONS II and III**)

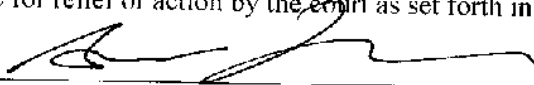
SECTION I: Hearing Information

Nature of Motion: Petition for Order of Appraisal
 Estimated Time Needed: 15 min. Court Reporter Needed: YES / NO

SECTION II: Motion/Order Type

Written motion attached
 Form Motion/Order

I hereby move for relief or action by the court as set forth in the attached proposed order.


 Signature of Attorney for Plaintiff / Defendant

Date submitted: 5/24/2012

SECTION III: Motion Fee

PAID - AMOUNT: \$ _____
 EXEMPT: (check reason)

- Rule to Show Cause in Child or Spousal Support
- Domestic Abuse or Abuse and Neglect
- Indigent Status State Agency v. Indigent Party
- Sexually Violent Predator Act Post-Conviction Relief
- Motion for Stay in Bankruptcy
- Motion for Publication Motion for Execution (Rule 69, SCRPC)
- Proposed order submitted at request of the court; or, reduced to writing from motion made in open court per judge's instructions

Name of Court Reporter: _____

Other: _____

JUDGE'S SECTION

Motion Fee to be paid upon filing of the attached order.
 Other: _____

JUDGE CODE: _____

Date: _____

ROA 040

ORIGINAL

STATE OF SOUTH CAROLINA FILED

COUNTY OF LEXINGTON

First Reliance Bank,

2012 DEC -4 A 4:49

Plaintiff,

IN THE COURT OF COMMON PLEAS
ELEVENTH JUDICIAL CIRCUIT

Case No. 2011-CP-32-01205

ORDER

vs.

Charles E. Bishop, Brett D. Blanks, BCM of
Lexington, LLC, d/b/a Dam Bar & Grill,
B&H of Lexington, LLC, and Branch
Banking and Trust Company of South
Carolina,

Defendants.

BACKGROUND

Foreclosure defendants Charles E. Bishop, Brett D. Blanks, BCM of Lexington, LLC d/b/a Dam Bar & Grill and B& H of Lexington, LLC (hereinafter, "Petitioners/Defendants"), filed a Petition for Order of Appraisal pursuant to SC Code Ann. 29-3-680 (2004) *et seq.* This statute provides a right for an order of appraisal "[I]n any real estate foreclosure proceeding" upon the request of "any defendant against whom a personal judgment is taken or asked." *Id.*, ¶ (A).

Plaintiff moved to dismiss the Petition on two grounds. First, that the Petition was not verified within 30 days as required by the statute, and second that the right to appraisal was waived in writing. After a review of the arguments of the parties, the applicable law, and the facts of this matter, the Court finds in favor of Petitioners and allows the Petition for Order of Appraisal.

ROA 041

(12-)

FILED

2012 DEC -4 A 4:4 DISCUSSION

The relevant dates are not disputed. The court filed a Deficiency Requested Foreclosure Order on January 11, 2012. Thereafter, the first sale was held February 6, 2012, with the sale reopening thirty (30 days) later on March 7, 2012, resulting in a final sale through an upset bid to Samantha Deese/Bentley's Beach House, LLC. On April 2, 2012, the Court entered the deficiency judgment of \$632,121.09 against the Defendants. On April 3, 2012, the Defendants submitted a Petition for Order of Appraisal. This Petition was signed by their lawyer Gene Trotter, but it was not verified or signed by any other person. The Plaintiff moved to dismiss the Petition on April 6, 2012. On April 10, 2012, the Defendants submitted an Amended Petition for Order of Appraisal. This Amended Petition was verified by Brett D. Blanks.

A. **Failure to file a verified petition in 30 days not fatal.**

Plaintiff argues that Defendant's first non-verified Petition is defective. The Amended Petition was filed April 10, 2012, more than 30 days after the sale. South Carolina Code Section 29-3-680(A) requires as follows:

In any real estate foreclosure proceeding a defendant against whom a personal judgment is taken or asked, whether he has theretofore appeared in the action or not, may within 30 days after the sale of the mortgaged property apply by *verified petition* to the clerk of court in which the decree or order of sale is taken for an order of appraisal. (Emphasis added).

ROA 042

212)

In addition, Code Section 29-3-60 indicates that the time period for filing the petition may not be enlarged or extended except by written consent of the judgment creditor. Plaintiff did not consent to enlarge the time to file the petition.

Plaintiff argues that the statutes dictate that the petition must be filed within 30 days of the sale and that the time may not be extended. The statutes also require that the application for an appraisal be by "verified petition." Plaintiff cites authority indicating verification means a statement or affirmation under oath. See *Joubert v. South Carolina Department of Social Services*, 341 S.C. 176, 534 S.E.2d 1 (Ct. App. 2000). In *Joubert*, the South Carolina Court of Appeals discussed the requirement for a verified claim to extend the statute of limitations under the South Carolina Tort Claims Act. The Court held that statements made by the plaintiff and information provided by the plaintiff did not meet the verification standard under the Tort Claims Act because they were not signed under penalties of perjury. The Court noted that "a verification serves to discourage the filing of false claims because verification permits a prosecution for perjury if the claim is fraudulent." *Id.* As a result, the Court held that although the plaintiff filed information with the State, the plaintiff was not entitled to the longer three-year statute of limitations because the plaintiff had not filed a verified claim.

It is important to note that the above case states that the purpose of verification is that "a verification serves to discourage the filing of false claims because a verification permits a prosecution for perjury if the claim is fraudulent." Verifications concern two basic types of statements: (a) a debt calculation sworn to or verified by the party {Rule 9 (i) SCRPC Verification of Account, Rule 71 (c) SCRPC 71 Disposition of Surplus Funds} or (b) a statement of facts sworn to by the declarant or his attorney. {Rule 11 (c) SCRPC Affidavits and Verifications. "Affidavits or verifications authorized or permitted under these Rules shall be

written statements or ~~declarations~~ ^{FILED} by a party or his attorney of record..." } Rule 56 SCRCR
Summary Judgement.

2012 DEC -4 A 11:49

Neither fact pattern is present in this case. The right to an appraisal is a statutorily created right. Petitioner/Defendant was not swearing to a debt amount or to his version or statement of facts. All of the facts relating to the sale are matters of record and not independent statements made by the petitioner. It is unclear what one would "verify" in a Request for Appraisal Rights. Did the Legislature intend that a person had to swear under penalty of perjury that he really meant to request his statutory rights, rather than having his attorney file and sign the Petition according to Rule 11 requirements?

As noted below, general statutory rules require that when the terms of a statute are clear and ambiguous, there is no room for construction and courts are required to apply the literal meaning. However, determining that the terms of a statute are clear and ambiguous is not always a simple task: "Condemned to the use of words, we can never expect mathematical certainty from our language." Justice Thurgood Marshall, in *Grayned v City Rockford*, 408 U.S. 104, 110 (1972).

There is ample law that a statutory remedy precludes equitable relief. While courts should carefully consider invoking equitable remedies (i.e. Equity looks to the Intent rather than the Form) when there is a governing statute, there have been instances when ambiguous statutes have been drafted. Cf. *Lamie v. United States Tr.*, 540 U.S. 526, 535-536 (2004) (single word may properly be treated as surplusage if at odds with the rest of the statute, or if it would lead to an absurd result). These facts warrant relief.

ROA 044

11(11)

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In addition, Petitioners argue that their amended Petition "relates back" to the original Petition.

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Rule 15, SCRC, provides:

(c) Relation Back of Amendments. Whenever the claim or defense asserted in the amended pleading arose out of the conduct, transaction or occurrence set forth or attempted to be set forth in the original pleadings, the amendment relates back to the date of the original pleading.

A trial judge's findings as to whether to allow an amendment to the pleading beyond time allowed will not be overturned without an abuse of discretion or unless manifest injustice has occurred. *Berry v. McLeod*, 328 S.C. 435, 492 S.E.2d 794 (Ct. App. 1997). A showing of prejudice is required before a court may consider refusing to allow relation back of an amendment. *Tanner v. Florence County Treasurer*, 336 S.C. 552, 521 S.E. 2d 153 (1999). The relevant prejudice is the lack of notice to the opposing party that an issue will be tried, and the lack of opportunity to refute it. *Id*; see also *Stanley v. Kirkpatrick*, 357 S.C. 169, 592 S.E.2d 296 (2004); *Collins Entertainment, Inc. v. White*, 363 S.C. 546, 611 S.E.2d 262 (Ct. App. 2005).

Here, there is no such prejudice to Defendant. Foreclosure is an equitable action. A creditor is entitled under law to recover its debt from a debtor from either (a) waiving the right to a deficiency judgment and seeking the land in return for the debt or by (b) seeking a deficiency judgment. Then, if after two sales, a deficiency judgment still exists, our legislature created an appraisal statute, designed to protect the creditor-debtor relationship by allowing for an appraisal process which can more accurately determine the value of the property, and thus ultimately, the proper debt amount owed by the debtor to the creditor.

Plaintiff is not prejudiced by (a) time considerations, (b) evidence matters or (c) equitable considerations. The original petition would have put respondents on notice of the issues. The

amended Petition, filed shortly after, does not include any new substantive issues since the appraisal statutes themselves set forth the discovery (appointing appraisers to appraise the property) or work to be performed. Certainly the court presumes both Plaintiff and Defendant only want what they are legally entitled to-- an accurately appraised amount that most truly fixes the deficiency debt, which results in a new ten (10) year judgment. Therefore, the Court finds that the amendment relates back to the initial petition.

B. The Defendants' did not waive appraisal rights.

Even if timely requested, Plaintiff contends that the Defendants waived all their rights to an appraisal. The Plaintiff contends this on the basis that the statutory appraisal waiver language from South Carolina Code Section 29-3-680 was included in the documents relating to the loan and mortgages. In particular, the waiver is found adjoining the Defendants' signatures on the following documents:

- a. Promissory Note dated August 3, 2008, signed by Brett Blanks and Charles Bishop
- b. Commercial Guaranty dated August 3, 2006, signed by Brett D. Blanks
- c. Commercial Guaranty dated August 3, 2006, signed by Charles E. Bishop
- d. Change in Terms Agreement dated May 29, 2009, signed by Brett Blanks and Charles Bishop
- e. Promissory Note dated January 22, 2007, signed by Brett Blanks

In response to the waiver asserted by the Plaintiff, the Defendants contend that they were not notified in writing before the transaction that a waiver of appraisal rights would be required. Thus, they contend the waiver is not effective. South Carolina Code Section 29-3-680(B) sets

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2012 DEC - 4 A 11: 49
CITIZEN'S ADVISORY BOARD
COURT REPORTERS
1000 W. BROAD ST.
COLUMBIA, SC 29201
forth the procedures for waiving appraisal rights in a commercial foreclosure. This section sets forth the statutory language which must be on a page containing the signature of the person making the waiver. This section also requires that the person against whom an appraisal waiver is asserted be “notified in writing before the transaction that a waiver of appraisal rights will be required.” *Id.* The Defendants maintain that they were not notified in writing before the transaction that a waiver of appraisal rights would be required. Therefore, they indicate that their appraisal rights were not properly waived, and they are entitled to an appraisal.

Both parties agree that the Defendants have not submitted any testimony or documentation tending to prove they were not notified of the waiver of appraisal rights. Similarly, the Plaintiff has not submitted any documents showing that the Defendants were notified in writing before the initial transaction in this matter that a waiver of appraisal rights would be required. However, after the initial loan, the Defendants voluntarily signed Change in Terms Agreements with the identical waiver provisions. These were signed several years after the initial loan was made. As a result, before signing the Change in Terms Agreements, the Defendants were aware that a waiver of appraisal rights would be required as they signed the initial documents which contained a waiver of appraisal rights.

By enacting the specific waiver language in the South Carolina Appraisal Statute, the General Assembly indicated that a waiver of appraisal is effective if done pursuant to the Statute. The Statute merely requires that the debtors be “notified in writing before the transaction.” It does not require any particular form of notice.

The Court also notes that in *SCN Mortgage Corporation v. White*, 312 S.C. 384, 440 S.E.2d 868 (1994), the South Carolina Supreme Court found that a waiver of appraisal rights was

not in accord with South Carolina public policy. With that in mind, the Court held a debtor's waiver of the appraisal rights conveyed by statute was invalid in all situations as the result of South Carolina public policy. In response, the South Carolina General Assembly amended the Statute currently found at 29-3-680 to add language indicating that waivers of appraisal rights were permitted by South Carolina law when they were prominently disclosed as required by the Statute and done in accordance with statutory requirements. 1996 Act No. 430 §5. As the Legislature has indicated that South Carolina public policy allows a waiver of appraisal rights when waived according to statute.

While these rights can be waived, they have to be waived properly. The statute provides that lenders may require borrowers to waive the right to an appraisal, if and only if "the debtors, makers, borrowers, and/or guarantors are notified *in writing before the transaction* that a waiver of appraisal rights will be required." Section 29-3-680 (B).

As noted above, the Plaintiff/Bank admits that it provided no such waiver. *E.g.*, Tr. Hr'g Sep 9, 2012, p. 9, lines 5-7 (the Plaintiff conceding that "there is not a writing that says we are going to require you to do this"). The Bank maintains the Defendants should have known that a waiver would be required, as the Bank had required similar waivers previously.

That is not what the statute requires. It does not allow for a "should have known" defense. It does not allow for an actual knowledge defense. Oral notification, for example, does not suffice. It does not allow for notification solely in the contract.

"When the terms of a statute are clear and not ambiguous, there is no room for construction and the Courts are required to apply such according to their literal meaning."

Gentry v. Yonce, 337 S.C. 1, 13-14, 522 S.E.2d 137, 143 (1999) (quoting *McMillen Feed Mills, Inc. v. Mayer*, 265 S.C. 500, 220 S.E.2d 221 (1975)).¹

As stated in *Henry Davenport v. Sch. Dist.*, 391 S.C. 85, 88-89, 705 S.E.2d 26, 28 (2011), “We believe the 1998 enactment—specifically the provision ‘but no such rights are granted to the position or salary of administrator’—is clear and manifestly reflects legislative intent to expressly exclude such rights to an administrator.” The statute reflects the legislative intent to require notification of a specific type and at a specific stage in the process.

In the alternative, if there is any ambiguity as to whether the contract suffices under the statute, the ambiguity must be interpreted against the drafter of the contract, i.e., the Plaintiff. “It is well settled that ambiguities arising within a contract must be construed against the drafter.” *Southern Atlantic Financial Services, Inc. v. Middleton*, 349 S.C. 77, 84, 562 S.E.2d 482, 486 (Ct. App. 2002).

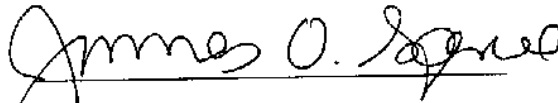
Moreover, Section 29-3-680 is a consumer protection statute, and the Supreme Court has consistently interpreted statutes providing consumer protection in favor of the consumer. *E.g.*, *Austin v. Stokes-Craven Holding Corp.*, 387 S.C. 22, 691 S.E.2d 135 (2010); *Taylor v. Medenica*, 331 S.C. 575, 503 S.E.2d 458 (1998); *Bradley v. Hullander*, 277 S.C. 327, 287 S.E.2d 140 (1982).

I therefore find and hold that the seller did not comply with the statute.

For the reasons stated above, Plaintiff’s Motion to Dismiss is DENIED.

¹ The exception is that “Statutes should not be construed so as to lead to an absurd result.” *Gentry, supra*, 337 S.C. at 13-14, 522 S.E.2d at 143 (citing *Carolina Power & Light v. Town of Pageland*, 321 S.C. 538, 471 S.E.2d 137 (1996)). As there is not a writing that says “we are going to require you to do this,” the Plaintiff has plainly failed to meet the requirements of the statute. Nor is it absurd to require the Debtor be notified he (a) has a right legal to an appraisal, and (b) that he will be required to waive that right, and to do both in a prominent manner. The Plaintiff’s motion to dismiss on these grounds must be denied.

AND IT IS SO ORDERED



James O. Spence

Lexington County Master in Equity

Lexington, South Carolina

This 27th day of November, 2012

2012 NOV 27 11:49 AM

2012 DEC -4 A 11:49

FILED

ROA 050

10131

ORIGINAL

FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF Lexington
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE

First Reliance Bank

FILED

CASE NO. 2011-CP-32-1205

Charles E. Bishop

PLAINTIFF(S)

DEFENDANT(S)

2012 DEC -4 A 4:49

CHECK ONE:

- JURY VERDICT.** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- DECISION BY THE COURT.** This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.
- ACTION DISMISSED (CHECK REASON):** Rule 12(b), SCRPC; Rule 41(a), SCRPC (Vol. Nonsuit); Rule 43(k), SCRPC (Settled); Other
- ACTION STRICKEN (CHECK REASON):** Rule 40(j), SCRPC; Bankruptcy; Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; Other
- DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):**
 Affirmed; Reversed; Remanded; Other
 NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED:

- See attached order. (REDACTED)
- Statement of Judgment by the Court:

Motion to Dismiss Petition for Appraisal is denied.

Dated at Lexington, South Carolina, this 29th day of November, 2012.


PRESIDING JUDGE

This judgment was entered on the _____ day of _____, 20____, and a copy mailed first class this _____ day of _____, 20____ to attorneys of record or to parties (when appearing pro se) as follows:

ATTORNEY(S) FOR PLAINTIFF

ATTORNEY(S) FOR DEFENDANT

CLERK OF COURT

STATE OF SOUTH CAROLINA)
COUNTY OF LEXINGTON) FILED

COURT OF COMMON PLEAS
2011-CP-32-1205

First Reliance Bank 2013 JAN 02 P 3:58)

Plaintiff/s)

vs)

Charles E. Bishop, et al.)

Defendant/s)

ORDER

Appointing Appraisers
(Foreclosure Action)

In accordance with Section 29-3-680, S.C. Code (1976) as amended, Defendant in this action has petitioned this court for appointment of James Petty as an appraiser of the property subject of the above action and foreclosed upon and auctioned by judicial sale. Plaintiff has responded to the petition and designated Philip Urso as an appraiser of the subject property.

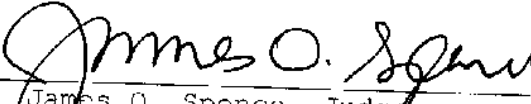
In accordance with Section 29-3-710, S.C. Code (1976) as amended, and having received no objections to the proposed appraiser qualifications, this court appoints the following named individuals as appraisers:

1. Kevin McGee (Court Appointed Appraiser)
2. James Petty
3. Philip Urso

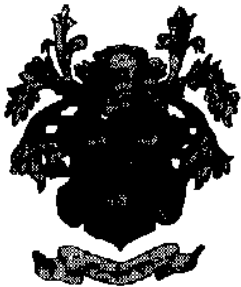
Mr. McGee is instructed to coordinate the appraisers who shall proceed to view and value the subject real property and all or a majority thereof shall make a sworn return to this court within thirty (30) days from the date of this appointment. The sworn return shall be the value of the property as of the date of final sale (March 7, 2012), taking into consideration sale value, cost and replacement value of improvements, income production and all other proper elements which in their discretion enter into the determination of true value.

IT IS SO ORDERED.

Dated JAN 17, 2013
Lexington, South Carolina


James O. Spence, Judge
Master-in-Equity Court

ORIGINAL



McGee

February 21, 2013

FILED McGee Real Estate Company, Inc.

PROFESSIONAL REAL ESTATE SERVICES

2013 FEB -5 A 11:01 560 Meeting Street, West Columbia, SC 29169 • 803/739-0550 • FAX 803/796-9420

2013 FEB 21 10:00 AM
CLERK OF COURT
LEXINGTON, SC

James O. Spence, Judge
Master-in-Equity Court
205 East Main Street, Suite 204
Lexington, SC 29072

RE: Court of Common Pleas 2011-CP-32-1205
First Reliance Bank vs. Charles E. Bishop, et al.

Dear Judge Spence,

As requested in Order Appointing Appraisers (Foreclosure Action) in accordance with Section 29-3-680, S.C. Code (1976) as amended, we, James Petty, Philip Urso, and Kevin McGee, have appraised the property in question identified here as 1605 North Lake Drive, Lexington, SC and excess land, Lexington County TMS 003418-01-008.

Using the industry accepted and preferred methods of appraisal practice and in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), we have arrived at three supported, individual conclusions of the subject property's Market Value. Furthermore, we have met, discussed and reconciled our separate opinions of value to a single, agreed-upon opinion of market value of the subject property in fee simple as of March 7, 2012 of \$1,040,000.00 allocated as follows:

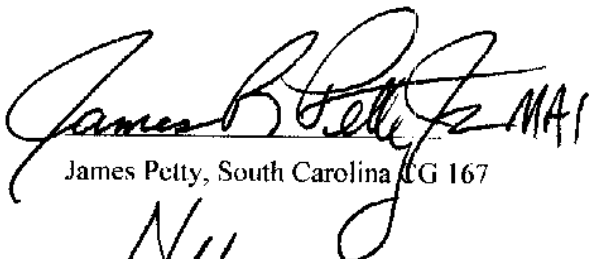
Front Land (2.357 acres):	\$200,000
Improvements:	\$715,000
F F & E:	\$100,000
Excess Back Land (1.753 acres):	\$25,000

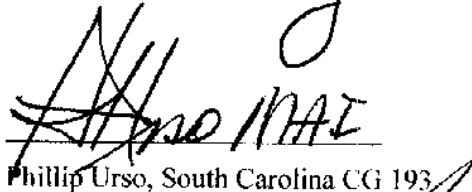
FEB 25 2013

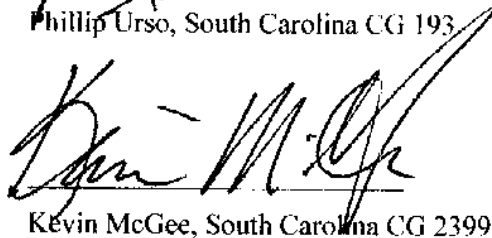
FEB 22 2013

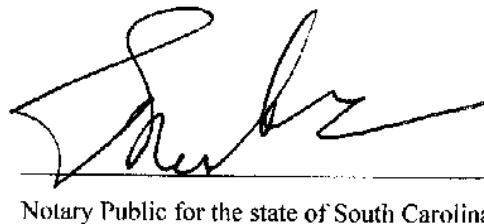
We, James Petty, Phillip Urso, and Kevin McGee, the duly appointed appraisers in this matter, have conferenced and make this return of true value of the subject real property in this case. All supporting information and documentation is contained in each appraiser's work file and is available upon request.

Respectfully submitted,


James Petty, South Carolina CG 167


Phillip Urso, South Carolina CG 193


Kevin McGee, South Carolina CG 2399


Notary Public for the state of South Carolina

My commission expires: 2/7/2023

FILED
2013 MAR -5 A 11:01
NOTARY PUBLIC

ORIGINAL

STATE OF SOUTH CAROLINA

COUNTY OF LEXINGTON

First Reliance Bank,

Plaintiff,

vs.

Charles E. Bishop, Brett D. Blanks,
BCM of Lexington, LLC, d/b/a
Dam Bar & Grill, B&H of Lexington,
LLC, and Branch Banking and Trust
Company of South Carolina,

Defendant.

FILED
IN THE COURT OF COMMON PLEAS
ELEVENTH JUDICIAL CIRCUIT
2013 DEC 31 A 0:47
BETH A. CARRIG
CLERK OF COURT
LEXINGTON, SC

Case No. 2011-CP-32-01205

**CONSENT ORDER TO BE RELIEVED
AS COUNSEL**

This matter comes before me on motion from counsel for Defendants for an Order allowing Gene Trotter, Esquire, to be relieved from further representing Defendants Charles E. Bishop, Brett D. Blanks and BCM of Lexington, LLC, d/b/a Dam Bar & Grill in the above matter.

The grounds for the motion are that the above-named Defendants have obtained new counsel to represent them in this matter.

THEREFORE, with the consent of new counsel, George McMaster, on behalf of Defendants, Charles E. Bishop, Brett D. Blanks, BCM of Lexington, LLC, d/b/a Dam Bar & Grill:

IT IS ORDERED that Gene Trotter, Esquire, is hereby relieved as counsel for the Defendants Charles E. Bishop, Brett D. Blanks and BCM of Lexington, LLC, d/b/a Dam Bar & Grill, and that George H. McMaster, Esquire, is counsel of record for the above-named Defendants in this matter.

1/30

FILED


2013 DEC 31 A 10:47
Presiding Judge/ 11th Judicial Circuit

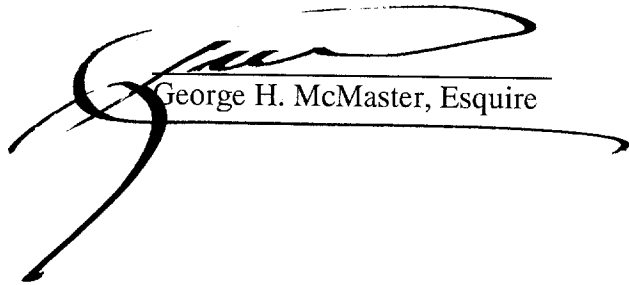
BETH A. CARRIGIE
CLERK OF COURT
LEXINGTON, SC

DATED: _____, 2013
Lexington, South Carolina

I CONSENT:

I CONSENT:


Gene Trotter, Esquire


George H. McMaster, Esquire

FILED

James O. Spence

Presiding Judge/ 11th Judicial Circuit

2013 DEC 31 AM 10:47

DATED: Dec. 16, 2013
Lexington, South Carolina

THA. CARRIGG
CLERK OF COURT
LEXINGTON, SC

I CONSENT:

I CONSENT:

Gene Trotter
Gene Trotter, Esquire

George E. McMaster
George E. McMaster, Esquire

4841-8535-9380, v. 1

The Supreme Court of South Carolina

In the Matter of George Hunter McMaster, Respondent

Appellate Case No. 2014-001434; Appellate Case No.
2014-001435

ORDER

The Office of Disciplinary Counsel petitions this Court to place respondent on interim suspension pursuant to Rule 17 of the Rules for Lawyer Disciplinary Enforcement (RLDE) contained in Rule 413 of the South Carolina Appellate Court Rules (SCACR). The petition also seeks appointment of the Receiver, Peyre T. Lumpkin, pursuant to Rule 31, RLDE.

IT IS ORDERED that respondent's license to practice law in this state is suspended until further order of this Court.

Respondent is hereby enjoined from taking any action regarding any trust, escrow, operating, and any other law office account(s) respondent may maintain at any bank or other financial institution, including, but not limited to, making any withdrawal or transfer, or writing any check or other instrument on the account(s).

IT IS FURTHER ORDERED that Mr. Lumpkin is hereby appointed to assume responsibility for respondent's client files, trust account(s), escrow account(s), operating account(s), and any other law office account(s) respondent may maintain. Mr. Lumpkin shall take action as required by Rule 31, RLDE, Rule 413, SCACR, to protect the interests of respondent's clients. Mr. Lumpkin may make disbursements from respondent's trust account(s), escrow account(s), operating account(s), and any other law office account(s) respondent may maintain that are necessary to effectuate this appointment. Respondent shall promptly respond to Mr. Lumpkin's requests for information and/or documentation and shall fully cooperate with Mr. Lumpkin in all other respects.

Further, this Order, when served on any bank or other financial institution maintaining trust, escrow, operating, and/or any other law account(s) of respondent, shall serve as notice to the bank or other financial institution that Peyre T. Lumpkin has been duly appointed by this Court and that respondent is enjoined from making withdrawals or transfers from or writing any check or other instrument on any of the account(s).

Finally, this Order, when served on any office of the United States Postal Service, shall serve as notice that the Receiver, Peyre T. Lumpkin, Esquire, has been duly appointed by this Court and has the authority to receive respondent's mail and the authority to direct that respondent's mail be delivered to Mr. Lumpkin's office.

Mr. Lumpkin's appointment shall be for a period of no longer than nine months unless an extension of the period of appointment is requested.

s/ Jean H. Toal _____ C.J.

Columbia, South Carolina

July 2, 2014

COPY

JM

STATE OF SOUTH CAROLINA)

COUNTY OF LEXINGTON)

First Reliance Bank,)

Plaintiff,)

vs.)

Charles E. Bishop, Brett D. Blanks,)
BCM of Lexington, LLC d/b/a Dam Bar &)
Grill, B&H of Lexington, LLC and Branch)
Banking and Trust Company of South)
Carolina,)

Defendants.)

IN THE COURT OF COMMON PLEAS

C/A No. 2011-CP-32-01205

ORDER AFFIRMING APPRAISAL
PANEL RETURN

RECEIVED
NOV 27 2014
RECEIVER

I. INTRODUCTION

On April 11, 2014, the Court heard the appeal of the Defendants from the Appraisal Panel. George H. McMaster represented the Defendants, and James Edward Bradley represented the Plaintiff. After receiving evidence, considering counsel's arguments, and reviewing memoranda submitted by both sides, the Court rules for the Plaintiff and affirms the Appraisal Panel.

II. FACTUAL/PROCEDURAL BACKGROUND

This matter arises from a foreclosure of property at 1605 North Lake Drive. The judgment of foreclosure was entered January 11, 2012. Pursuant to that judgment, a sale was held February 6, 2012. As the Plaintiff requested a deficiency, bidding remained open for 30 days. Upon the expiration of 30 days on March 7, 2012, the sale became final through an upset bid to Samantha Deese/Bentley's Beach House, LLC. On April 2, 2012, the Court entered the deficiency judgment of \$632,121.09 against the Defendants.

On April 3, 2012, the Defendants submitted a Petition for Order of Appraisal. The Plaintiff moved to dismiss the Petition on April 6, 2012. On November 27, 2012, the Court denied the

Plaintiff's motion and ordered the appraisal to proceed. The Defendants designated James Petty as their appraiser, the Plaintiff designated Phillip Urso, and the Court designated Kevin McGee. The appraisers returned their written appraisal on February 21, 2013. The Court ordered the return to be filed on February 27, 2013, and the clerk filed the appraisal on March 5, 2013. The Defendants appealed the appraisal by notice dated March 15, 2013.

On April 10, 2014, the Court heard the appeal. At the hearing, the Defendants presented James Petty as their sole witness. Mr. Petty testified that he made a mistake in assessing value to a portion in the back of the property because he believed this portion had limited access. He testified that he believed the other two appraisers would agree with him if asked. Both Mr. Urso and Mr. McGee were present for the hearing, but the Defendants did not call them as witnesses. The Defendants did not present any other testimony or argue any other issues at the hearing.

The Court asked the parties to submit memoranda supporting their positions. On June 18, 2014, the Court issued a letter preliminary ruling for the Plaintiff and asking the Plaintiff to provide a proposed order for the Court's consideration.

III. ISSUES

The Defendants set forth eight separately numbered grounds for appeal in their notice of appeal. The Defendants did not address the initially noticed issues in the hearing or by memorandum, so the Court considers the issues which were raised in the notice, but not argued to the Court, to be waived. The issues raised for the Court's consideration are as follows:

- A. What options may the Court exercise when reviewing the appraisal;
- B. Does the report of the appraisal board and the other information presented to the Court satisfy the criteria in the appraisal statute; and

- C. Does the testimony from the Debtors' appraiser James Petty that he made a mistake require the Court to order a second appraisal?

IV. RULES

A. **The Court May Either Affirm The Appraisal Or Order A Second Appraisal.**

South Carolina Code Section 29-3-750 sets forth the options available to the Court. The statute allows the Court to "confirm the return or order a new appraisal upon such terms as [the Court] may deem equitable...." *Id. See also, Peoples Federal Savings and Loan Ass'n v. Myrtle Beach Retirement Group, Inc.*, 302 S.C. 223, 394 S.E.2d 849 (Ct. App. 1990).

B. **The Appraisal Statute Requires That The Panel Consider The Listed Criteria.**

South Carolina Code Section 29-3-770 sets forth the criteria for appraisers to follow. This section requires that the appraisal board consider: (1) sale value; (2) cost and replacement value of improvements; and (3) income production. S.C. Code Ann. § 29-3-720. The appraisers have discretion to consider other elements affecting value. *Peoples Federal Savings and Loan Ass'n v. Myrtle Beach Retirement Group, Inc.*, 302 S.C. 223, 394 S.E.2d 849 (Ct. App. 1990).

C. **One Appraiser's Testimony That He Made A Mistake Does Not Invalidate The Panel's Return.**

In general, a mistake can be grounds to reform a legal document, but only if it is a mutual mistake, and the complaining party shows this by clear and convincing evidence.

Before equity will reform an instrument, it must be shown by evidence which is most clear and convincing not simply that it was a mistake on the part of one of the parties but that it was a mutual mistake. *Belin v. Strikeleather*, 232 S.C. 116, 101 S.E.2d 185 (1957). A mutual mistake is one where both parties intended a certain thing and by mistake in the drafting did not get what both parties intended.

Sims v. Tyler, 276 S.C. 640, 642, 281 S.E.2d 229, 230 (1981).

“One who is capable of reading and understanding but fails to read a contract before signing is bound by the terms thereof.” *Id.* (citing *Evans v. State Farm Mut. Auto. Ins.*, 269 S.C. 584, 587, 239 S.E.2d 76 (1977)).

Furthermore, a minority dissent from one appraiser is not a basis to invalidate an appraisal panel return. *See, South Carolina National Bank v. S&L Investment Partnership*, 308 S.C. 511, 419 S.E.2d 243 (1992).

V. APPLICATION

A. The Defendants’ Arguments.

The Defendants argue that the return does not show the true value of the property and that the mistake of their chosen appraiser James Petty invalidates the appraisal. They argue that the appraisal is not valid because it attributes value to excess back land differently from the valuation given to property fronting North Lake Drive. They also argue that the appraisers did not consider all the acreage in valuing the property.

The Defendants rely on the testimony of their chosen appraiser James Petty. Mr. Petty testified that he believed access to the back of the land was impaired such that this land’s value was impaired. He testified that since signing the appraisal, he learned that the land has access to North Lake Drive. As a result, he believes the appraisal does not place a true value on the foreclosed property. The Defendants did not call the other appraisers to testify.

The Court has reviewed Mr. Petty’s testimony and the arguments submitted by the Defendants. The Court finds that Mr. Petty’s testimony of the procedures followed and his own mistake does not require the Court to order a new appraisal. In particular, the evidence presented satisfied the criteria in the appraisal statute. And, the Court believes true value was reported by the panel.

B. Application Of Appraisal Statute.

South Carolina Code Section 29-3-770 sets forth the criteria for appraisers to follow. This section requires that the appraisal board consider: (1) sale value; (2) cost and replacement value of improvements; and (3) income production. S.C. Code Ann. § 29-3-720; *see, Peoples Federal Sav. and Loan Ass'n v. Myrtle Beach Retirement Group, Inc.*, 302 S.C. 223, 394 S.E.2d 849 (Ct. App. 1990).

1. Sale Value

The appraisers' report specifically states that it sets forth the property's market value. The report also specifies that it was performed in accord with the Uniform Standards of Professional Appraisal Practice (USPAP). Mr. Petty's appraisal also purports to follow these standards. (Exhibit 7 Transcript of April 10, 2014). Market value is generally considered the sale price at which a property would be sold in a transaction between a willing buyer and seller. *See, id.* at footnote 1. Therefore, the board of appraisers' report specifies that the appraisers considered sales value when arriving at the true value required by the statute.

In addition, Mr. Petty testified that the board of appraisers considered sales value. (See p.19 Transcript of April 10, 2014). Mr. Petty agreed to the value and signed the report. He testified that he later decided that the market value should be recalculated because of a change in access. (See p.20 Transcript of April 10, 2014).

2. Cost and Replacement Value of Improvements

The board of appraisers' report also sets forth the cost and replacement value of improvements. It sets forth the consideration of value as follows:

Front Land (2.357):	\$200,000.00
Improvements:	\$715,000.00

FF&E: \$100,000.00

Excess Back Land (1.753 acres): \$ 25,000.00

Thus, the appraisal report itself sets forth a specific line item for the value of improvements, and no one has questioned it. In addition, it sets forth a value for furniture, fixtures, and equipment (FF&E).

Further, Mr. Petty testified that these line items were added at his request. As he said:

A. Well, Kevin McGee is the one that prepared the letter. And when we first came up with the value, he presented - - or he presented the letter as being one value: a million-oh-forty. And it was my recommendation that we allocated between the values of the land, the improvements, the FF&E, and the excess land. So he went back and re-accomplished the letter. Before he did, we discussed that allocation and came up with our conclusion as to what the allocation was.

Q. And what was - - that was the allocation of 200,000 for the 2.375 acres.

A. Correct.

Q. Improvements of 715,000 - -

A. Correct.

Q. - - 715,000, FF&E of a hundred thousand, excess back land at 25,000. Am I correct?

A. Correct.

(p.7, ll. 3-19, Transcript of April 10, 2014 Hearing).

The board of appraisers' report separately lists the value of improvements, and Mr. Petty testified that the board of appraisers considered the value of improvements in determining the property's true value.

3. Income Production

The Debtors did not question whether the panel considered income production. Nevertheless, the record shows that the board of appraisers considered income production in determining the property's true value.

Mr. Petty's notes show that the panel considered income production. Exhibit 3 reads as follows:

Income - \$1,200,000.00

@ 8% occupancy = 96,000.00

Cap rate @ 9% = 1,066,000.00

Mr. Petty testified that these notes documented "the conclusion we came up with in our meeting." (p.13, ll. 13-15, Transcript of April 10, 2014). Mr. Petty also indicated the notes show what "I considered when I came up with my value." (p.18, ll. 3-6, Transcript of April 10, 2014).

Since the Debtors did not challenge the board of appraisers' consideration of income production, there are no further references to it. Mr. Petty's notes, however, show that the board of appraisers considered income production.

Although the Debtors did not argue that the board of appraisers failed to consider "sale value, cost and replacement value of improvements," and "income production," the record shows that the board of appraisers did consider these issues. Mr. Petty's testimony, the report itself, and Mr. Petty's notes show that the board of appraisers considered all three factors.

C. **The Defendants Did Not Argue That The Board Of Appraisers Failed To Consider "Sale Value, Costs And Replacement Value Of Improvements," And "Income Production." Thus, The Court Will Not Order Another Appraisal On This Basis.**

Section 29-3-720 requires that the board of appraisers consider "sale value, cost and replacement value of improvements," and "income production." At the end of the April 10, 2014, hearing, the Court asked the parties to address whether those factors appear in the record. That analysis is above. The Defendants, however, did not argue this issue at the hearing and did not present any evidence that the board of appraisers ignored these factors. Instead, the Defendants only

argued that their designated appraiser Mr. Petty made a mistake. They then maintain that his mistake requires another appraisal of the property.

In *Peoples Federal Savings and Loan Ass'n v. Myrtle Beach Retirement Group, Inc.*, 302 S.C. 223, 394 S.E.2d 849 (Ct. App. 1990), the Court of Appeals noted that the board of appraisers is required to consider sales value, cost and replacement value of improvements, and income production. The court noted that failure to do so could require a new appraisal. It placed the burden of proving this failure on the party contesting the appraisal. The Court did not analyze whether the board of appraisers considered the statutory factors. Instead, it found that the debtors, as the complaining parties, did not argue a failure to follow the statutory factors. Thus, the debtors did not present the issue for resolution. In the court's words:

The developers in this appeal failed to argue their exception relating to the appraiser's consideration of "sales value, cost and replacement value of improvements, income production...." Failure to argue an exception constitutes an abandonment of it. *Nelson v. Merritt*, 281 S.C. 126, 128, 314 S.E.2d 840, 841 (Ct. App. 1984).

Id. at 229, 394 S.E.2d at 853.

The Court of Appeals concluded that by not arguing a failure to consider the statutory factors, the debtors had not put the issue before the court, and it ruled for the lender.

Likewise, in *South Carolina National Bank v. S&L Investment Partnership*, 308 S.C. 511, 419 S.E.2d 243 (Ct. App. 1992), the Court of Appeals required the debtors as appellants to introduce evidence that the board of appraisers did not consider the statutory criteria. The debtors appealed from the decision of the board of appraisers on the basis that the appraisers did not consider the statutory criteria. To support this argument, the debtors submitted a statement from their chosen appraiser. This statement claimed that the court's appraiser considered only income production and ignored the remaining statutory factors. The trial court ruled against the debtors, and the Court of

Appeals affirmed noting that the appraisers did not testify and no other affidavits were submitted. Thus, the complaining debtors did not establish a basis to overturn the appraisal.

As the complaining party, the debtors must argue their basis for overturning the appraisal and present evidence to support their arguments. They presented the testimony of their chosen appraiser Mr. Petty. He testified that he made a mistake. He did not offer testimony that the board of appraisers ignored the statutory factors. In fact, his testimony and notes support the conclusion that the board considered the statutory factors.

D. Mr. Petty's Testimony That He Made A Mistake Does Not Require The Court To Order A Second Appraisal.

The Debtor's appraiser Mr. Petty testified that he made a mistake regarding the acreage being appraised and this mistake should change the value of the appraisal. Although the appraisal report indicates it includes 4.11 acres (2.357 acres plus 1.753 acres), Mr. Petty testified that he did not pay attention to the report that he signed. According to him, this is how he made a mistake on the acreage appraised:

- Q. Mr. Petty, you met with the panel, right?
A. I met with the panel. Yes, sir.
Q. And you reviewed the appraisal that you signed under oath, correct?
A. Yes, sir.
Q. And that was based on 4.12 acres, right?
A. I thought it was three-point-six. I didn't pay any attention to the total acreage. When Kevin came back with the letter, he had 4.1. And that's what we signed.
Q. You knew at the time that it was based off 4.1 acres.
A. No, I didn't - -
Q. Well, didn't you just - -
A. - - pay any attention.
Q. - - say Kevin said that?
A. I didn't pay any attention to the 4.1 in the letter. If I had realized that the 4.1 acres included the half acre, that I didn't think was under the ownership, I would have said, "No, wait a minute. Hold on, that's not correct."
Q. Okay. At the time, did you know it was 4.1 acres?

- A. No.
- Q. Did Kevin tell you it was 4.1 acres?
- A. No, sir. We didn't discuss that.
- Q. Well, why did you raise the thing about the 4.1 acres?
- A. Why did I what?
- Q. Why did you raise it - - at the time Kevin said, "It was 4.1 acres, but I wasn't paying attention"?
- A. Well, he came back with the letter. And that's what was in the letter. And I didn't - -
- Q. It's in the letter - -
- A. You can say I didn't read it.
- Q. So you didn't read the letter that said 4.1 - -
- A. No, I didn't - -
- Q. - - acres.
- A. - - pay attention that it was 4.1 acres.
- Q. You just didn't pay attention to what you signed.
- A. Right.
- Q. Okay. All right.
- A. Which is a mistake.

(p.32, l.3 – p.33, l.19, Transcript of April 10, 2014). In addition to a mistake on acreage, Mr. Petty also testified to a mistake on valuation:

- A. No. Well, I might have - - no, I haven't discussed any values with the other appraisers.
- Q. Well, when did the value the first time, the front land was valued at \$100,000 an acre.
- A. Right.
- Q. Well, how come it was valued \$100,000 an acre, under oath, in February, but now it's worth \$200,000 an acre?
- A. Because I felt that was worth 300,000. We can't - - collectively, we came up with 200,000.
- Q. You signed under oath, that you agreed it was worth \$200,000 in February, didn't you?
- A. Yeah. But my - -
- Q. For 2.37 acres. Right?
- A. My opinion is, that this acreage right here is all that's needed for the restaurant.
- Q. And it's worth about \$100,000 an acre.
- A. No, I think - - I thought it was worth 300,000 - -
- Q. Well, why did you sign the piece of paper that said you agreed it was worth - -
- A. Because I - -
- Q. - - \$100,000 an acre?

- A. - - made a mistake.
- Q. Why is it worth \$200,000 an acre now, and it was only worth \$100,000 an acre a year ago?
- A. Because it wasn't a full - - it wasn't a full 2.357 acres. It's less than that.
- Q. Aren't you the one who wanted to add the allocation to the - -
- A. Yes, sir.
- Q. - - return? Does your allocation say 2.357 is equal to \$200,000?
- A. Because I wasn't paying attention to - -
- Q. No, no, that's not my question. My question is: Does the allocation say 2.357 acres is worth \$200,000?
- A. Yes.
- Q. And today you're saying that number should be almost \$500,000?
- A. Based on the fact I made a mistake. Yes, sir.

(p.36, l.2 – p.37, l.15, Transcript of April 10, 2014 Hearing).

There was no testimony that the other appraisers made a mistake, and the Debtors did not call the other appraisers to testify. In addition, Mr. Petty did not testify that any fraud took place to deceive him. He simply testified that he did not review the report he signed and that he made a mistake in signing it. ✓

In general, a mistake can be grounds to reform a legal document, but only if it is a mutual mistake, and the complaining party shows this by clear and convincing evidence. ✓

Before equity will reform an instrument, it must be shown by evidence which is most clear and convincing not simply that it was a mistake on the part of one of the parties but that it was a mutual mistake. *Belin v. Strikeleather*, 232 S.C. 116, 101 S.E.2d 185 (1957). A mutual mistake is one where both parties intended a certain thing and by mistake in the drafting did not get what both parties intended.

Sims v. Tyler, 276 S.C. 640, 642, 281 S.E.2d 229, 230 (1981).

Mr. Petty's testimony shows that he made a mistake. A unilateral mistake by the Debtor's chosen appraiser does not invalidate the decision of the three-person board of appraisers. If it did, no contested statutory appraisal could go forward as the debtor's chosen appraiser could block any appraisal by claiming unilateral mistake. ✓

Further, Mr. Petty's failure to review the appraisal report he signed is not a basis to invalidate the appraisal. "One who is capable of reading and understanding but fails to read a contract before signing is bound by the terms thereof." *Id.* (citing *Evans v. State Farm Mut. Auto. Ins.*, 269 S.C. 584, 587, 239 S.E.2d 76 (1977)). Likewise, as the debtors' chosen appraiser, Mr. Petty is bound by the terms of the appraisal report and cannot now invalidate the appraisal with the claim that he did not read the two-page document he signed. ✓

While there are no reported cases in which a member of the board of appraisers disavows an appraisal he signed, South Carolina courts have addressed the issue of a differing opinion by a minority appraiser. In *South Carolina National Bank v. S&L Investment Partnership*, 308 S.C. 511, 419 S.E.2d 243 (1992), the debtors attempted to invalidate the majority appraisal by arguing that the court's appraiser did not consider all the statutory factors. They submitted a statement from their chosen appraiser. This statement indicated that the court's appraiser believed the only relevant factor to consider was the income production capability of the property. Thus, they argued the court's appraiser violated the appraisal statute by failing to consider sales value and costs and replacement value of improvements. The Court of Appeals noted that the other appraisers did not testify or submit affidavits. It affirmed the trial court's refusal to order another appraisal. ✓

In *First Citizens Bank and Trust Co. v. Overlook, Inc.*, 286 S.C. 473, 334 S.E.2d 146 (1985), the Court of Appeals affirmed a majority appraisal against the challenge of the debtor. The minority appraiser testified that he relied on the value of mineral deposits in reaching his value of \$187,500. The majority appraisers returned a true value of \$18,000. The debtor attempted to call its president to bolster the report of the minority appraiser. The trial court sustained the lender's objection on the basis that the testimony was cumulative, and the Court of Appeals affirmed. Thus, the trial court and the Court of Appeals affirmed the appraisal agreed to by only two of three appraisers. ✓

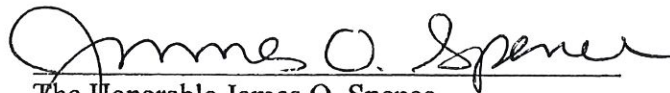
Likewise, the debtors have only presented the testimony of Mr. Petty. He testified that he no longer agrees with the report of the board of appraisers which he signed. There has been no testimony that the two remaining appraisers agree with Mr. Petty, that the appraisers ignored the statute, or that the report departs from sound appraisal practice. Assuming everything Mr. Petty says is accurate, he is a minority appraiser, and he has put forth no reason to invalidate the report of the board of appraisers.

VI. CONCLUSION

The Court rules for the Plaintiff and declines to order another appraisal. In particular, the Court finds that it has the power to either affirm the appraisal or order another appraisal, but not the power to modify the appraisal. The appraisal is proper in form and in keeping with the standards for appraisals. The proper procedure was followed in selecting the appraisers and no party has questioned the appraisers' qualifications or integrity. The appraisal itself, the documents admitted into evidence, and the testimony from James Petty show that the appraisers considered the statutory criteria. The Defendants have not argued or raised the issue that the appraisers did not consider the statutory criteria. Mr. Petty's testimony regarding his mistake, without more, does not set forth a basis to order a new appraisal.

IT IS, THEREFORE, ORDERED, that the Defendants' appeal of the appraisal of February 21, 2013, is denied, and the appraised value of \$1,040,000.00 is entered as the true value of the property. As a result, the Court will recalculate the deficiency owed and enter a new deficiency order.

AND IT IS SO ORDERED.


The Honorable James O. Spence
Master-in-Equity for Lexington County

Lexington, South Carolina

Oct. 23, 2014

* Plaintiff to submit New deficiency order and serve
ON court & all parties pursuant to rule.

TOMPKINS AND McMASTER, LLP

ATTORNEYS AND COUNSELORS AT LAW

1701 RICHLAND STREET (29201)

POST OFFICE BOX 7337

COLUMBIA, SOUTH CAROLINA 29202

TELEPHONE: (803) 799-4499

JOHN GREGG McMASTER
GEORGE HUNTER McMASTER **
FRANK BARNWELL McMASTER

FRANK G. TOMPKINS
1874-1956
FRANK G. TOMPKINS, JR.
1908-1973
ELIZABETH ELDRIDGE
1894-1975

ESTABLISHED 1898

** ALSO ADMITTED IN TEXAS

July 15, 2014

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
James Edward Bradley, Esq.
P.O. Box 5709
West Columbia SC 29171

RE: George Hunter McMaster

Dear Mr. Bradley:

This is to advise that I have been placed on Interim Suspension. We hope for a speedy resolution of this matter.

However, if a matter being handled by me on your behalf involves pending litigation of administrative proceedings, we must advise of the desirability of prompt substitution of another lawyer to act as your attorney.

Please contact Peyre T. Lumpkin at your earliest possible convenience so that we can make all arrangements to deliver to you any papers or other property to which you are entitled. This is an urgent request as we shall take every step mandated by our South Carolina Supreme Court to insure your interests are protected.

The contact information is as follows:

Peyre T. Lumpkin, Receiver
1205 Pendleton Street – Suite 333
Columbia, South Carolina 29201
Phone Number: 803-734-1186
E-mail: plumpkin@sccourts.org

I remain,

Yours,


George Hunter McMaster

ROA 075

SPENCE, JAMES

From: SPENCE, JAMES
Sent: Thursday, October 23, 2014 8:12 AM
To: 'Lumpkin, Peyre T.'
Cc: 'Ward Bradley'
Subject: RE: First Reliance v Bishop. 2011-CP-32-01205

October 23, 2014

Hope all is well at home and work.

Unless advised otherwise, I will signed proposed Order in the case since it has been over 60 days with no response.

Thanks to all,

JOS

From: Lumpkin, Peyre T. [<mailto:plumpkin@sccourts.org>]
Sent: Wednesday, October 22, 2014 5:01 PM
To: SPENCE, JAMES
Cc: 'Ward Bradley'
Subject: RE: First Reliance v Bishop. 2011-CP-32-01205

Dear Mr. Spence:

We still have the Bishop file in our possession. He has not responded to our notice letter.

Sincerely,

Peyre T. Lumpkin
Receiver
Office of Commission Counsel
Columbia, SC 29201
803-734-1186
803-734-0227 (FAX)

From: Spence, James O.
Sent: Wednesday, October 22, 2014 4:48 PM
To: Lumpkin, Peyre T.
Cc: 'Ward Bradley'
Subject: First Reliance v Bishop. 2011-CP-32-01205

October 22, 2014

I hope all is well at home and work with everyone.

Just checking status of this case to determine if Mr. McMaster's client has, pursuant to July 16, 2014 Notice letter, contacted you or arranged to have file retrieved.

ROA 076

105

Thanks to all,

Jimmy Spence
Lexington MIE

~~~ CONFIDENTIALITY NOTICE ~~~ This message is intended only for the addressee and may contain information that is confidential. If you are not the intended recipient, do not read, copy, retain, or disseminate this message or any attachment. If you have received this message in error, please contact the sender immediately and delete all copies of the message and any attachments.

ROA<sup>2</sup>077

175

## SPENCE, JAMES

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**From:** Lumpkin, Peyre T. [plumpkin@sccourts.org]  
**Sent:** Thursday, July 31, 2014 4:14 PM  
**To:** Nancy Hazelwood; SPENCE, JAMES; FAIRCLOTH, GAIL  
**Cc:** Ward Bradley  
**Subject:** RE: First Reliance Bank vs. Charles E. Bishop, et al. // C/A No. 2011-CP-32-01205

Dear Judge Spence:

I am in receipt of Mr. Bradley's email with a letter and proposed order in the above referenced case.

When we are appointed Receiver for a suspended attorney we do not assume representation of clients but merely take possession of client files to facilitate their return to clients or to new counsel. Consequently, I can neither object nor consent to any proposed order on behalf of any clients of Tompkins and McMaster.

In this particular matter we gave Mr. McMaster's client written notice of the suspension and his right to pick up his file by a notice letter mailed on July 16, 2014. However, as of today, he has not contacted us or arranged for his file to be sent to him. I will, however, place a copy of this correspondence in his file for his future reference.

If you, or anyone else, should have any questions please feel free to contact me.

Sincerely,

*Peyre T. Lumpkin*

Receiver  
Office of Commission Counsel  
Columbia, South Carolina 29201  
(803) 734-1186  
(803) 734-0227 (FAX)  
[plumpkin@sccourts.org](mailto:plumpkin@sccourts.org)

**DISCLAIMER:** The Receiver's Office does not provide legal advice or assume legal representation of clients.

**From:** Nancy Hazelwood [<mailto:nancy@mttlaw.com>]  
**Sent:** Thursday, July 31, 2014 3:46 PM  
**To:** Spence, James O.; 'FAIRCLOTH, GAIL'  
**Cc:** Ward Bradley; Lumpkin, Peyre T.  
**Subject:** First Reliance Bank vs. Charles E. Bishop, et al. // C/A No. 2011-CP-32-01205

I have attached a letter and proposed order for Judge Spence's consideration in the subject matter in pdf format. I have also attached the proposed order in MSWord format. Please let me know if you experience any problem with the attachments or need anything else from us at this time.

Thank you!

Nancy Hazelwood, Assistant to James Edward Bradley

ROA<sup>1</sup> 078

Moore Taylor Law Firm, P.A.  
1700 Sunset Blvd.  
Post Office Box 5709  
West Columbia, SC 29171  
Phone: 803-796-9160  
Fax: 803-791-8410

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FAIRCLOTH, GAIL

From: FAIRCLOTH, GAIL
Sent: Thursday, July 17, 2014 4:18 PM
To: 'Ward Bradley'
Cc: George McMaster (ghm@tmmlaw.com); Nancy Hazelwood; Lynn G. Ivey; SPENCE, JAMES
Subject: RE: First Reliance vs. Bishop 2011-1205

I will make a note that is due by July 31st

Gail

Gail R. Faircloth, Docket Manager
Lexington County Master-In-Equity
205 E. Main Street, Suite 204
Lexington, SC 29072
ph: 803-785-8291 fax: 803-785-0609

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From: Ward Bradley [<mailto:ward@mttlaw.com>]
Sent: Thursday, July 17, 2014 4:11 PM
To: FAIRCLOTH, GAIL
Cc: George McMaster (ghm@tmmlaw.com); Nancy Hazelwood; Lynn G. Ivey; SPENCE, JAMES
Subject: Re: First Reliance vs. Bishop 2011-1205

Gail

The judge's letter says he wants a proposed order in thirty days. The letter is dated June 18, but we received it June 27 by email.

Is it ok if I have thirty days from the day we received it (June 27)?

Please let me know.

Thanks

Ward

Sent from my iPad

On Jun 27, 2014, at 12:04 PM, "FAIRCLOTH, GAIL" <GFAIRCLOTH@lex-co.com> wrote:

Please find attached the signed/clocked copy of Judge Spence's letter in reference to the above case dated June 18, 2014.

Gail

ROA¹ 080

20-

M MOORE TAYLOR

July 31, 2014

The Honorable James O. Spence
Lexington County Judicial Center
205 E. Main St., Ste. 204
Lexington, SC 29072-3557

VIA EMAIL (jspence@lex-co.com)

Re: First Reliance Bank vs. Charles E. Bishop, Brett D. Blanks, BCM of Lexington, LLC d/b/a Dam Bar & Grill, B&H of Lexington, LLC and Branch Banking and Trust Company of South Carolina
C/A No. 2011-CP-32-01205
L/P No. 2011-CP-32-506

Dear Judge Spence:

Thank you very much for your patience in resolving this matter. As instructed in your letter of June 18, 2014, I enclose a proposed order for your review.

In addition, I enclose a copy of a letter I received from Mr. McMaster. It appears his license has been put on interim suspension.

With that in mind, I am copying this correspondence to the receiver who has been appointed for Mr. McMaster's practice.

Finally, I will place a copy of this letter, the proposed order, and Mr. McMaster's letter in the mail to the last known address of Mr. Bishop and Mr. Blanks.

ROA 081

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The Honorable James O. Spence
July 31, 2014
Page 2

Thank you for your consideration. Please have your office contact me with any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "James Edward Bradley". The signature is fluid and cursive, with a long horizontal stroke at the end.

James Edward Bradley

/nh

Enclosures

cc: George McMaster, Esquire (via first class mail)
Peyre T. Lumpkin, Receiver (via email and first class mail)
Charles E. Bishop (via first class mail)
Brett D. Blanks (via first class mail)

ROA 082

221

X

STATE OF SOUTH CAROLINA)
COUNTY OF LEXINGTON) IN THE COURT OF COMMON PLEAS
2014 NOV 26 P 10 44

FILED

ORIGINAL

First Reliance Bank,)
)
)
 vs.)
)
 Charles E. Bishop, et. al.)
)
 Defendants.)
)

BETH A. GARRIGG
CLERK OF COURT
LEXINGTON

C/A No. 2011-CP-32-01205

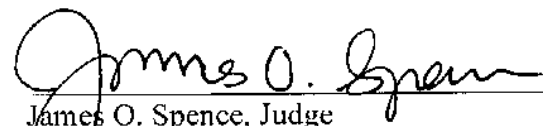
**AMENDED ORDER OF
DEFICIENCY JUDGMENT
ON APPRAISAL**

Pursuant to the Return of Appraisers of February 21, 2013, the Court amends its Order of Deficiency Judgment dated April 2, 2012. The Plaintiff is entitled to have a personal and deficiency judgment against the Defendants Charles E. Bishop, Brett D. Blanks, and BCM of Lexington, LLC d/b/a Dam Bar & Grill as follows:

| | |
|--|--------------------|
| Amount of judgment of foreclosure entered by the Equity Court: | \$1,482,122.05 |
| PLUS: Interest at 12.0% from date of judgment to date of final sale: | \$ 57,499.04 |
| Interest at 12.0% from date of final sale to date of bid compliance: | \$ 5,983.60 |
| Total debt computed to date of conveyance to third party: | \$1,545,604.69 ✓ |
| LESS: Appraisal Value: | |
| Appraisal Value: | \$1,040,000.00 |
| Less: 1% bid fee to county: | \$ 2,500.00 |
| | (\$1,037,500.00) ✓ |
| AMOUNT OF PERSONAL JUDGMENT OF DEFICIENCY
ENTERED AGAINST THE ABOVE NAMED DEFENDANTS: | \$ 508,104.69 ✓ |

This judgment is entered together with interest at the rate of 12% from March 28, 2012.
AND IT IS SO ORDERED.

Date: Nov 26, 2014
Lexington, South Carolina


James O. Spence, Judge
Master-in-Equity Court

ROA 083

STATE OF SOUTH CAROLINA
 COUNTY OF LEXINGTON
 IN THE COURT OF COMMON PLEAS

FILED

JUDGMENT IN A CIVIL CASE

CASE NO. 2011 CP-32-01205

ORIGINAL

2014 NOV 25 12 18 41

FIRST RELIANCE BANK

CHARLES E. BISHOP, ET AL.

BETH A. CARRISON
 CLERK OF COURT
 LEXINGTON

PLAINTIFF(S)

DEFENDANT(S)

| | |
|---------------|--|
| Submitted by: | Attorney for : <input type="checkbox"/> Plaintiff <input type="checkbox"/> Defendant |
| | or
<input type="checkbox"/> Self-Represented Litigant |

DISPOSITION TYPE (CHECK ONE)

- JURY VERDICT.** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- DECISION BY THE COURT.** This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered. See Page 2 for additional information.
- ACTION DISMISSED (CHECK REASON):** Rule 12(b), SCRPC; Rule 41(a), SCRPC (Vol. Nonsuit); Rule 43(k), SCRPC (Settled); Other
- ACTION STRICKEN (CHECK REASON):** Rule 40(j), SCRPC; Bankruptcy; Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; Other
- DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):**
 Affirmed; Reversed; Remanded; Other

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: See attached order (formal order to follow) Statement of Judgment by the Court:

ORDER INFORMATION

This order ends does not end the case.

Additional Information for the Clerk : DEFICIENCY JUDGMENT TO BE ENTERED AS INDICATED BELOW

| INFORMATION FOR THE JUDGMENT INDEX | | |
|--|---|--|
| Complete this section below when the judgment affects title to real or personal property or if any amount should be enrolled. If there is no judgment information, indicate "N/A" in one of the boxes below. | | |
| Judgment in Favor of
(List name(s) below) | Judgment Against
(List name(s) below) | Judgment Amount To be Enrolled
(List amount(s) below) |
| FIRST RELIANCE BANK | CHARLES E. BISHOP | \$508,104.69 |
| FIRST RELIANCE BANK | BRETT D. BLANKS | \$508,104.69 |
| FIRST RELIANCE BANK | BCM OF LEXINGTON, LLC D/B/A DAM BAR & GRILL | \$508,104.69 |
| | | \$ |
| If applicable, describe the property, including tax map information and address, referenced in the order:

THREE PARCELS - TMS NUMBERS: 003418-01-008, 003418 01 009 AND 003418-01-007 | | |

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained in this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be computed such as interest

STATE OF SOUTH CAROLINA

COUNTY OF LEXINGTON

First Reliance Bank,

Plaintiff(s),

v.

Charles E. Bishop, et al.,

Defendant(s).

IN THE COURT OF COMMON PLEAS

FOR THE ELEVENTH JUDICIAL CIRCUIT

County C/A No.: 2011-CP-32-01205

ORDER OF REFERENCE

IT IS ORDERED, that, pursuant to §15-39-390, Code of Laws of South Carolina, 1976, as amended; and Rule 53, SCRCF, the Master-in-Equity for Lexington County will entertain and rule upon all motions necessary to dispose of this matter, to include, but not limited to, motions to dismiss, motions to appoint Receiver, motions to continue the matter, and motions to sell all or certain property of the judgment debtor in satisfaction of the Defendant's debt, and has authority to enter a Final Order, with any appeal directly to the South Carolina Supreme Court, or Court of Appeals of South Carolina, as appropriate.

IT IS FURTHER ORDERED, that, the Plaintiff is entitled to have an examination of Defendant, Brett D. Blanks, in supplemental proceedings to ascertain and discover any and all property and assets, real, personal, or mixed, and whatsoever situated, belonging to Defendant or in which Defendant could claim any interest, solely or in conjunction with any person, firm, or corporation or entity and any or all of which is or should be made applicable by the Court to the payment of said debt; entitled in addition to the appointment of a receiver of Defendant for any and all of the aforesaid property, assets, or affects which are so discovered or revealed in order to carry said judgment into effect; and entitled, pending such proceeding and until further order of the Court, to an order forbidding and restraining Defendant, and if applicable, officers, directors stock holders and employees, agents and all other

ROA 086

persons, firms, corporations and entities connected with the Defendant, from transferring or disposing of any of the aforesaid discovered or revealed property, assets, or effects whatsoever situated, not exempt from levy, and accepted in the usual course of trade.

AND IT IS SO ORDERED.

Presiding Circuit Court Judge

This ____ day of _____, 2020.

Lexington County, South Carolina

Respectfully Submitted by:

s/Luke R. Hoopes
SC Bar No. 103644
Angell Molony, LLC
200 N Main St., Ste. 301
Greenville, SC 29601
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Luke@AngellMolony.com

ROA 087



Lexington Common Pleas

Case Caption: First Reliance Bank VS Charles E Bishop
Case Number: 2011CP3201205
Type: Order/Referred to Master or Special Referee

So Ordered

s/ Mona Huggins Deputy Clerk Common Pleas for
Lisa M Comer Lexington County Clerk of Court

Electronically signed on 2020-06-02 10:09:26 page 3 of 3

| | | |
|---|---|------------------------------|
| STATE OF SOUTH CAROLINA |) | |
| |) | IN THE COURT OF COMMON PLEAS |
| COUNTY OF LEXINGTON |) | |
| First Reliance Bank, |) | C/A No. 2011-CP-32-01205 |
| |) | |
| Plaintiff, |) | |
| |) | |
| vs. |) | ORDER |
| |) | |
| Charles E. Bishop, Brett D. Blanks, |) | |
| BCM of Lexington, LLC d/b/a Dam Bar & |) | |
| Grill, B&H of Lexington, LLC and Branch |) | |
| Banking and Trust Company of South |) | |
| Carolina, |) | |
| Defendants. |) | |
| _____ |) | |

INTRODUCTION

Plaintiff and Defendant(s) argued and briefed Defendant(s) Rule 59 and Rule 60 foreclosure appraisal panel appeal of a deficiency judgment. The South Carolina Supreme Court suspended Defendants’ appraisal appeal attorney after the appraisal panel appeal trial, but before the trial order was filed and served. Defendant(s) argue his due process rights were violated since neither the Defendants’ trial attorney, the appointed Receiver, nor the Plaintiff’s counsel sent the Order to his current address and/or neglected to send notice to all defendant(s). The Court agrees a rigorous due process analysis is necessary to protect both Plaintiff’s and Defendants’ due process rights in this very unusual set of facts.

The parties argued both the motions to alter, amend or reconsider pursuant to Rule 59(e) and to vacate a deficiency appeal Order pursuant to Rule 60(b) on September 9, 2020. After review of the arguments and materials submitted by the parties, the Court denies the Defendants’ respective motions.

FINDINGS OF FACT

The following are findings of fact, recited in narrative format, which I find based on all the admissible evidence, and after consideration of applicable legal elements and respective applicable burdens of proof. I have also considered the credibility of the witnesses in reaching these findings.

This Court is not required “to accept as true allegations that are merely conclusory, unwarranted deductions of fact, or unreasonable inferences,” nor must this Court “accept as true allegations that contradict matters properly subject to judicial notice....” This Court may consider the complaint, ‘documents attached to the complaint....and may properly take judicial notice of matters of public record.’ *Martin v. A. Celli Intern., Inc.*, U.S. Dis. Ct., D.S.C., Spartanburg Division; May 12, 2014; 2014 WL 1912064 (Internal citations omitted). See also, *J & J Sports Productions Inc. v Latin America Club*, U.S. Dis. Ct., D.S.C. , Spartanburg Division; April 12, 2012; 2012 WL 159 3977; footnote 3.

TIMELINE

March 28, 2011: Foreclosure Summons and Complaint filed.

April 13, 2011: Defendant Blanks served at 137 Bell Chase Drive, Lexington, S.C.

April 13, 2011: Defendant Bishop served at 628 Haskell Road, Gilbert, S.C.

May 13, 2011: Defendant’s Attorney Gene Trotter files Answer and Counterclaim.

August 1, 2011: Circuit Court executes FORM 4 Order of Reference.

August 12, 2011: Defendant Blanks moves out of 137 Bell Chase Drive, Lexington, S.C.

October 13, 2011: After phone status conference with parties, MIE Office sends Trial Notice.

January 11, 2012: Foreclosure judgment entered. Page 2 paragraph 8 indicates that at the hearing Defendants counsel withdrew the answer and consented to the foreclosures with \$1,482,122.05 debt.

February 6, 2012: Property sold at public auction first sale with the bidding remaining open for 30 days.

March 7, 2012: Sale became final at second sale through an upset bid of \$910,000.00 to Samantha Deese/Bentley's Beach House, LLC.

April 2, 2012: Court entered a deficiency judgment of \$632,121.09 against the Defendants.

April 3, 2012: Defendants submitted a Petition for Order of Appraisal pursuant to S.C. Code Ann. Sec. 29-3-680(2004) et seq.

April 6, 2012: Plaintiff moved to dismiss the Petition on April 6, 2012.

November 27-December 4, 2012: Court denied the Plaintiff's motion to dismiss and ordered the appraisal to proceed.

The Defendants designated James Petty as their appraiser, the Plaintiff designated Phillip Urso, and the Court designated Kevin McGee.

February 21, 2013: The appraisers returned their written appraisal on February 21, 2013 finding the market value to be \$1,040,000.00.

February 27, 2013: Court ordered the return to be filed.

March 5, 2013: Clerk filed the appraisal.

March 15, 2013: Defendants appealed the appraisal panel return.

December 31, 2013: Consent Order to be Relieved of Counsel filed allowing Gene Trotter. Esq. to be dismissed and notes George H. McMaster, Esq. as new attorney for Defendants.

April 10, 2014: the Court heard the appeal. At the hearing, the Defendants presented James Petty as their sole witness. Mr. Petty testified he made a mistake in assessing value to a portion in the back of the property because he believed this portion had limited access. He testified he believed the other two appraisers would agree with him if asked. Both Mr. Urso and Mr. McGee were present for the hearing, but the Defendants did not call them as witnesses. The Defendants presented no other testimony nor argued any other issues at the hearing.

June 12, 2014 (on or about): Both Plaintiff and Defendants attorneys submit their respective Memorandums or Briefs requested by court for consideration in making the ruling.

June 18, 2014: After review and consideration of both submissions, Court issued a decision memorandum directing Plaintiff to provide a proposed order for the Court's consideration.

July 15, 2014: counsel for the Defendants George McMaster notified Plaintiff's counsel he was placed on interim suspension and instructed Plaintiff's counsel to send further correspondence to Peyre Lumpkin appointed as receiver by the South Carolina Supreme Court.

July 31, 2014: Plaintiff's counsel sent a copy of Mr. McMaster's letter to the Court with a proposed order. This letter was copied to Mr. McMaster, Mr. Lumpkin, and the last known address of Mr. Bishop and Mr. Blanks. Only Mr. Lumpkin responded.

July 31, 2014: Receiver email indicated that he had notified the clients of Mr. McMaster's suspension and asked them to retrieve their files, but they had not done so.

October 22, 2014: Court contacted Plaintiff Counsel and Receiver asking if the clients had responded to the letter. Mr. Lumpkin indicated he had no response from the clients.

October 23-27, 2014: Court entered an order denying the Defendants' appeal of the appraisal and entering the appraised value of \$1,040,000.00 as the true value of the property. The order indicated that the Court would recalculate the deficiency order and enter a new deficiency order. It also instructed Plaintiff counsel to serve and submit a new deficiency order for consideration.

Plaintiff's counsel sent a copy of the signed order to Peyre Lumpkin as receiver, George McMaster, Charles Bishop and Brett Blanks. The Certificate of Service indicates that Brett Blanks was served at 137 Belle Chase Drive in Lexington, the address he testified to in his deposition. This is also the address Mr. Blanks had on file with the United States Post Office as indicated by the Post Office's March 4, 2015, address form.

November 26, 2014: Amended Deficiency Judgment (based upon Appraisal Panel Order) reduces the Deficiency Judgment from \$632,121.09 to \$508, 104. 69 (a \$124, 016.50 Judgment reduction.)

December 6, 2016: Defendant Charles Bishop conveys property for \$34,514.20 to Carolina Farming Company, LLC. Since the Foreclosure Deficiency Judgment has been on record (as modified) the judgment would attach and require a release. "The Recording Act, S.C. Code Sec. 30-7-10 et al., imposes a duty upon a person about to advance money (or other valuable consideration) for the purchase of property to investigate the record before paying the money to the seller. See Castines, Joby C., Deeds of Conveyance (Chapter 12 Deeds and Title Examination at Page 155) (2019 S. C. Bar CLE Division).

January 19, 2017: Case filing contains Partial Release from the Deficiency Judgment of \$508, 104.69. The Court notes that the Release contains a description of the property with the derivation clause indicating that the Released Property was sold by Deed of Charles E. Bishop to Carolina Farming Company, LLC on December 6, 2016 as recorded in Deed Book 18863 at Page 183.

Court takes judicial notice that the date of this conveyance by Defendant Bishop is nearly two years after the Amended Deficiency. Obtaining a release from Deficiency Judgment is a step taken on Defendant Bishop behalf so Bishop could convey clear title. Without this release, Carolina Farming Company LLC would have been deeded the property subject to the Deficiency Judgment.

April 30, 2020: Plaintiff requested a transcript of judgment. Russell Fry and Michael Wells both entered appearances for Brett Blanks on the same day and received copies of the request for transcript of judgment.

May 19 & 29th, 2020: Plaintiff filed the *Nulla Bona* return served through electronic filing on Mr. Fry and Mr. Wells.

June 2, 2020: Order of Reference referring case to the Master in Equity filed (also served by electronic filing on Wells and Fry as counsel for Brett Blanks.)

June 4 or 10th, 2020: Bishop filed a direct appeal to S.C. Court of Appeals on June 4, 2020.

June 15, 2020: Plaintiff filed Supplemental Proceeding Petition requesting specific asset information.

June 26, 2020: Attorney Murrell Smith filed an appearance on behalf of Brett Blanks. At Status Conference Defendant counsel represents to Court they were trying to get original file from trial attorney and the Receiver file. They anticipated motions to be filed regarding the October and November 2014 Orders. Defendant(s) file affidavits indicating no receipt of Order.

June 29, 2020: Defendants received the file from the Receiver.

July 9, 2020: Attorney Smith filed the Rule 59(e) and Rule 60 motions.

FORECLOSURE PROCESS

Foreclosure is an equitable action. It is important to understand the foreclosure deficiency judgment process for the due process discussion. South Carolina foreclosure law grants a

deficiency judgment unless it is waived. *Perpetual Buildings and Loan Association v Braun*, 242 S.E. 2d 407 (1978).

The Plaintiff did not waive the Deficiency demand but demanded it.

After litigating the case and the case being set for trial, the parties notified that court they had agreed upon the terms of the judgment and sale. The court entered a judgment submitted by the parties. Page 2 paragraph 8 indicates that at the hearing Defendants counsel withdrew the answer and consented to the foreclosures with \$1,482,122.05 debt.

The next step in the process is the first sale. Typically, a bank will determine what it believes the value of the property to be and bid in that amount. That amount is usually well below what the current fair market value is because the Bank gets a credit bid for its debt amount and no more.

In other words, the only time a bank normally demands a deficiency judgment is when the bank believes the property has decreased significantly in value.

To prevent a bank from bidding artificially low at the first sale to perhaps be the only bidder and get the property and a large monetary deficiency judgment, the bidding is reopened thirty days later and the bank cannot bid again.

Anyone can appear to bid a dollar or more over and get the property.

The underlying rationale being that (for example) if word spreads throughout the community that a person can get a \$100.00 piece of property for \$51 dollars since bank bid \$50.00 at first sale, more than one person will show up to bid and hopefully competitive bidding will drive the price up to a more accurate FMV reducing the deficiency judgment or a surplus if bidding is higher than the debt.

Once the court sold the property to the third party upset bidder, the deficiency judgment was amended to lower the judgment amount from the amount defendants and their attorney had consented to when the original order was filed.

Thereafter, defendants can request rights under the appraisal process. After an appraisal panel is established, the three appraisers work together and submit a report to the Court which the Court would review to ensure statutory compliance and then file.

Here, the appraisal panel valuation further lowered the judgment amount.

Our statutory scheme allows for the defendants to appeal this panel finding which they did.

This appeal generally leads to a trial where the parties make their respective arguments.

CONCLUSIONS OF LAW

Jurisdiction to Hear Motions During Bishop's Appeal

Codefendant Charles Bishop filed an appeal on June 4, 2020 but did not file a 59(e) or 60(b)(4) motion. Initially, Brett Blanks' 60(b)(4) motion indicated that it was filed on behalf of Brett Blanks and Charles Bishop. At oral argument, however, counsel indicated that Defendant Bishop was not proceeding on the 60(b)(4) motion or the 59(e) motion and these motions were proceeding only as to Defendant Brett Blanks. The pending appeal of Bishop does not deprive this court of jurisdiction to hear Mr. Blanks' post-trial motions.

Even had Brett Blanks appealed the Court's order, this Court would have jurisdiction to hear post-trial motions. Filing a notice of appeal does not deprive the trial court of jurisdiction to consider post-trial motions. *Holmes v. East Cooper Community Hosp.*, 408 S.C. 138, 758 S.E.2d 483 (2014). Indeed, "[t]he service and filing of a Notice of Appeal before the filing of timely post-trial motions under Rule 59 by any party does not deprive the lower court of jurisdiction to consider the motions." *Id.* (quoting *Hudson v. Hudson*, 290 S.C. 215, 349 S.E. 2d 341 (1986)). As argued and presented by both parties, this Court has jurisdiction to rule upon Brett Blanks' motions notwithstanding Charles Bishop's appeal.

RULE 60(b)(4)/ DUE PROCESS

Although the Defendant Brett Blanks filed this motion over five years after the judgment was filed, he argues the motion is timely because he never received the order affirming the appraisal panel denying his appeal. The order was sent to his suspended attorney, the receiver appointed by The Supreme Court, and to the address Blanks testified to under oath, which was also certified by the postal service. Blanks argues the Court should vacate its order pursuant to Rule 60(b)(4) because the judgment is void and should grant his Rule 59(e). Plaintiff argues that over four (4) years has

passed, notice was sent to last known address and both motions should be dismissed as untimely filed and/or on their respective merits.

Neither party disputes that Rule 60(b)(4) allows a court to vacate an order on the basis that it is void. The movant on a 60(b) motion has the burden of proof. *Rouvet v. Rouvet*, 388 SC 601, 696 S.E.2d 204 (Ct. App. 2010). A Rule 60(b) motion must be brought within a reasonable time. *See, McDaniel v. U.S. Fidelity and Guaranty*, 324 S.C. 639, 478 S.E.2d 868 (1996) (finding four years was not a reasonable time for a 60(b) motion.)

Plaintiff argues Defendants should be time barred from Rule 60(b) relief. Initially, the court notes Due Process is a two-sided issue. One could review the facts and find Plaintiff did nothing wrong, and Plaintiff should be entitled to strictly reading the rules to validate its right to due process, and not give the Defendant a chance to retry the case years after the ruling.

After learning of Defendants attorney suspension, the Plaintiff, at direction of Court, sent notice of Order to the Defendant(s) at the same address where they were originally served . Plaintiff also presented evidence it checked with Post Office and verified Defendant(s) had not submitted a change of address form to Post Office.

The notices were returned as not deliverable as addressed—unable to forward.

RECEIVER ACTION ANALYSIS

The Court recognizes that if the Receiver notified the Court that Receiver notices had been returned undeliverable, then there may have been better opportunity for further action to ensure proper Rule

31 notice to be sent to the Defendants. The Court further notes there is no Receiver affidavit discussing Receiver actions.

The Court notes, however, that while Defendants state they obtained the trial lawyer file and the Receiver file, the record is not clear if trial attorney, whose office was in Richland, did substantial work in adjoining Lexington County versus Richland County, which would have required Lexington County publication.

Pursuant to Rule 31 of the Rules for Lawyer Disciplinary Enforcement, Receiver shall

(1) Take custody of the lawyer's active and closed files and trust, escrow, operating and any other law office accounts. The lawyer shall cooperate with the receiver and any attorney appointed to assist the receiver and shall comply with requests to take specific action regarding the client files and accounts. The chair or vice chair may issue such orders as may be necessary to assist the receiver in obtaining custody over such files and accounts, to include orders compelling the lawyer or a third party to take specific action regarding the files and accounts. The willful failure to comply with such an order may be punished as a contempt of the Supreme Court. A party who wishes to challenge such an order must immediately seek review of the order by petition to the Supreme Court;

(2) Notify each client in a pending matter, and in the discretion of the receiver, in any other matter, at the client's address shown in the file, by first class mail, of the client's right to obtain any papers, money or other property to which the client is entitled and the time and place at which the papers, money or other property may be obtained, calling attention to any urgency in obtaining the papers, money or other property;

(3) Publish, in a newspaper of general circulation in the county or counties in which the lawyer resided or engaged in any substantial practice of law, once a week for three consecutive weeks, notice of the discontinuance or interruption of the lawyer's law practice. The notice shall include the name and address of the lawyer whose practice has been discontinued or interrupted; the time, date and location where clients may pick up their files; and the name, address and telephone number of the receiver. The notice shall also be

mailed, by first class mail, to any errors and omissions insurer or other entity having reason to be informed of the discontinuance or interruption of the law practice;

(4) Release to each client the papers, money or other property to which the client is entitled. Before releasing the property, the receiver shall obtain a receipt from the client for the property;

(5) With the consent of the client, file notices, motions or pleadings on behalf of the client where jurisdictional time limits are involved and other legal counsel has not yet been obtained; and

(6) Perform any other acts directed in the order of receivership.

Receiver only mailed notice letters to Defendants Blanks and Bishop at 101 Old Orangeburg Road, Lexington, SC 29072 on July 16, 2014. It is unclear how Receiver obtained this address as the last known address of both Defendant Blanks and Defendant Bishop.¹ However, it is clear this was not the correct address for either Defendants Blanks or Bishop because both letters were marked “return to sender – not deliverable as addressed – unable to forward” by the United States Postal Service on July 23, 2014, and returned to Receiver on July 28, 2014.

There is nothing else in Receiver’s file to indicate he did anything else to contact Defendant Blanks to give him the required notice of Mr. McMaster’s suspension. Receiver did not try to mail notice letters to one of the other addresses found in the file or any other addresses. Receiver also did not seek assistance from the Court or notify the Court in any way that he was unable to contact Defendant Blanks.

Further, Receiver also did not comply with his duty to under Rule 31(2) to notify “*each* client in a

¹ Defendants presented evidence to the Court that there were multiple addresses in Mr. McMaster’s file.

pending matter” of Mr. McMaster’s suspension by mailing a notice letter “at the client’s address shown in the file.” Instead, Receiver attempted to mail two of the four clients notice letters to addresses which he quickly discovered were defective. There is no indication Receiver attempted at all to notify Defendants BCM and B&H.

On July 31, 2014, when Receiver emailed the Court and Plaintiff’s counsel to say he could neither object nor consent to the proposed order affecting Defendants’ rights, he did not inform the Court that the notice letters to Defendant Blanks or Bishop were returned to him as undeliverable three days before or that he did not attempt to mail notice letters to Defendants B&H or BCM. Instead, he merely informed the Court he mailed the notice letters and “he has not contacted us or arranged for his file to be sent to him.”

Again, on October 22, 2014, when the Court contacted Receiver to check on the status of the file, Receiver did not inform the Court the notice letters were returned as undeliverable. Instead, Receiver stated “[w]e still have the Bishop file in our possession. He has not responded to our notice letter.” The Court relied on Receiver to appropriately perform his duties under Rule 31 and perfect notice on Defendants, and the Court did not realize Receiver did not serve defendants with proper notices until Defendants filed the instant motion.

Pursuant to Rule 31(3), Receiver was required to “[p]ublish, in a newspaper of general circulation *in the county or counties in which the lawyer resided or engaged in any substantial practice of law*, once a week for three consecutive weeks, notice of the discontinuance or interruption of the lawyer’s law practice.” Rule 31(d)(3) (emphasis added).

Although Receiver published notice, he did not do so until February and March 2015—almost four months *after* the orders in the instant case and seven months after Mr. McMaster’s suspension. Furthermore, Receiver only published notice in The Columbia Star, a newspaper in Richland County. Defendants resided in Lexington County, and this case is in Lexington County.

The trial record is not clear if the attorney did substantial practice in Lexington County. While Richland and Lexington Counties are adjoining, that fact alone should not lead the court to conclude a substantial amount of attorney practice would occur in physically adjoining counties.

Rule 31 also requires a court-appointed receiver to take affirmative action to notify all clients of their attorney’s suspension from the practice of law to meet fundamental due process requirements. The notice required by Rule 31 requires a receiver to take more action than is required by standard notice by publication pursuant to section 15-9-740 of the South Carolina Code.

Further, Rule 31 also gives a receiver the ability to file notices, motions and pleadings on behalf of an attorney’s clients when jurisdiction time limits are involved, as here.

Receiver knew of the impending deficiency judgment being entered against Defendants, knew they did not receive notice of Mr. McMaster’s suspension, did not attempt to contact them further to obtain their consent to move to protect their rights, nor notify this court of this issue. Instead, he simply said he would “place a copy of this correspondence in his file for his future reference. Before the hearing, Plaintiff’s counsel submitted an affidavit with an affidavit of service attached showing his office served Defendant Blanks with the October 29, 2014 Order Affirming Appraisal

Panel Return at 137 Belle Chase Drive, Lexington, SC 29072. The affidavit of service shows Lynn G. Ivey mailed the Order Affirming Appraisal Panel Return to Defendant Blanks, Defendant Bishop, Mr. McMaster, and Receiver on October 29, 2014.

Plaintiff's counsel also submitted an excerpt from Defendant Blanks' deposition transcript where he testified he resided at 137 Belle Chase Drive. Plaintiff's counsel's affidavit also indicates his office applied to the United States Postal Service for information regarding Defendant Blanks' address and received a response from the United States Postal Service noting "yes rec mail there." Finally, Plaintiff's counsel submitted a screenshot from the South Carolina Secretary of State that Defendant Blanks is a registered agent for service of process for an official South Carolina corporation which lists his address as 137 Belle Chase Drive, Lexington, SC 29072.

The Court finds Plaintiff's counsel appropriately attempted to serve Defendant Blanks with a copy of the Order Affirming Appraisal Panel Return. However, the Court finds Defendant Blanks did not receive notice of the orders in October 2014 or November 2014 because he had not resided at the 137 Belle Chase Drive address since August 12, 2011.

Defendant Blanks submitted an affidavit to the Court with the property deed showing his wife sold the 137 Belle Chase property on August 12, 2011. The deposition referenced by Plaintiff occurred on June 29, 2011, prior to the date Defendant Blanks' wife sold the property.

Plaintiff's counsel also argued that Defendants received written notice of the entry of the orders on April 30, 2020 when Michael H. Wells, Esquire, and Russell W. Fry, Esquire, appeared on behalf of Defendant Blanks by filing an electronic notice of appearance on the e-filing website.

However, the Court finds this filing in Supplemental Proceeding action did not give Defendants notice of these foreclosure deficiency appraisal panel orders issues. On April 15, 2020, Plaintiff initiated supplemental proceedings against Defendant Blanks by filing an execution. This execution was stamped returned *Nulla Bona* from the Lexington County Sheriff's Department on April 24, 2020. Counsel for Defendant Blanks electronically appeared in this action once the supplemental proceedings were filed and needed time to investigate the case and obtain the case files from Receiver. Counsel did not obtain the Receiver's file until June 29, 2020.

Although Plaintiff argued the time period between the 2014 Orders and the motion was not reasonable because over five years passed, the Court notes supplemental proceedings on the November 2014 Amended Deficiency Judgment were not initiated until April 2020 and the case was dormant until then. Defendants did not learn what steps Receiver took to attempt to notify them of Mr. McMaster's suspension and that these steps were deficient until June 29, 2020.

RESPECTIVE PARTY ANALYSIS

While due process procedural rights require personal service of Summons, Complaints and some other documents (RTSC etc.), copies of Order etc. are mailed to last known address.

Why mail and/or publication and not personal service?

The rules may reflect a common sense understanding a party has some obligation to provide current contact information. Otherwise, a party can avoid service of case documents simply by moving, not leaving a forwarding address and later claiming ignorance.

While due process procedural rights require personal service of Summons and Complaints and other court documents (RTSC etc.), copies of Order etc. are mailed to last known address.

A common Equity phrase is “Equity Aids the Vigilant.” The trial evidence indicates Plaintiff did all Plaintiff could do. Plaintiff mailed Order as directed by the Court and researched at Post Office to obtain addresses.

The court next considers a paraphrase of what South Carolina Court of Appeals Judge Randy Bell once wrote about an equitable matter ‘Who was in best position to avoid this situation?’

The problem arose because Defendants did not furnish forwarding address to the Post Office or by inference—failed to notify his new/second attorney of his new address during the time gap between when Defendant sold his home and moved and attorney suspension (August 2011/home sold—December 31, 2013 McMaster hired as new attorney and –July 15, 2014 Suspension Notice). The record is silent about defendants and second attorney form of communication (Phone, email, fax, personal meetings/consultations) with his clients during this period.

While one might assume a reasonable person in this circumstance would:

1. Contact the Master-in-Equity Court since the person knew that Court had jurisdiction.
2. Hire another lawyer to investigate.
3. Go to Lexington County Clerk of Court to look at file to determine if Order filed.
4. Contact a co-defendant and ask about case.

5. Contact Supreme Court to make enquiry of what to do.
6. Contact Post Office after a move and complete Change of Address form.

The Court does not conclude based on any fact or inference, based on the evidence, that any of the Defendants did these actions.

The answer to Judge Bell's question would seem to be the Defendant(s) created the problem and did not vigilantly act to protect his/their rights.

While there is no persuasive evidence that the Defendant(s) received mailed notice of the orders, the Court is not convinced by Defendants argument they did not have an opportunity to be meaningfully heard related to these orders and judgment, or necessary judicial review of these orders.

The Record shows that Defendants were represented by counsel from the beginning, filing a counterclaim, participating in activity before the Circuit Court prior to Reference to Equity Court, appearing at the trial/hearing, the deficiency sales process through the appeal. This three (3) year period of time was from roughly mid- 2011 until approximately July 15, 2014 when their attorney was suspended from practice of law.

The Court finds Defendants had meaningful opportunity to (a) file their answer and counterclaim (b) participate pre-trial discovery (c) participate in the foreclosure trial and (d) consented to the judgment amount in the foreclosure order (e) participated in choosing the appraisal panel (f)

called a witness and argues at the appraisal panel appeal trial (g) submitted a post-trial memorandum reviewed by the trial court to make trial order ruling.

The decision memorandum sent by the Court to Plaintiff attorney was not a request for both parties to review and to submit a proposed Order. This letter memo was a direction for Plaintiff to submit a proposed Order based upon the court review of both parties earlier submitted memos.

The Court then delayed filing the Order until the Defendant's attorney representation was clarified. Once the Court was notified by Receiver that Defendants had not picked up file and that Plaintiff had also sent copy of filed Order pursuant to Court direction, the Order was filed.

The Defendant's request to void the respective court Orders ignores the thorough manner Defendants trial attorneys participated.

The Court finds Defendants filed this Rule 60(b) motion within a reasonable time after their counsel appeared, obtained Receiver's file, and learned of the due process violation. *See Sijon v. Green*, 289 S.C. 126, 128, 345 S.E.2d 246, 248 (1986) (noting Rule 60(b)(4) motions "must be brought within a reasonable time").

The Court is, however, extremely concerned about how the appraisal appeal attorney's suspension affected time sensitive notices and about the Receiver not clarifying that his notices were returned unclaimed or advising the Court of his difficulty in contacting Defendants

Rule 60(b)(4) allows a court to vacate a judgment which is void. The definition of void encompasses judgments which failed to provide due process, or for which courts lack personal or subject matter jurisdiction. *See, McDaniel v. U.S. Fidelity and Guaranty*, 324 S.C. 639, 478 S.E.2d 868 (1996).

Defendant argues the Court should find a due process violation occurred because Defendants were not given proper notice of the October 27, 2014 Order Affirming the Appraisal Panel and the November 26, 2014 Amended Deficiency Judgment, denying them of their opportunity to be heard in a meaningful way and for judicial review of these orders.

While Defendants case law indicates that in certain circumstances, non-receipt of court orders or process can cause failure of due process, the cited cases facts are not sufficiently similar to warrant the specific relief Defendants requests.

Tyron Fed. Sav. & Loan Asss'n v. Phelps, 415 S.E.2nd 397, 398 (1992) is not applicable. Case involved party not consenting to Order of Reference. Here, the Circuit Court referred matter after filing Notice that Plaintiff had withdrawn Motion for Receiver. After perfection of reference, the court held phone status conference to determine when to set the trial.

McDaniel v. U.S. Fid. & Guar. Co., 478 S.E.2d 868,871 (Ct. App. 1996) while cited general principle of law regarding definition of void, the Court of Appeals Court upheld Special Referee finding that waiting four (4) years was too long. This Court agrees that the Defendants, time period for filing Rule 59 Motion did not begin until Defendant attorneys received Receiver file and became aware/put on notice of issue and timely file Rule 59.

Kurschner v City of Camden Planning Comm'n, 656 S.E.2d 346, 350 (2008) is instructive because it was a zoning appeal where landowner argues that the zoning appeal process was fundamentally flawed because failure of one member to recuse and inability to conduct trial – like cross-examination and exclusion of evidence. Court ruled that sufficient due process occurred based upon court examination of facts and the municipality’s statutorily granted legislative process. There is no similar claim here that Defendants did not have opportunity to appeal the appraisal or conduct direct or cross-examination during the appraisal panel appeal trial since they were represented by counsel and called a witness and had the opportunity to call other witnesses at that trial.

Universal Benefits, Inc. v McKinney, 561 S.E. 2d 659, 661 (Ct. App. 2002) contains persuasive facts and analysis comparable to this case fact patterns. Employer sued former employee to enforce covenant not to compete. Action was dismissed when employer failed to appear at pre-trial conference and roster meeting. Footnote 3 of this opinion notes there was an affidavit by Assistant Sumter County Clerk of Court indicating there was no record that Universal was provided with notice of the August 23, 1999 roster meeting. Court of Appeal upheld trial court action finding, despite no notice of the roster meeting, which resulted in dismissal, the employer had notice and due process rights, once it received the Order. The appellate court noted that the cure for lack of notice was the opportunity to be heard, which would have been a timely filed Rule 59 motion.

A similar fact pattern exists in this case. While Defendant argues Plaintiff is barred from arguing Ruling 59 since it did not timely file, the court is not persuaded and rules that Defendants’ remedy, as that allowed in *Universal* above, is to have the right to argue the Rule 59 motion which this

court now addresses. Such remedy places both Plaintiff and Defendant(s) in the same position they would have been in had the Defendant received the Notice the Receiver or Plaintiff had sent – they could file post Order motions(Rule 59 or 60 etc.) or a straight appeal.

This Court finds that Defendant(s) Rule 60 Motion warrants a ruling that the Defendant(s) due process rights were affected. The remedy is not to void the judgments as Defendants argues, but to allow the Rule 59 Motion to heard on its merits as has been briefed and argued.

The totality of circumstance, evidence, and application of appropriate legal and equitable considerations, warrant due process consideration of the respective party's arguments at the previous motions hearing of the Rule 59 Motion.

RULE 59 ANALYSIS

The Court does not believe the proper due process remedy is to deny Defendant the opportunity to argue its Rule 59 motion because it was untimely filed. Filing a Supplemental Proceeding Action, which is a statutory debt collection action, should not be construed to mean an attorney who represents the Debtor must immediately file various motions(s) motion to challenge the underlying judgment. Once Defendant counsel learned of the issue, counsel professionally and timely acted by requesting the Receiver and attorney file, and promptly filed these two motions.

Defendant Brett Blanks argues the Court failed to appropriately consider the testimony of appraiser Jim Petty that he made a mistake on the appraisal and his belief that the other appraisers made a mistake as well. Mr. Blanks also argued that the Court improperly limited its power to order a new appraisal.

South Carolina Code Section 29-3-770 sets forth the criteria for appraisers to follow. This section requires that the appraisal board consider: (1) sale value; (2) cost and replacement value of improvements; and (3) income production. S.C. Code Ann. § 29-3-720; *see, Peoples Federal Sav. and Loan Ass'n v. Myrtle Beach Retirement Group, Inc.*, 302 S.C. 223, 394 S.E.2d 849 (Ct. App. 1990).

The Court apologizes for any original Trial Order confusion leading to conclusion that decision was based upon a mistaken idea that three (3) factors above were the **only matters** the court could consider.

What the Order meant to convey was that the three (3) factors were the **minimum matters** the court had to address. Meaning, had the order only addressed one or two of the factors, then the Court would have required a new order submitted which addressed all three factors **and any other relevant matters**.

1. Sale Value The appraisers' report specifically states it sets forth the property's market value. The report also specifies that it was performed in accord with the Uniform Standards of Professional Appraisal Practice (USPAP). Mr. Petty's appraisal also purports to follow these standards. (*See Exhibit 7 Transcript of April 10, 2014*). Market value is generally considered the sale price at which a property would be sold in a transaction between a willing buyer and seller. *See, id.* at footnote 1. Therefore, the board of appraisers' report specifies that the appraisers considered sales value when arriving at the true value required by the statute.

In addition, Mr. Petty testified that the board of appraisers considered sales value. (See p.19 Transcript of April 10, 2014). Mr. Petty agreed to the value and signed the report. He testified that he later decided that the market value should be recalculated because of a change in access. (See p. 20 Transcript of April 10, 2014).

2. Cost and Replacement Value of Improvements

The board of appraisers' report also sets forth the cost and replacement value of improvements. It sets forth the consideration of value:

| | |
|---------------------------------|--------------|
| Front Land (2.357): | \$200,000.00 |
| Improvements: | \$715,000.00 |
| FF&E: | \$100,000.00 |
| Excess Back Land (1.753 acres): | \$ 25,000.00 |

The appraisal report itself sets forth a specific line item for the value of improvements, and no one has questioned it. In addition, it sets forth a value for furniture, fixtures, and equipment (FF&E).

Further, Mr. Petty testified these line items were added at his request. As he said:

- A. Well, Kevin McGee is the one that prepared the letter. And when we first came up with the value, he presented - - or he presented the letter as being one value: a million-oh-forty. And it was my recommendation that we allocated between the values of the land, the improvements, the FF&E, and the excess land. So he went back and re-accomplished the letter. Before he did, we discussed that allocation and came up with our conclusion as to what the allocation was.
- Q. And what was - - that was the allocation of 200,000 for the 2.375 acres.
- A. Correct.
- Q. Improvements of 715,000 - -
- A. Correct.
- Q. - - 715,000, FF&E of a hundred thousand, excess back land at 25,000. Am I correct?
- A. Correct.

(p.7, ll. 3-19, Transcript of April 10, 2014 Hearing).

The board of appraisers' report separately lists the value of improvements, and Mr. Petty testified that the board of appraisers considered the value of improvements in determining the property's true value.

3. Income Production

The Defendants did not question whether the panel considered income production. Nevertheless, the record shows that the board of appraisers considered income production in determining the property's true value.

Mr. Petty's notes show that the panel considered income production. Exhibit 3 reads:

Income - \$1,200,000.00

@ 8% occupancy = 96,000.00

Cap rate @ 9% = 1,066,000.00

Mr. Petty testified these notes documented "the conclusion we came up with in our meeting." (p.13, ll. 13-15, Transcript of April 10, 2014). Mr. Petty also indicated the notes show what "I considered when I came up with my value." (p.18, ll. 3-6, Transcript of April 10, 2014).

Since the Defendants did not challenge the board of appraisers' consideration of income production, there are no further references to it. Mr. Petty's notes, however, show that the board of appraisers considered income production.

Although the Defendants did not argue that the board of appraisers failed to consider “sale value, cost and replacement value of improvements,” and “income production,” the record shows that the board of appraisers considered these issues. Mr. Petty’s testimony, the report itself, and Mr. Petty’s notes show that the board of appraisers considered all three factors.

Section 29-3-720 requires that the board of appraisers consider “sale value, cost and replacement value of improvements,” and “income production.” At the end of the April 10, 2014, hearing, the Court asked the parties to address whether those factors appear in the record. That analysis is above. The Defendants, however, did not argue this issue at the hearing and presented no evidence that the board of appraisers ignored these factors.

Instead, the Defendants only argued that their designated appraiser Mr. Petty made a mistake. They then maintain that his mistake requires another appraisal of the property.

In *Peoples Federal Savings and Loan Ass’n v. Myrtle Beach Retirement Group, Inc.*, 302 S.C. 223, 394 S.E.2d 849 (Ct. App. 1990), the Court of Appeals noted that the board of appraisers must consider sales value, cost and replacement value of improvements, and income production. The Court noted that failure to do so could require a new appraisal. It placed the burden of proving this failure on the party contesting the appraisal. The Court did not analyze whether the board of appraisers considered the statutory factors. Instead, it found that the debtors, as the complaining parties, argued no failure to follow the statutory factors. The debtors did not present the issue for resolution. In the Court’s words:

The developers in this appeal failed to argue their exception relating to the appraiser’s consideration of “sales value, cost and replacement value of

improvements, income production....” Failure to argue an exception constitutes an abandonment of it. *Nelson v. Merritt*, 281 S.C. 126, 128, 314 S.E.2d 840, 841 (Ct. App. 1984).

Id. at 229, 394 S.E.2d at 853.

The Court of Appeals concluded that by not arguing a failure to consider the statutory factors, the debtors had not put the issue before the court, and it ruled for the lender.

Likewise, in *South Carolina National Bank v. S&L Investment Partnership*, 308 S.C. 511, 419 S.E.2d 243 (Ct. App. 1992), the Court of Appeals required the debtors as appellants to introduce evidence that the board of appraisers did not consider the statutory criteria. The debtors appealed from the decision of the board of appraisers because the appraisers did not consider the statutory criteria. To support this argument, the debtors submitted a statement from their chosen appraiser. This statement claimed that the Court’s appraiser considered only income production and ignored the remaining statutory factors. The trial court ruled against the debtors, and the Court of Appeals affirmed noting that the appraisers did not testify and no other affidavits were submitted. The complaining debtors established no basis to overturn the appraisal.

As the complaining party, the Defendants must argue their basis for overturning the appraisal and present evidence to support their arguments.

Plaintiff has met its burden of proof to establish the amount due on the Note and Mortgage. S.C. Code Ann. Section 29-3-630 (2007); *America v. Draper*, 405 S.C. 214, 746 S.E.2d 478, (2013), citing *U.S. Ban Trust Nat’l Ass’n v. Bell*, 385 S.C. 364, 684 S.E.2d 199 (Ct. App. 2009).

In making findings of facts, the Court must determine whether Plaintiffs met their burden of proof by the preponderance of evidence, simply meaning that the evidence presented by the Plaintiffs, as compared with that opposed to it, has more convincing force and is more than likely true than not true. *Frazier v. Frazier*, 228 S.C. 149, 89 S.E. 2d 225 (1955).

After the parties agreed to debt amount, the deficiency sale process continued, resulting in the sale to the third party as discussed.

Once the appraisal panel issued its report and the Defendants appealed, the burden shifts to the Defendants to prove their defenses, if any. Alex Sander & John S. Nichols, Trial Handbook for South Carolina Lawyers 5th Ed. §9.1 (2015). This is true in foreclosure cases. *See e.g. Bank of America, N.A. v. Draper*, 405 S.C. 214, 746 S.E. 2d 478 (S.C. App. 2013); *U.S. Bank Nat. Ass'n v. Bell*, 385 S.C. 364, 375, 684 S.E. 2d 199, 205 (S.C. App. 2009) (“Generally, the party seeking foreclosure has the burden of establishing the existence of the mortgagor’s default on the debt. Once the debt has been established, the mortgagor has the burden of establishing a defense to foreclosure such as lack of consideration, payment or accord and satisfaction.”); *Moon v. Center*, 133 S.C. 51 (1925) In determining whether either party has met its burden of proof, the Court can weigh, among other things, the credibility of the witnesses providing testimony. *See Small v. Pioneer Machinery, Inc.*, 329 S.C. 448, 464, 494 S.E. 2d 465 (S.C. App. 1997).

Defendant(s) presented the testimony of their chosen appraiser Mr. Petty. He testified that he made a unilateral mistake. His testimony was pure speculation since he did not testify that he discussed the matter with the other two appraisers. Defendant had the opportunity to call the other members of the board of appraisers (who were both present to be called as witnesses) to question them to determine if Petty’s speculation they (1) ignored the statutory factors or (2) would agree with him they all made a mistake. Defendant chose not to call these witnesses. Further, Petty’s own testimony and notes support the conclusion that the board considered the statutory factors.

The Defendants' appraiser Mr. Petty testified that he made a unilateral mistake regarding the acreage being appraised and this mistake should change the value of the appraisal.

The evidence does not show the mistake was made by all three panel members, but just one. Further, the evidence further bears out the fact that the information to discover the alleged mistake existed in the panel member files. Although the appraisal report indicates it includes 4.11 acres (2.357 acres plus 1.753 acres), Mr. Petty testified that he did not pay attention to the report he signed. According to him, this is how he made a mistake on the acreage appraised:

- Q. Mr. Petty, you met with the panel, right?
 A. I met with the panel. Yes, sir.
 Q. And you reviewed the appraisal that you signed under oath, correct?
 A. Yes, sir.
 Q. And that was based on 4.12 acres, right?
 A. I thought it was three-point-six. I didn't pay any attention to the total acreage. When Kevin came back with the letter, he had 4.1. And that's what we signed.
 Q. You knew at the time that it was based off 4.1 acres.
 A. No, I didn't - -
 Q. Well, didn't you just - -
 A. - - pay any attention.
 Q. - - say Kevin said that?
 A. I didn't pay any attention to the 4.1 in the letter. If I had realized that the 4.1 acres included the half acre, that I didn't think was under the ownership, I would have said, "No, wait a minute. Hold on, that's not correct."
 Q. Okay. At the time, did you know it was 4.1 acres?
 A. No.
 Q. Did Kevin tell you it was 4.1 acres?
 A. No, sir. We didn't discuss that.
 Q. Well, why did you raise the thing about the 4.1 acres?
 A. Why did I what?
 Q. Why did you raise it - - at the time Kevin said, "It was 4.1 acres, but I wasn't paying attention"?
 A. Well, he came back with the letter. And that's what was in the letter. And I didn't - -
 Q. It's in the letter - -
 A. You can say I didn't read it.
 Q. So you didn't read the letter that said 4.1 - -

- A. No, I didn't - -
 Q. - - acres.
 A. - - pay attention that it was 4.1 acres.
 Q. You just didn't pay attention to what you signed.
 A. Right.
 Q. Okay. All right.
 A. Which is a mistake.

(p.32, 1.3 – p.33, 1.19, Transcript of April 10, 2014). In addition to a mistake on acreage, Mr. Petty also testified to a mistake on valuation:

- A. No. Well, I might have - - no, I haven't discussed any values with the other appraisers.
 Q. Well, when did the value the first time, the front land was valued at \$100,000 an acre.
 A. Right.
 Q. Well, how come it was valued \$100,000 an acre, under oath, in February, but now it's worth \$200,000 an acre?
 A. Because I felt that was worth 300,000. We can't - - collectively, we came up with 200,000.
 Q. You signed under oath, that you agreed it was worth \$200,000 in February, didn't you?
 A. Yeah. But my - -
 Q. For 2.37 acres. Right?
 A. My opinion is, that this acreage right here is all that's needed for the restaurant.
 Q. And it's worth about \$100,000 an acre.
 A. No, I think - - I thought it was worth 300,000 - -
 Q. Well, why did you sign the piece of paper that said you agreed it was worth - -
 A. Because I - -
 Q. - - \$100,000 an acre?
 A. - - made a mistake.
 Q. Why is it worth \$200,000 an acre now, and it was only worth \$100,000 an acre a year ago?
 A. Because it wasn't a full - - it wasn't a full 2.357 acres. It's less than that.
 Q. Aren't you the one who wanted to add the allocation to the - -
 A. Yes, sir.
 Q. - - return? Does your allocation say 2.357 is equal to \$200,000?
 A. Because I wasn't paying attention to - -
 Q. No, no, that's not my question. My question is: Does the allocation say 2.357 acres is worth \$200,000?
 A. Yes.

- Q. And today you're saying that number should be almost \$500,000?
A. Based on the fact I made a mistake. Yes, sir.

(p.36, l.2 – p.37, l.15, Transcript of April 10, 2014 Hearing).

There was no testimony that the other appraisers made a mistake, and the Defendants did not call the other appraisers to testify. In addition, Mr. Petty did not testify that any fraud took place to deceive him. He simply testified that he did not review the report he signed and that he made a mistake in signing it.

In general, a mistake can be grounds to reform a legal document, but only if it is a mutual mistake, and the complaining party shows this by clear and convincing evidence.

Before equity will reform an instrument, it must be shown by evidence which is most clear and convincing not simply that it was a mistake on the part of one of the parties but that it was a mutual mistake. *Belin v. Strikeleather*, 232 S.C. 116, 101 S.E.2d 185 (1957). A mutual mistake is one where both parties intended a certain thing and by mistake in the drafting did not get what both parties intended.

Sims v. Tyler, 276 S.C. 640, 642, 281 S.E.2d 229, 230 (1981).

Mr. Petty's testimony shows that he made a mistake. A unilateral mistake by the Defendants' chosen appraiser does not invalidate the decision of the three-person board of appraisers. If it did, no contested statutory appraisal could go forward as the debtor's chosen appraiser could block any appraisal by claiming unilateral mistake.

Further, Mr. Petty's failure to review the appraisal report he signed is not a basis to invalidate the appraisal. "One who is capable of reading and understanding but fails to read a contract before signing is bound by the terms thereof." *Id.* (citing *Evans v. State Farm Mut. Auto. Ins.*, 269 S.C.

584, 587, 239 S.E.2d 76 (1977)). Likewise, as the Defendants' chosen appraiser, Mr. Petty is bound by the terms of the appraisal report and cannot now invalidate the appraisal with the claim he did not read the two-page document he signed.

While there are no reported cases in which a member of the board of appraisers disavows an appraisal he signed, South Carolina courts have addressed the issue of a differing opinion by a minority appraiser. In *South Carolina National Bank v. S&L Investment Partnership*, 308 S.C. 511, 419 S.E.2d 243 (1992), the debtors attempted to invalidate the majority appraisal by arguing that the Court's appraiser did not consider all the statutory factors. They submitted a statement from their chosen appraiser. This statement indicated that the Court's appraiser believed the only relevant factor to consider was the income production capability of the property. Thus, they argued the Court's appraiser violated the appraisal statute by failing to consider sales value and costs and replacement value of improvements. The Court of Appeals noted that the other appraisers did not testify or submit affidavits. It affirmed the trial court's refusal to order another appraisal.

In *First Citizens Bank and Trust Co. v. Overlook, Inc.*, 286 S.C. 473, 334 S.E.2d 146 (1985), the Court of Appeals affirmed a majority appraisal against the challenge of the debtor. The minority appraiser testified that he relied on the value of mineral deposits in reaching his value of \$187,500. The majority appraisers returned a true value of \$18,000. The debtor attempted to call its president to bolster the report of the minority appraiser. The trial court sustained the lender's objection because the testimony was cumulative, and the Court of Appeals affirmed. The trial court and the Court of Appeals affirmed the appraisal agreed to by only two of three appraisers.

Likewise, the Defendants have only presented the testimony of Mr. Petty. He testified that he no longer agrees with the report of the board of appraisers which he signed. There has been no testimony that the two remaining appraisers agree with Mr. Petty, that the appraisers ignored the statute, or that the report departs from sound appraisal practice. Assuming everything Mr. Petty says is accurate, he is a minority appraiser, and he has put forth no reason to invalidate the report of the board of appraisers.

This Court denies Defendant(s) Rule 59 Motion because Defendant failed to meet his evidentiary burden of proof that a mistake occurred, or that a majority or all of the panel members agreed a mistake occurred or that the Court considered only the three statutory factors in making its ruling.

AND IT IS SO ORDERED.

James O. Spence
Lexington County Master In Equity

Judge's Signature Page to Follow



Lexington Common Pleas

Case Caption: First Reliance Bank VS Charles E Bishop

Case Number: 2011CP3201205

Type: Master/Order/Other

AND IT IS SO ORDERED.

S/JUDGE JAMES O. SPENCE-3068

Electronically signed on 2020-11-04 10:44:07 page 34 of 34

STATE OF SOUTH CAROLINA

FILED

IN THE COURT OF COMMON PLEAS

COUNTY OF LEXINGTON

2011 MAR 28 2:56

First Reliance Bank,

C/A No. _____

BETH A. CARRIGG
CLERK OF COURT
LEXINGTON SC

vs.

LIS PENDENS

Charles E. Bishop, Brett D. Blanks,
BCM of Lexington, LLC d/b/a Dam Bar &
Grill, B&H of Lexington, LLC and Branch
Banking and Trust Company of South
Carolina,

Defendants.

2011-LP-32 506

TO: DEFENDANTS ABOVE NAMED:

NOTICE IS HEREBY GIVEN that an action has been commenced and is now pending in this Court upon the claim of the Plaintiff above-named for the purpose of foreclosing certain mortgages.

The premises covered and affected by said mortgages were at the time of the filing of this notice described as follows:

All those certain pieces, parcels, or lots of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 3 containing 0.692 acre, Parcel 3-A containing 0.058 acre, Parcel 3-B containing 0.016 acre and Parcel 3-C containing 0.007 acre, as shown on a plat prepare for Tom Pool & Richard Pool by Drafts Surveying, Inc., RLS, dated February 21, 2003 and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 9335, at page 80, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Derivation: Parcel 3-A containing 0.058 acre being property conveyed to Marshall C. Hartmann by deed of Gary D. Renaud and Faye L. Renaud, recorded June 15, 2004 in Record Book 9338, at page 87 and by Quit-Claim deed of RE-Stations, Inc., recorded June 15, 2004 in Record Book

2011CP3201205

ROA 123

9338, at page 89, in the Office of the Register of Deeds for ~~Lexington~~ **FILED**
County, South Carolina.

Derivation: Parcel 3-B containing 0.016 acre being property conveyed to Marshall C. Hartmann by deed of Thomas Richard Pool, recorded June 15, 2004 in Record Book 9338, at page 91, in the Office of the Register of Deeds for Lexington County, South Carolina. **2011 MAR 28 P 2: 56**
ARRIGG
CLERK OF COURT
LEXINGTON SC

Derivation: Parcel 3 containing 0.692 acre and Parcel 3-C containing 0.007 acre being property conveyed to Marshall Hartmann by deed of Thomas Richard Pool, recorded June 15, 2004 in Record Book 9338, at page 93, in the Office of the Register of Deeds for Lexington County, South Carolina.

TMS # 003418-01-008

AND:

All those certain pieces, parcels, or lots of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 2 containing 1.165 acres, more or less; Parcel 2-A containing 0.147 acre, more or less; Parcel 2-B containing 0.055 acre, more or less; and Parcel 2-C containing 0.226 acre, more or less, as shown on a revised plat (revised May 19, 2004), prepared for Tom Pool & Richard Pool by Draft Surveying, Inc., and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 9335, at page 88, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Subject to the right of ingress and egress to Parcel 1, as fully shown on plat recorded in Record Book 7933, page 167, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: This being property conveyed to Marshall C. Hartmann and Brett Blanks by deed of Thomas Richard Pool, dated January 22, 2007 and recorded in Record Book 11702, at page 154, in the Office of the Register of Deeds for Lexington County, South Carolina.

TMS # 003418-01-009

AND:

All that certain piece, parcel, or lot of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 1 containing 1.753 acres, more or

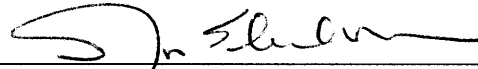
less, as shown on a plat prepared for Tom Pool, Richard Pool and Joe Waters by Draft Surveying, Inc., dated February 21, 2003 and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 7933, at page 167, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Together with the right of ingress and egress over and across that portion of property shown as 20' Ingress/Egress Easement of Parcel 1, on plat recorded in Record Book 7933, page 167, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: This being property conveyed to Marshall C. Hartmann and Brett Blanks by deed of Joseph T. Waters, III, dated January 22, 2007 and recorded in Record Book 11702, at page 154, in the Office of the Register of Deeds for Lexington County, South Carolina.

TMS # 003418-01-007

MOORE, TAYLOR & THOMAS, P.A.

By: 

James Edward Bradley
1700 Sunset Boulevard
P.O. Box 5709
West Columbia, SC 29171
803-796-9160
Attorney for Plaintiff

West Columbia, South Carolina

March 18, 2011

BETH A. CARRIGG
CLERK OF COURT
LEXINGTON SC

2011 MAR 28 2:56

FILED

STATE OF SOUTH CAROLINA

COUNTY OF LEXINGTON

First Reliance Bank,

vs.

Charles E. Bishop, Brett D. Blanks,
BCM of Lexington, LLC d/b/a Dam Bar &
Grill, B&H of Lexington, LLC and Branch
Banking and Trust Company of South
Carolina,

Plaintiff,

Defendants.

FILED

IN THE COURT OF COMMON PLEAS

2011 MAR 28 P 2: 56

C/A No. _____

BETH A. CARRIGG
CLERK OF COURT
LEXINGTON SC

SUMMONS

(Collection on Note)

(Mortgage Foreclosure)

(Appointment of Receiver Requested)

2011CP3201205

TO: DEFENDANTS ABOVE NAMED:

YOU ARE HEREBY SUMMONED AND REQUIRED to answer the complaint in this matter, a copy of which is herewith served upon you, and to serve a copy of your Answer to said Complaint upon the subscriber at his office located at 1700 Sunset Boulevard, Post Office Box 5709, West Columbia, South Carolina, 29171, within THIRTY (30) days from the service thereof, exclusive of the day of such service; and if you fail to answer the Complaint within the time aforesaid, judgment by default will be rendered against you for the relief demanded in the Complaint.

MOORE, TAYLOR & THOMAS, P.A.

By: 

James Edward Bradley
1700 Sunset Boulevard
P.O. Box 5709
West Columbia, SC 29171
(803) 796-9160
Attorney for Plaintiff First Reliance Bank

West Columbia, South Carolina

March 18, 2011

2011-LP-32 506

ROA 126

STATE OF SOUTH CAROLINA

FILED

COUNTY OF LEXINGTON

IN THE COURT OF COMMON PLEAS

2011 MAR 28 P 2:56

First Reliance Bank,

C/A No. _____

BETH A. CARRIG
CLERK OF COURT
LEXINGTON SC

vs.

COMPLAINT

(Collection on Note)

(Mortgage Foreclosure)

(Appointment of Receiver Requested)

Charles E. Bishop, Brett D. Blanks,
BCM of Lexington, LLC d/b/a Dam Bar &
Grill, B&H of Lexington, LLC and Branch
Banking and Trust Company of South
Carolina,

Defendants.

2011CP3201205

The Plaintiff complains of the Defendants as follows:

FOR A FIRST CAUSE OF ACTION

1. The Plaintiff is a South Carolina corporation.
2. The Defendant Charles E. Bishop is an individual doing business in Lexington County, South Carolina.
3. The Defendant Brett D. Blanks is an individual doing business in South Carolina.
4. The Defendant BCM of Lexington, LLC d/b/a Dam Bar & Grill is a South Carolina corporation doing business as a restaurant at 1605 N. Lake Drive, Lexington, South Carolina.
5. The Defendant B&H of Lexington, LLC, is a South Carolina corporate entity owning property in Lexington County.
6. Branch Banking and Trust Company of South Carolina is made a defendant by virtue of mortgages recorded at Book 7504, page 95, and Book 8546, page 232, in the Register

of Deeds Office for Lexington County. These mortgages have been satisfied, but no satisfaction has been recorded.

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7. On August 3, 2006, BCM of Lexington, LLC, entered into a promissory note with First Reliance for the amount of \$525,495. A copy of this note is attached as Exhibit A to this Complaint.

BETH A. CARRIGG
CLERK OF COURT
LEXINGTON SC

8. Pursuant to this promissory note, a default includes the following:

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

9. On August 3, 2006, BCM of Lexington, LLC, entered into a Business Loan Agreement with First Reliance. This Business Loan Agreement indicated that the loan was to be guaranteed by Marshall C. Hartmann, Charles E. Bishop, and Brett D. Blanks.

10. The Business Loan Agreement also indicates that default constitutes the following:

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

11. The Business Loan Agreement also indicates that a default consists of:

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor or any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness....

The preceding events referenced in this clause indicate a payment default.

12. On August 3, 2006, First Reliance Bank entered into a mortgage with Marshall C. Hartmann securing the amount of the loan. The mortgage is on 1605 N Lake Drive, Lexington, South Carolina 29072. A description of this property follows:

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All those certain pieces, parcels, or lots of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 3 containing 0.692 acre, Parcel 3-A containing 0.058 acre, Parcel 3-B containing 0.016 acre and Parcel 3-C containing 0.007 acre, as shown on a plat prepare for Tom Pool & Richard Pool by Drafts Surveying, Inc., RLS, dated February 21, 2003 and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 9335, at page 80, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Derivation: Parcel 3-A containing 0.058 acre being property conveyed to Marshall C. Hartmann by deed of Gary D. Renaud and Faye L. Renaud, recorded June 15, 2004 in Record Book 9338, at page 87 and by Quit-Claim deed of RE-Stations, Inc., recorded June 15, 2004 in Record Book 9338, at page 89, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: Parcel 3-B containing 0.016 acre being property conveyed to Marshall C. Hartmann by deed of Thomas Richard Pool, recorded June 15, 2004 in Record Book 9338, at page 91, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: Parcel 3 containing 0.692 acre and Parcel 3-C containing 0.007 acre being property conveyed to Marshall Hartmann by deed of Thomas Richard Pool, recorded June 15, 2004 in Record Book 9338, at page 93, in the Office of the Register of Deeds for Lexington County, South Carolina.

TMS # 003418-01-008

The mortgage is recorded at Book 11276, Page 239, in the Office of the Register of Deeds for Lexington County, South Carolina. A copy of this mortgage and property description is attached as Exhibit C to this Complaint.

13. This mortgage indicates that it is cross-collateralized with other loans. In particular, the mortgage addresses cross-collateralization as follows:

Cross-Collateralization. In addition to the Note, this Mortgage secures all obligations, debts and liabilities, plus interest thereon, of either Grantor or Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower and Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Borrower or Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

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14. In addition, on August 3, 2006, Marshall Hartmann entered into an Assignment of Rents for all rents from 1605 N Lake Drive. A copy of this Assignment of Rents is attached as Exhibit D to this Complaint. The Assignment of Rents also indicates that it is cross-collateralized in the same manner as the mortgage.

15. On August 3, 2006, the Defendant Brett D. Blanks entered into an unlimited Commercial Guaranty guarantying all debts of BCM of Lexington, LLC, to First Reliance. A copy of this guaranty is attached as Exhibit E to this Complaint.

16. On August 3, 2006, the Defendant Charles E. Bishop entered into an unlimited Commercial Guaranty guarantying all debts of BCM of Lexington, LLC, to First Reliance. A copy of this guaranty is attached as Exhibit F to this Complaint.

17. On August 3, 2006, the Marshall Hartmann entered into an unlimited Commercial Guaranty guarantying all debts of BCM of Lexington, LLC, to First Reliance. The Defendant Marshall Hartmann has since filed a Chapter 7 bankruptcy in Bankruptcy Court for the District of South Carolina. Therefore, this Complaint does not seek a judgment against Marshall Hartmann personally other than a foreclosure of property.

18. On October 31, 2007, Marshall Hartmann conveyed the property subject to the mortgage of Plaintiff to BCM of Lexington, LLC, by deed recorded at Book 10449, page 10, in the Register of Deeds for Lexington County. A copy of this Deed is attached as Exhibit G.

19. On or about May 29, 2009, the Defendants BCM of Lexington, LLC, Marshall C. Hartmann, Brett D. Blanks, and Charles E. Bishop entered into Change in Terms Agreements attached to this Complaint as Exhibits H and I. These Agreements indicate that the original notes will be extended and indicate that the loan is cross-collateralized with other loans to the Defendants.

20. As of March 16, 2011, there is the following owing on the Note, Mortgage, Business Agreement, and Guarantees: \$472,921.71 in principal, \$23,055.06 in interest, and \$1,388.70 late charges for a total of \$497,365.47 incurring interest at the rate of 18.0 percent at \$236.46 per day.

21. These obligations are in default by virtue of the cross-default provisions and the Defendants' failure to make payments on other loans to First Reliance Bank.

22. On January 22, 2007, Marshall C. Hartmann and Brett D. Blanks entered into a promissory note with First Reliance Bank in the principal amount of \$792,087. A copy of this Note is attached as Exhibit J to this Complaint.

23. In addition, the Marshall C. Hartmann and Brett D. Blanks entered into a Business Loan Agreement. A copy of this Agreement is attached as Exhibit K to this Complaint.

24. On January 22, 2007, Marshall C. Hartmann and Brett D. Blanks entered into a mortgage for property known at 1600 Block of N Lake Drive, Parcel 2, 2A, 2B and 2C. The real property tax identification number is 003418-01-009. The legal description of this property is as follows:

All those certain pieces, parcels, or lots of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 2 containing 1.165 acres, more or less; Parcel 2-A containing 0.147 acre, more or less; Parcel 2-B containing 0.055 acre, more or less; and Parcel 2-C containing 0.226 acre, more or less, as shown on a revised plat (revised May 19, 2004), prepared for Tom Pool & Richard Pool by Draft Surveying, Inc., and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 9335, at page 88, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

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Subject to the right of ingress and egress to Parcel 1, as fully shown on plat recorded in Record Book 7933, page 167, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: This being property conveyed to Marshall C. Hartmann and Brett Blanks by deed of Thomas Richard Pool, dated January 22, 2007 and recorded in Record Book 11702, at page 154, in the Office of the Register of Deeds for Lexington County, South Carolina.

TMS # 003418-01-009

This Mortgage is recorded in Book 11702 at page 156 in the Lexington County Register of Deed Office. A copy of this Mortgage is attached as Exhibit L to this Complaint.

25. On January 22, 2007, Marshall Hartmann and Brett Blanks entered into a mortgage for property located at N Lake Drive and Beekeeper Court, Parcel 1, consisting of 1.75 acres. The tax identification number for this property is 003418-01-007. The legal description of this property is as follows:

All that certain piece, parcel, or lot of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 1 containing 1.753 acres, more or less, as shown on a plat prepared for Tom Pool, Richard Pool and Joe Waters by Draft Surveying, Inc., dated February 21, 2003 and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 7933, at page 167, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Together with the right of ingress and egress over and across ~~that portion~~ of property shown as 20' Ingress/Egress Easement of Parcel 1, on plat recorded in Record Book 7933, page 167, in the Office of the Register of Deeds for Lexington County, South Carolina.

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Derivation: This being property conveyed to Marshall C. Hartmann and Brett Blanks by deed of Joseph T. Waters, III, dated January 22, 2007 and recorded in Record Book 11702, at page 154, in the Office of the Register of Deeds for Lexington County, South Carolina.

SETH A. GARRIGG
CLERK OF COURT
LEXINGTON, SC

TMS # 003418-01-007

This Mortgage is recorded in Book 11702 at page 163 in the Register of Deeds Office for Lexington County. A copy of this Mortgage is attached as Exhibit M to this Complaint.

26. On January 22, 2007, Marshall Hartmann entered into a second mortgage with First Reliance Bank for property located at 1605 N Lake Drive. The real property tax identification number for this property is 003418-01-008. A description of this property is as follows:

All those certain pieces, parcels, or lots of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 3 containing 0.692 acre, Parcel 3-A containing 0.058 acre, Parcel 3-B containing 0.016 acre and Parcel 3-C containing 0.007 acre, as shown on a plat prepare for Tom Pool & Richard Pool by Drafts Surveying, Inc., RLS, dated February 21, 2003 and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 9335, at page 80, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Derivation: Parcel 3-A containing 0.058 acre being property conveyed to Marshall C. Hartmann by deed of Gary D. Renaud and Faye L. Renaud, recorded June 15, 2004 in Record Book 9338, at page 87 and by Quit-Claim deed of RE-Stations, Inc., recorded June 15, 2004 in Record Book 9338, at page 89, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: Parcel 3-B containing 0.016 acre being property conveyed to Marshall C. Hartmann by deed of Thomas Richard Pool, recorded June 15, 2004 in Record Book 9338, at page 91, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: Parcel 3 containing 0.692 acre and Parcel 3-C containing 0.007 acre being property conveyed to Marshall Hartmann by deed of Thomas Richard Pool, recorded June 15, 2004 in Record Book 11838 at page 93, in the Office of the Register of Deeds for Lexington County, South Carolina.

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CLERK OF COURT
LEXINGTON SC

TMS # 003418-01-008

This Mortgage is recorded in Book 11702 at page 178 in the Register of Deeds Office for Lexington County. A copy of this Mortgage is attached as Exhibit N to this Complaint.

27. On February 20, 2007, Marshall Hartmann and Brett Blanks conveyed the mortgaged property to B&H of Lexington, LLC, by deed recorded at Book 11788, page 175, in the records of the Register of Deeds Office for Lexington County.

28. On May 29, 2009, Marshall Hartmann, Brett Blanks, and Charles Bishop entered into a promissory note in the amount of \$821,646.97 reaffirming the debt due on the note dated January 22, 2007. A copy of this note is attached as Exhibit O to this Complaint.

29. On May 29, 2009, Marshall Hartmann, Brett Blanks and Charles Bishop entered into a Commercial Pledge Agreement securing the loan by a grant in the security interest of all collateral including "a Mortgage and Assignment of Rents secured by Loan #980124166 in property located at 1605 N Lake Drive, Lexington, SC 29072; recorded in Lexington County on 8/04/06 on Book 11276 at Page 239." In addition, the Commercial Pledge Agreement indicates that the loan is cross-collateralized with all other loans to the borrowers and loans which the borrowers have guaranteed. A copy of this Commercial Pledge Agreement is attached as Exhibit P to this Complaint.

30. As of March 16, 2011, the principal due on this loan is \$861,481.11, interest is \$51,796.95, and late charges and fees are \$2,177.37 for a total of \$915,455.43 incurring interest at the rate of 5.0 percent at \$119.65 per day.

31. These notes and mortgages are in default by failure to pay.

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32. According to the terms and conditions of the mortgages, notes, business loan agreements, and other documents executed between the parties, First Reliance Bank is entitled to foreclose on the mortgages, assignments of rents, and collateral in this matter.

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CLERK OF COURT
LEXINGTON SC

33. The loans are in default of payment and the amounts due have not been paid.

34. The documents allow the Plaintiff to recover reasonable attorney's fees incurred in their enforcement.

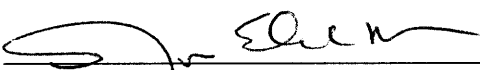
35. First Reliance Bank seeks a deficiency judgment against BCM of Lexington, LLC, Brett D. Blanks, and Charles Bishop. First Reliance Bank does not seek a deficiency judgment against Marshall Hartmann on the basis that he has filed for Chapter 7 Bankruptcy protection.

WHEREFORE, the Plaintiff asks this Court for the following relief:

- a. The Court inquire into the matters set forth in the Complaint and establish the amounts due to the Plaintiff on the notes and mortgages;
- b. The Court award the Plaintiff judgment for the total amounts found to be due together with reasonable attorney's fees, costs and disbursements of this action with the right to enter judgment against the Defendants for any deficiency remaining after the sale of the property;
- c. The Plaintiff's interests be declared by the Court to be a first lien on the property having priority over all other recorded liens, judgments and other interests and that the Court award the Plaintiff judgment of foreclosure for the amounts found to be due to the Plaintiff;

- d. Upon failure of the Defendants to make payment of the full amounts found to be due and owing to the Plaintiff, the Plaintiff asks that the mortgaged premises and secured property be sold under the direction of the Court and the proceeds of the sale be applied to the costs and expenses of the action of the sale, the payment and discharge of the amounts due to the Plaintiff together with reasonable attorney's fees and costs, and any surplus to be distributed according to law;
- e. The Court bar and forever foreclose the equity of redemption of any Defendant and all others claiming any right, title, interest, and/or lien upon the property by, through or under them in the property described in this Complaint;
- f. The Court appoint a receiver to take charge of the property, its rents and proceeds; and
- g. That the Court award such other and further relief as it may deem just and proper.

MOORE, TAYLOR & THOMAS, P.A.

By: 
James Edward Bradley
1700 Sunset Boulevard
P.O. Box 5709
West Columbia, SC 29171
(803) 796-9160
Attorney for Plaintiff First Reliance Bank

West Columbia, South Carolina

March 18, 2011

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CLERK OF COURT
LEXINGTON SC

STATE OF SOUTH CAROLINA

COUNTY OF LEXINGTON

First Reliance Bank,

Plaintiff, BETH A. CARRIGG
CLERK OF COURT
LEXINGTON SC

vs.

Charles E. Bishop, Brett D. Blanks,
BCM of Lexington, LLC d/b/a Dam Bar &
Grill, B&H of Lexington, LLC and Branch
Banking and Trust Company of South
Carolina,

Defendants.

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C/A No. _____

VERIFICATION

2011CP3201205

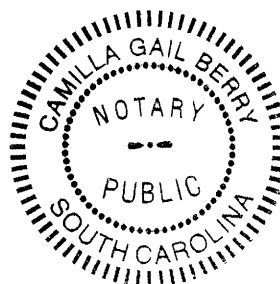
Personally appeared before me, the undersigned officer duly authorized to administer oaths, Richard McIntyre, who, after being duly sworn, testified that he is a Vice President of First Reliance Bank and as such is authorized to execute this verification on behalf of First Reliance Bank, that he has personal knowledge or knowledge derived from records maintained in the ordinary course of business of the information set forth in the Complaint, and such information is true and correct to the best of his knowledge and belief.

This 17th day of March, 2011.

[Signature]
Richard McIntyre

SWORN to before me this 17th
day of March, 2011.

[Signature]
Notary Public for South Carolina My Commission Expires
My Commission Expires: April 1, 2014



PROMISSORY NOTE

| | | | | | | | |
|--|--------------------------------|-------------------------------|-----------------------------|-------------------------------|----------------|-----------------------|-----------------|
| Principal
\$525,495.00 | Loan Date
08-03-2006 | Maturity
08-03-2011 | Loan No
880124186 | Call / Cal
1E / 187 | Account | Officer
CFC | Initials |
| References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations. | | | | | | | |

Borrower: BCM of Lexington LLC
1605 N Lake Drive
Lexington, SC 29072

Lender: First Reliance Bank
Lexington
709 N. Lake Drive
Lexington, SC 29072

Principal Amount: \$525,495.00 Initial Rate: 8.750% Date of Note: August 3, 2006

PROMISE TO PAY. BCM of Lexington LLC ("Borrower") promises to pay to First Reliance Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of Five Hundred Twenty-five Thousand Four Hundred Ninety-five & 00/100 Dollars (\$525,495.00), together with interest on the unpaid principal balance from August 3, 2006, until paid in full. The interest rate will not increase above 18.000%.

PAYMENT. Subject to any payment changes resulting from changes in the Index, Borrower will pay this loan in 59 regular payments of \$5,292.04 each and one irregular last payment estimated at \$425,191.96. Borrower's first payment is due September 3, 2006, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on August 3, 2011, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any unpaid collection costs; and then to any late charges. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the highest rate on corporate rate loans posted by at least 75% of the USA's 30 largest banks known as The Wall Street Journal Prime Rate and is published in The Wall Street Journal (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notice to Borrower. Lender will tell Borrower the current index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The index currently is 8.250% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of 0.500 percentage points over the index, rounded to the nearest 0.125 percent, resulting in an initial rate of 8.750% per annum. Notwithstanding the foregoing, the variable interest rate or rates provided for in this Note will be subject to the following minimum and maximum rates. **NOTICE:** Under no circumstances will the interest rate on this Note be less than 8.000% per annum or more than (except for any higher default rate shown below) the lesser of 18.000% per annum or the maximum rate allowed by applicable law. Whenever increases occur in the interest rate, Lender, at its option, may do one or more of the following: (A) increase Borrower's payments to ensure Borrower's loan will pay off by its original final maturity date, (B) increase Borrower's payments to cover accruing interest, (C) increase the number of Borrower's payments, and (D) continue Borrower's payments at the same amount and increase Borrower's final payment.

PREPAYMENT; MINIMUM INTEREST CHARGE. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$15.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: First Reliance Bank, 2170 West Palmetto Street Florence, SC 29501.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the unpaid portion of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, Lender, at its option, may, if permitted under applicable law, increase the variable interest rate on this Note to 18.000% per annum. The interest rate will not exceed the maximum rate permitted by applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The dissolution of Borrower (regardless of whether election to continue is made), any member withdraws from Borrower, or any other termination of Borrower's existence as a going business or the death of any member, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

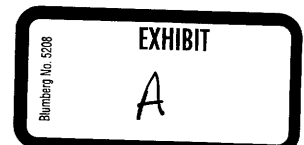
Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes Lender's reasonable attorneys' fees in an amount not less than fifteen percent (15%) of the amount owing on this Note and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender



ROA 138

or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of South Carolina without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of South Carolina.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

COLLATERAL. Borrower acknowledges this Note is secured by the following collateral described in the security instruments listed herein:

- (A) a Mortgage dated August 3, 2006, to Lender on real property located in Lexington County, State of South Carolina.
- (B) an Assignment of All Rents to Lender on real property located in Lexington County, State of South Carolina.

ARBITRATION. Borrower and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Note or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any collateral securing this Note shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any collateral securing this Note, including any claim to rescind, reform, or otherwise modify any agreement relating to the collateral securing this Note, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Note shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

CREDIT INFORMATION. I agree to supply you with whatever information you reasonably feel you need to decide whether to continue this extension of credit. You will make requests for this information without undue frequency, and will give me reasonable time in which to supply the information.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracies should be sent to us at the following address: First Reliance Bank 2170 West Palmetto Street Florence, SC 29501.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.


PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE.

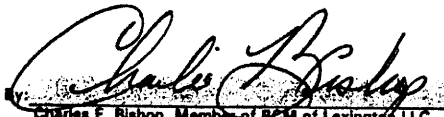
BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.


NOTICE CONCERNING APPRAISAL WAIVER. The laws of South Carolina provide that in any real estate foreclosure proceeding a defendant against whom a personal judgment is taken or asked may within thirty days after the sale of the mortgaged property apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. THE UNDERSIGNED HEREBY WAIVE(S) AND RELINQUISH(ES) THE STATUTORY APPRAISAL RIGHTS WHICH MEANS THE HIGH BID AT THE JUDICIAL FORECLOSURE SALE WILL BE APPLIED TO THE DEBT.

BORROWER:

BCM OF LEXINGTON LLC

By: 
Marshall C Hartmann, Member of BCM of Lexington LLC


Charles E Bishop, Member of BCM of Lexington LLC

By: 
Brett D Blanks, Member of BCM of Lexington LLC



FIRST RELIANCE
BANK

BUSINESS LOAN AGREEMENT

| Principal | Loan Date | Maturity | Loan No | Call Term | Account | Officer | Initials |
|--------------|------------|------------|-----------|-----------|---------|---------|----------|
| \$525,495.00 | 08-03-2006 | 08-03-2011 | 880124166 | 1E/1E7 | | CFC | |

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations.

Borrower: BCM of Lexington LLC
1605 N Lake Drive
Lexington, SC 29072

Lender: First Reliance Bank
Lexington
709 N. Lake Drive
Lexington, SC 29072

THIS BUSINESS LOAN AGREEMENT dated August 3, 2006, is made and executed between BCM of Lexington LLC ("Borrower") and First Reliance Bank ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement ("Loan"). Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of August 3, 2006, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the Initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security Interests; (4) evidence of insurance as required below; (5) guaranties; (6) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any indebtedness exists:

Organization. Borrower is a limited liability company which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of South Carolina. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign limited liability company in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 1605 N Lake Drive, Lexington, SC 29072. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: None.

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles of organization or membership agreements, or (b) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

Hazardous Substances. Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the

Blumberg No. 5208
EXHIBIT
B

ROA 140

obligation to indemnify, shall survive the payment of the indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or effecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with the following:

Annual Statements. As soon as available, but in no event later than one-hundred-twenty (120) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, prepared by Borrower in form satisfactory to Lender.

Tax Returns. As soon as available, but in no event later than 15 days after the applicable filing date for the tax reporting period ended, Federal and other governmental tax returns, prepared by a tax professional satisfactory to Lender.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations. In form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least fifteen (15) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Guaranties. Prior to disbursement of any Loan proceeds, furnish executed guaranties of the Loans in favor of Lender, executed by the guarantors named below, on Lender's forms, and in the amounts and under the conditions set forth in those guaranties.

| <u>Names of Guarantors</u> | <u>Amounts</u> |
|----------------------------|----------------|
| Marshall C Hartmann | Unlimited |
| Charles E Bishop | Unlimited |
| Brett D Blanks | Unlimited |

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to

evidence and secure the Loans and to perfect all Security Interests.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

Indebtedness and Liens. (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including capital leases, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts, except to Lender.

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change its name, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) make any distribution with respect to any capital account, whether by reduction of capital or otherwise.

Loans, Acquisitions and Guaranties. (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

Agreements. Borrower will not enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender; or (E) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The dissolution of Borrower (regardless of whether election to continue is made), any member withdraws from Borrower, or any other termination of Borrower's existence as a going business or the death of any member, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

Insecurity. Lender in good faith believes itself insecure.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Arbitration. Borrower and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Agreement or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Collateral shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or

disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Collateral, including any claim to rescind, reform, or otherwise modify any agreement relating to the Collateral, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Agreement shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of South Carolina without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of South Carolina.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the making of the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means BCM of Lexington LLC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

GAAP. The word "GAAP" means generally accepted accounting principles.

Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means First Reliance Bank, its successors and assigns.

Loan. The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Note. The word "Note" means the Note executed by BCM of Lexington LLC in the principal amount of \$525,495.00 dated August 3, 2006, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Permitted Liens. The words "Permitted Liens" mean (1) liens and security interests securing indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED AUGUST 3, 2006.

BORROWER:

BCM OF LEXINGTON LLC

By: Marshall C Hartmann, Member of BCM of Lexington LLC

By: Charles E Bishop, Member of BCM of Lexington LLC

By: Brett D Blanks, Member of BCM of Lexington LLC

LENDER:

FIRST RELIANCE BANK

By: Chase Colbert, Loan Officer

2006/08/03 11:06:00
REC'D: 06/03/06
LEXINGTON COUNTY S&M DEPT. 11
PAGE: 17

WHEN RECORDED MAIL TO:

First Reliance Bank
2170 West Palmetto Street
Florence, SC 29501

SEND TAX NOTICES TO:

Marshall C Hartmann
120 RUSTIC MANOR CT
LEXINGTON, SC 29072-9716

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MORTGAGE

MAXIMUM LIEN. The amount of indebtedness secured by this Mortgage, including the outstanding amount of the Note and all future advances shall at no time exceed the principal amount of \$1,040,000.00, plus interest, reasonable attorneys' fees, court costs and the expenses to preserve and protect the Property. Interest under the Note will be deferred, accrued or capitalized, but Lender shall not be required to defer, accrue or capitalize any interest except as provided in the Note.

THIS MORTGAGE dated August 3, 2006, is made and executed between Marshall C Hartmann, whose address is 120 RUSTIC MANOR CT, LEXINGTON, SC 29072-9716 (referred to below as "Grantor") and First Reliance Bank, whose address is 709 N. Lake Drive, Lexington, SC 29072 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages, grants, and conveys to Lender all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Lexington County, State of South Carolina:

See see exhibit A, which is attached to this Mortgage and made a part of this Mortgage as if fully set forth herein.

The Real Property or its address is commonly known as 1605 N Lake Drive, Lexington, SC 29072. The Real Property tax identification number is 003418-01-008.

CROSS-COLLATERALIZATION. In addition to the Note, this Mortgage secures all obligations, debts and liabilities, plus interest thereon, of either Grantor or Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower and Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Borrower or Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

FUTURE ADVANCES. In addition to the Note, this Mortgage secures all future advances made by Lender to Grantor whether or not the advances are made pursuant to a commitment. Specifically, without limitation, this Mortgage secures, in addition to the amounts specified in the Note, all future amounts Lender in its discretion may loan to Borrower, together with all interest thereon; however, in no event shall such future advances (excluding interest) exceed in the aggregate \$1,040,000.00. This Mortgage shall remain an open mortgage of record to secure future advances in accordance with Section 29-3-60, as amended, Code of Laws of South Carolina (1976) even in the event all sums secured by this Mortgage may be fully paid at any one time; however, upon request of Grantor, Lender will cause this Mortgage to be released and cancelled of record upon full payment of all indebtedness then owing, and upon such cancellation of this Mortgage of record, this Mortgage shall become null and void. Such release shall be without charge to Grantor; however, Grantor shall pay all costs of recordation, if any, and all documentary stamps due on the Note evidencing future advances secured by this Mortgage.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

GRANTOR'S WAIVERS. Grantor waives all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law which may prevent Lender from bringing any action against Grantor, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale.

GRANTOR'S REPRESENTATIONS AND WARRANTIES. Grantor warrants that: (a) this Mortgage is executed at Borrower's request and not at the request of Lender; (b) Grantor has the full power, right, and authority to enter into this Mortgage and to hypothecate the Property; (c) the provisions of this Mortgage do not conflict with, or result in a default under any agreement or other instrument binding upon Grantor and do not result in a violation of any law, regulation, court decree or order applicable to Grantor; (d) Grantor has established adequate means of obtaining from Borrower on a continuing basis information about Borrower's financial condition; and (e) Lender has made no representation to Grantor about Borrower (including without limitation the creditworthiness of Borrower).

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Borrower and Grantor shall pay to Lender all indebtedness secured by this Mortgage as it becomes due, and Borrower and Grantor shall strictly perform all Borrower's and Grantor's obligations under this Mortgage.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Borrower and Grantor agree that Borrower's and Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

Duty to Maintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be



for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Mortgage, including the obligation to indemnify, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, declare immediately due and payable all sums secured by this Mortgage upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by South Carolina law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Mortgage:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Lender under this Mortgage, except for those liens specifically agreed to in writing by Lender, and except for the lien of taxes and assessments not due as further specified in the Right to Contest paragraph.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and reasonable attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Mortgage:

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of fifteen (15) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Mortgage. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Mortgage or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Mortgage or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the

Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Mortgage also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mortgage:

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Grantor has the full right, power, and authority to execute and deliver this Mortgage to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Mortgage shall survive the execution and delivery of this Mortgage, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Mortgage:

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Mortgage and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Mortgage.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Mortgage or upon all or any part of the indebtedness secured by this Mortgage; (2) a specific tax on Borrower which Borrower is authorized or required to deduct from payments on the indebtedness secured by this type of Mortgage; (3) a tax on this type of Mortgage chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the indebtedness or on payments of principal and interest made by Borrower.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Mortgage as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Mortgage.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Mortgage:

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Borrower's and Grantor's obligations under the Note, this Mortgage, and the Related Documents, and (2) the liens and security interests created by this Mortgage as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Borrower and Grantor pay all the indebtedness, including without limitation all future advances, when due, and Grantor otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Mortgage:

Payment Default. Borrower fails to make any payment when due under the indebtedness.

Default on Other Payments. Failure of Borrower within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Other Defaults. Borrower or Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Mortgage or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower or Grantor.

Default in Favor of Third Parties. Should Borrower or any Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any

Grantor's property or Borrower's ability to repay the indebtedness or Borrower's or Grantor's ability to perform their respective obligations under this Mortgage or any related document.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or Grantor or on Borrower's or Grantor's behalf under this Mortgage or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Mortgage or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Death or Insolvency. The dissolution of Grantor's (regardless of whether election to continue is made), any member withdraws from the limited liability company, or any other termination of Borrower's or Grantor's existence as a going business or the death of any member, the insolvency of Borrower or Grantor, the appointment of a receiver for any part of Borrower's or Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or Grantor or by any governmental agency against any property securing the indebtedness. This includes a garnishment of any of Borrower's or Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower or Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower or Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Breach of Other Agreement. Any breach by Borrower or Grantor under the terms of any other agreement between Borrower or Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Borrower or Grantor to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default and at any time thereafter, Lender, at Lender's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right, without notice to Borrower or Grantor, to take possession of the Property and, as mortgagee-in-possession, collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Judicial Foreclosure. Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property.

Nonjudicial Sale. If permitted by applicable law, Lender may foreclose Grantor's interest in all or in any part of the Personal Property or the Real Property by non-judicial sale.

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

Appraisal. Grantor hereby waives the right to assert any statute providing appraisal rights which may reduce any deficiency judgment obtained by Lender against Borrower in the event of foreclosure under this Mortgage.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of Lender.

Other Remedies. Lender shall have all other rights and remedies provided in this Mortgage or the Note or available at law or in equity.

Sale of the Property. To the extent permitted by applicable law, Borrower and Grantor hereby waive any and all right to have the Property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Mortgage, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies. Nothing under this Mortgage or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lender following an Event of Default, or in any way to limit or restrict the rights and ability of Lender to proceed directly against Grantor and/or Borrower and/or against any other co-maker, guarantor, surety or endorser and/or to proceed against any other collateral directly or indirectly securing the indebtedness.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's reasonable attorneys' fees in an amount not less than fifteen percent (15%) of the amount owing on the indebtedness and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

NOTICES. Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when

deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage:

Amendments. This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Arbitration. Borrower and Grantor and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Mortgage or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Property shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Property, including any claim to rescind, reform, or otherwise modify any agreement relating to the Property, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Mortgage shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

Caption Headings. Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage.

Governing Law. This Mortgage will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of South Carolina without regard to its conflicts of law provisions. This Mortgage has been accepted by Lender in the State of South Carolina.

Joint and Several Liability. All obligations of Borrower and Grantor under this Mortgage shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each Borrower and Grantor signing below is responsible for all obligations in this Mortgage.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Mortgage unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Mortgage shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Mortgage. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Mortgage to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Mortgage. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Mortgage shall not affect the legality, validity or enforceability of any other provision of this Mortgage.

Merger. There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Successors and Assigns. Subject to any limitations stated in this Mortgage on transfer of Grantor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Mortgage or liability under the indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Mortgage.

Waive Jury. All parties to this Mortgage hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of South Carolina as to all indebtedness secured by this Mortgage.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Mortgage. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means BCM of Lexington LLC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Default. The word "Default" means the Default set forth in this Mortgage in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Mortgage in the events of default section of this Mortgage.

Grantor. The word "Grantor" means Marshall C Hartmann.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

MORTGAGE
(Continued)

Loan No: 980124165

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Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, earned interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Mortgage, together with interest on such amounts as provided in this Mortgage. Specifically, without limitation, Indebtedness includes the future advances set forth in the Future Advances provision, together with all interest thereon and all amounts that may be indirectly secured by the Cross-Collateralization provision of this Mortgage.

Lender. The word "Lender" means First Reliance Bank, its successors and assigns.

Mortgage. The word "Mortgage" means this Mortgage between Grantor and Lender.

Note. The word "Note" means the promissory note dated August 3, 2006, in the original principal amount of \$525,495.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. NOTICE TO GRANTOR: THE NOTE CONTAINS A VARIABLE INTEREST RATE.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Mortgage.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MORTGAGE, AND GRANTOR AGREES TO ITS TERMS.

GRANTOR:

X Marshall C Hartmann

Signed, acknowledged and delivered in the presence of:

X [Signature]
Witness

X [Signature]
Witness

INDIVIDUAL ACKNOWLEDGMENT

STATE OF SOUTH CAROLINA

)
) SS

COUNTY OF LEXINGTON

)

PERSONALLY appeared before me and made oath that he or she saw the within-named Grantor(s) sign, seal, and, as his or her act and deed, deliver the within-written Mortgage for the uses and purposes therein mentioned, and that he or she with the other witness subscribed above witnessed the execution thereof.

[Signature]
(Witness)

SWORN to before me this 3rd

day of August, A.D. 2006

[Signature] (Seal)
Notary Public

My Commission expires: 02/01/16

Exhibit "A"

All those certain pieces, parcels, or lots of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 3 containing 0.692 acre, Parcel 3-A containing 0.058 acre, Parcel 3-B containing 0.016 acre and Parcel 3-C containing 0.007 acre, as shown on a plat prepared for Tom Pool & Richard Pool by Drafts Surveying, Inc., RLS, dated February 21, 2003 and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 9335, at page 80, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Derivation: Parcel 3-A containing 0.058 acre being property conveyed to Marshall C. Hartmann by deed of Gary D. Renaud and Faye L. Renaud, recorded June 15, 2004 in Record Book 9338, at page 87 and by Quit-Claim deed of RE-Stations, Inc., recorded June 15, 2004 in Record Book 9338, at page 89, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: Parcel 3-B containing 0.016 acre being property conveyed to Marshall C. Hartmann by deed of Thomas Richard Pool, recorded June 15, 2004 in Record Book 9338, at page 91, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: Parcel 3 containing 0.692 acre and Parcel 3-C containing 0.007 acre being property conveyed to Marshall Hartmann by deed of Thomas Richard Pool, recorded June 15, 2004 in Record Book 9338, at page 93, in the Office of the Register of Deeds for Lexington County, South Carolina.

TMS # 003418-01-008

WHEN RECORDED MAIL TO:

First Reliance Bank
2170 West Palmetto Street
Florence, SC 29501

SEND TAX NOTICES TO:

Marshall C Hartmann
120 RUSTIC MANOR CT
LEXINGTON, SC 29072-9716

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

ASSIGNMENT OF RENTS

THIS ASSIGNMENT OF RENTS dated August 3, 2006, is made and executed between Marshall C Hartmann, whose address is 120 RUSTIC MANOR CT, LEXINGTON, SC 29072-9716 (referred to below as "Grantor") and First Reliance Bank, whose address is 709 N. Lake Drive, Lexington, SC 29072 (referred to below as "Lender").

ASSIGNMENT. For valuable consideration, Grantor hereby assigns, grants a continuing security interest in, and conveys to Lender all of Grantor's right, title, and interest in and to the Rents from the following described Property located in Lexington County, State of South Carolina:

See see exhibit A, which is attached to this Assignment and made a part of this Assignment as if fully set forth herein.

The Property or its address is commonly known as 1605 N Lake Drive, Lexington, SC 29072. The Property tax identification number is 003418-01-008.

CROSS-COLLATERALIZATION. In addition to the Note, this Assignment secures all obligations, debts and liabilities, plus interest thereon, of either Grantor or Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower and Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Borrower or Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

FUTURE ADVANCES. In addition to the Note, this Assignment secures all future advances made by Lender to Grantor whether or not the advances are made pursuant to a commitment. Specifically, without limitation, this Assignment secures, in addition to the amounts specified in the Note, all future amounts Lender in its discretion may loan to Borrower, together with all interest thereon; however, in no event shall such future advances (excluding interest) exceed in the aggregate \$1,040,000.00. This Assignment shall remain an open mortgage of record to secure future advances in accordance with Section 29-3-50, as amended, Code of Laws of South Carolina (1976) even in the event all sums secured by this Assignment may be fully paid at any one time; however, upon request of Grantor, Lender will cause this Assignment to be released and cancelled of record upon full payment of all indebtedness then owing, and upon such cancellation of this Assignment of record, this Assignment shall become null and void. Such release shall be without charge to Grantor; however, Grantor shall pay all costs of recordation, if any, and all documentary stamps due on the Note evidencing future advances secured by this Assignment.

THIS ASSIGNMENT IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF BORROWER AND GRANTOR UNDER THE NOTE, THIS ASSIGNMENT, AND THE RELATED DOCUMENTS. THIS ASSIGNMENT IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

GRANTOR'S WAIVERS. Grantor waives all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law which may prevent Lender from bringing any action against Grantor, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale.

BORROWER'S WAIVERS AND RESPONSIBILITIES. Lender need not tell Borrower about any action or inaction Lender takes in connection with this Assignment. Borrower assumes the responsibility for being and keeping informed about the Property. Borrower waives any defenses that may arise because of any action or inaction of Lender, including without limitation any failure of Lender to realize upon the Property, or any delay by Lender in realizing upon the Property. Borrower agrees to remain liable under the Note with Lender no matter what action Lender takes or fails to take under this Assignment.

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Assignment or any Related Documents, Grantor shall pay to Lender all amounts secured by this Assignment as they become due, and shall strictly perform all of Grantor's obligations under this Assignment. Unless and until Lender exercises its right to collect the Rents as provided below and so long as there is no default under this Assignment, Grantor may remain in possession and control of and operate and manage the Property and collect the Rents, provided that the granting of the right to collect the Rents shall not constitute Lender's consent to the use of cash collateral in a bankruptcy proceeding.

GRANTOR'S REPRESENTATIONS AND WARRANTIES. Grantor warrants that:

Ownership. Grantor is entitled to receive the Rents free and clear of all rights, loans, liens, encumbrances, and claims except as disclosed to and accepted by Lender in writing.

Right to Assign. Grantor has the full right, power and authority to enter into this Assignment and to assign and convey the Rents to Lender.

No Prior Assignment. Grantor has not previously assigned or conveyed the Rents to any other person by any instrument now in force.

No Further Transfer. Grantor will not sell, assign, encumber, or otherwise dispose of any of Grantor's rights in the Rents except as provided in this Assignment.

LENDER'S RIGHT TO RECEIVE AND COLLECT RENTS. Lender shall have the right at any time, and even though no default shall have occurred under this Assignment, to collect and receive the Rents. For this purpose, Lender is hereby given and granted the following rights, powers and authority:

Notice to Tenants. Lender may send notices to any and all tenants of the Property advising them of this Assignment and directing all Rents to be paid directly to Lender or Lender's agent.

Enter the Property. Lender may enter upon and take possession of the Property; demand, collect and receive from the tenants or from any other persons liable therefor, all of the Rents; institute and carry on all legal proceedings necessary for the protection of the Property, including such proceedings as may be necessary to recover possession of the Property; collect the Rents and remove any tenant or tenants or other persons from the Property.

Maintain the Property. Lender may enter upon the Property to maintain the Property and keep the same in repair; to pay the costs thereof and of all services of all employees, including their equipment, and of all continuing costs and expenses of maintaining the Property in proper repair and condition, and also to pay all taxes, assessments and water utilities, and the premiums on fire and other insurance effected by Lender on the Property.

Compliance with Laws. Lender may do any and all things to execute and comply with the laws of the State of South Carolina and also all other laws, rules, orders, ordinances and requirements of all other governmental agencies affecting the Property.



**ASSIGNMENT OF RENTS
(Continued)**

Loan No: 980124166

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Lease the Property. Lender may rent or lease the whole or any part of the Property for such term or terms and on such conditions as Lender may deem appropriate.

Employ Agents. Lender may engage such agent or agents as Lender may deem appropriate, either in Lender's name or in Grantor's name, to rent and manage the Property, including the collection and application of Rents.

Other Acts. Lender may do all such other things and acts with respect to the Property as Lender may deem appropriate and may act exclusively and solely in the place and stead of Grantor and to have all of the powers of Grantor for the purposes stated above.

No Requirement to Act. Lender shall not be required to do any of the foregoing acts or things, and the fact that Lender shall have performed one or more of the foregoing acts or things shall not require Lender to do any other specific act or thing.

APPLICATION OF RENTS. All costs and expenses incurred by Lender in connection with the Property shall be for Grantor's account and Lender may pay such costs and expenses from the Rents. Lender, in its sole discretion, shall determine the application of any and all Rents received by it; however, any such Rents received by Lender which are not applied to such costs and expenses shall be applied to the Indebtedness. All expenditures made by Lender under this Assignment and not reimbursed from the Rents shall become a part of the Indebtedness secured by this Assignment, and shall be payable on demand, with interest at the Note rate from date of expenditure until paid.

FULL PERFORMANCE. If Grantor pays all of the Indebtedness when due and otherwise performs all the obligations imposed upon Grantor under this Assignment, the Note, and the Related Documents, Lender shall execute and deliver to Grantor a suitable satisfaction of this Assignment and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Property. Any termination fee required by law shall be paid by Grantor, if permitted by applicable law.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Assignment or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Assignment or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Rents or the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Assignment also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Assignment:

Payment Default. Borrower fails to make any payment when due under the Indebtedness.

Other Defaults. Borrower or Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Assignment or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower or Grantor.

Default on Other Payments. Failure of Grantor within the time required by this Assignment to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Default in Favor of Third Parties. Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or Grantor's ability to perform Grantor's obligations under this Assignment or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or Grantor or on Borrower's or Grantor's behalf under this Assignment or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Assignment or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Death or Insolvency. The dissolution of Grantor's (regardless of whether election to continue is made), any member withdraws from the limited liability company, or any other termination of Borrower's or Grantor's existence as a going business or the death of any member, the insolvency of Borrower or Grantor, the appointment of a receiver for any part of Borrower's or Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or Grantor or by any governmental agency against the Rents or any property securing the Indebtedness. This includes a garnishment of any of Borrower's or Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower or Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower or Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Property Damage or Loss. The Property is lost, stolen, substantially damaged, sold, or borrowed against.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time thereafter, Lender may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

Collect Rents. Lender shall have the right, without notice to Borrower or Grantor, to take possession of the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender shall have all the rights provided for in the Lender's Right to Receive and Collect Rents Section, above. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Other Remedies. Lender shall have all other rights and remedies provided in this Assignment or the Note or by law.

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Assignment, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Assignment, Lender shall be entitled to

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recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's reasonable attorneys' fees in an amount not less than fifteen percent (15%) of the amount owing on the indebtedness and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Assignment:

Amendments. This Assignment, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Assignment. No alteration of or amendment to this Assignment shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Arbitration. Borrower and Grantor and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Assignment or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Property shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Property, including any claim to rescind, reform, or otherwise modify any agreement relating to the Property, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Assignment shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

Caption Headings. Caption headings in this Assignment are for convenience purposes only and are not to be used to interpret or define the provisions of this Assignment.

Governing Law. This Assignment will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of South Carolina without regard to its conflicts of law provisions. This Assignment has been accepted by Lender in the State of South Carolina.

Joint and Several Liability. All obligations of Borrower and Grantor under this Assignment shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each Borrower and Grantor signing below is responsible for all obligations in this Assignment.

Merger. There shall be no merger of the interest or estate created by this assignment with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Interpretation. (1) In all cases where there is more than one Borrower or Grantor, then all words used in this Assignment in the singular shall be deemed to have been used in the plural where the context and construction so require. (2) If more than one person signs this Assignment as "Grantor," the obligations of each Grantor are joint and several. This means that if Lender brings a lawsuit, Lender may sue any one or more of the Grantors. If Borrower and Grantor are not the same person, Lender need not sue Borrower first, and that Borrower need not be joined in any lawsuit. (3) The names given to paragraphs or sections in this Assignment are for convenience purposes only. They are not to be used to interpret or define the provisions of this Assignment.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Assignment unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Assignment shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Assignment. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Assignment, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Assignment shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Assignment. Any party may change its address for notices under this Assignment by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Powers of Attorney. The various agencies and powers of attorney conveyed on Lender under this Assignment are granted for purposes of security and may not be revoked by Grantor until such time as the same are renounced by Lender.

Severability. If a court of competent jurisdiction finds any provision of this Assignment to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Assignment. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Assignment shall not affect the legality, validity or enforceability of any other provision of this Assignment.

Successors and Assigns. Subject to any limitations stated in this Assignment on transfer of Grantor's interest, this Assignment shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Assignment and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Assignment or liability under the indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Assignment.

Waive Jury. All parties to this Assignment hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

WAIVER OF HOMESTEAD EXEMPTION. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of South Carolina as to all indebtedness secured by this Assignment.

WAIVER OF RIGHT OF REDEMPTION. NOTWITHSTANDING ANY OF THE PROVISIONS TO THE CONTRARY CONTAINED IN THIS ASSIGNMENT, GRANTOR HEREBY WAIVES ANY AND ALL RIGHTS OF REDEMPTION FROM SALE UNDER ANY ORDER OR JUDGMENT OF FORECLOSURE ON GRANTOR'S BEHALF AND ON BEHALF OF EACH AND EVERY PERSON, EXCEPT JUDGMENT CREDITORS OF GRANTOR, ACQUIRING ANY INTEREST IN OR TITLE TO THE PROPERTY SUBSEQUENT TO THE DATE OF THIS ASSIGNMENT.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Assignment. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Assignment shall have the meanings attributed to such terms in the Uniform Commercial Code:

Assignment. The word "Assignment" means this ASSIGNMENT OF RENTS, as this ASSIGNMENT OF RENTS may be amended or modified from time to time, together with all exhibits and schedules attached to this ASSIGNMENT OF RENTS from time to time.

Borrower. The word "Borrower" means BCM of Lexington LLC.

ASSIGNMENT OF RENTS
(Continued)

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Default. The word "Default" means the Default set forth in this Assignment in the section titled "Default".

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Assignment in the default section of this Assignment.

Grantor. The word "Grantor" means Marshall C Hartmann.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Indebtedness. The word "Indebtedness" means all principal, earned interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Assignment, together with interest on such amounts as provided in this Assignment. Specifically, without limitation, Indebtedness includes the future advances set forth in the Future Advances provision, together with all interest thereon and all amounts that may be indirectly secured by the Cross-Collateralization provision of this Assignment.

Lender. The word "Lender" means First Reliance Bank, its successors and assigns.

Note. The word "Note" means the promissory note dated August 3, 2006, in the original principal amount of \$525,495.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Assignment" section of this Assignment.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

Rents. The word "Rents" means all of Grantor's present and future rights, title and interest in, to and under any and all present and future leases, including, without limitation, all rents, revenue, income, issues, royalties, bonuses, accounts receivable, cash or security deposits, advance rentals, profits and proceeds from the Property, and other payments and benefits derived or to be derived from such leases of every kind and nature, whether due now or later, including without limitation Grantor's right to enforce such leases and to receive and collect payment and proceeds thereunder.

THE UNDERSIGNED ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS ASSIGNMENT. THIS DOCUMENT IS EXECUTED ON AUGUST 3, 2006.

GRANTOR:

X Marshall C Hartmann
 Signed, acknowledged and delivered in the presence of:
 X [Signature]
 Witness
 X [Signature]
 Witness

INDIVIDUAL ACKNOWLEDGMENT

STATE OF SOUTH CAROLINA)
)
 COUNTY OF LEXINGTON) SS
)

PERSONALLY appeared before me and made oath that he or she saw the within-named Grantor(s) sign, seal, and, as his or her act and deed, deliver the within-written Assignment for the uses and purposes therein mentioned, and that he or she with the other witness subscribed above witnessed the execution thereof.

SWORN to before me this 3rd
 day of AUGUST, A.D. 20 06
[Signature] (Seal)
 Notary Public
 My Commission expires: 02/01/16

[Signature]
 (Witness)

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Exhibit "A"

All those certain pieces, parcels, or lots of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 3 containing 0.692 acre, Parcel 3-A containing 0.058 acre, Parcel 3-B containing 0.016 acre and Parcel 3-C containing 0.007 acre, as shown on a plat prepared for Tom Pool & Richard Pool by Drafts Surveying, Inc., RLS, dated February 21, 2003 and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 9335, at page 80, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Derivation: Parcel 3-A containing 0.058 acre being property conveyed to Marshall C. Hartmann by deed of Gary D. Renaud and Faye L. Renaud, recorded June 15, 2004 in Record Book 9338, at page 87 and by Quit-Claim deed of RE-Stations, Inc., recorded June 15, 2004 in Record Book 9338, at page 89, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: Parcel 3-B containing 0.016 acre being property conveyed to Marshall C. Hartmann by deed of Thomas Richard Pool, recorded June 15, 2004 in Record Book 9338, at page 91, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: Parcel 3 containing 0.692 acre and Parcel 3-C containing 0.007 acre being property conveyed to Marshall Hartmann by deed of Thomas Richard Pool, recorded June 15, 2004 in Record Book 9338, at page 93, in the Office of the Register of Deeds for Lexington County, South Carolina.

TMS # 003418-01-008


FIRST RELIANCE
 BANK
COMMERCIAL GUARANTY

| Principal | Loan Date | Maturity | Loan No | Cal / Cal
TE / 157 | Account | Officer
CFC | Initials |
|---|-----------|----------|---------|-----------------------|---------|----------------|----------|
| References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing ***** has been omitted due to text length limitations. | | | | | | | |

Borrower: BCM of Lexington LLC
1605 N Lake Drive
Lexington, SC 29072

Lender: First Reliance Bank
Lexington
709 N. Lake Drive
Lexington, SC 29072

Guarantor: Brett D Blanks
137 BELLE CHASE DR
LEXINGTON, SC 29072-7844

CONTINUING GUARANTEE OF PAYMENT AND PERFORMANCE. For good and valuable consideration, Guarantor absolutely and unconditionally guarantees full and punctual payment and satisfaction of the indebtedness of Borrower to Lender, and the performance and discharge of all Borrower's obligations under the Note and the Related Documents. This is a guaranty of payment and performance and not of collection, so Lender can enforce this Guaranty against Guarantor even when Lender has not exhausted Lender's remedies against anyone else obligated to pay the indebtedness or against any collateral securing the indebtedness, this Guaranty or any other guaranty of the indebtedness. Guarantor will make any payments to Lender or its order, on demand, in legal tender of the United States of America, in same-day funds, without set-off or deduction or counterclaim, and will otherwise perform Borrower's obligations under the Note and Related Documents. Under this Guaranty, Guarantor's liability is unlimited and Guarantor's obligations are continuing.

INDEBTEDNESS. The word "indebtedness" as used in this Guaranty means all of the principal amount outstanding from time to time and at any one or more times, accrued unpaid interest thereon and all collection costs and legal expenses related thereto permitted by law, reasonable attorneys' fees, arising from any and all debts, liabilities and obligations of every nature or form, now existing or hereafter arising or acquired, that Borrower individually or collectively or interchangeably with others, owes or will owe Lender. "Indebtedness" includes, without limitation, loans, advances, debts, overdraft indebtedness, credit card indebtedness, lease obligations, other obligations, and liabilities of Borrower, and any present or future judgments against Borrower, future advances, loans or transactions that renew, extend, modify, refinance, consolidate or substitute these debts, liabilities and obligations whether: voluntarily or involuntarily incurred; due or to become due by their terms or acceleration; absolute or contingent; liquidated or unliquidated; determined or undetermined; direct or indirect; primary or secondary in nature or arising from a guaranty or surety; secured or unsecured; joint or several or joint and several; evidenced by a negotiable or non-negotiable instrument or writing; originated by Lender or another or others; barred or unenforceable against Borrower for any reason whatsoever; for any transactions that may be voidable for any reason (such as infancy, insanity, ultra vires or otherwise); and originated then reduced or extinguished and then afterwards increased or reinstated.

If Lender presently holds one or more guaranties, or hereafter receives additional guaranties from Guarantor, Lender's rights under all guaranties shall be cumulative. This Guaranty shall not (unless specifically provided below to the contrary) affect or invalidate any such other guaranties. Guarantor's liability will be Guarantor's aggregate liability under the terms of this Guaranty and any such other unexpired guaranties.

CONTINUING GUARANTY. THIS IS A "CONTINUING GUARANTY" UNDER WHICH GUARANTOR AGREES TO GUARANTEE THE FULL AND PUNCTUAL PAYMENT, PERFORMANCE AND SATISFACTION OF THE INDEBTEDNESS OF BORROWER TO LENDER, NOW EXISTING OR HEREAFTER ARISING OR ACQUIRED, ON AN OPEN AND CONTINUING BASIS. ACCORDINGLY, ANY PAYMENTS MADE ON THE INDEBTEDNESS WILL NOT DISCHARGE OR DIMINISH GUARANTOR'S OBLIGATIONS AND LIABILITY UNDER THIS GUARANTY FOR ANY REMAINING AND SUCCEEDING INDEBTEDNESS EVEN WHEN ALL OR PART OF THE OUTSTANDING INDEBTEDNESS MAY BE A ZERO BALANCE FROM TIME TO TIME.

DURATION OF GUARANTY. This Guaranty will take effect when received by Lender without the necessity of any acceptance by Lender, or any notice to Guarantor or to Borrower, and will continue in full force until all the indebtedness incurred or contracted before receipt by Lender of any notice of revocation shall have been fully and finally paid and satisfied and all of Guarantor's other obligations under this Guaranty shall have been performed in full. If Guarantor elects to revoke this Guaranty, Guarantor may only do so in writing. Guarantor's written notice of revocation must be mailed to Lender, by certified mail, at Lender's address listed above or such other place as Lender may designate in writing. Written revocation of this Guaranty will apply only to advances or new indebtedness created after actual receipt by Lender of Guarantor's written revocation. For this purpose and without limitation, the term "new indebtedness" does not include the indebtedness which at the time of notice of revocation is contingent, unliquidated, undetermined or not due and which later becomes absolute, liquidated, determined or due. This Guaranty will continue to bind Guarantor for all the indebtedness incurred by Borrower or committed by Lender prior to receipt of Guarantor's written notice of revocation, including any extensions, renewals, substitutions or modifications of the indebtedness. All renewals, extensions, substitutions, and modifications of the indebtedness granted after Guarantor's revocation, are contemplated under this Guaranty and, specifically will not be considered to be new indebtedness. This Guaranty shall bind Guarantor's estate as to the indebtedness created both before and after Guarantor's death or incapacity, regardless of Lender's actual notice of Guarantor's death. Subject to the foregoing, Guarantor's executor or administrator or other legal representative may terminate this Guaranty in the same manner in which Guarantor might have terminated it and with the same effect. Release of any other guaranty or termination of any other guaranty of the indebtedness shall not affect the liability of Guarantor under this Guaranty. A revocation Lender receives from any one or more Guarantors shall not affect the liability of any remaining Guarantors under this Guaranty. It is anticipated that fluctuations may occur in the aggregate amount of the indebtedness covered by this Guaranty, and Guarantor specifically acknowledges and agrees that reductions in the amount of the indebtedness, even to zero dollars (\$0.00), prior to Guarantor's written revocation of this Guaranty shall not constitute a termination of this Guaranty. This Guaranty is binding upon Guarantor and Guarantor's heirs, successors and assigns so long as any of the indebtedness remains unpaid and even though the indebtedness may from time to time be zero dollars (\$0.00).

GUARANTOR'S AUTHORIZATION TO LENDER. Guarantor authorizes Lender, either before or after any revocation hereof, without notice or demand and without lessening Guarantor's liability under this Guaranty, from time to time: (A) prior to revocation as set forth above, to make one or more additional secured or unsecured loans to Borrower, to lease equipment or other goods to Borrower, or otherwise to extend additional credit to Borrower; (B) to alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of the indebtedness or any part of the indebtedness, including increases and decreases of the rate of interest on the indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) to take and hold security for the payment of this Guaranty or the indebtedness, and exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such security, with or without the substitution of new collateral; (D) to release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; (E) to determine how, when and what application of payments and credits shall be made on the indebtedness; (F) to apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security agreement or deed of trust, as Lender in its discretion may determine; (G) to sell, transfer, assign or grant participations in all or any part of the indebtedness; and (H) to assign or transfer this Guaranty in whole or in part.

GUARANTOR'S REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants to Lender that (A) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (B) this Guaranty is executed at Borrower's request and not at the request of Lender; (C) Guarantor has full power, right and authority to enter into this Guaranty; (D) the provisions of this Guaranty do not conflict with or result in a default under any agreement or other instrument binding upon Guarantor and do not result in a violation of any law, regulation, court decree or order applicable to Guarantor; (E) Guarantor has not and will not, without the prior written consent of Lender, sell, lease, assign, encumber, hypothecate, transfer, or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein; (F) upon Lender's request, Guarantor will provide to Lender financial and credit information in form acceptable to Lender, and all such financial information which currently has been, and all future financial information which will be provided to Lender is and will be true and correct in all material respects and fairly present Guarantor's financial condition as of the dates the financial information is provided; (G) no material adverse change has occurred in Guarantor's financial condition since the date of the most recent financial statements provided to Lender and no event has occurred which may materially adversely affect Guarantor's financial condition; (H) no litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Guarantor is pending or threatened; (I) Lender has made no representation to Guarantor as to the creditworthiness of Borrower; and (J) Guarantor has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Guarantor agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Guarantor's risks under this Guaranty, and Guarantor further agrees that, absent a request for information, Lender shall have no obligation to disclose to Guarantor any

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information or documents acquired by Lender in the course of its relationship with Borrower.

GUARANTOR'S WAIVERS. Except as prohibited by applicable law, Guarantor waives any right to require Lender (A) to continue lending money or to extend other credit to Borrower; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of the indebtedness or of any nonpayment related to any collateral, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the indebtedness or in connection with the creation of new or additional loans or obligations; (C) to resort for payment or to proceed directly or at once against any person, including Borrower or any other guarantor; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, or at any time, with respect to any matter whatsoever.

Guarantor also waives any and all rights or defenses based on suretyship or impairment of collateral including, but not limited to, any rights or defenses arising by reason of (A) any right of appraisal, "one action" or "anti-deficiency" law or any other law which may prevent Lender from bringing any action, including a claim for deficiency, against Guarantor, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale; (B) any election of remedies by Lender which destroys or otherwise adversely affects Guarantor's subrogation rights or Guarantor's rights to proceed against Borrower for reimbursement, including without limitation, any loss of rights Guarantor may suffer by reason of any law limiting, qualifying, or discharging the Indebtedness; (C) any disability or other defense of Borrower, of any other guarantor, or of any other person, or by reason of the cessation of Borrower's liability from any cause whatsoever, other than payment in full in legal tender, of the Indebtedness; (D) any right to claim discharge of the Indebtedness on the basis of unjustified impairment of any collateral for the Indebtedness; (E) any statute of limitations, if at any time any action or suit brought by Lender against Guarantor is commenced, there is outstanding Indebtedness which is not barred by any applicable statute of limitations; or (F) any defenses given to guarantors at law or in equity other than actual payment and performance of the Indebtedness. If payment is made by Borrower, whether voluntarily or otherwise, or by any third party, on the Indebtedness and thereafter Lender is forced to remit the amount of that payment to Borrower's trustee in bankruptcy or to any similar person under any federal or state bankruptcy law or law for the relief of debtors, the Indebtedness shall be considered unpaid for the purpose of the enforcement of this Guaranty.

Guarantor further waives and agrees not to assert or claim at any time any deductions to the amount guaranteed under this Guaranty for any claim of setoff, counterclaim, counter demand, recoupment or similar right, whether such claim, demand or right may be asserted by the Borrower, the Guarantor, or both.

GUARANTOR'S UNDERSTANDING WITH RESPECT TO WAIVERS. Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law or public policy.

SUBORDINATION OF BORROWER'S DEBTS TO GUARANTOR. Guarantor agrees that the Indebtedness, whether now existing or hereafter created, shall be superior to any claim that Guarantor may now have or hereafter acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whatsoever, to any claim that Lender may now or hereafter have against Borrower. In the event of insolvency and consequent liquidation of the assets of Borrower, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Borrower applicable to the payment of the claims of both Lender and Guarantor shall be paid to Lender and shall be first applied by Lender to the Indebtedness. Guarantor does hereby assign to Lender all claims which it may have or acquire against Borrower or against any assignee or trustee in bankruptcy of Borrower; provided however, that such assignment shall be effective only for the purpose of assuring to Lender full payment in legal tender of the Indebtedness. If Lender so requests, any notes or credit agreements now or hereafter evidencing any debts or obligations of Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and shall be delivered to Lender. Guarantor agrees, and Lender is hereby authorized, in the name of Guarantor, from time to time to file financing statements and continuation statements and to execute documents and to take such other actions as Lender deems necessary or appropriate to perfect, preserve and enforce its rights under this Guaranty.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Guaranty:

Amendments. This Guaranty, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Guaranty. No alteration of or amendment to this Guaranty shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Arbitration. Borrower and Guarantor and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Guaranty or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Collateral shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Collateral, including any claim to rescind, reform, or otherwise modify any agreement relating to the Collateral, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Guaranty shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

Attorneys' Fees; Expenses. Guarantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Guaranty. Lender may hire or pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Guarantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty.

Governing Law. This Guaranty will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of South Carolina without regard to its conflicts of law provisions. This Guaranty has been accepted by Lender in the State of South Carolina.

Integration. Guarantor further agrees that Guarantor has read and fully understands the terms of this Guaranty; Guarantor has had the opportunity to be advised by Guarantor's attorney with respect to this Guaranty; the Guaranty fully reflects Guarantor's intentions and parol evidence is not required to interpret the terms of this Guaranty. Guarantor hereby indemnifies and holds Lender harmless from all losses, claims, damages, and costs (including Lender's attorneys' fees) suffered or incurred by Lender as a result of any breach by Guarantor of the warranties, representations and agreements of this paragraph.

Interpretation. In all cases where there is more than one Borrower or Guarantor, then all words used in this Guaranty in the singular shall be deemed to have been used in the plural where the context and construction so require; and where there is more than one Borrower named in this Guaranty or when this Guaranty is executed by more than one Guarantor, the words "Borrower" and "Guarantor" respectively shall mean all and any one or more of them. The words "Guarantor," "Borrower," and "Lender" include the heirs, successors, assigns, and transferees of each of them. If a court finds that any provision of this Guaranty is not valid or should not be enforced, that fact by itself will not mean that the rest of this Guaranty will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Guaranty even if a provision of this Guaranty may be found to be invalid or unenforceable. If any one or more of Borrower or Guarantor are corporations, partnerships, limited liability companies, or similar entities, it is not necessary for Lender to inquire into the powers of Borrower or Guarantor or of the officers, directors, partners, managers, or other agents acting or purporting to act on their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty.

Notices. Any notice required to be given under this Guaranty shall be given in writing, and, except for revocation notices by Guarantor, shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Guaranty. All revocation notices by Guarantor shall be in

writing and shall be effective upon delivery to Lender as provided in the section of this Guaranty entitled "DURATION OF GUARANTY." Any party may change its address for notices under this Guaranty by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Guarantor agrees to keep Lender informed at all times of Guarantor's current address. Unless otherwise provided or required by law, if there is more than one Guarantor, any notice given by Lender to any Guarantor is deemed to be notice given to all Guarantors.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Guaranty shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Lender, nor any course of dealing between Lender and Guarantor, shall constitute a waiver of any of Lender's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Guaranty, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Successors and Assigns. Subject to any limitations stated in this Guaranty on transfer of Guarantor's interest, this Guaranty shall be binding upon and inure to the benefit of the parties, their successors and assigns.

Waive Jury. Lender and Guarantor hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Guaranty. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Guaranty shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means BCM of Lexington LLC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Guarantor. The word "Guarantor" means everyone signing this Guaranty, including without limitation Brett D Blanks, and in each case, any signer's successors and assigns.

Guaranty. The word "Guaranty" means this guaranty from Guarantor to Lender.

Indebtedness. The word "Indebtedness" means Borrower's indebtedness to Lender as more particularly described in this Guaranty.

Lender. The word "Lender" means First Reliance Bank, its successors and assigns.

Note. The word "Note" means and includes without limitation all of Borrower's promissory notes and/or credit agreements evidencing Borrower's loan obligations in favor of Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of and substitutions for promissory notes or credit agreements.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

NOTICE CONCERNING APPRAISAL WAIVER. The laws of South Carolina provide that in any real estate foreclosure proceeding a defendant against whom a personal judgment is taken or asked may within thirty days after the sale of the mortgaged property apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. THE UNDERSIGNED HEREBY WAIVE(S) AND RELINQUISH(ES) THE STATUTORY APPRAISAL RIGHTS WHICH MEANS THE HIGH BID AT THE JUDICIAL FORECLOSURE SALE WILL BE APPLIED TO THE DEBT.

EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH IN THE SECTION TITLED "DURATION OF GUARANTY". NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED AUGUST 3, 2006.

GUARANTOR:

x 
Brett D Blanks


FIRST RELIANCE
 BANK
COMMERCIAL GUARANTY

| Principal | Loan Date | Maturity | Loan No. | Call / Coll
IE / IS | Account | Officer
CFC | Initials |
|---|-----------|----------|----------|------------------------|---------|----------------|----------|
| References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing ***** has been omitted due to text length limitations. | | | | | | | |

Borrower: BCM of Lexington LLC
1805 N Lake Drive
Lexington, SC 29072

Lender: First Reliance Bank
Lexington
709 N. Lake Drive
Lexington, SC 29072

Guarantor: Charles E Bishop
628 HASKELL RD
GILBERT, SC 29054-8677

CONTINUING GUARANTEE OF PAYMENT AND PERFORMANCE. For good and valuable consideration, Guarantor absolutely and unconditionally guarantees full and punctual payment and satisfaction of the indebtedness of Borrower to Lender, and the performance and discharge of all Borrower's obligations under the Note and the Related Documents. This is a guaranty of payment and performance and not of collection, so Lender can enforce this Guaranty against Guarantor even when Lender has not exhausted Lender's remedies against anyone else obligated to pay the indebtedness or against any collateral securing the indebtedness, this Guaranty or any other guaranty of the indebtedness. Guarantor will make any payments to Lender or its order, on demand, in legal tender of the United States of America, in same-day funds, without set-off or deduction or counterclaim, and will otherwise perform Borrower's obligations under the Note and Related Documents. Under this Guaranty, Guarantor's liability is unlimited and Guarantor's obligations are continuing.

INDEBTEDNESS. The word "indebtedness" as used in this Guaranty means all of the principal amount outstanding from time to time and at any one or more times, accrued unpaid interest thereon and all collection costs and legal expenses related thereto permitted by law, reasonable attorneys' fees, arising from any and all debts, liabilities and obligations of every nature or form, now existing or hereafter arising or acquired, that Borrower individually or collectively or interchangeably with others, owes or will owe Lender. "Indebtedness" includes, without limitation, loans, advances, debts, overdraft indebtedness, credit card indebtedness, lease obligations, other obligations, and liabilities of Borrower, and any present or future judgments against Borrower, future advances, loans or transactions that renew, extend, modify, refinance, consolidate or substitute these debts, liabilities and obligations whether: voluntarily or involuntarily incurred; due or to become due by their terms or acceleration; absolute or contingent; liquidated or unliquidated; determined or undetermined; direct or indirect; primary or secondary in nature or arising from a guaranty or surety; secured or unsecured; joint or several or joint and several; evidenced by a negotiable or non-negotiable instrument or writing; originated by Lender or another or others; barred or unenforceable against Borrower for any reason whatsoever; for any transactions that may be voidable for any reason (such as infancy, insanity, ultra vires or otherwise); and originated then reduced or extinguished and then afterwards increased or reinstated.

If Lender presently holds one or more guaranties, or hereafter receives additional guaranties from Guarantor, Lender's rights under all guaranties shall be cumulative. This Guaranty shall not (unless specifically provided below to the contrary) affect or invalidate any such other guaranties. Guarantor's liability will be Guarantor's aggregate liability under the terms of this Guaranty and any such other unexpired guaranties.

CONTINUING GUARANTY. THIS IS A "CONTINUING GUARANTY" UNDER WHICH GUARANTOR AGREES TO GUARANTEE THE FULL AND PUNCTUAL PAYMENT, PERFORMANCE AND SATISFACTION OF THE INDEBTEDNESS OF BORROWER TO LENDER, NOW EXISTING OR HEREAFTER ARISING OR ACQUIRED, ON AN OPEN AND CONTINUING BASIS. ACCORDINGLY, ANY PAYMENTS MADE ON THE INDEBTEDNESS WILL NOT DISCHARGE OR DIMINISH GUARANTOR'S OBLIGATIONS AND LIABILITY UNDER THIS GUARANTY FOR ANY REMAINING AND SUCCEEDING INDEBTEDNESS EVEN WHEN ALL OR PART OF THE OUTSTANDING INDEBTEDNESS MAY BE A ZERO BALANCE FROM TIME TO TIME.

DURATION OF GUARANTY. This Guaranty will take effect when received by Lender without the necessity of any acceptance by Lender, or any notice to Guarantor or to Borrower, and will continue in full force until all the indebtedness incurred or contracted before receipt by Lender of any notice of revocation shall have been fully and finally paid and satisfied and all of Guarantor's other obligations under this Guaranty shall have been performed in full. If Guarantor elects to revoke this Guaranty, Guarantor may only do so in writing. Guarantor's written notice of revocation must be mailed to Lender, by certified mail, at Lender's address listed above or such other place as Lender may designate in writing. Written revocation of this Guaranty will apply only to advances or new indebtedness created after actual receipt by Lender of Guarantor's written revocation. For this purpose and without limitation, the term "new indebtedness" does not include the indebtedness which at the time of notice of revocation is contingent, unliquidated, undetermined or not due and which later becomes absolute, liquidated, determined or due. This Guaranty will continue to bind Guarantor for all the indebtedness incurred by Borrower or committed by Lender prior to receipt of Guarantor's written notice of revocation, including any extensions, renewals, substitutions or modifications of the indebtedness. All renewals, extensions, substitutions, and modifications of the indebtedness granted after Guarantor's revocation, are contemplated under this Guaranty and, specifically will not be considered to be new indebtedness. This Guaranty shall bind Guarantor's estate as to the indebtedness created both before and after Guarantor's death or incapacity, regardless of Lender's actual notice of Guarantor's death. Subject to the foregoing, Guarantor's executor or administrator or other legal representative may terminate this Guaranty in the same manner in which Guarantor might have terminated it and with the same effect. Release of any other guarantor or termination of any other guaranty of the indebtedness shall not affect the liability of Guarantor under this Guaranty. A revocation Lender receives from any one or more Guarantors shall not affect the liability of any remaining Guarantors under this Guaranty. It is anticipated that fluctuations may occur in the aggregate amount of the indebtedness covered by this Guaranty, and Guarantor specifically acknowledges and agrees that reductions in the amount of the indebtedness, even to zero dollars (\$0.00), prior to Guarantor's written revocation of this Guaranty shall not constitute a termination of this Guaranty. This Guaranty is binding upon Guarantor and Guarantor's heirs, successors and assigns so long as any of the indebtedness remains unpaid and even though the indebtedness may from time to time be zero dollars (\$0.00).

GUARANTOR'S AUTHORIZATION TO LENDER. Guarantor authorizes Lender, either before or after any revocation hereof, without notice or demand and without lessening Guarantor's liability under this Guaranty, from time to time: (A) prior to revocation as set forth above, to make one or more additional secured or unsecured loans to Borrower, to lease equipment or other goods to Borrower, or otherwise to extend additional credit to Borrower; (B) to alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of the indebtedness or any part of the indebtedness, including increases and decreases of the rate of interest on the indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) to take and hold security for the payment of this Guaranty or the indebtedness, and exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such security, with or without the substitution of new collateral; (D) to release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; (E) to determine how, when and what application of payments and credits shall be made on the indebtedness; (F) to apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security agreement or deed of trust, as Lender in its discretion may determine; (G) to sell, transfer, assign or grant participations in all or any part of the indebtedness; and (H) to assign or transfer this Guaranty in whole or in part.

GUARANTOR'S REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants to Lender that (A) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (B) this Guaranty is executed at Borrower's request and not at the request of Lender; (C) Guarantor has full power, right and authority to enter into this Guaranty; (D) the provisions of this Guaranty do not conflict with or result in a default under any agreement or other instrument binding upon Guarantor and do not result in a violation of any law, regulation, court decree or order applicable to Guarantor; (E) Guarantor has not and will not, without the prior written consent of Lender, sell, lease, assign, encumber, hypothecate, transfer, or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein; (F) upon Lender's request, Guarantor will provide to Lender financial and credit information in form acceptable to Lender, and all such financial information which currently has been, and all future financial information which will be provided to Lender is and will be true and correct in all material respects and fairly present Guarantor's financial condition as of the dates the financial information is provided; (G) no material adverse change has occurred in Guarantor's financial condition since the date of the most recent financial statements provided to Lender and no event has occurred which may materially adversely affect Guarantor's financial condition; (H) no litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Guarantor is pending or threatened; (I) Lender has made no representation to Guarantor as to the creditworthiness of Borrower; and (J) Guarantor has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Guarantor agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Guarantor's risks under this Guaranty, and Guarantor further agrees that, absent a request for information, Lender shall have no obligation to disclose to Guarantor any

ROA 160



COMMERCIAL GUARANTY
(Continued)

Loan No: 980124166

Page 2

information or documents acquired by Lender in the course of its relationship with Borrower.

GUARANTOR'S WAIVERS. Except as prohibited by applicable law, Guarantor waives any right to require Lender (A) to continue lending money or to extend other credit to Borrower; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of the indebtedness or of any nonpayment related to any collateral, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the indebtedness or in connection with the creation of new or additional loans or obligations; (C) to resort for payment or to proceed directly or at once against any person, including Borrower or any other guarantor; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, or at any time, with respect to any matter whatsoever.

Guarantor also waives any and all rights or defenses based on suretyship or impairment of collateral including, but not limited to, any rights or defenses arising by reason of (A) any right of appraisal, "one action" or "anti-deficiency" law or any other law which may prevent Lender from bringing any action, including a claim for deficiency, against Guarantor, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale; (B) any election of remedies by Lender which destroys or otherwise adversely affects Guarantor's subrogation rights or Guarantor's rights to proceed against Borrower for reimbursement, including without limitation, any loss of rights Guarantor may suffer by reason of any law limiting, qualifying, or discharging the indebtedness; (C) any disability or other defense of Borrower, of any other guarantor, or of any other person, or by reason of the cessation of Borrower's liability from any cause whatsoever, other than payment in full in legal tender, of the indebtedness; (D) any right to claim discharge of the indebtedness on the basis of unjustified impairment of any collateral for the indebtedness; (E) any statute of limitations, if at any time any action or suit brought by Lender against Guarantor is commenced, there is outstanding indebtedness which is not barred by any applicable statute of limitations; or (F) any defenses given to guarantors at law or in equity other than actual payment and performance of the indebtedness. If payment is made by Borrower, whether voluntarily or otherwise, or by any third party, on the indebtedness and thereafter Lender is forced to remit the amount of that payment to Borrower's trustee in bankruptcy or to any similar person under any federal or state bankruptcy law or law for the relief of debtors, the indebtedness shall be considered unpaid for the purpose of the enforcement of this Guaranty.

Guarantor further waives and agrees not to assert or claim at any time any deductions to the amount guaranteed under this Guaranty for any claim of setoff, counterclaim, counter demand, recoupment or similar right, whether such claim, demand or right may be asserted by the Borrower, the Guarantor, or both.

GUARANTOR'S UNDERSTANDING WITH RESPECT TO WAIVERS. Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law or public policy.

SUBORDINATION OF BORROWER'S DEBTS TO GUARANTOR. Guarantor agrees that the indebtedness, whether now existing or hereafter created, shall be superior to any claim that Guarantor may now have or hereafter acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whatsoever, to any claim that Lender may now or hereafter have against Borrower. In the event of insolvency and consequent liquidation of the assets of Borrower, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Borrower applicable to the payment of the claims of both Lender and Guarantor shall be paid to Lender and shall be first applied by Lender to the indebtedness. Guarantor does hereby assign to Lender all claims which it may have or acquire against Borrower or against any assignee or trustee in bankruptcy of Borrower; provided however, that such assignment shall be effective only for the purpose of assuring to Lender full payment in legal tender of the indebtedness. If Lender so requests, any notes or credit agreements now or hereafter evidencing any debts or obligations of Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and shall be delivered to Lender. Guarantor agrees, and Lender is hereby authorized, in the name of Guarantor, from time to time to file financing statements and continuation statements and to execute documents and to take such other actions as Lender deems necessary or appropriate to perfect, preserve and enforce its rights under this Guaranty.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Guaranty:

Amendments. This Guaranty, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Guaranty. No alteration or amendment to this Guaranty shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Arbitration. Borrower and Guarantor and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Guaranty or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Collateral shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Collateral, including any claim to rescind, reform, or otherwise modify any agreement relating to the Collateral, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Guaranty shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

Attorneys' Fees; Expenses. Guarantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Guaranty. Lender may hire or pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Guarantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty.

Governing Law. This Guaranty will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of South Carolina without regard to its conflicts of law provisions. This Guaranty has been accepted by Lender in the State of South Carolina.

Integration. Guarantor further agrees that Guarantor has read and fully understands the terms of this Guaranty; Guarantor has had the opportunity to be advised by Guarantor's attorney with respect to this Guaranty; the Guaranty fully reflects Guarantor's intentions and parole evidence is not required to interpret the terms of this Guaranty. Guarantor hereby indemnifies and holds Lender harmless from all losses, claims, damages, and costs (including Lender's attorneys' fees) suffered or incurred by Lender as a result of any breach by Guarantor of the warranties, representations and agreements of this paragraph.

Interpretation. In all cases where there is more than one Borrower or Guarantor, then all words used in this Guaranty in the singular shall be deemed to have been used in the plural where the context and construction so require; and where there is more than one Borrower named in this Guaranty or when this Guaranty is executed by more than one Guarantor, the words "Borrower" and "Guarantor" respectively shall mean all and any one or more of them. The words "Guarantor," "Borrower," and "Lender" include the heirs, successors, assigns, and transferees of each of them. If a court finds that any provision of this Guaranty is not valid or should not be enforced, that fact by itself will not mean that the rest of this Guaranty will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Guaranty even if a provision of this Guaranty may be found to be invalid or unenforceable. If any one or more of Borrower or Guarantor are corporations, partnerships, limited liability companies, or similar entities, it is not necessary for Lender to inquire into the powers of Borrower or Guarantor or of the officers, directors, partners, managers, or other agents acting or purporting to act on their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty.

Notices. Any notice required to be given under this Guaranty shall be given in writing, and, except for revocation notices by Guarantor, shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Guaranty. All revocation notices by Guarantor shall be in

ROA 161

writing and shall be effective upon delivery to Lender as provided in the section of this Guaranty entitled "DURATION OF GUARANTY." Any party may change its address for notices under this Guaranty by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Guarantor agrees to keep Lender informed at all times of Guarantor's current address. Unless otherwise provided or required by law, if there is more than one Guarantor, any notice given by Lender to any Guarantor is deemed to be notice given to all Guarantors.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Guaranty shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Lender, nor any course of dealing between Lender and Guarantor, shall constitute a waiver of any of Lender's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Guaranty, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Successors and Assigns. Subject to any limitations stated in this Guaranty on transfer of Guarantor's interest, this Guaranty shall be binding upon and inure to the benefit of the parties, their successors and assigns.

Waive Jury. Lender and Guarantor hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Guaranty. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Guaranty shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means BCM of Lexington LLC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Guarantor. The word "Guarantor" means everyone signing this Guaranty, including without limitation Charles E Bishop, and in each case, any signer's successors and assigns.

Guaranty. The word "Guaranty" means this guaranty from Guarantor to Lender.

Indebtedness. The word "Indebtedness" means Borrower's indebtedness to Lender as more particularly described in this Guaranty.

Lender. The word "Lender" means First Reliance Bank, its successors and assigns.

Note. The word "Note" means and includes without limitation all of Borrower's promissory notes and/or credit agreements evidencing Borrower's loan obligations in favor of Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of and substitutions for promissory notes or credit agreements.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

NOTICE CONCERNING APPRAISAL WAIVER. The laws of South Carolina provide that in any real estate foreclosure proceeding a defendant against whom a personal judgment is taken or asked may within thirty days after the sale of the mortgaged property apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. THE UNDERSIGNED HEREBY WAIVE(S) AND RELINQUISH(ES) THE STATUTORY APPRAISAL RIGHTS WHICH MEANS THE HIGH BID AT THE JUDICIAL FORECLOSURE SALE WILL BE APPLIED TO THE DEBT.

EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH IN THE SECTION TITLED "DURATION OF GUARANTY". NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED AUGUST 3, 2006.

GUARANTOR


Charles E Bishop

2007063068 FILED, RECORDED, INDEXED
2007-11-01 13:34:18:083
REC FEE: \$10.00 ST FEE: \$1.30 Exempt
CD FEE: \$0.55 Exempt Pages: 3
Lexington County R.O.D. Debra M. Gunter
DEED Bk:Pg 12449:10

STATE OF SOUTH CAROLINA

NO TITLE INVESTIGATION

COUNTY OF LEXINGTON

TITLE TO REAL ESTATE

KNOW ALL MEN BY THESE PRESENTS, THAT

MARSHALL C. HARTMAN,

hereinafter referred to as Grantor (s) in the State aforesaid, for and in consideration of the sum of FIVE AND 00/100 (\$5.00) AND NO OTHER VALUABLE CONSIDERATION paid to the Grantor (s), receipt and sufficiency of which is hereby acknowledged at or before the sealing of these presents by

BCM OF LEXINGTON, LLC,

hereinafter referred to as Grantee (s) have granted, bargained, sold, and released and by these presents do grant, bargain, sell and release unto the said:

BCM OF LEXINGTON, LLC, ITS SUCCESSORS AND ASSIGNS FOREVER, THE FOLLOWING DESCRIBED PROPERTY TOWIT:

SEE EXHIBIT A ATTACHED

Grantees' Address: 120 RUSTIC MANOR COURT
LEXINGTON, SC 29072

Debra M. Gunter

Lexington County Register of Deeds



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

TO HAVE AND TO HOLD all and singular the said premises before mentioned, unto the Grantee (s) hereinabove named, and their heirs and Assigns forever.

AND the Grantor (s) does hereby bind the Grantor (s) and the Grantor's Heirs, Executors, Administrators, and Assigns to warrant and forever defend all and singular the said premises unto the Grantee (s) and the Grantee's successors, and assigns forever against the Grantor (s) and the Grantor's heirs, successors and assigns forever and against every person whomsoever lawfully claiming or to claim the same or any part thereof.

WITNESS, the Grantor (s) hand (s) and seal (s) this 31st day of October, in the year of our Lord, two thousand 07

AR J [Signature]
Janice H. Peter

[Signature] (Seal)
MARSHALL C. HARTMAN

STATE OF SOUTH CAROLINA

ACKNOWLEDGMENT

COUNTY OF LEXINGTON

I, a Notary Public for the State of South Carolina, do hereby certify that the above named Grantor(s), personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and seal this 31st day of October, 20 07.

AR J [Signature]
Notary Public for South Carolina
My Commission expires: 11/20/2012

Debra M. Gunter

Lexington County Register of Deeds

Exhibit "A"

All those certain pieces, parcels, or lots of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 3 containing 0.692 acre, Parcel 3-A containing 0.058 acre, Parcel 3-B containing 0.016 acre and Parcel 3-C containing 0.007 acre, as shown on a plat prepared for Tom Pool & Richard Pool by Drafts Surveying, Inc., RLS, dated February 21, 2003 and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 9335, at page 80, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Derivation: Parcel 3-A containing 0.058 acre being property conveyed to Marshall C. Hartmann by deed of Gary D. Renaud and Faye L. Renaud, recorded June 15, 2004 in Record Book 9338, at page 87 and by Quit-Claim deed of RE-Stations, Inc., recorded June 15, 2004 in Record Book 9338, at page 89, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: Parcel 3-B containing 0.016 acre being property conveyed to Marshall C. Hartmann by deed of Thomas Richard Pool, recorded June 15, 2004 in Record Book 9338, at page 91, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: Parcel 3 containing 0.692 acre and Parcel 3-C containing 0.007 acre being property conveyed to Marshall Hartmann by deed of Thomas Richard Pool, recorded June 15, 2004 in Record Book 9338, at page 93, in the Office of the Register of Deeds for Lexington County, South Carolina.

TMS # 003418-01-008

Debra M. Gunter

Lexington County Register of Deeds



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FIRST RELIANCE BANK

CHANGE IN TERMS AGREEMENT

| Principal | Loan Date | Maturity | Loan No. | Call / Coll | Account | Officer | Initials |
|--------------|------------|------------|-----------|-------------|---------|---------|----------|
| \$471,620.77 | 05-29-2009 | 05-29-2011 | 980124186 | 1E / 1B7 | B002148 | CFC | |

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: BCM of Lexington LLC
1605 N Lake Drive
Lexington, SC 29072

Lender: First Reliance Bank
Lexington
801 N Lake Drive
Lexington, SC 29072

Principal Amount: \$471,620.77

Date of Agreement: May 29, 2009

DESCRIPTION OF EXISTING INDEBTEDNESS. Original loan in the amount of \$792,087.00 with a current principal balance of \$795,705.00 evidenced by a Promissory Note dated 1/22/07.

DESCRIPTION OF COLLATERAL. A Mortgage and Assignment of Rents securing Lender's interest in property located at 1605 N Lake Drive, Lexington, SC 29072 and recorded in Lexington County on 8/04/06 in Book 11276 at Page 238; Cross collateralized with Loan #980135303 securing Lender's interest in property located at 1600 Block N Lake Drive, Parcel 2, 2A, 2B, and 2C, Lexington, SC 29072 and recorded in Lexington County on 1/23/07 in Book 11702 at Page 156; 1.75 acres on N Lake Drive & Beekeeper Court, Lexington, SC 29075 recorded in Lexington County on 1/23/07 in Book 11702 at Page 163; 1605 N Lake Drive, Lexington, SC 29072 recorded in Lexington County on 1/23/07 in Book 11702 at Page 170.

DESCRIPTION OF CHANGE IN TERMS. Renew loan for 24 months with principal and interest payments based on a rate of WSJ Prime + 1.000% with a 5.000% floor.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

NOTICE CONCERNING APPRAISAL WAIVER. The laws of South Carolina provide that in any real estate foreclosure proceeding a defendant against whom a personal judgment is taken or asked may within thirty days after the sale of the mortgaged property apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. THE UNDERSIGNED HEREBY WAIVE(S) AND RELINQUISH(ES) THE STATUTORY APPRAISAL RIGHTS WHICH MEANS THE HIGH BID AT THE JUDICIAL FORECLOSURE SALE WILL BE APPLIED TO THE DEBT.

PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.

CHANGE IN TERMS SIGNERS:

BCM OF LEXINGTON LLC

By: Marshall C Hartmann
Marshall C Hartmann, Member of BCM of Lexington LLC

By: Brett D Blanks
Brett D Blanks, Member of BCM of Lexington LLC

By: Charles E Bishop
Charles E Bishop, Member of BCM of Lexington LLC

LEXIA PRO Lending, Inc. L44 05-003 Corp. National Financial Solutions, Inc. 1997, 2008. All Rights Reserved. SC L/CNPL10302.PC 75-1276 08 4

Blumberg No. 5208
EXHIBIT
H



00000000980124166%0980%06292009%00000000B002148



CHANGE IN TERMS AGREEMENT

| Principal | Loan Date | Maturity | Loan No. | Call / Coll | Account | Officer | Initials |
|--------------|------------|------------|-----------|-------------|---------|---------|----------|
| \$471,620.77 | 05-29-2009 | 05-29-2011 | 980124166 | 1E / 15T | B002148 | CFC | |

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Borrower: BCM of Lexington LLC
1605 N Lake Drive
Lexington, SC 29072

Lender: First Reliance Bank
Lexington
801 N Lake Drive
Lexington, SC 29072

Principal Amount: \$471,620.77

Date of Agreement: May 29, 2009

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DESCRIPTION OF COLLATERAL. A Mortgage and Assignment of Rents securing Lender's interest in property located at 1605 N Lake Drive, Lexington, SC 29072 and recorded in Lexington County on 8/04/08 in Book 11278 at Page 239; Cross collateralized with Loan #980135303 securing Lender's interest in property located at 1600 Block N Lake Drive, Parcel 2, 2A, 2B, and 2C, Lexington, SC 29072 and recorded in Lexington County on 1/23/07 in Book 11702 at Page 156; 1.75 acres on N Lake Drive & Beekeeper Court, Lexington, SC 29075 recorded in Lexington County on 1/23/07 in Book 11702 at Page 163; 1605 N Lake Drive, Lexington, SC 29072 recorded in Lexington County on 1/23/07 in Book 11702 at Page 170.

DESCRIPTION OF CHANGE IN TERMS. Renew loan for 24 months with principal and interest payments based on a rate of WSJ Prime +1.000% with a 5.000% floor.

PAYMENT. Borrower will pay this loan in 23 regular payments of \$2,777.37 each and one irregular last payment estimated at \$454,621.71. Borrower's first payment is due June 29, 2009, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on May 29, 2011, and will be for all principal and all accrued interest not yet paid.

VARIABLE INTEREST RATE. The interest rate on this loan is subject to change from time to time based on changes in an independent index which is the the highest rate on corporate rate loans posted by at least 75% of the USA's 30 largest banks known as The Wall Street Journal Prime Rate and is published in The Wall Street Journal (the "Index"). The index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The index currently is 3.260% per annum. The interest rate to be applied to the unpaid principal balance of this loan will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 1.000 percentage point over the index, rounded to the nearest 0.125 percent, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 5.000% per annum based on a year of 360 days. NOTICE: Under no circumstances will the interest rate on this loan be less than 5.000% per annum or more than the maximum rate allowed by applicable law. Whenever increases occur in the interest rate, Lender, at its option, may do one or more of the following: (A) increase Borrower's payments to ensure Borrower's loan will pay off by its original final maturity date, (B) increase Borrower's payments to cover accruing interest, (C) increase the number of Borrower's payments, and (D) continue Borrower's payments at the same amount and increase Borrower's final payment.

INTEREST CALCULATION METHOD. Interest on this loan is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this loan is computed using this method.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

NOTICE CONCERNING APPRAISAL WAIVER. The laws of South Carolina provide that in any real estate foreclosure proceeding a defendant against whom a personal judgment is taken or asked may within thirty days after the sale of the mortgaged property apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. THE UNDERSIGNED HEREBY WAIVE(S) AND RELINQUISH(ES) THE STATUTORY APPRAISAL RIGHTS WHICH MEANS THE HIGH BID AT THE JUDICIAL FORECLOSURE SALE WILL BE APPLIED TO THE DEBT.

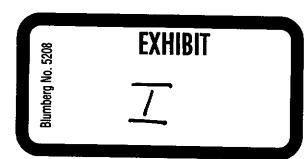
PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.

CHANGE IN TERMS SIGNERS:

BCM OF LEXINGTON LLC

By: Marshall C Hartmann, Member of BCM of Lexington LLC
By: Brett D Blanks, Member of BCM of Lexington LLC

By: Charles E Bishop, Member of BCM of Lexington LLC





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PROMISSORY NOTE

| Principal | Loan Date | Maturity | Loan No | Call / Coll | Account | Officer | Initials |
|--------------|------------|------------|-----------|-------------|---------|---------|----------|
| \$792,087.00 | 01-22-2007 | 01-22-2008 | 980135303 | 1E / 12J | H001947 | CFC | |

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*" has been omitted due to text length limitations.

Borrower: Marshall C Hartmann
Brett D Blanks
120 Rustic Manor Ct
Lexington, SC 29072

Lender: First Reliance Bank
Lexington
709 N. Lake Drive
Lexington, SC 29072

Principal Amount: \$792,087.00 Initial Rate: 8.750% Date of Note: January 22, 2007

PROMISE TO PAY. Marshall C Hartmann and Brett D Blanks ("Borrower") jointly and severally promise to pay to First Reliance Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of Seven Hundred Ninety-two Thousand Eighty-seven & 00/100 Dollars (\$792,087.00), together with interest on the unpaid principal balance from January 22, 2007, until paid in full.

PAYMENT. Borrower will pay this loan in one principal payment of \$792,087.00 plus interest on January 22, 2008. This payment due on January 22, 2008, will be for all principal and all accrued interest not yet paid. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning February 22, 2007, with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any unpaid collection costs; and then to any late charges. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the highest rate on corporate rate loans posted by at least 75% of the USA's 30 largest banks known as The Wall Street Journal Prime Rate and is published in The Wall Street Journal (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 8.250% per annum. The interest rate to be applied to the unpaid principal balance during this Note will be at a rate of 0.500 percentage points over the Index, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 8.750% per annum. NOTICE: Under no circumstances will the interest rate on this Note be less than 8.250% per annum or more than the maximum rate allowed by applicable law.

PREPAYMENT; MINIMUM INTEREST CHARGE. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$15.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: First Reliance Bank, 2170 West Palmetto Street Florence, SC 29501.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 8.000% of the unpaid portion of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the total sum due under this Note will continue to accrue interest at the interest rate under this Note. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

- Payment Default. Borrower fails to make any payment when due under this Note.
- Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.
- Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.
- False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.
- Death or Insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.
- Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.
- Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note. In the event of a death, Lender, at its option, may, but shall not be required to, permit the guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.
- Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.
- Insecurity. Lender in good faith believes itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes Lender's reasonable attorneys' fees in an amount not less than fifteen percent (15%) of the amount owing on this Note and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other. (Initial Here)

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of



PROMISSORY NOTE
(Continued)

the State of South Carolina without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of South Carolina.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

COLLATERAL. Borrower acknowledges this Note is secured by the following collateral described in the security instruments listed herein:

- (A) a Mortgage dated January 22, 2007, to Lender on real property described as "Real Property located at 1600 Block of N Lake Drive, Parcel 2, 2A, 2B and 2C, Lexington, SC 290172" and located in Lexington County, State of South Carolina.
- (B) a Mortgage dated January 22, 2007, to Lender on real property described as "Real Property located at 1.75 acres on N Lake Drive and Beekeeper Court, Parcel 1, Lexington, SC 29072" and located in Lexington County, State of South Carolina.
- (C) a Mortgage dated January 22, 2007, to Lender on real property described as "Real Property located at 1605 N Lake Drive, Lexington, SC 29072" and located in Lexington County, State of South Carolina.

ARBITRATION. Borrower and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Note or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any collateral securing this Note shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any collateral securing this Note, including any claim to rescind, reform, or otherwise modify any agreement relating to the collateral securing this Note, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Note shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

CREDIT INFORMATION. I agree to supply you with whatever information you reasonably feel you need to decide whether to continue this extension of credit. You will make requests for this information without undue frequency, and will give me reasonable time in which to supply the information.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(ies) should be sent to us at the following address: First Reliance Bank 2170 West Palmetto Street Florence, SC 29501.


GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not effect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Each Borrower understands and agrees that, with or without notice to Borrower, Lender may with respect to any other Borrower (a) make one or more additional secured or unsecured loans or otherwise extend additional credit; (b) alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of any indebtedness, including increases and decreases of the rate of interest on the indebtedness; (c) exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any security, with or without the substitution of new collateral; (d) apply such security and direct the order or manner of sale thereof, including without limitation, any non-judicial sale permitted by the terms of the controlling security agreements, as Lender in its discretion may determine; (e) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; and (f) determine how, when and what application of payments and credits shall be made on any other indebtedness owing by such other Borrower. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.


PRIOR TO SIGNING THIS NOTE, EACH BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. EACH BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

NOTICE CONCERNING APPRAISAL WAIVER. The laws of South Carolina provide that in any real estate foreclosure proceeding a defendant against whom a personal judgment is taken or asked may within thirty days after the sale of the mortgaged property apply to the court for an order of appraisal. The statutory appraisal value as approved by the court would be substituted for the high bid and may decrease the amount of any deficiency owing in connection with the transaction. **THE UNDERSIGNED HEREBY WAIVE(S) AND RELINQUISH(ES) THE STATUTORY APPRAISAL RIGHTS WHICH MEANS THE HIGH BID AT THE JUDICIAL FORECLOSURE SALE WILL BE APPLIED TO THE DEBT.**

BORROWER:

x 
Marshall C Hartmann

x 
Brett D Blanks



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FIRST RELIANCE BANK

BUSINESS LOAN AGREEMENT

| Principal | Loan Date | Maturity | Loan No | Call / Coll | Account | Officer | Initials |
|--------------|------------|------------|-----------|-------------|---------|---------|----------|
| \$792,087.00 | 01-22-2007 | 01-22-2008 | 980135303 | 1E / 123 | H001947 | CFC | |

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing ***** has been omitted due to text length limitations.

Borrower: Marshall C Hartmann
Brett D Blanks
120 Rustic Manor Ct
Lexington, SC 29072

Lender: First Reliance Bank
Lexington
709 N. Lake Drive
Lexington, SC 29072

THIS BUSINESS LOAN AGREEMENT dated January 22, 2007, is made and executed between Marshall C Hartmann and Brett D Blanks ("Borrower") and First Reliance Bank ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement ("Loan"). Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of January 22, 2007, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security Interests; (4) evidence of insurance as required below; (5) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any indebtedness exists:

Business Activities. Marshall C Hartmann maintains an office at 120 Rustic Manor Ct, Lexington, SC 29072. Unless Marshall C Hartmann has designated otherwise in writing, the principal office is the office at which Marshall C Hartmann keeps its books and records including its records concerning the Collateral. Marshall C Hartmann will notify Lender prior to any change in the location of Marshall C Hartmann's principal office address or any change in Marshall C Hartmann's name. Marshall C Hartmann shall do all things necessary to comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Marshall C Hartmann and Marshall C Hartmann's business activities.

Brett D Blanks maintains an office at 137 Belle Chase Drive, Lexington, SC 29072. Unless Brett D Blanks has designated otherwise in writing, the principal office is the office at which Brett D Blanks keeps its books and records including its records concerning the Collateral. Brett D Blanks will notify Lender prior to any change in the location of Brett D Blanks' principal office address or any change in Brett D Blanks' name. Brett D Blanks shall do all things necessary to comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Brett D Blanks and Brett D Blanks' business activities.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: None.

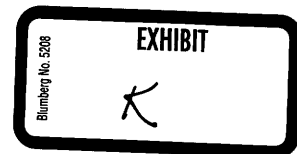
Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents do not conflict with, result in a violation of, or constitute a default under (1) any provision of any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

Hazardous Substances. Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal,



release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with the following:

Annual Statements. As soon as available, but in no event later than one-hundred-twenty (120) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, prepared by Borrower in form satisfactory to Lender.

Tax Returns. As soon as available, but in no event later than 15 days after the applicable filing date for the tax reporting period ended, Federal and other governmental tax returns, prepared by a tax professional satisfactory to Lender.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least fifteen (15) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or

paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

Indebtedness and Liens. (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including capital leases, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts, except to Lender.

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, or (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change ownership, dissolve or transfer or sell Collateral out of the ordinary course of business.

Loans, Acquisitions and Guaranties. (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

Agreements. Borrower will not enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender; or (E) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

Insecurity. Lender in good faith believes itself insecure.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Arbitration. Borrower and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Agreement or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Collateral shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Collateral, including any claim to rescind, reform, or otherwise modify any agreement relating to the Collateral, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Agreement shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration

proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of South Carolina without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of South Carolina.

Joint and Several Liability. All obligations of Borrower under this Agreement shall be joint and several, and all references to Borrower shall mean each and every Borrower. This means that each Borrower signing below is responsible for all obligations in this Agreement.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any person or circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other person or circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the making of the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party. (Initial Here _____)

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means Marshall C Hartmann and Brett D Blanks and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

GAAP. The word "GAAP" means generally accepted accounting principles.

Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means First Reliance Bank, its successors and assigns.

Loan. The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Note. The word "Note" means the Note executed by Marshall C Hartmann and Brett D Blanks in the principal amount of \$792,087.00 dated January 22, 2007, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Permitted Liens. The words "Permitted Liens" mean (1) liens and security interests securing indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.


Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

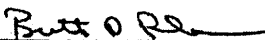
Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED JANUARY 22, 2007.

BORROWER:

x 

Marshall C Hartmann

x 

Brett D Blanks

LENDER:

FIRST RELIANCE BANK

By: _____
Authorized Officer

WHEN RECORDED MAIL TO:

First Reliance Bank
2170 West Palmetto Street
Florence, SC 29501

SEND TAX NOTICES TO:

Marshall C Hartmann
Brett D Blanks
120 Rustic Manor Ct
Lexington, SC 29072

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY



00000000980135303%0745%01222007%00000000H001947

MORTGAGE

MAXIMUM LIEN. The amount of indebtedness secured by this Mortgage, including the outstanding amount of the Note and all future advances shall at no time exceed the principal amount of \$940,800.00, plus interest, reasonable attorneys' fees, court costs and the expenses to preserve and protect the Property. Interest under the Note will be deferred, accrued or capitalized, but Lender shall not be required to defer, accrue or capitalize any interest except as provided in the Note.

THIS MORTGAGE dated January 22, 2007, is made and executed between Marshall Hartmann, whose address is 120 Rustic Manor Ct, Lexington, SC 29072 and Brett Blanks, whose address is 137 Belle Chase Drive, Lexington, SC 29072 (referred to below as "Grantor") and First Reliance Bank, whose address is 709 N. Lake Drive, Lexington, SC 29072 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages, grants, and conveys to Lender all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances: all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Lexington County, State of South Carolina:

See Exhibit A, which is attached to this Mortgage and made a part of this Mortgage as if fully set forth herein.

The Real Property or its address is commonly known as 1600 Block of N Lake Drive, Parcel 2, 2A, 2B and 2C, Lexington, SC 290172. The Real Property tax identification number is 003418-01-009.

CROSS-COLLATERIALIZATION. In addition to the Note, this Mortgage secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, whether determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable. (Initial Here _____)

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

FUTURE ADVANCES. In addition to the Note, this Mortgage secures all future advances made by Lender to Grantor whether or not the advances are made pursuant to a commitment. Specifically, without limitation, this Mortgage secures, in addition to the amounts specified in the Note, all future amounts Lender in its discretion may loan to Grantor, together with all interest thereon; however, in no event shall such future advances (excluding interest) exceed in the aggregate \$940,800.00. This Mortgage shall remain an open mortgage of record to secure future advances in accordance with Section 29-3-50, as amended, Code of Laws of South Carolina (1976) even in the event all sums secured by this Mortgage may be fully paid at any one time; however, upon request of Grantor, Lender will cause this Mortgage to be released and cancelled of record upon full payment of all indebtedness then owing, and upon such cancellation of this Mortgage of record, this Mortgage shall become null and void. Such release shall be without charge to Grantor; however, Grantor shall pay all costs of recordation, if any, and all documentary stamps due on the Note evidencing future advances secured by this Mortgage.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Grantor shall pay to Lender all amounts secured by this Mortgage as they become due and shall strictly perform all of Grantor's obligations under this Mortgage.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

Duty to Maintain. Grantor shall maintain the Property in tenable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify, defend, and hold harmless



Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Mortgage, including the obligation to indemnify and defend, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, declare immediately due and payable all sums secured by this Mortgage upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by South Carolina law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Mortgage:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Lender under this Mortgage, except for those liens specifically agreed to in writing by Lender, and except for the lien of taxes and assessments not due as further specified in the Right to Contest paragraph.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and reasonable attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Mortgage:

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of fifteen (15) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Mortgage. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Mortgage or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Mortgage or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Mortgage also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mortgage:

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Grantor has the full right, power, and authority to execute and deliver this Mortgage to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Mortgage shall survive the execution and delivery of this Mortgage, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Mortgage:

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Mortgage and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Mortgage.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Mortgage or upon all or any part of the Indebtedness secured by this Mortgage; (2) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the Indebtedness secured by this type of Mortgage; (3) a tax on this type of Mortgage chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Mortgage as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Mortgage.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Mortgage:

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or re-recorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Grantor's obligations under the Note, this Mortgage, and the Related Documents, and (2) the liens and security interests created by this Mortgage as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Grantor pays all the Indebtedness, including without limitation all future advances, when due, and otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Mortgage:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Default on Other Payments. Failure of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Mortgage or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Default in Favor of Third Parties. Should Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or Grantor's ability to repay the Indebtedness or Grantor's ability to perform Grantor's obligations under this Mortgage or any related document.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Mortgage or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes

false or misleading at any time thereafter.

Defective Collateralization. This Mortgage or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Death or Insolvency. The death of Grantor, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any property securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default and at any time thereafter, Lender, at Lender's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right, without notice to Grantor, to take possession of the Property and, as mortgagee-in-possession, collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Judicial Foreclosure. Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property.

Nonjudicial Sale. If permitted by applicable law, Lender may foreclose Grantor's interest in all or in any part of the Personal Property or the Real Property by non-judicial sale.

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

Appraisal. Grantor hereby waives the right to assert any statute providing appraisal rights which may reduce any deficiency judgment obtained by Lender against Grantor in the event of foreclosure under this Mortgage.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of Lender.

Other Remedies. Lender shall have all other rights and remedies provided in this Mortgage or the Note or available at law or in equity.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all right to have the Property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Mortgage, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies. Nothing under this Mortgage or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lender following an Event of Default, or in any way to limit or restrict the rights and ability of Lender to proceed directly against Grantor and/or against any other co-maker, guarantor, surety or endorser and/or to proceed against any other collateral directly or indirectly securing the Indebtedness.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's reasonable attorneys' fees in an amount not less than fifteen percent (15%) of the amount owing on the Indebtedness and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

NOTICES. Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is

deemed to be notice given to all Grantors.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage:

Amendments. This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Arbitration. Grantor and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Mortgage or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Property shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Property, including any claim to rescind, reform, or otherwise modify any agreement relating to the Property, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Mortgage shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

Caption Headings. Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage.

Governing Law. This Mortgage will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of South Carolina without regard to its conflicts of law provisions. This Mortgage has been accepted by Lender in the State of South Carolina.

Joint and Several Liability. All obligations of Grantor under this Mortgage shall be joint and several, and all references to Grantor shall mean each and every Grantor. This means that each Grantor signing below is responsible for all obligations in this Mortgage.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Mortgage unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Mortgage shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Mortgage. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Mortgage to be illegal, invalid, or unenforceable as to any person or circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other person or circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Mortgage. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Mortgage shall not affect the legality, validity or enforceability of any other provision of this Mortgage.

Merger. There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Successors and Assigns. Subject to any limitations stated in this Mortgage on transfer of Grantor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Mortgage or liability under the indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Mortgage.

Waive Jury. All parties to this Mortgage hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party. (Initial Here _____)

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of South Carolina as to all indebtedness secured by this Mortgage.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Mortgage. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means Marshall C Hartmann and Brett D Blanks and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Default. The word "Default" means the Default set forth in this Mortgage in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Mortgage in the events of default section of this Mortgage.

Grantor. The word "Grantor" means Marshall C Hartmann and Brett D Blanks.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, earned interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Mortgage, together with interest on such amounts as provided in this Mortgage. Specifically,

without limitation, Indebtedness includes the future advances set forth in the Future Advances provision, together with all interest thereon and all amounts that may be indirectly secured by the Cross-Collateralization provision of this Mortgage.

Lender. The word "Lender" means First Reliance Bank, its successors and assigns.

Mortgage. The word "Mortgage" means this Mortgage between Grantor and Lender.

Note. The word "Note" means the promissory note dated January 22, 2007, in the original principal amount of \$792,087.00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. NOTICE TO GRANTOR: THE NOTE CONTAINS A VARIABLE INTEREST RATE.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Mortgage.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MORTGAGE, AND EACH GRANTOR AGREES TO ITS TERMS.

GRANTOR:

X Marshall C Harbmann
Signed, acknowledged and delivered in the presence of:
Witness
Witness

X Brett D Blanks
Brett D Blanks

INDIVIDUAL ACKNOWLEDGMENT

STATE OF SOUTH CAROLINA)
) SS
COUNTY OF LEXINGTON)

PERSONALLY appeared before me and made oath that he or she saw the within-named Grantor(s) sign, seal, and, as his or her act and deed, deliver the within-written Mortgage for the uses and purposes therein mentioned, and that he or she with the other witness subscribed above witnessed the execution thereof.

SWORN to before me this 22nd
day of January A.D. 2007
Notary Public (Seal)
My Commission expires: 02/01/26

Witness
Jennifer H. Portte

Exhibit "A"

All those certain pieces, parcels, or lots of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 2 containing 1.165 acres, more or less; Parcel 2-A containing 0.147 acre, more or less; Parcel 2-B containing 0.055 acre, more or less; and Parcel 2-C containing 0.226 acre, more or less, as shown on a revised plat (revised May 19, 2004), prepared for Tom Pool & Richard Pool by Drafts Surveying, Inc., and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 9335, at page 88, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Subject to the right of ingress and egress to Parcel 1, as fully shown on plat recorded in Record Book 7933, at page 167, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: This being property conveyed to Marshall C. Hartmann and Brett Blanks by deed of Thomas Richard Pool, dated January 22, 2007 and recorded in Record Book ~~11702~~, at page ~~154~~, in the Office of the Register of Deeds for Lexington County, South Carolina.

TMS #003418-01-009

WHEN RECORDED MAIL TO:

First Reliance Bank
2170 West Palmetto Street
Florence, SC 29501

SEND TAX NOTICES TO:

Marshall C Hartmann
Brett D Blanks
120 Rustic Manor Ct
Lexington, SC 29072

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY



00000000980135303%0745%01222007%00000000H001947

MORTGAGE

MAXIMUM LIEN. The amount of indebtedness secured by this Mortgage, including the outstanding amount of the Note and all future advances shall at no time exceed the principal amount of \$627,200.00, plus interest, reasonable attorneys' fees, court costs and the expenses to preserve and protect the Property. Interest under the Note will be deferred, accrued or capitalized, but Lender shall not be required to defer, accrue or capitalize any interest except as provided in the Note.

THIS MORTGAGE dated January 22, 2007, is made and executed between Marshall Hartmann, whose address is 120 Rustic Manor Ct, Lexington, SC 29072 and Brett Blanks, whose address is 137 Belle Chase Drive, Lexington, SC 29072 (referred to below as "Grantor") and First Reliance Bank, whose address is 709 N. Lake Drive, Lexington, SC 29072 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages, grants, and conveys to Lender all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Lexington County, State of South Carolina:

See Exhibit A, which is attached to this Mortgage and made a part of this Mortgage as if fully set forth herein.

The Real Property or its address is commonly known as 1.75 acres on N Lake Drive and Beekeeper Court, Parcel 1, Lexington, SC 29072. The Real Property tax identification number is 003418-01-007.

CROSS-COLLATERALIZATION. In addition to the Note, this Mortgage secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable. (Initial Here [redacted])

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

FUTURE ADVANCES. In addition to the Note, this Mortgage secures all future advances made by Lender to Grantor whether or not the advances are made pursuant to a commitment. Specifically, without limitation, this Mortgage secures, in addition to the amounts specified in the Note, all future amounts Lender in its discretion may loan to Grantor, together with all interest thereon; however, in no event shall such future advances (excluding interest) exceed in the aggregate \$627,200.00. This Mortgage shall remain an open mortgage of record to secure future advances in accordance with Section 29-3-50, as amended, Code of Laws of South Carolina (1976) even in the event all sums secured by this Mortgage may be fully paid at any one time; however, upon request of Grantor, Lender will cause this Mortgage to be released and cancelled of record upon full payment of all indebtedness then owing, and upon such cancellation of this Mortgage of record, this Mortgage shall become null and void. Such release shall be without charge to Grantor; however, Grantor shall pay all costs of recordation, if any, and all documentary stamps due on the Note evidencing future advances secured by this Mortgage.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

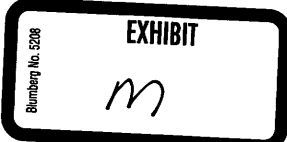
PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Grantor shall pay to Lender all amounts secured by this Mortgage as they become due and shall strictly perform all of Grantor's obligations under this Mortgage.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

Duty to Maintain. Grantor shall maintain the Property in tenable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify, defend, and hold harmless



Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Mortgage, including the obligation to indemnify and defend, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such improvements with improvements of at least equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, declare immediately due and payable all sums secured by this Mortgage upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by South Carolina law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Mortgage:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Lender under this Mortgage, except for those liens specifically agreed to in writing by Lender, and except for the lien of taxes and assessments not due as further specified in the Right to Contest paragraph.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and reasonable attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialman's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Mortgage:

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of fifteen (15) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Mortgage. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Mortgage or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Mortgage or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Mortgage also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mortgage:

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Grantor has the full right, power, and authority to execute and deliver this Mortgage to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Mortgage shall survive the execution and delivery of this Mortgage, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's indebtedness shall be paid in full.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Mortgage:

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Mortgage and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Mortgage.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Mortgage or upon all or any part of the indebtedness secured by this Mortgage; (2) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the indebtedness secured by this type of Mortgage; (3) a tax on this type of Mortgage chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Mortgage as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Mortgage.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Mortgage:

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or re-recorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Grantor's obligations under the Note, this Mortgage, and the Related Documents, and (2) the liens and security interests created by this Mortgage as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Grantor pays all the indebtedness, including without limitation all future advances, when due, and otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Mortgage:

Payment Default. Grantor fails to make any payment when due under the indebtedness.

Default on Other Payments. Failure of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Mortgage or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Default in Favor of Third Parties. Should Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or Grantor's ability to repay the indebtedness or Grantor's ability to perform Grantor's obligations under this Mortgage or any related document.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Mortgage or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes

false or misleading at any time thereafter.

Defective Collateralization. This Mortgage or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Death or Insolvency. The death of Grantor, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any property securing the indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default and at any time thereafter, Lender, at Lender's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right, without notice to Grantor, to take possession of the Property and, as mortgagee-in-possession, collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Judicial Foreclosure. Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property.

Nonjudicial Sale. If permitted by applicable law, Lender may foreclose Grantor's interest in all or in any part of the Personal Property or the Real Property by non-judicial sale.

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

Appraisal. Grantor hereby waives the right to assert any statute providing appraisal rights which may reduce any deficiency judgment obtained by Lender against Grantor in the event of foreclosure under this Mortgage.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either: (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of Lender.

Other Remedies. Lender shall have all other rights and remedies provided in this Mortgage or the Note or available at law or in equity.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all right to have the Property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Mortgage, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies. Nothing under this Mortgage or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lender following an Event of Default, or in any way to limit or restrict the rights and ability of Lender to proceed directly against Grantor and/or against any other co-maker, guarantor, surety or endorser and/or to proceed against any other collateral directly or indirectly securing the Indebtedness.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's reasonable attorneys' fees in an amount not less than fifteen percent (15%) of the amount owing on the Indebtedness and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

NOTICES. Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lender's address. All copies of notices of foreclosure from any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is

deemed to be notice given to all Grantors.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage:

Amendments. This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Arbitration. Grantor and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Mortgage or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Property shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Property, including any claim to rescind, reform, or otherwise modify any agreement relating to the Property, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Mortgage shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

Caption Headings. Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage.

Governing Law. This Mortgage will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of South Carolina without regard to its conflicts of law provisions. This Mortgage has been accepted by Lender in the State of South Carolina.

Joint and Several Liability. All obligations of Grantor under this Mortgage shall be joint and several, and all references to Grantor shall mean each and every Grantor. This means that each Grantor signing below is responsible for all obligations in this Mortgage.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Mortgage unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Mortgage shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Mortgage. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Mortgage to be illegal, invalid, or unenforceable as to any person or circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other person or circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Mortgage. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Mortgage shall not affect the legality, validity or enforceability of any other provision of this Mortgage.

Merger. There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Successors and Assigns. Subject to any limitations stated in this Mortgage on transfer of Grantor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Mortgage or liability under the indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Mortgage.

Waive Jury. All parties to this Mortgage hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party. (Initial Here _____)

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of South Carolina as to all indebtedness secured by this Mortgage.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Mortgage. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means Marshall C Hartmann and Brett D Blanks and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Default. The word "Default" means the Default set forth in this Mortgage in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Mortgage in the events of default section of this Mortgage.

Grantor. The word "Grantor" means Marshall C Hartmann and Brett D Blanks.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "indebtedness" means all principal, earned interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Mortgage, together with interest on such amounts as provided in this Mortgage. Specifically,

without limitation, Indebtedness includes the future advances set forth in the Future Advances provision, together with all interest thereon and all amounts that may be indirectly secured by the Cross-Collateralization provision of this Mortgage.

Lender. The word "Lender" means First Reliance Bank, its successors and assigns.

Mortgage. The word "Mortgage" means this Mortgage between Grantor and Lender.

Note. The word "Note" means the promissory note dated January 22, 2007, in the original principal amount of \$792,087.00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. NOTICE TO GRANTOR: THE NOTE CONTAINS A VARIABLE INTEREST RATE.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Mortgage.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MORTGAGE, AND EACH GRANTOR AGREES TO ITS TERMS.

GRANTOR:

Signature of Marshall C Hartmann, signed, acknowledged and delivered in the presence of Jennifer H. Porter (Witness).

Signature of Brett D Blanke.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF SOUTH CAROLINA)
COUNTY OF LEXINGTON)

PERSONALLY appeared before me and made oath that he or she saw the within-named Grantor(s) sign, seal, and, as his or her act and deed, deliver the within-written Mortgage for the uses and purposes therein mentioned, and that he or she with the other witness subscribed above witnessed the execution thereof.

SWORN to before me this 22nd day of January, A.D. 2007. Notary Public (Seal). My Commission expires: 02/01/16

Signature of Jennifer H. Porter (Witness)

Exhibit "A"

All that certain piece, parcel, or lot of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 1 containing 1.753 acres, more or less, as shown on a plat prepared for Tom Pool, Richard Pool and Joe Waters by Drafts Surveying, Inc., dated February 21, 2003 and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 7933, at page 167, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Together with the right of ingress and egress over and across that portion of property shown as 20' Ingress/Egress Easement to Parcel 1, on plat recorded in Record Book 7933, page 167, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: This being property conveyed to Marshall C. Hartmann and Brett Blanks by deed of Joseph T. Waters, III, dated January 22, 2007 and recorded in Record Book 11702, at page 154, in the Office of the Register of Deeds for Lexington County, South Carolina.

TMS #003418-01-007

20070123 FILED, RECORDED, INDEXED
 2007-01-23 11:46:10:600
 REC FEE: \$14.00 ST FEE: \$8.00
 CD FEE: \$8.00 Pages: 8
 Lexington County R.O.D. Debra M. Gunter
 MORTGAGE 8x1Pg 11782:170

WHEN RECORDED MAIL TO:

First Reliance Bank
 2170 West Palmetto Street
 Florence, SC 29501

SEND TAX NOTICES TO:

Marshall C Hartmann
 120 Rustic Manor Ct
 Lexington, SC 29072

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY



00000000980135303%0748%01222007%00000000H001947

MORTGAGE

MAXIMUM LIEN. The amount of indebtedness secured by this Mortgage, including the outstanding amount of the Note and all future advances shall at no time exceed the principal amount of \$102,000.00, plus interest, reasonable attorneys' fees, court costs and the expenses to preserve and protect the Property. Interest under the Note will be deferred, accrued or capitalized, but Lender shall not be required to defer, accrue or capitalize any interest except as provided in the Note.

THIS MORTGAGE dated January 22, 2007, is made and executed between Marshall C Hartmann, whose address is 120 Rustic Manor Ct, Lexington, SC 29072 (referred to below as "Grantor") and First Reliance Bank, whose address is 709 N. Lake Drive, Lexington, SC 29072 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages, grants, and conveys to Lender all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Lexington County, State of South Carolina:

See Exhibit A, which is attached to this Mortgage and made a part of this Mortgage as if fully set forth herein.

The Real Property or its address is commonly known as 1605 N Lake Drive, Lexington, SC 29072. The Real Property tax identification number is 003418-01-008.

CROSS-COLLATERALIZATION. In addition to the Note, this Mortgage secures all obligations, debts and liabilities, plus interest thereon, of either Grantor or Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower and Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Borrower or Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable. (Initial Here _____)

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

FUTURE ADVANCES. In addition to the Note, this Mortgage secures all future advances made by Lender to Grantor whether or not the advances are made pursuant to a commitment. Specifically, without limitation, this Mortgage secures, in addition to the amounts specified in the Note, all future amounts Lender in its discretion may loan to Borrower, together with all interest thereon; however, in no event shall such future advances (excluding interest) exceed in the aggregate \$102,000.00. This Mortgage shall remain an open mortgage of record to secure future advances in accordance with Section 29-3-50, as amended, Code of Laws of South Carolina (1978) even in the event all sums secured by this Mortgage may be fully paid at any one time; however, upon request of Grantor, Lender will cause this Mortgage to be released and cancelled of record upon full payment of all indebtedness then owing, and upon such cancellation of this Mortgage of record, this Mortgage shall become null and void. Such release shall be without charge to Grantor; however, Grantor shall pay all costs of recordation, if any, and all documentary stamps due on the Note evidencing future advances secured by this Mortgage.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

GRANTOR'S WAIVERS. Grantor waives all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law which may prevent Lender from bringing any action against Grantor, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale.

GRANTOR'S REPRESENTATIONS AND WARRANTIES. Grantor warrants that: (a) this Mortgage is executed at Borrower's request and not at the request of Lender; (b) Grantor has the full power, right, and authority to enter into this Mortgage and to hypothecate the Property; (c) the provisions of this Mortgage do not conflict with, or result in a default under any agreement or other instrument binding upon Grantor and do not result in a violation of any law, regulation, court decree or order applicable to Grantor; (d) Grantor has established adequate means of obtaining from Borrower on a continuing basis information about Borrower's financial condition; and (e) Lender has made no representation to Grantor about Borrower (including without limitation the creditworthiness of Borrower).

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Borrower and Grantor shall pay to Lender all indebtedness secured by this Mortgage as it becomes due, and Borrower and Grantor shall strictly perform all Borrower's and Grantor's obligations under this Mortgage.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Borrower and Grantor agree that Borrower's and Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

Duty to Maintain. Grantor shall maintain the Property in tenable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any

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EXHIBIT

kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Mortgage, including the obligation to indemnify and defend, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such improvements with improvements of at least equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, declare immediately due and payable all sums secured by this Mortgage upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by South Carolina law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Mortgage:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Lender under this Mortgage, except for the Existing indebtedness referred to in this Mortgage or those liens specifically agreed to in writing by Lender, and except for the lien of taxes and assessments not due as further specified in the Right to Contest paragraph.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and reasonable attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Mortgage:

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of fifteen (15) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Mortgage. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

Compliance with Existing Indebtedness. During the period in which any Existing indebtedness described below is in effect, compliance with the insurance provisions contained in the instrument evidencing such Existing indebtedness shall constitute compliance with the insurance

provisions under this Mortgage, to the extent compliance with the terms of this Mortgage would constitute a duplication of insurance requirement. If any proceeds from the insurance become payable on loss, the provisions in this Mortgage for division of proceeds shall apply only to that portion of the proceeds not payable to the holder of the Existing Indebtedness.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Mortgage or any Related Documents, including but not limited to Grantor's failure to comply with any obligation to maintain Existing Indebtedness in good standing as required below, or to discharge or pay when due any amounts Grantor is required to discharge or pay under this Mortgage or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Mortgage also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mortgage:

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in the Existing Indebtedness section below or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Grantor has the full right, power, and authority to execute and deliver this Mortgage to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Mortgage shall survive the execution and delivery of this Mortgage, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full.

EXISTING INDEBTEDNESS. The following provisions concerning Existing Indebtedness are a part of this Mortgage:

Existing Lien. The lien of this Mortgage securing the Indebtedness may be secondary and inferior to the lien securing payment of an existing obligation with an account number of 980124166 to First Reliance Bank. The existing obligation has a current principal balance of approximately \$518,396.00 and is in the original principal amount of \$525,495.00. The obligation has the following payment terms: \$5,300.00 per Month. Grantor expressly covenants and agrees to pay, or see to the payment of, the Existing Indebtedness and to prevent any default on such indebtedness, any default under the instruments evidencing such indebtedness, or any default under any security documents for such indebtedness.

No Modification. Grantor shall not enter into any agreement with the holder of any mortgage, deed of trust, or other security agreement which has priority over this Mortgage by which that agreement is modified, amended, extended, or renewed without the prior written consent of Lender. Grantor shall neither request nor accept any future advances under any such security agreement without the prior written consent of Lender.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Mortgage:

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Mortgage and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Mortgage.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Mortgage or upon all or any part of the Indebtedness secured by this Mortgage; (2) a specific tax on Borrower which Borrower is authorized or required to deduct from payments on the Indebtedness secured by this type of Mortgage; (3) a tax on this type of Mortgage chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Borrower.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Mortgage as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Mortgage.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Mortgage:

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or re-recorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance,

certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Borrower's and Grantor's obligations under the Note, this Mortgage, and the Related Documents, and (2) the liens and security interests created by this Mortgage on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Borrower and Grantor pay all the Indebtedness, including without limitation all future advances, when due, and Grantor otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Mortgage:

Payment Default. Borrower fails to make any payment when due under the Indebtedness.

Default on Other Payments. Failure of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Other Defaults. Borrower or Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Mortgage or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower or Grantor.

Default in Favor of Third Parties. Should Borrower or any Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's ability to repay the Indebtedness or Borrower's or Grantor's ability to perform their respective obligations under this Mortgage or any related document.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or Grantor or on Borrower's or Grantor's behalf under this Mortgage or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Mortgage or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Death or Insolvency. The death of Borrower or Grantor, the insolvency of Borrower or Grantor, the appointment of a receiver for any part of Borrower's or Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or Grantor or by any governmental agency against any property securing the Indebtedness. This includes a garnishment of any of Borrower's or Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower or Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower or Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Existing Indebtedness. The payment of any installment of principal or any interest on the Existing Indebtedness is not made within the time required by the promissory note evidencing such indebtedness, or a default occurs under the instrument securing such indebtedness and is not cured during any applicable grace period in such instrument, or any suit or other action is commenced to foreclose any existing lien on the Property.

Breach of Other Agreement. Any breach by Borrower or Grantor under the terms of any other agreement between Borrower or Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Borrower or Grantor to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default and at any time thereafter, Lender, at Lender's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right, without notice to Borrower or Grantor, to take possession of the Property and, as mortgagee-in-possession, collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Judicial Foreclosure. Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property.

Nonjudicial Sale. If permitted by applicable law, Lender may foreclose Grantor's interest in all or in any part of the Personal Property or the Real Property by non-judicial sale.

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

Appraisal. Grantor hereby waives the right to assert any statute providing appraisal rights which may reduce any deficiency judgment obtained by Lender against Borrower in the event of foreclosure under this Mortgage.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of Lender.

Other Remedies. Lender shall have all other rights and remedies provided in this Mortgage or the Note or available at law or in equity.

Sale of the Property. To the extent permitted by applicable law, Borrower and Grantor hereby waive any and all right to have the Property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Mortgage, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies. Nothing under this Mortgage or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lender following an Event of Default, or in any way to limit or restrict the rights and ability of Lender to proceed directly against Grantor and/or Borrower and/or against any other co-maker, guarantor, surety or endorser and/or to proceed against any other collateral directly or indirectly securing the indebtedness.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's reasonable attorneys' fees in an amount not less than fifteen percent (15%) of the amount owing on the indebtedness and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

NOTICES. Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage:

Amendments. This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Arbitration. Borrower and Grantor and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Mortgage or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Property shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Property, including any claim to rescind, reform, or otherwise modify any agreement relating to the Property, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Mortgage shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

Caption Headings. Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage.

Governing Law. This Mortgage will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of South Carolina without regard to its conflicts of law provisions. This Mortgage has been accepted by Lender in the State of South Carolina.

Joint and Several Liability. All obligations of Borrower and Grantor under this Mortgage shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each Grantor signing below is responsible for all obligations in this Mortgage.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Mortgage unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Mortgage shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Mortgage. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Mortgage to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Mortgage. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Mortgage shall not affect the legality, validity or enforceability of any other provision of this Mortgage.

Merger. There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Successors and Assigns. Subject to any limitations stated in this Mortgage on transfer of Grantor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Mortgage or liability under the indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Mortgage.

Waive Jury. All parties to this Mortgage hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party. (Initial Here)

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of South Carolina as to all indebtedness secured by this Mortgage.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Mortgage. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means Marshall C Hartmann and Brett D Blanks and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Default. The word "Default" means the Default set forth in this Mortgage in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Mortgage in the events of default section of this Mortgage.

Existing Indebtedness. The words "Existing Indebtedness" mean the indebtedness described in the Existing Liens provision of this Mortgage.

Grantor. The word "Grantor" means Marshall C Hartmann.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, earned interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Mortgage, together with interest on such amounts as provided in this Mortgage. Specifically, without limitation, Indebtedness includes the future advances set forth in the Future Advances provision, together with all interest thereon and all amounts that may be indirectly secured by the Cross-Collateralization provision of this Mortgage.

Lender. The word "Lender" means First Reliance Bank, its successors and assigns.

Mortgage. The word "Mortgage" means this Mortgage between Grantor and Lender.

Note. The word "Note" means the promissory note dated January 22, 2007, in the original principal amount of \$792,087.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. **NOTICE TO GRANTOR: THE NOTE CONTAINS A VARIABLE INTEREST RATE.**

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds including without limitation all insurance proceeds and refunds of premiums from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Mortgage.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MORTGAGE, AND GRANTOR AGREES TO ITS TERMS.

GRANTOR:

x

Marshall C Hartmann
Signed, acknowledged and delivered in the presence of:

Witnes

Witnes

INDIVIDUAL ACKNOWLEDGMENT

STATE OF SOUTH CAROLINA

|
| SS
|

COUNTY OF LEXINGTON

PERSONALLY appeared before me and made oath that he or she saw the within-named Grantor(s) sign, seal, and, as his or her act and deed, deliver the within-written Mortgage for the uses and purposes therein mentioned, and that he or she with the other witness subscribed above witnessed the execution thereof.

Janice H. Porter
(Witness)

SWORN to before me this 22nd

day of JANUARY, A.D. 2007

[Signature] (Seal)
Notary Public

My Commission expires: 02/01/16

Exhibit "A"

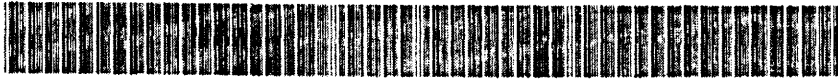
All those certain pieces, parcels, or lots of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 3 containing 0.692 acre, Parcel 3-A containing 0.058 acre, Parcel 3-B containing 0.016 acre and Parcel 3-C containing 0.007 acre, as shown on a plat prepared for Tom Pool & Richard Pool by Drafts Surveying, Inc., RLS, dated February 21, 2003 and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 9335, at page 80, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Derivation: Parcel 3-A containing 0.058 acre being property conveyed to Marshall C. Hartmann by deed of Gary D. Renaud and Faye L. Renaud, recorded June 15, 2004 in Record Book 9338, at page 87 and by Quit-Claim deed of RE-Stations, Inc., recorded June 15, 2004 in Record Book 9338, at page 89, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: Parcel 3-B containing 0.016 acre being property conveyed to Marshall C. Hartmann by deed of Thomas Richard Pool, recorded June 15, 2004 in Record Book 9338, at page 91, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: Parcel 3 containing 0.692 acre and Parcel 3-C containing 0.007 acre being property conveyed to Marshall C. Hartmann by deed of Thomas Richard Pool, recorded June 15, 2004 in Record Book 9338, at page 93, in the Office of the Register of Deeds for Lexington County, South Carolina.

TMS # 003418-01-008



*00000000980135303*0855%05292009%0000000H001947*

PROMISSORY NOTE

| Principal | Loan Date | Maturity | Loan No | Call / Coll | Account | Officer | Initials |
|--------------|------------|------------|-----------|-------------|---------|---------|----------|
| \$821,646.97 | 05-28-2009 | 05-29-2011 | 980135303 | 1A2 / 132 | H001947 | CFC | |

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*" has been omitted due to text length limitations.

Borrower: Marshall H Hartmann, Brett D Blanks and Charles E Bishop
120 Rustic Manor Ct
Lexington, SC 29072

Lender: First Reliance Bank
Lexington
801 N Lake Drive
Lexington, SC 29072

Principal Amount: \$821,646.97

Date of Note: May 29, 2009

PROMISE TO PAY. Marshall H Hartmann, Brett D Blanks and Charles E Bishop ("Borrower") jointly and severally promise to pay to First Reliance Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of Eight Hundred Twenty-one Thousand Six Hundred Forty-six & 97/100 Dollars (\$821,646.97), together with interest on the unpaid principal balance from May 29, 2009, until paid in full.

PAYMENT. Subject to any payment changes resulting from changes in the Index, Borrower will pay this loan in 23 regular payments of \$4,838.88 each and one irregular last payment estimated at \$792,031.88. Borrower's first payment is due June 29, 2009, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on May 29, 2011, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any unpaid collection costs; and then to any late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the the highest rate on corporate rate loans posted by at least 75% of the USA's 30 largest banks known as The Wall Street Journal Prime Rate and is published in The Wall Street Journal (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 3.250% per annum. Prior to adding or subtracting any margin to the Index, the Index is rounded up to the nearest 0.125 percent, resulting in a current rounded Index of 4.000%. The interest rate to be applied to the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 1.000 percentage point over the Index, rounded up to the nearest 0.125 percent, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 5.000% per annum based on a year of 360 days. **NOTICE:** Under no circumstances will the interest rate on this Note be less than 5.000% per annum or more than the maximum rate allowed by applicable law. Whenever increases occur in the interest rate, Lender, at its option, may do one or more of the following: (A) increase Borrower's payments to ensure Borrower's loan will pay off by its original final maturity date, (B) increase Borrower's payments to cover accruing interest, (C) increase the number of Borrower's payments, and (D) continue Borrower's payments at the same amount and increase Borrower's final payment.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method. This calculation method results in a higher effective interest rate than the numeric interest rate stated in this Note.

PREPAYMENT; MINIMUM INTEREST CHARGE. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$15.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: First Reliance Bank, 2170 West Palmetto Street Florence, SC 29501.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the unpaid portion of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased to 18.000% per annum based on a year of 360 days. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially effect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

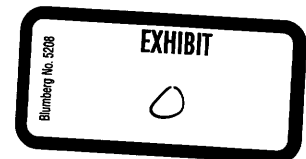
Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes Lender's reasonable attorneys' fees in an amount not less than fifteen percent (15%) of the amount owing



PROMISSORY NOTE (Continued)

on this Note and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of South Carolina without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of South Carolina.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

COLLATERAL. Borrower acknowledges this Note is secured by A Mortgage securing Lender's interest in property located at 1600 Block N Lake Drive, Parcel 2, 2A, 2B and 2C, Lexington SC 29072 and recorded in Lexington County on 1/23/07 in Book 11702 at Page 156; 1.75 acres on N Lake Drive & Beekeeper Court, Lexington, SC 29072 and recorded on 1/23/06 in Lexington County in Book 11702 at Page 163; 1605 N Lake Drive, Lexington, SC 29072 and recorded in Lexington County on 1/23/07 in Book 11702 at Page 170; cross collateralized with Loan #980124166 securing Lender's interest in property located at 1605 N Lake Drive, Lexington, SC 29072 and recorded in Lexington County on 8/04/06 in Book 11276 at Page 239.

ARBITRATION. Borrower and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Note or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any collateral securing this Note shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any collateral securing this Note, including any claim to rescind, reform, or otherwise modify any agreement relating to the collateral securing this Note, shall also be arbitrated, provided any arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Note shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

PRIOR NOTE. Original loan in the amount of \$792,087.00 with a current principal balance of \$795,705.00 evidenced by a Promissory Note dated 1/22/07 subsequently renewed on 10/29/08 and 12/30/08.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(ies) should be sent to us at the following address: First Reliance Bank 2170 West Palmetto Street Florence, SC 29501.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Each Borrower understands and agrees that, with or without notice to Borrower, Lender may with respect to any other Borrower (a) make one or more additional secured or unsecured loans or otherwise extend additional credit; (b) alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of any indebtedness, including increases and decreases of the rate of interest on the indebtedness; (c) exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any security, with or without the substitution of new collateral; (d) apply such security and direct the order or manner of sale thereof, including without limitation, any non-judicial sale permitted by the terms of the controlling security agreements, as Lender in its discretion may determine; (e) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; and (f) determine how, when and what application of guarantees or endorsements shall be made on any other indebtedness owing by such other Borrower. Borrower and any other person who signs, change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, EACH BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. EACH BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

X Marshall H Martmann
Charles E Bishop

X Brett D Blanks

COMMERCIAL PLEDGE AGREEMENT

| Principal | Loan Date | Maturity | Loan No | Coll / Coll | Account | Officer | Initials |
|---|------------|------------|-----------|-------------|---------|---------|----------|
| \$821,646.97 | 05-29-2009 | 05-29-2011 | 980135303 | 1A2 / 132 | H001947 | CFC | |
| References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations. | | | | | | | |

| | |
|---|--|
| Borrower: Marshall H Hartmann, Brett D Blanks and Charles E Bishop
120 Rustic Manor Ct
Lexington, SC 29072 | Lender: First Reliance Bank
Lexington
801 N Lake Drive
Lexington, SC 29072 |
| Grantor: Marshall H Hartmann
Brett D Blanks
120 Rustic Manor Ct
Lexington, SC 29072 | |

THIS COMMERCIAL PLEDGE AGREEMENT dated May 29, 2009, is made and executed among Marshall H Hartmann and Brett D Blanks ("Grantor"); Marshall H Hartmann, Brett D Blanks and Charles E Bishop ("Borrower"); and First Reliance Bank ("Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means Grantor's present and future rights, title and interest in and to the following described investment property, together with any and all present and future additions thereto, substitutions therefor, and replacements thereof, and further together with all Incomes and Proceeds as described herein:

A Mortgage and Assignment of Rents secured by Loan #980124166 on property located at 1605 N Lake Drive, Lexington, SC 29072; recorded in Lexington County on 8/04/06 in Book 11276 at Page 239

CROSS-COLLATERALIZATION. In addition to the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of either Grantor or Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower and Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Borrower or Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

BORROWER'S WAIVERS AND RESPONSIBILITIES. Except as otherwise required under this Agreement or by applicable law, (A) Borrower agrees that Lender need not tell Borrower about any action or inaction Lender takes in connection with this Agreement; (B) Borrower assumes the responsibility for being and keeping informed about the Collateral; and (C) Borrower waives any defenses that may arise because of any action or inaction of Lender, including without limitation any failure of Lender to realize upon the Collateral or any delay by Lender in realizing upon the Collateral; and Borrower agrees to remain liable under the Note no matter what action Lender takes or fails to take under this Agreement.

GRANTOR'S REPRESENTATIONS AND WARRANTIES. Grantor warrants that: (A) this Agreement is executed at Borrower's request and not at the request of Lender; (B) Grantor has the full right, power and authority to enter into this Agreement and to pledge the Collateral to Lender; (C) Grantor has established adequate means of obtaining from Borrower on a continuing basis information about Borrower's financial condition; and (D) Lender has made no representation to Grantor about Borrower or Borrower's creditworthiness.

GRANTOR'S WAIVERS. Grantor waives all requirements of presentment, protest, demand, and notice of dishonor or non-payment to Borrower or Grantor, or any other party to the indebtedness or the Collateral. Lender may do any of the following with respect to any obligation of any Borrower, without first obtaining the consent of Grantor: (A) grant any extension of time for any payment, (B) grant any renewal, (C) permit any modification of payment terms or other terms, or (D) exchange or release any Collateral or other security. No such act or failure to act shall affect Lender's rights against Grantor or the Collateral.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. Grantor represents and warrants to Lender that:

Ownership. Grantor is the lawful owner of the Collateral free and clear of all security interests, liens, encumbrances and claims of others except as disclosed to and accepted by Lender in writing prior to execution of this Agreement.

Right to Pledge. Grantor has the full right, power and authority to enter into this Agreement and to pledge the Collateral.

Authority; Binding Effect. Grantor has the full right, power and authority to enter into this Agreement and to grant a security interest in the Collateral to Lender. This Agreement is binding upon Grantor as well as Grantor's successors and assigns, and is legally enforceable in accordance with its terms. The foregoing representations and warranties, and all other representations and warranties contained in this Agreement are and shall be continuing in nature and shall remain in full force and effect until such time as this Agreement is terminated or cancelled as provided herein.

No Further Assignment. Grantor has not, and shall not, sell, assign, transfer, encumber or otherwise dispose of any of Grantor's rights in the Collateral except as provided in this Agreement.

Enforceability of Collateral. To the extent the Collateral consists of promissory notes or other instruments, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be



**COMMERCIAL PLEDGE AGREEMENT
(Continued)**

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claimed concerning the Collateral except those disclosed to Lender in writing.

No Defaults. There are no defaults existing under the Collateral, and there are no offsets or counterclaims to the same. Grantor will strictly and promptly perform each of the terms, conditions, covenants and agreements, if any, contained in the Collateral which are to be performed by Grantor.

No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement. If Grantor changes Grantor's name or address, or the name or address of any person granting a security interest under this Agreement changes, Grantor will promptly notify the Lender of such change.

LENDER'S RIGHTS AND OBLIGATIONS WITH RESPECT TO THE COLLATERAL. Lender may hold the Collateral until all indebtedness has been paid and satisfied. Thereafter Lender may deliver the Collateral to Grantor or to any other owner of the Collateral. Lender shall have the following rights in addition to all other rights Lender may have by law:

Maintenance and Protection of Collateral. Lender may, but shall not be obligated to, take such steps as it deems necessary or desirable to protect, maintain, insure, store, or care for the Collateral, including paying of any liens or claims against the Collateral. This may include such things as hiring other people, such as attorneys, appraisers or other experts. Lender may charge Grantor for any cost incurred in so doing. When applicable law provides more than one method of perfection of Lender's security interest, Lender may choose the method(s) to be used.

Income and Proceeds from the Collateral. Lender may receive all Income and Proceeds and add it to the Collateral. Grantor agrees to deliver to Lender immediately upon receipt, in the exact form received and without commingling with other property, all Income and Proceeds from the Collateral which may be received by, paid, or delivered to Grantor or for Grantor's account, whether as an addition to, in discharge of, in substitution of, or in exchange for any of the Collateral.

Application of Cash. At Lender's option, Lender may apply any cash, whether included in the Collateral or received as Income and Proceeds or through liquidation, sale, or retirement, of the Collateral, to the satisfaction of the indebtedness or such portion thereof as Lender shall choose, whether or not matured.

Transactions with Others. Lender may (1) extend time for payment or other performance, (2) grant a renewal or change in terms or conditions, or (3) compromise, compound or release any obligation, with any one or more Obligors, endorsers, or Guarantors of the indebtedness as Lender deems advisable, without obtaining the prior written consent of Grantor, and no such act or failure to act shall affect Lender's rights against Grantor or the Collateral.

All Collateral Secures Indebtedness. All Collateral shall be security for the indebtedness, whether the Collateral is located at one or more offices or branches of Lender. This will be the case whether or not the office or branch where Grantor obtained Grantor's loan knows about the Collateral or relies upon the Collateral as security.

Collection of Collateral. Lender at Lender's option may, but need not, collect the Income and Proceeds directly from the Obligors. Grantor authorizes and directs the Obligors, if Lender decides to collect the Income and Proceeds, to pay and deliver to Lender all Income and Proceeds from the Collateral and to accept Lender's receipt for the payments.

Power of Attorney. Grantor irrevocably appoints Lender as Grantor's attorney-in-fact, with full power of substitution, (a) to demand, collect, receive, receipt for, sue and recover all Income and Proceeds and other sums of money and other property which may now or hereafter become due, owing or payable from the Obligors in accordance with the terms of the Collateral; (b) to execute, sign and endorse any and all instruments, receipts, checks, drafts and warrants issued in payment for the Collateral; (c) to settle or compromise any and all claims arising under the Collateral, and in the place and stead of Grantor, execute and deliver Grantor's release and acquittance for Grantor; (d) to file any claim or claims or to take any action or institute or take part in any proceedings, either in Lender's own name or in the name of Grantor, or otherwise, which in the discretion of Lender may seem to be necessary or advisable; and (e) to execute in Grantor's name and to deliver to the Obligors on Grantor's behalf, at the time and in the manner specified by the Collateral, any necessary instruments or documents.

Perfection of Security Interest. Upon Lender's request, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral. When applicable law provides more than one method of perfection of Lender's security interest, Lender may choose the method(s) to be used. Upon Lender's request, Grantor will sign and deliver any writings necessary to perfect Lender's security interest. Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. **This is a continuing Security Agreement and will continue in effect even though all or any part of the indebtedness is paid in full and even though for a period of time Borrower may not be indebted to Lender.**

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

LIMITATIONS ON OBLIGATIONS OF LENDER. Lender shall use ordinary reasonable care in the physical preservation and custody of the Collateral in Lender's possession, but shall have no other obligation to protect the Collateral or its value. In particular, but without limitation,

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Lender shall have no responsibility for (A) any depreciation in value of the Collateral or for the collection or protection of any income and Proceeds from the Collateral, (B) preservation of rights against parties to the Collateral or against third persons, (C) ascertaining any maturities, calls, conversions, exchanges, offers, tenders, or similar matters relating to any of the Collateral, or (D) informing Grantor about any of the above, whether or not Lender has or is deemed to have knowledge of such matters. Except as provided above, Lender shall have no liability for depreciation or deterioration of the Collateral.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Indebtedness.

Other Defaults. Borrower or Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower or Grantor.

Default in Favor of Third Parties. Borrower or Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or Grantor's property or ability to perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or Grantor or on Borrower's or Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Death or Insolvency. The death of Borrower or Grantor, the insolvency of Borrower or Grantor, the appointment of a receiver for any part of Borrower's or Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Borrower's or Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower or Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower or Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Borrower's or Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lender may exercise any one or more of the following rights and remedies:

Accelerate Indebtedness. Declare all Indebtedness, including any prepayment penalty which Borrower would be required to pay, immediately due and payable, without notice of any kind to Borrower or Grantor.

Collect the Collateral. Collect any of the Collateral and, at Lender's option and to the extent permitted by applicable law, retain possession of the Collateral while suing on the Indebtedness.

Sell the Collateral. Sell the Collateral, at Lender's discretion, as a unit or in parcels, at one or more public or private sales. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender shall give or mail to Grantor, and other persons as required by law, notice at least ten (10) days in advance of the time and place of any public sale, or of the time after which any private sale may be made. However, no notice need be provided to any person who, after an Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. Grantor agrees that any requirement of reasonable notice as to Grantor is satisfied if Lender mails notice by ordinary mail addressed to Grantor at the last address Grantor has given Lender in writing. If a public sale is held, there shall be sufficient compliance with all requirements of notice to the public by a single publication in any newspaper of general circulation in the county where the Collateral is located, setting forth the time and place of sale and a brief description of the property to be sold. Lender may be a purchaser at any public sale.

Sell Securities. Sell any securities included in the Collateral in a manner consistent with applicable federal and state securities laws. If, because of restrictions under such laws, Lender is unable, or believes Lender is unable, to sell the securities in an open market transaction, Grantor agrees that Lender will have no obligation to delay sale until the securities can be registered. Then Lender may make a private sale to one or more persons or to a restricted group of persons, even though such sale may result in a price that is less favorable than might be obtained in an open market transaction. Such a sale will be considered commercially reasonable. If any securities held as Collateral are "restricted securities" as defined in the Rules of the Securities and Exchange Commission (such as Regulation D or Rule 144) or the rules of state securities departments under state "Blue Sky" laws, or if Grantor or any other owner of the Collateral is an affiliate of the issuer of the securities, Grantor agrees that neither Grantor, nor any member of Grantor's family, nor any other person signing this Agreement will sell or dispose of any securities of such issuer without obtaining Lender's prior written consent.

Foreclosure. Maintain a judicial suit for foreclosure and sale of the Collateral.

Transfer Title. Effect transfer of title upon sale of all or part of the Collateral. For this purpose, Grantor irrevocably appoints Lender as Grantor's attorney-in-fact to execute endorsements, assignments and instruments in the name of Grantor and each of them (if more than one) as shall be necessary or reasonable.

Other Rights and Remedies. Have and exercise any or all of the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, at law, in equity, or otherwise.

Application of Proceeds. Apply any cash which is part of the Collateral, or which is received from the collection or sale of the Collateral, to

**COMMERCIAL PLEDGE AGREEMENT
(Continued)**

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reimbursement of any expenses, including any costs for registration of securities, commissions incurred in connection with a sale, reasonable attorneys' fees and court costs, whether or not there is a lawsuit and including any fees on appeal, incurred by Lender in connection with the collection and sale of such Collateral and to the payment of the indebtedness of Borrower to Lender, with any excess funds to be paid to Grantor as the interests of Grantor may appear. Borrower agrees, to the extent permitted by law, to pay any deficiency after application of the proceeds of the Collateral to the indebtedness.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Arbitration. Borrower and Grantor and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Agreement or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Collateral shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Collateral, including any claim to rescind, reform, or otherwise modify any agreement relating to the Collateral, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Agreement shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

Attorneys' Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any court. This Agreement also secures all of these amounts.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of South Carolina without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of South Carolina.

Joint and Several Liability. All obligations of Borrower and Grantor under this Agreement shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each Borrower and Grantor signing below is responsible for all obligations in this Agreement.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addressee shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any person or circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other person or circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the

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COMMERCIAL PLEDGE AGREEMENT
(Continued)

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Indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement. The word "Agreement" means this Commercial Pledge Agreement, as this Commercial Pledge Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Pledge Agreement from time to time.

Borrower. The word "Borrower" means Marshall H Hartmann, Brett D Blanks and Charles E Bishop and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Default. The word "Default" means the Default set forth in this Agreement in the section titled "Default".

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means Marshall H Hartmann and Brett D Blanks.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Income and Proceeds. The words "Income and Proceeds" mean all present and future income, proceeds, earnings, increases, and substitutions from or for the Collateral of every kind and nature, including without limitation all payments, interest, profits, distributions, benefits, rights, options, warrants, dividends, stock dividends, stock splits, stock rights, regulatory dividends, subscriptions, monies, claims for money due and to become due, proceeds of any insurance on the Collateral, shares of stock of different par value or no par value issued in substitution or exchange for shares included in the Collateral, and all other property Grantor is entitled to receive on account of such Collateral, including accounts, documents, instruments, chattel paper, investment property, and general intangibles.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents. Specifically, without limitation, Indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Agreement.

Lender. The word "Lender" means First Reliance Bank, its successors and assigns.

Note. The word "Note" means the Note executed by Marshall H Hartmann, Brett D Blanks and Charles E Bishop in the principal amount of \$821,646.97 dated May 29, 2009, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Obligor. The word "Obligor" means without limitation any and all persons obligated to pay money or to perform some other act under the Collateral.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.


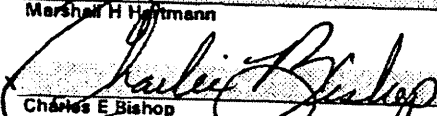
BORROWER AND GRANTOR HAVE READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL PLEDGE AGREEMENT AND AGREE TO ITS TERMS. THIS AGREEMENT IS DATED MAY 29, 2009.

GRANTOR:

X 
Marshall H Hartmann

X 
Brett D Blanks

BORROWER:

X 
Marshall H Hartmann

Charles E Bishop

X 
Brett D Blanks

COUNTY OF LEXINGTON

First Reliance Bank

Plaintiff(s)

FILED CIVIL ACTION COVERSHEET

vs.

2011 MAR 28 P 2:56 2011-CP - 32-

Charles E. Bishop, et al.

Defendant(s)

BETH A. CARRIGG
CLERK OF COURT
LEXINGTON SC

(Please Print)

Submitted By: James Edward Bradley
Address: P.O. Box 5709
West Columbia, SC 29171

SC Bar #: 66130
Telephone #: 803-796-9160
Fax #: 803-791-8410
Other:
E-mail: ward@mttllaw.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)

2011CP3201205

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: Reinstate Driver's License (800), Judicial Review (810), Relief (820), Permanent Injunction (830), Forfeiture-Petition (840), Forfeiture-Consent Order (850), Other (899)
Appeals: Arbitration (900), Magistrate-Civil (910), Magistrate-Criminal (920), Municipal (930), Probate Court (940), SCDOT (950), Worker's Comp (960), Zoning Board (970), 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)

cc: Box
cc: Mail
cc: Person
cc: None

Submitting Party Signature:

[Handwritten Signature]

Date: March 18, 2011

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

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

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 with 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 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 had 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.**

ORIGINAL

STATE OF SOUTH CAROLINA

COUNTY OF LEXINGTON

First Reliance Bank,

Plaintiff,

vs.

Charles E. Bishop, Brett D. Blanks,
BCM of Lexington, LLC, d/b/a Dam Bar
& Grill, B&H of Lexington, LLC and
Branch Banking and Trust Company of
South Carolina,

Defendants.

IN THE COURT OF COMMON PLEAS |
ELEVENTH JUDICIAL CIRCUIT

Case No. 2011-CP-32-01205

**ANSWER & COUNTERCLAIM OF
DEFENDANTS CHARLES E. BISHOP,
BRETT D. BLANKS, BCM OF
LEXINGTON, LLC, D/B/A
DAM BAR & GRILL, AND B&H OF
LEXINGTON, LLC
(Jury Trial Requested)**

TO: JAMES E. BRADLEY, ESQUIRE, ATTORNEY FOR PLAINTIFF

The Defendants, Charles E. Bishop, Brett D. Blanks, BCM of Lexington, LLC,
and B& H of Lexington, LLC, would respectfully show unto the Court as follows:

1. Each and every allegation of the Complaint not herein specifically
admitted, qualified, or explained is denied.

FOR A FIRST DEFENSE

2. The Defendants admit the allegations of in paragraphs 1,2,3, 4, 5 and 7 of the
Complaint.

3. The remaining paragraphs of the Complaint are denied and Defendants
demand strict proof thereof.

FOR A SECOND DEFENSE

(Rule 12b6)

4. The allegations contained hereinabove are repeated as if fully alleged herein
verbatim, to the extent not inconsistent with the allegations of this defense.

FILED
NOV 19 2011
COURT OF COMMON PLEAS
ELEVENTH JUDICIAL CIRCUIT

5. The Defendants would show that the Complaint fails to state facts sufficient to constitute a cause of action, and should be dismissed pursuant to Rule 12(b)(6) of the South Carolina Rules of Civil Procedure.

FOR A THIRD DEFENSE
(Statute of Frauds)

6. The allegations contained hereinabove are repeated as if fully alleged herein verbatim, to the extent not inconsistent with the allegations of this defense.

7. Defendants would show that the Complaint is barred by the statute of frauds.

FOR A FOURTH DEFENSE
(Estoppel)

8. The allegations contained hereinabove are repeated as if fully alleged herein verbatim, to the extent not inconsistent with the allegations of this defense.

9. Defendants would show that the Plaintiff should be barred from prosecuting this action on the grounds of estoppel.

FOR A FIFTH DEFENSE
(Adequate Consideration)

10. The allegations contained hereinabove are repeated as if fully alleged herein verbatim, to the extent not inconsistent with the allegations of this defense.

11. Defendants would show that any contract alleged to exist between the parties was unsupported by adequate consideration.

FOR A SIXTH DEFENSE
(Equitable Doctrines of Laches)

12. The allegations contained hereinabove are repeated as if fully alleged herein verbatim, to the extent not inconsistent with the allegations of this defense.

13. Defendants would show that the Complaint is barred by the equitable doctrines of laches.

FOR A SEVENTH DEFENSE

(Waiver)

19. The allegations contained hereinabove are repeated as if fully alleged herein verbatim, to the extent not inconsistent with the allegations of this defense.

20. Defendants would show that the rights of Plaintiff to enforce any contract alleged to exist between the parties has been waived.

FOR AN EIGHTH DEFENSE

(Unclean Hands)

21. The allegations contained hereinabove are repeated as if fully alleged herein verbatim, to the extent not inconsistent with the allegations of this defense.

22. Defendants would show that the Complaint is barred by the equitable doctrine of unclean hands.

FOR A NINTH DEFENSE

(Accounting)

23. The allegations contained hereinabove are repeated as if fully alleged herein verbatim, to the extent not inconsistent with the allegations of this defense.

24. Defendants would show that if any sums are owed to Plaintiff (which is denied) then the amount owed is other than as stated in the Complaint; consequently, this Court should make a complete accounting of all sums allegedly due under the instruments referenced in the Complaint.

FOR A TENTH DEFENSE BY WAY OF COUNTERCLAIM

(Unfair Trade Practices)

25. The allegations contained hereinabove are repeated as if fully alleged

herein verbatim, to the extent not inconsistent with this cause of action.

26. The activities of the Plaintiff constitute "trade and commerce" as defined by South Carolina Code Section 39-5-10, et. seq. (as amended).

27. The actions of the Plaintiff, above-described, constitute unfair and deceptive acts and practices in the conduct of trade and commerce, as prohibited by the South Carolina Unfair Trade Practices Act, 39-5-10 et. seq., and are willful violations thereof.

28. The actions of the Plaintiff have a real and substantial potential for repetition and affect the public interest.

29. The Defendants have suffered an ascertainable loss due to the unlawful actions of the Plaintiff, entitling Defendants to recover actual damages in an amount to be proven at trial, treble said actual damages, and an award of attorney's fees and costs.

FOR AN ELEVENTH DEFENSE BY WAY OF COUNTERCLAIM
(Unconscionability, Common Law Rescission)

31. The allegations contained hereinabove are repeated as if fully alleged herein verbatim, to the extent not inconsistent with the allegations of this cause of action.

32. Upon information and belief, the conduct of the Plaintiff was unconscionable as a matter of law and equity.


33. As a result thereof, Defendants request that the Court void the underlying transaction, note and mortgage, and order restitution of all sums paid by the Defendants in the loan transaction.

34. WHEREFORE, the prayer of the Defendants is that the Complaint of the

ORIGINAL

Plaintiff be dismissed, with costs, that an award be made for any fees and costs incurred in the defense of this matter (to the extent allowed by law) and for such other and further relief as is just and proper. Defendants further pray for judgment on each of the counterclaims, together with the costs of this action, and for such other and further relief as is just and proper.

TROTTER & MAXFIELD ATTORNEYS

By: 
Gene Trotter, Esquire
1710 Richland Street
Columbia, SC 29201
(803) 799-6000

DATED: 07/10, 2011
Columbia, South Carolina

4847-6446-5929, v. 1

RECEIVED
CLERK OF COURT
LEXINGTON, SC

2011 JUL 13 AM 11:46

FILED

STATE OF SOUTH CAROLINA

COUNTY OF LEXINGTON

First Reliance Bank,

Plaintiff,

vs.

Charles E. Bishop, Brett D. Blanks,
BCM of Lexington, LLC, d/b/a Dam Bar
& Grill, B&H of Lexington, LLC, and
Branch Banking and Trust Company of
South Carolina,

Defendant.

IN THE COURT OF COMMON PLEAS
ELEVENTH JUDICIAL CIRCUIT

Case No. 2011-CP-32-01205

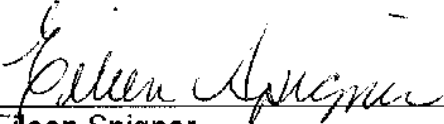
ORIGINAL

CERTIFICATE OF SERVICE

CLERK OF COURTS
LEXINGTON
MAY 13 AM 11:4
-1-1-11

I, the undersigned employee of Trotter and Maxfield, Attorneys at Law, do hereby swear and affirm that on the 12th day of May, 2011, I served the foregoing **Answer and Counterclaim of Charles E. Bishop, Brett D. Blanks, BCM of Lexington, LLC, d/b/a Dam Bar & Grill, and B&H of Lexington, LLC**, by mailing a copy of same first class mail, postage pre-paid to the following:

James E. Bradley, Esquire
Moore Taylor & Thomas, P. A.
P. O. Box 5709
West Columbia, SC 29171


Eileen Spigner

DATED: May 12, 2011
Columbia, South Carolina

TROTTER & MAXFIELD

GENE TROTTER

ATTORNEYS AT LAW

DAVE MAXFIELD

May 12, 2011

The Hon. Beth Carrigg
Lexington County Clerk of Court
205 East Main Street
Lexington, SC 29072

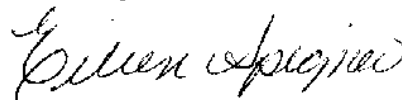
RE: First Reliance Bank vs. Charles E. Bishop, Brett D. Blanks, et. al.
Case No. 2011-CP-32-01205

Dear Ms. Carrigg:

Enclosed please find an original and two (2) copies of an Answer and Counterclaim and Certificate of Service for the above referenced matter. Please file with the court and send the conformed copies to me in the postage-paid envelope provided.

By copy of this correspondence and enclosures, I am hereby serving the opposing counsel with copies of the same.

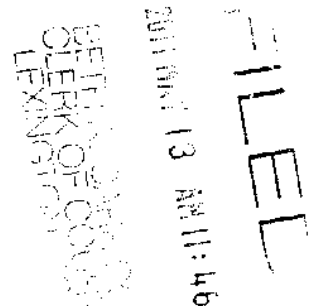
Sincerely,



Eileen Spigner
Paralegal to Gene Trotter

Enclosures

Cc: James E. Bradley, Esq.



ORIGINAL

STATE OF SOUTH CAROLINA)
)
COUNTY OF LEXINGTON)

IN THE COURT OF COMMON PLEAS

First Reliance Bank,)
)
)
Plaintiff,)

C/A No. 2011-CP-32-01205

vs.)

REPLY TO COUNTERCLAIM

Charles E. Bishop, Brett D. Blanks,)
)
BCM of Lexington, LLC d/b/a Dam Bar &)
)
Grill, B&H of Lexington, LLC and Branch)
)
Banking and Trust Company of South)
)
Carolina,)

Defendants.)

RECEIVED
CLERK OF COURTS
LEXINGTON, SOUTH CAROLINA
SEP 18 11:12:12

The Plaintiff First Reliance Bank replies to the Counterclaim in this matter as follows:

FOR A FIRST DEFENSE

1. Unless specifically admitted in this reply, the Plaintiff denies all allegations in the Counterclaim which are inconsistent with the Complaint in this matter.

FOR A SECOND DEFENSE

2. Each and every allegation set forth above is hereby reasserted and realleged as fully as if set forth verbatim.

3. No response is necessary to paragraphs 1 through 25 of the Answer and Counterclaim. To the extent a response may be deemed necessary, the Plaintiff denies all allegations of those paragraphs which are inconsistent with the Complaint.

4. The Plaintiff denies the allegations of paragraphs 26, 27, 28, and 29.

5. In response to paragraph 31, the Plaintiff realleged its previous allegations and denials.

6. The Plaintiff denies the allegations of paragraphs 32 and 33.

WHEREFORE, the Plaintiff having responded to the allegations in the Answer and Counterclaim asks that these allegations be dismissed with prejudice and that the Plaintiff be awarded the relief sought in the Complaint.

MOORE, TAYLOR & THOMAS, P.A.

By: 

James Edward Bradley
1700 Sunset Boulevard
P.O. Box 5709
West Columbia, SC 29171
(803) 796-9160
Attorney for Plaintiff First Reliance Bank

West Columbia, South Carolina

May 17, 2011

FILED
MAY 18 11 2011
CLERK OF COURT
LEXINGTON, SC

STATE OF SOUTH CAROLINA)
)
COUNTY OF LEXINGTON)

IN THE COURT OF COMMON PLEAS

First Reliance Bank,)
)
)
Plaintiff,)

C/A No. 2011-CP-32-01205

vs.)

CERTIFICATE OF SERVICE BY MAIL

Charles E. Bishop, Brett D. Blanks,)
)
BCM of Lexington, LLC d/b/a Dam Bar &)
)
Grill, B&H of Lexington, I.I.C and Branch)
)
Banking and Trust Company of South)
)
Carolina,)
)
Defendants.)

ORIGINAL

I, Emily M. Champion, an employee of Moore, Taylor, & Thomas, P.A., certify that I have on this day effected service of the below listed documents upon counsel for the Defendants in this action by placing a copy of same in the United States mail in an envelope with sufficient postage affixed thereto, addressed as follows:

Gene Trotter, Esquire
Trotter & Maxfield, Attorneys
1701 Richland Street
Columbia, SC 29201

FILED
MAY 18 PM 12:12
CLERK OF COURT
LEXINGTON, SC

DOCUMENTS: 1. Reply to Counterclaim

Emily M. Champion

Emily M. Champion

West Columbia, South Carolina

May 17, 2011

S. JAHUE MOORE
J. MARK TAYLOR*
DAVID L. THOMAS†
C. VANCE STRICKLIN, JR.
JAMES EDWARD BRADLEY
SHEILA McNAIR ROBINSON
ROBERT D. HAZEL
CHRISTIAN G. SPRADLEY††
C. DAVID SAWYER, JR.††
WILLIAM H. EDWARDS
STANLEY L. MYERS
JANE H. DOWNEY**
S. JAHUE MOORE, JR.



1700 SUNSET BOULEVARD (HWY. 378)
POST OFFICE BOX 5709
WEST COLUMBIA, SOUTH CAROLINA 29171
TELEPHONE (803) 796-9160
FAX (803) 791-8410

MELISSA K. MOORE
WILLIAM R. FORTINO
R. NICHOLS "NICK" RILEY, JR.
JONATHAN M. GOODE
M. BROOKS BIEDIGER

RETIRED:
BILLY C. COLEMAN††

††SALUDA OFFICE:
(864) 445-4544 OR (866) 604-4544
†GREENVILLE OFFICE:
(864) 271-6371

May 17, 2011

The Honorable Beth Carrigg
Lexington County Clerk of Court
205 E. Main Street
Lexington, SC 29072

FILED
MAY 18 2011
LEXINGTON, SC

Re: First Reliance Bank vs. Charles E. Bishop, Brett D. Blanks, BCM of Lexington, LLC d/b/a Dam Bar & Grill, B&H of Lexington, LLC and Branch Banking and Trust Company of South Carolina
C/A No. 2011-CP-32-01205
L/P No. 2011-CP-32-506

Dear Ms. Carrigg:

Enclosed for filing with your office are the original and two copies of Plaintiff First Reliance Bank's Reply to Counterclaim in this matter. Please have the extra copies clocked in and returned to me in the envelope provided.

By copy of this letter I am serving the Defendant's counsel with the Reply to Counterclaim.

Thank you for your assistance with this filing.

Sincerely,

Emily M. Champion
Assistant to James Edward Bradley

Enclosures

cc: Gene Trotter, Esquire

STATE OF SOUTH CAROLINA

FILED

IN THE COURT OF COMMON PLEAS
ELEVENTH JUDICIAL CIRCUIT

COUNTY OF LEXINGTON

Case No. 2011-CP-32-01205

First Reliance Bank,

~~2011-10-14~~
Sat. 27
A. 10:39
V.L.

Plaintiff,

vs.

Charles E. Bishop, Brett D. Blanks,
BCM of Lexington, LLC, d/b/a Dam
Bar & Grill, B&H of Lexington, LLC,
and Branch Banking and Trust
Company of South Carolina,

AFFIDAVIT OF BRETT D. BLANKS

Defendants.

AFFIANT, BEING DULY SWORN, WOULD STATE AS FOLLOWS:

I am Brett D. Blanks, the duly authorized President of BCM of Lexington, d/b/a Dam Bar & Grill, and B&H of Lexington, LLC. I have personal knowledge of the general status of the loans which are the status of this foreclosure.

On August 3, 2006, on behalf of the Defendant entities, I signed and guaranteed a note to the Plaintiff in the initial amount of \$525,495.00. That note has been substantially reduced by payments made by the Defendants, over the past several years. I believe the mortgage note was current when the Plaintiff filed this foreclosure action. Several years ago the Plaintiff began automatically removing funds from the Dam Bar & Grill operating account in various amounts. This was done without any explanation or statement. This arrangement has continued for several years without any complaint from the Plaintiff. I checked with our business manager and he has verified that we have not received any statements from the bank despite demand. It is difficult to determine we are current without statements.

I am also a partner in B & H of Lexington, a business which owns some commercial property next door to the restaurant. This property is undeveloped and the loan payment status is unclear.

Again, the Plaintiff auto drafted funds out of our account for several years without sending us statements, without responding to our request for statements or other information which would allow us to do an accounting. Attached is a list of payments we know the bank has drafted from our account.

The Defendants disagree with the Plaintiff that we are currently in arrears by any meaningful amount.

In addition, when we last met with the bank we were assured by Richard McIntyre, President of the Lexington Bank, that if we kept the restaurant loan current there would be no foreclosure or legal action taken by the bank for an extended period of time. The lender took our funds at will and then foreclosed citing a cross default clause.

FURTHER AFFIANT SAYETH NOT.



Brett D. Blanks, President
BCM of Lexington, d/b/a Dam Bar &
Grill, and B&H of Lexington, LLC

SWORN to before me this

27th day of July, 2011

Brenda S. Christman
NOTARY PUBLIC FOR THE STATE OF
SOUTH CAROLINA
My commission expires: 10-01-2014

FILED
2011 JUL 27 A. 10:39
9/2

STATE OF SOUTH CAROLINA

COUNTY OF LEXINGTON

First Reliance Bank,

Plaintiff,

vs.

Charles E. Bishop, Brett D. Blanks,
BCM of Lexington, LLC, d/b/a Dam
Bar & Grill, B&H of Lexington, LLC,
and Branch Banking and Trust
Company of South Carolina,

Defendants.

IN THE COURT OF COMMON PLEAS
ELEVENTH JUDICIAL CIRCUIT

Case No. 2011-CP-32-01205

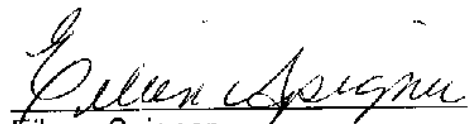
2011 JUL 27 AM 10:39

FILED

CERTIFICATE OF SERVICE

I, the undersigned employee of Trotter and Maxfield, Attorneys at Law, do hereby swear and affirm that on the 27th day of July, 2011, I served the foregoing **Affidavit of Brett D. Blanks** via hand delivery to the following:

J. Edward Bradley, Esquire
Moore Taylor & Thomas, P.A.
1700 Sunset Blvd. (Hwy 378)
West Columbia, SC 29171


Eileen Spigner

DATED: July 27, 2011
Columbia, South Carolina

TROTTER & MAXFIELD

ATTORNEYS AT LAW

DAVE MAXFIELD

GENE TROTTER

FILED

August 3, 2011

~~2011-08-11 11:05~~

Sat 27 A. 10:39

T.D.

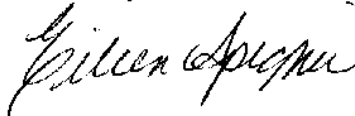
Lexington County Court
Attn: Vanda
205 E. Main Street
Lexington, SC 29072

RE: First Reliance Bank vs. Charles E. Bishop, Brett D. Blanks, BCM of
Lexington, LLC, d/b/a Dam Bar & Grill, B&H of Lexington, LLC, et. al.
Case No. 2011-CP-32-01205

Dear Vanda:

Enclosed please find the original **Affidavit of Brett D. Blanks** for the above
referenced matter.

Sincerely,



Eileen Spigner
Paralegal to Gene Trotter

Enclosure

4846-6351-7962, v. 1

FILED Affidavit of Publication

2012 FEB -3 A 8:27

2011-CP-32-01205

NOTICE OF SALE

(Deficiency Judgment Requested)

BY VIRTUE OF THE DECREE heretofore granted in the case of First Reliance Bank vs. Charles E. Bishop, Brett D. Blanks, BCM of Lexington, LLC d/b/a Dam Bar & Grill, B&H of Lexington, LLC and Branch Banking and Trust Company of South Carolina, the undersigned Master-in-Equity for Lexington County, South Carolina, will sell on Monday, February 6, 2012, at 11:00 a.m. in Courtroom 3-A of the Lexington County Judicial Center, 205 East Main Street, Lexington, South Carolina, to the highest bidder.

All those certain pieces, parcels, or lots of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 3 containing 0.692 acre, Parcel 3-A containing 0.058 acre, Parcel 3-B containing 0.016 acre and Parcel 3-C containing 0.007 acre, as shown on a plat prepared for Tom Pool & Richard Pool by Draft Surveying, Inc., RLS, dated February 21, 2003 and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 9335, at page 80, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Derivation: Parcel 3-A containing 0.058 acre being property conveyed to Marshall C. Hartmann by deed of Gary D. Renaud and Faye L. Renaud, recorded June 15, 2004 in Record Book 9338, at page 87 and by Quit-Claim deed of RE Sitons, Inc., recorded June 15, 2004 in Record Book 9338, at page 80, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: Parcel 3-B containing 0.016 acre being property conveyed to Marshall C. Hartmann by deed of Thomas Richard Pool, recorded June 15, 2004 in Record Book 9338, at page 91, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: Parcel 3 containing 0.692 acre and Parcel 3-C containing 0.007 acre being property conveyed to Marshall Hartmann by deed of Thomas Richard Pool, recorded June 15, 2004 in Record Book 9338, at page 93, in the Office of the Register of Deeds for Lexington County, South Carolina.
TMS # 003418-01-008

ALSO:

All those certain pieces, parcels, or lots of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 2 containing 1.165 acres, more or less; Parcel 2-A containing 0.147 acre, more or less; Parcel 2-B containing 0.055 acre, more or less; and Parcel 2-C containing 0.226 acre, more or less, as shown on a revised plat (revised May 19, 2004), prepared for Tom Pool & Richard Pool by Draft Surveying, Inc., and recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 9335, at page 88, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

Subject to the right of ingress and egress to Parcel 1, as fully shown on plat recorded in Record Book 7933, page 167, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation: This being property conveyed to Marshall C. Hartmann and Brett Blanks by deed of Thomas Richard Pool, dated January 22, 2007 and recorded in Record Book 11702, at page 154, in the Office of the Register of Deeds for Lexington County, South Carolina.

TMS # 003418-01-009

ALSO:

All that certain piece, parcel, or lot of land, with improvements thereon, lying and being in the County of Lexington, State of South Carolina, and being shown and delineated as Parcel 1 containing 1.753 acres, more or less, as shown on a plat prepared for Tom Pool, Richard Pool and Joe Waters by Draft Surveying, Inc., dated February 21, 2003 and

I hereby certify that on the dates appearing below, I did publish the attached notice in The Lexington County Chronicle & The Dispatch-News, a newspaper of general circulation in the County of Lexington, State of South Carolina, in accordance with the laws of said county and state.

Publication Dates:

January 19, 2012

January 26, 2012

February 2, 2012

The Lexington County Chronicle
& The Dispatch-News

Sworn to before me this 2nd day of February, 2012.

Hilda Crain
Notary Public for South Carolina

My Commission expires: October 7, 2019

BETH A. CARRIGG
CLERK OF COURT
LEXINGTON SC

recorded in the Office of the Register of Deeds for Lexington County, South Carolina in Record Book 7933, at page 167, and having such metes and bounds as will be shown by reference to said plat. The metes and bounds as shown on said plat are incorporated herein by reference.

together with the right of ingress and egress over and across that portion of property shown as 20' Ingress/Egress Easement of Parcel 1, on plat recorded in Record Book 7933, page 167, in the Office of the Register of Deeds for Lexington County, South Carolina.

Derivation. This being property conveyed to Marshall C. Hartmann and Brett Blanks by deed of Joseph T. Waters, III, dated January 22, 2007 and recorded in Record Book 11702, at page 154, in the Office of the Register of Deeds for Lexington County, South Carolina.

LMS #: 003418-01
007

TERMS OF SALE:

The successful bidder, other than the Plaintiff, will deposit with the Master, at conclusion of the bidding, five percent (5%) of his bid, in cash or equivalent, as evidence of good faith, same to be applied to the purchase price in case of compliance, but to be forfeited and applied first to costs and then to the Plaintiff's debt in the case of non-compliance. Should the last and highest bidder fail to comply with the other terms of the bid within twenty (20) days, then the Master may re-sell the property on the same terms and conditions on some subsequent Sales Day (at the risk of the said highest bidder). Deficiency judgment being waived, the bidding will remain open for 30 days beyond the date of the sale to close on March 8, 2012. The sale shall be subject to taxes and assessments, existing easements and restrictions, easements and restrictions of record. Plaintiff may waive any of its rights, including its right to a deficiency judgment, prior to sale.

Dated, January 5,
2012

Lexington, South
Carolina

James O. Spence
Master-in-Equity for Lex-
ington County Moore,
Taylor & Thomas, P.A.
James Edward Bradley
Attorneys for Plaintiff
1700 Sunset Boulevard
P.O. Box 5709 West
Columbia, SC 29171
Telephone: (803) 796-
9180 Facsimile: (803)
791-8410

ORIGINAL

STATE OF SOUTH CAROLINA
COUNTY OF LEXINGTON

IN THE COURT OF COMMON PLEAS
ELEVENTH JUDICIAL CIRCUIT

First Reliance Bank,
Plaintiff,

Case No. 2011-CP-32-01205

vs.

**PETITION FOR ORDER OF
APPRAISAL**

Charles E. Bishop, Brett D. Blanks,
BCM of Lexington, LLC, d/b/a Dam
Bar & Grill, B&H of Lexington, LLC,
and Branch Banking and Trust
Company of South Carolina,

Defendants.

SCANNED

TO: LEXINGTON COUNTY CLERK OF COURT:

The Petitioners would respectfully show:

1. That the above entitled action was a real estate foreclosure proceeding in which the Petitioners, Charles E. Bishop, Brett D. Blanks, BCM of Lexington, LLC d/ba/ Dam Bar & Grill and B& H of Lexington, LLC was found liable for Plaintiff's debt.

2. That less than thirty (30) days have elapsed since the sale of the mortgaged property.

3. That the final sale resulted in a deficiency judgment being entered against the Defendants, Petitioners, herein, and Petitioners are informed and believe that by virtue of SC Code Ann.29-3-680 (2004) *et seq.*, they are entitled to have an appraisal made of the subject real estate by a board of three appraisers; and that if said appraisers determine that the property has a value greater than that for which it was sold at auction then the deficiency shall be reduced accordingly.

4. That the Petitioners hereby designate Jimmy Carter of 1620 Lady Street,

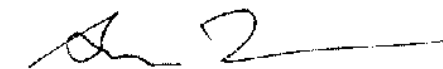
2

Columbia, South Carolina, 29201, as a disinterested state-certified real estate appraiser who is not related by blood or marriage to any party.

5. WHEREFORE, Petitioners pray that an Order for Appraisal be issued; that a board of appraisers be constituted and appraisal had of the subject property pursuant to SC Code Ann 29-3-680 (2004) *et. seq.*

Respectfully submitted,

TROTTER & MAXFIELD ATTORNEYS

By: 
Gene Trotter, Esquire
1701 Richland Street
Columbia, SC 29201
(803) 799-6000
Attorney for Petitioners

DATED: 3/24/ 2012
Columbia, South Carolina

4849-5487-5663, v. 1

FILED
TROTTER & MAXFIELD

STATE OF SOUTH CAROLINA

COUNTY OF LEXINGTON

First Reliance Bank,

vs.

Charles E. Bishop, Brett D. Blanks,
BCM of Lexington, LLC d/b/a Dam Bar &
Grill, B&H of Lexington, LLC and Branch
Banking and Trust Company of South
Carolina,

Plaintiff

Defendants.

IN THE COURT OF COMMON PLEAS

C/A No. 2011-CP-32-01205

**REPLY TO PETITION
FOR ORDER OF APPRAISAL**

FILED
2012 APR -6 P 2:37
BETH A. CARRIGS
CLERK OF COURT
LEXINGTON SC

The Plaintiff replies to the Petition for Order of Appraisal as follows:

1. The Plaintiff admits the allegations of paragraphs 1 and 2.
2. In response to paragraph 3, the Plaintiff admits that "the final sale resulted in a deficiency judgment being entered against the Defendants, Petitioners, herein." The Plaintiff denies that the Petitioners are entitled to an appraisal.
3. In response to paragraph 4, the Plaintiff denies that the Petitioners are entitled to an order of appraisal or to appoint appraisers, and therefore denies the allegations of this paragraph.
4. In response to paragraph 5, the Plaintiff denies that the Petitioners are entitled to an order of appraisal.

MOORE, TAYLOR & THOMAS, P.A.

By: 

James Edward Bradley
1700 Sunset Boulevard
P.O. Box 5709
West Columbia, SC 29171
803-796-9160
Attorney for Plaintiff

West Columbia, South Carolina
April 5, 2012

STATE OF SOUTH CAROLINA)
)
 COUNTY OF LEXINGTON)
)
 First Reliance Bank,)
)
 Plaintiff,)
)
 vs.)
)
 Charles E. Bishop, Brett D. Blanks,)
 BCM of Lexington, LLC d/b/a Dam Bar &)
 Grill, B&H of Lexington, LLC and Branch)
 Banking and Trust Company of South)
 Carolina,)
 Defendants.)
 _____)

ORIGINAL
 FILED
 IN THE COURT OF COMMON PLEAS

C/A No. 2011-CP-32-01205

2012 APR -6 P 2:37

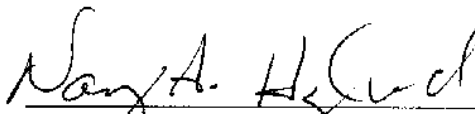
BETH A. DARRIGG
 CLERK OF COURT
 LEXINGTON SC

CERTIFICATE OF SERVICE BY MAIL

I, Nancy A. Hazelwood, an employee of Moore, Taylor, & Thomas, P.A., certify that I have on this day effected service of the below listed documents upon counsel for the Defendants in this action by placing a copy of same in the United States mail in an envelope with sufficient postage affixed thereto, addressed as follows:

Gene Trotter, Esquire
 1701 Richland Street
 Columbia, SC 29201

DOCUMENTS: 1. Reply to Petition for Order of Appraisal



 Nancy A. Hazelwood

West Columbia, South Carolina

April 5, 2012

STATE OF SOUTH CAROLINA

FILED

IN THE COURT OF COMMON PLEAS
ELEVENTH JUDICIAL CIRCUIT

COUNTY OF LEXINGTON

2012 APR 10 A 11:12

Case No. 2011-CP-32-01205

First Reliance Bank,

Plaintiff,

vs.

**AMENDED PETITION FOR ORDER OF
APPRAISAL**

Charles E. Bishop, Brett D. Blanks,
BCM of Lexington, LLC, d/b/a Dam
Bar & Grill, B&H of Lexington, LLC,
and Branch Banking and Trust
Company of South Carolina,

Defendants.

TO: LEXINGTON COUNTY CLERK OF COURT:

The Petitioners would respectfully show:

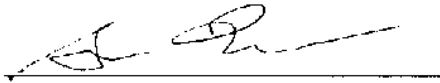
1. That the above entitled action was a real estate foreclosure proceeding in which the Petitioners, Charles E. Bishop, Brett D. Blanks, BCM of Lexington, LLC, d/b/a Dam Bar & Grill and B& H of Lexington, LLC was found liable for Plaintiff's debt.
2. That less than thirty (30) days have elapsed since the sale of the mortgaged property.
3. That the final sale resulted in a deficiency judgment being entered against the Defendants, Petitioners, herein, and Petitioners are informed and believe that by virtue of SC Code Ann.29-3-680 (2004) *et seq.*, they are entitled to have an appraisal made of the subject real estate by a board of three appraisers; and that if said appraisers determine that the property has a value greater than that for which it was sold at auction then the deficiency shall be reduced accordingly.
4. That the Petitioners hereby designate Jimmy Carter of 1620 Lady Street,

Columbia, South Carolina, 29201, as a disinterested state-certified real estate appraiser who is not related by blood or marriage to any party.

5. WHEREFORE, Petitioners pray that an Order for Appraisal be issued; that a board of appraisers be constituted and appraisal had of the subject property pursuant to SC Code Ann 29-3-680 (2004) *et. seq.*

Respectfully submitted,

TROTTER & MAXFIELD ATTORNEYS

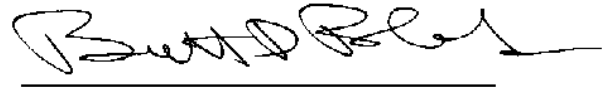
By: 
Gene Trotter, Esquire
1701 Richland Street
Columbia, SC 29201
(803) 799-6000
Attorney for Petitioners

DATED: 4/9/2012, 2012
Columbia, South Carolina

STATE OF SOUTH CAROLINA)
)
COUNTY OF LEXINGTON)

VERIFICATION

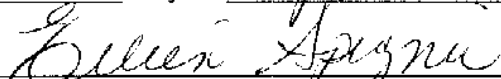
PERSONALLY appeared before me Brett D. Blanks, who being duly sworn, deposes and says that he is (one of) the Petitioner(s) in the foregoing action; that the foregoing Petition has been read by him and that the allegations therein are true of his own knowledge.



Brett D. Blanks

SWORN to before me

This 10 day of April, 2012



NOTARY PUBLIC FOR THE STATE OF
SOUTH CAROLINA
My commission expires: 5/13/2019

FILED
2012 APR 10 2 41:12
NOTARY PUBLIC

STATE OF SOUTH CAROLINA **FILED**

IN THE COURT OF COMMON PLEAS
ELEVENTH JUDICIAL CIRCUIT

COUNTY OF LEXINGTON

2012 APR 10 A.M. 11:12

Case No. 2011-CP-32-01205

First Reliance Bank,

Plaintiff,

CERTIFICATE OF SERVICE

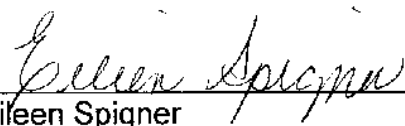
vs.

Charles E. Bishop, Brett D. Blanks,
BCM of Lexington, LLC, d/b/a Dam Bar
& Grill, B&H of Lexington, LLC, and
Branch Banking and Trust of South
Carolina,

Defendants.

I, the undersigned employee of Trotter and Maxfield, Attorneys at Law, do hereby swear and affirm that on the 10th day of April, 2012, I served the foregoing **Amended** **Petition for Order of Appraisal** by mailing a copy of same First Class Mail, postage pre-paid to the following:

James E. Bradley, Esquire
P. O. Box 5709
West Columbia, SC 29171



Eileen Spigner

DATED: April 10, 2012
Columbia, South Carolina

STATE OF SOUTH CAROLINA)
COUNTY OF LEXINGTON)

IN THE COURT OF COMMON PLEAS
ELEVENTH JUDICIAL CIRCUIT

FILED

CASE NO.: 2011-CP-32-01205

First Reliance Bank,)

2012 APR 10 A 10 12

**MOTION AND ORDER INFORMATION
FORM AND COVERSHEET**

Plaintiff,)
vs.)

Charles E. Bishop, Brett D. Blanks, BCM of)
Lexington, LLC, d/b/a Dam Bar & Grill,)
B&H of Lexington, LLC and Branch Banking)
and Trust Company of South Carolina,)

Defendant.)

| | |
|---|---|
| Plaintiff's Attorney:
James E. Bradley, Bar No. _____
Address:
PO Box 5709 West Columbia, SC 29171
Phone: (803) 796-9160 Fax (803) 791-8410
E-mail: ward@mttlaw.com Other: | Defendant's Attorney:
Gene Trotter, Bar No. 5636
Address:
1701 Richland Street, Columbia, SC 29201
Phone: (803) 799-6000 Fax (803) 799-6947
E-mail: gene@trotterandmaxfield.com Other: |
|---|---|

- MOTION HEARING REQUESTED (attach written motion and complete SECTIONS I and III)
- FORM MOTION, NO HEARING REQUESTED (complete SECTIONS II and III)
- PROPOSED ORDER/CONSENT ORDER (complete SECTIONS II and III)

SECTION I: Hearing Information

Nature of Motion: Amended Petition for Order of Appraisal
Estimated Time Needed: 15 min Court Reporter Needed: YES/ NO

SECTION II: Motion/Order Type

- Written motion attached
 - Form Motion/Order
- I hereby move for relief or action by the court as set forth in the attached proposed order.



Signature of Attorney for Plaintiff / Defendant 4-10-2012
Date submitted

SECTION III: Motion Fee

- PAID - AMOUNT: \$ _____
 - EXEMPT: (check reason)
 - Rule to Show Cause in Child or Spousal Support
 - Domestic Abuse or Abuse and Neglect
 - Indigent Status State Agency v. Indigent Party
 - Sexually Violent Predator Act Post-Conviction Relief
 - Motion for Stay in Bankruptcy
 - Motion for Publication Motion for Execution (Rule 69, SCRCP)
 - Proposed order submitted at request of the court; or,
reduced to writing from motion made in open court per judge's instructions
- Name of Court Reporter: _____
 Other: _____

JUDGE'S SECTION

- Motion Fee to be paid upon filing of the attached order.
 - Other: _____
- JUDGE CODE _____
Date: _____

CLERK'S VERIFICATION

Collected by: _____ Date Filed: _ _

MOTION FEE COLLECTED: \$ _____

CONTESTED AMOUNT DUE: \$ _____

SCCA 233 (11/2003)

TROTTER & MAXFIELD

GENE TROTTER

ATTORNEYS AT LAW

DAVE MAXFIELD

April 10, 2012

Lexington County Master-in-Equity Court
Attn: Rhonda Driggers
205 E. Main Street, Suite 204
Lexington, SC 29071

FILED
2012 APR 10 A 11:12
CLERK OF COURT

RE: First Reliance Bank vs. Charles E. Bishop, Brett D. Blanks, BCM of Lexington, LLC, d/b/a Dam Bar & Grill, B&H of Lexington, LLC and Branch Banking and Trust Company of South Carolina.
Case No. 2011-CP-32-01205

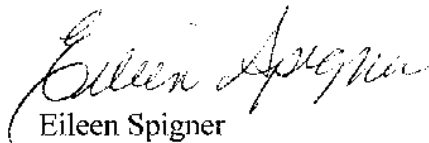
Dear Ms. Driggers:

Enclosed please find an original and two (2) copies of an Amended Petition for Order of Appraisal, Certificate of Service and our firm's check in the amount of \$25.00 (filing fee), for the above referenced matter. Please file with the court and send the conformed copies to me in the postage-paid envelope provided.

By copy of this correspondence and enclosures I am hereby serving opposing counsel with copies of the same.

Thank you for your kind assistance in this matter.

Sincerely,



Eileen Spigner
Paralegal to Gene Trotter

Enclosures

Cc: James E. Bradley, Esq.

ORIGINAL

STATE OF SOUTH CAROLINA)
)
COUNTY OF LEXINGTON)

IN THE COURT OF COMMON PLEAS

First Reliance Bank,)
)
Plaintiff,)

C/A No. 2011-CP-32-01205

vs.)

CERTIFICATE OF SERVICE BY MAIL

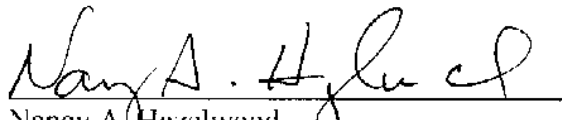
Charles E. Bishop, Brett D. Blanks,)
BCM of Lexington, LLC d/b/a Dam Bar &)
Grill, B&H of Lexington, LLC and Branch)
Banking and Trust Company of South)
Carolina,)
Defendants.)

I, Nancy A. Hazelwood, an employee of Moore, Taylor, & Thomas, P.A., certify that I have on this day effected service of the below listed documents upon counsel for the Defendants in this action by placing a copy of same in the United States mail in an envelope with sufficient postage affixed thereto, addressed as follows:

Gene Trotter, Esquire
1701 Richland Street
Columbia, SC 29201



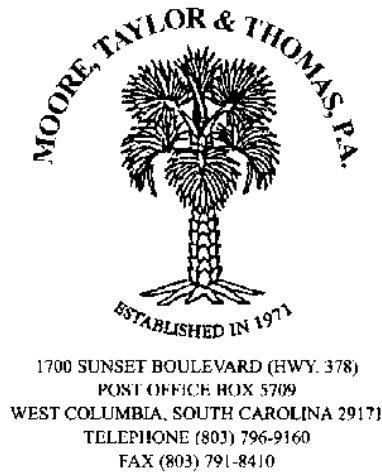
DOCUMENTS: 1. Reply to Amended Petition for Order of Appraisal


Nancy A. Hazelwood

West Columbia, South Carolina

April 13, 2012

S. JAHUE MOORE
J. MARK TAYLOR*
DAVID L. THOMAS†
C. VANCE STRICKLIN, JR.
JAMES EDWARD BRADLEY
SHEILA McNAIR ROBINSON
ROBERT D. HAZEL
CHRISTIAN G. SPRADLEY††
C. DAVID SAWYER, JR.††
WILLIAM H. EDWARDS
STANLEY L. MYERS
JANE H. DOWNEY**
S. JAHUE MOORE, JR.
JOHN C. BRADLEY, JR.



MELISSA K. MOORE
WILLIAM B. FORTINO
R. NICHOLS "NICK" RILEY, JR.
M. BROOKS BIEDIGER
AMBER L. GARY

RETIRED:
BILLY C. COLEMAN††

††SALUDA OFFICE:
(864) 445-4544 OR (866) 604-4544
†GREENVILLE OFFICE:
(864) 271-6371

April 13, 2012

The Honorable Beth A. Carrigg
Lexington County Clerk of Court
205 E. Main Street
Lexington, SC 29072

Re: First Reliance Bank vs. Charles E. Bishop, Brett D. Blanks, BCM of Lexington, LLC d/b/a Dam Bar & Grill, B&H of Lexington, LLC and Branch Banking and Trust Company of South Carolina
C/A No. 2011-CP-32-01205


Dear Ms. Carrigg:

Enclosed for filing with your office are the original and two copies of the Plaintiff's Reply to Amended Petition for Order of Appraisal in the above referenced matter. Please have the copies clocked and returned to us in the enclosed self-addressed, stamped envelope.

By copy of this letter I am serving Defendants' counsel with this Reply.

Thank you for your assistance with this filing.

Sincerely,


Nancy A. Hazelwood
Assistant to James Edward Bradley

Enclosures

cc: The Honorable James O. Spence
Gene Trotter, Esquire
Hal Cobb

ORIGINAL

STATE OF SOUTH CAROLINA)
)
COUNTY OF LEXINGTON)

IN THE COURT OF COMMON PLEAS
ELEVENTH JUDICIAL CIRCUIT

First Reliance Bank,)
)
Plaintiff,)

Case No.: 2011-CP-32-01205

v.)

AFFIDAVIT OF BRETT D. BLANKS

Charles E. Bishop, Brett D. Blanks,)
BCM of Lexington, LLC, d/a/a Dam)
Bar & Grill, B&H of Lexington,)
LLC and Branch Banking and Trust)
Company of South Carolina,)

Defendants.)

BETH A. GARDNER
CLERK OF COURT
LEXINGTON SC

2012 SEP -6 A 9 42

FILED

Personally appeared before me Brett D. Blanks who, being duly sworn states:

1. That I am a Defendant in the matter above named.
2. That a deficiency judgment has been granted against me, individually, by virtue of the public sale held pursuant to the Order of Foreclosure.
3. That immediately after the public sale, the successful bidder, First Reliance Bank assigned its bid or arranged to assign its bid to a third party..
4. That I was advised by my counsel that there was a bidding process known as an "upset bid" during which persons desiring to bid more than the bid price set at the initial public sale can make additional bids thereby lowering the amount of any deficiency judgment that may be granted by virtue of the difference in the amount of the public bid and the amount owed First Reliance Bank.
5. That immediately after the bid was entered by First Reliance Bank, and despite that there were other persons who were willing to bid additional amounts for the property, the person to whom First Reliance assigned its bid took possession of the property, changed the lock and refused to allow inspection by prospective purchasers of the property subject to the foreclosure sale.
6. This action destroyed any opportunity I might have had as a debtor and guarantor to reduce and amounts of any judgment which might have been awarded against me.

Handwritten initials/signature

Brett D. Blanks
Brett D. Blanks

SWORN to before me this
24th day of August, 2012

Beverly A. Poston
Notary Public for South Carolina
My Commission Expires 7/30/2019

ORIGINAL

STATE OF SOUTH CAROLINA)
)
COUNTY OF LEXINGTON)

IN THE COURT OF COMMON PLEAS
ELEVENTH JUDICIAL CIRCUIT

First Reliance Bank,)
)
Plaintiff,)

Case No.: 2011-CP-32-01205

v.)

AFFIDAVIT OF CHARLES E. BISHOP

Charles E. Bishop, Brett D. Blanks,)
BCM of Lexington, LLC, d/a/a Dam)
Bar & Grill, B&H of Lexington,)
LLC and Branch Banking and Trust)
Company of South Carolina,)

Defendants.)

BRETT A. CARRIGG
CLERK OF COURT
LEXINGTON SC

2012 SEP -6 A 9:42

FILED

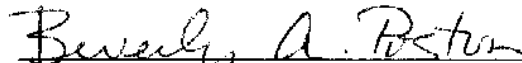
Personally appeared before me Charles E. Bishop who, being duly sworn states:

1. That I am a Defendant in the matter above named.
2. That a deficiency judgment has been granted against me, individually, by virtue of the public sale held pursuant to the Order of Foreclosure.
3. That immediately after the public sale, the successful bidder, First Reliance Bank assigned its bid or arranged to assign its bid to a third party..
4. That I was advised by my counsel that there was a bidding process known as an "upset bid" during which persons desiring to bid more than the bid price set at the initial public sale can make additional bids thereby lowering the amount of any deficiency judgment that may be granted by virtue of the difference in the amount of the public bid and the amount owed First Reliance Bank.
5. That immediately after the bid was entered by First Reliance Bank, and despite that there were other persons who were willing to bid additional amounts for the property, the person to whom First Reliance assigned its bid took possession of the property, changed the locks and refused to allow inspection by prospective purchasers of the property subject to the foreclosure sale.
6. This action destroyed any opportunity I might have had as a debtor and guarantor to reduce the amount of any judgment which might have been awarded against me.

#1
gm


Charles E. Bishop

SWORN to before me this
24th day of August, 2012


Notary Public for South Carolina
My Commission Expires 7/30/2019

**ORIGINAL
FILED**

STATE OF SOUTH CAROLINA

COUNTY OF LEXINGTON

First Reliance Bank,

Plaintiff,

vs.

Charles E. Bishop, Brett D. Blanks,
BCM of Lexington, LLC, d/b/a Dam Bar
& Grill, B&H of Lexington, LLC, and
Branch Banking and Trust of South
Carolina,

Defendants.

IN THE COURT OF COMMON PLEAS A 11: 30
ELEVENTH JUDICIAL CIRCUIT

Case No. 2011-CP-32-01205

BETH A. CARRIGG
CLERK OF COURT
LEXINGTON SC

STATEMENT OF JAMES PETTY

I am James Petty, a certified general real estate appraiser in South Carolina. A copy of my license is attached.

I STATE that I am neither a party to this action or connected in business with or related by blood or marriage within the Sixth Degree to any such party. I am further willing and able to serve.


James Petty

State of South Carolina BCDI 028339
Department of Labor, Licensing and Regulation
Real Estate Appraisers Board

JAMES R PETTY JR

Is hereby entitled in practice as a:
Certified General Appraiser

License Number: 167

Expiration Date: 06/30/2014
OFFICE COPY

Tenney McCarley
Administrator

DO NOT PEEL CARD FROM A CORNER

- To remove card from backing
- Bend form back from the outside edge
 - Pull card off backing



TROTTER & MAXFIELD

GENE TROTTER

ATTORNEYS AT LAW
FILED

DAVE MAXFIELD

2013 JAN 16 A 11:30

ORIGINAL

January 10, 2013
BETH A. CARRIGG
CLERK OF COURT
LEXINGTON SC

The Hon. James O. Spence
205 E. Main Street, Suite 204
Lexington, SC 29072

RE: First Reliance Bank vs. Charles Bishop, et. al.
Case No. 2011-CP-32-0125

Dear Judge Spence:

You should already have received the \$350.00 deposit from George McMaster for the court appointed appraiser. Our previously designated appraiser is James Petty, a state certified general appraiser as defined by §40-60-20(25). I enclosed a copy of his license for your file.

I also attach a Statement of Mr. Petty that he is neither a party to this action nor connected in business with or related by blood or marriage within the sixth degree to any party herein.

Lastly, his address and phone number is listed below.

James Petty
216 Beaver Dam Road
Columbia, SC 29223
(803) 736-5342

Thanking you, I am,

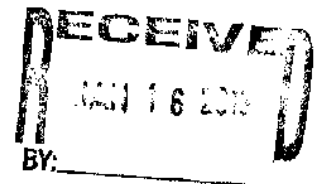
Yours truly,



Gene Trotter

GT/es

4843-5183-8738, v. 1



ORIGINAL

STATE OF SOUTH CAROLINA
COUNTY OF LEXINGTON

FILED
2013 JAN 16 A 11:30

IN THE COURT OF COMMON PLEAS

First Reliance Bank,

Plaintiff,

BETH A. CARRIGG
CLERK OF COURT
LEXINGTON SC

C/A No. 2011-CP-32-01205

vs.

AFFIDAVIT

Charles E. Bishop, Brett D. Blanks,
BCM of Lexington, LLC d/b/a Dam Bar &
Grill, B&H of Lexington, LLC and Branch
Banking and Trust Company of South
Carolina,

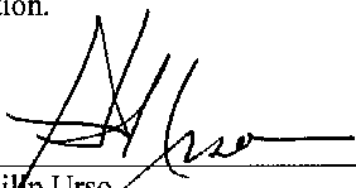
Defendants.

1. My name is Philip Urso. I am over the age of eighteen and otherwise qualified to give sworn testimony.

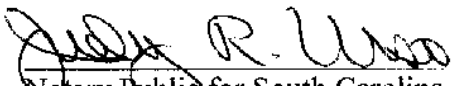
2. I am a Certified General Appraiser in South Carolina with an active license. My license number is 193.

3. I am not a party to this action or connected in business or related by blood or marriage within the sixth degree to any party in this action.

FURTHER AFFIANT SAYETH NAUGHT..


Philip Urso

SWORN to before me this 2nd
day of January, 2013.


Notary Public for South Carolina
My Commission Expires: 1-24-21

ORIGINAL

State of South Carolina BCD1007930
Department of Labor, Licensing and Regulation
Real Estate Appraisers Board

PHILIP URSO

Is hereby entitled in practice as a:

Certified General Appraiser

License Number: 193

Expiration Date: 06/30/2014

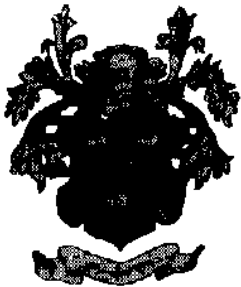
OFFICE COPY

Tracy McCarley

Administrator

ROA 245

ORIGINAL



McGee

February 21, 2013

FILED McGee Real Estate Company, Inc.

PROFESSIONAL REAL ESTATE SERVICES

2013 FEB -5 A 11:01 560 Meeting Street, West Columbia, SC 29169 • 803/739-0550 • FAX 803/796-9420

2013 FEB 21 10:00 AM
CLERK OF COURT
LEXINGTON, SC

James O. Spence, Judge
Master-in-Equity Court
205 East Main Street, Suite 204
Lexington, SC 29072

RE: Court of Common Pleas 2011-CP-32-1205
First Reliance Bank vs. Charles E. Bishop, et al.

Dear Judge Spence,

As requested in Order Appointing Appraisers (Foreclosure Action) in accordance with Section 29-3-680, S.C. Code (1976) as amended, we, James Petty, Philip Urso, and Kevin McGee, have appraised the property in question identified here as 1605 North Lake Drive, Lexington, SC and excess land, Lexington County TMS 003418-01-008.

Using the industry accepted and preferred methods of appraisal practice and in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), we have arrived at three supported, individual conclusions of the subject property's Market Value. Furthermore, we have met, discussed and reconciled our separate opinions of value to a single, agreed-upon opinion of market value of the subject property in fee simple as of March 7, 2012 of \$1,040,000.00 allocated as follows:

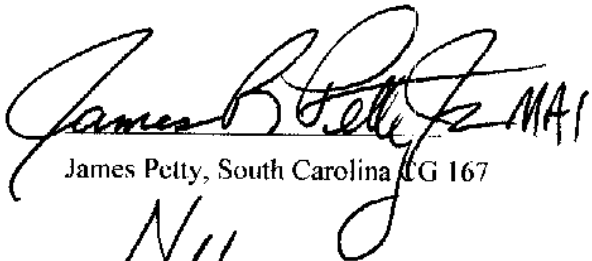
| | |
|---------------------------------|-----------|
| Front Land (2.357 acres): | \$200,000 |
| Improvements: | \$715,000 |
| F F & E: | \$100,000 |
| Excess Back Land (1.753 acres): | \$25,000 |

FEB 25 2013

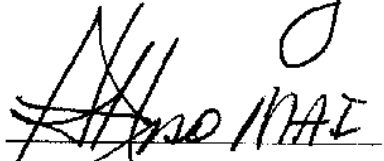
FEB 22 2013

We, James Petty, Phillip Urso, and Kevin McGee, the duly appointed appraisers in this matter, have conferenced and make this return of true value of the subject real property in this case. All supporting information and documentation is contained in each appraiser's work file and is available upon request.

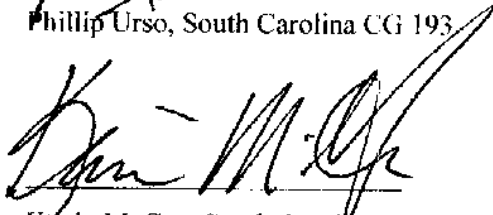
Respectfully submitted,

 MAI

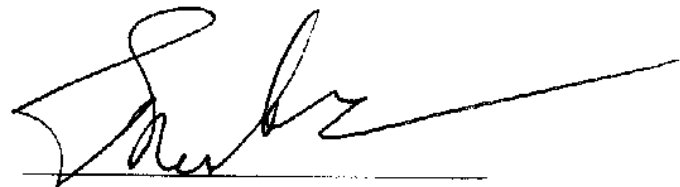
James Petty, South Carolina CG 167

 MAI

Phillip Urso, South Carolina CG 193



Kevin McGee, South Carolina CG 2399



Notary Public for the state of South Carolina

My commission expires: 2/7/2023

FILED
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NOTARY PUBLIC

FILED

STATE OF SOUTH CAROLINA

COUNTY OF LEXINGTON

First Reliance Bank,

Plaintiff,

vs.

Charles E. Bishop, Brett D. Blanks, BCM of
Lexington, LLC, d/b/a Dam Bar & Grill,
B&I of Lexington, LLC, and Branch
Banking and Trust Company of South
Carolina,

Defendants.

IN THE COURT OF COMMON PLEAS
ELEVENTH JUDICIAL CIRCUIT

Case No. 2011-CP-32-01205

APPEAL
OF THE RETURN OF APPRAISERS
[SC CODE SECTION 29-7-750 (1976
AS AMENDED)]

Defendants appeal the Return of Appraisers pursuant to S.C. Code Section 29-7-750 (1976 as Amended). Appellant received written notice of entry of these orders on or about March 6, 2013.

The grounds for this appeal are as follows:

1. That the Uniform Standard of Professional Appraisal Practice (USPAP) are minimum standards and should not be used as a sole authoritative basis for the determination of Market Value as is set out in the return of appraisers dated March 5, 2013 (a copy of which is attached as exhibit "A" hereto[hereinafter the "Return"]);
2. That the other authoritative basis, to the extent it can be so termed, of "Using the industry accepted and preferred methods of appraisal

cc: Box
 cc: Mail
 cc: Person *T.D.*
 cc: None

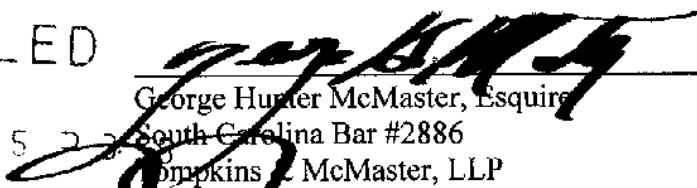
practice" ~~is so lacking~~ in substance as to be a meaningless attribution of method or practice;

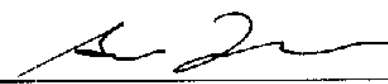
- 2013 MAR 15 3:54
3. That the Return fails to consider, and the conclusions do not reflect, consideration of the elements as set out in the Federal Home loan Bank Board Memorandum R41C;
 4. That the Return refers to Market Value and sales value (which are the same) but the conclusions are not supported by reference to purchase price or consideration of that appraisal obtained by the Defendants in support of the purchase of this real property;
 5. That the Return "allocates value" to Front Land and Excess Back Land without basis for either the division of the real property subject to the Mortgage or the determination of the value {\$25,000.00} of the "Excess Back Land";
 6. That the Return fails in its lack of consideration, if any, of the replacement value of the improvements on the real property;
 7. That the Return fails in its lack of consideration, if any, of the income production on the real property;
 8. That the Return, although stating that the "work file" of each appraiser it available, the method of each appraiser is neither known nor are the methods employed by three (3) appraisers appointed by the Order of this Court.

The Defendants request that the Court hear this Appeal in open court and Order a new appraisal of the property subject to this cause.

FILED

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