

# PROOF OF CLAIM

In re

Cornerstone Ministries Investments, Inc

Case Number

08-20355-reb

NOTE: See Reverse for List of Debtors/Case Numbers/ Important details. This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503

Name of Creditor and Address. the person or other entity to who the debtor owes money or property



14327826000720

COMMUNITY FIRST BANK  
PO BOX 459  
SENECA SC 29679

☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars

☒ Check box if you have never received any notices from the bankruptcy court or BMC Group in this case

☐ Check box if this address differs from the address on the envelope sent to you by the court.

FILED

MAR 10 2008

BMC

If you have already filed a proof of claim with the Bankruptcy Court or BMC you do not need to file again

THIS SPACE IS FOR COURT USE ONLY

Creditor Telephone Number (864) 886-0206

Name and address where payment should be sent (if different from above)

☐ Check this box if you are the debtor or trustee in this case

Check here if this claim ☐ replaces a previously filed claim dated \_\_\_\_\_ or ☐ amends claim number (see reverse) \_\_\_\_\_

Payment Telephone Number ( )

1. AMOUNT OF CLAIM AS OF DATE CASE FILED \$ 728,486.89 (\*) Current Advanced On Construction-Line

If all or part of your claim is secured complete item 4c below; however if all of your claim is unsecured do not complete item 4c

If all or part of your claim is entitled to priority complete item 4b

☒ Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges

## 2. BASIS FOR CLAIM

MTG NOTE

(See instructions #2 and #3a on reverse side.)

## 3. LAST FOUR DIGITS OF ANY NUMBER BY WHICH CREDITOR IDENTIFIES DEBTOR.

3a Debtor may have scheduled account as 8957

## 4. CLASSIFICATION OF CLAIM

### 4a. UNSECURED NONPRIORITY CLAIM

Total unsecured nonpriority claim \$

DO NOT include the priority portion of your unsecured claim here

### 4b. UNSECURED PRIORITY CLAIM

Total unsecured priority claim \$

Include ONLY the priority portion of your unsecured claim here

☐ Check this box ONLY if you have an unsecured claim all or part of which is entitled to priority

You MUST specify the priority of the claim

☐ Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B)

☐ Wages, salaries, or commissions (up to \$10,950\*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business whichever is earlier - 11 U.S.C. § 507(a)(4)

☐ Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5)

☐ Up to \$2,425\* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7)

☐ Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8)

☐ Other Specify applicable paragraph of 11 U.S.C. § 507(a) ( )

\* Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

### 4c. SECURED CLAIM (See instruction #4c on reverse side)

Check the appropriate box if your claim is secured by a lien on property or a right of set off and provide the requested information

Nature of property or right of setoff

☒ Real Estate ☐ Motor Vehicle

☐ Other

Total secured claim \$ 1,200,000.00 (\*)

DO NOT include the priority or unsecured portion of your claim here

Value of Property \$ 2,101,360.00

Annual Interest Rate 7.25 %

Amount of arrearage and other charges at time case filed included in secured claim if any \$ Basis for Perfection

5. CREDITS The amount of all payments on this claim has been credited for the purpose of making this proof of claim

6. SUPPORTING DOCUMENTS Attach redacted copies of supporting doc such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements. You may also attach a summary. Attach redacted copies of evidence of perfection of a security interest. (See definition of "redacted" on reverse side) If the documents are not available, please explain

## 7. DATE-STAMPED COPY

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING

To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim

The original of this completed proof of claim form must be sent by mail or hand delivered (FAXES NOT ACCEPTED) so that it is actually received on or before the Bar date

THIS SPACE FOR COURT USE ONLY

BY MAIL TO  
Cornerstone Ministries Investments, Inc  
c/o BMC Group  
PO Box 900  
El Segundo, CA 90245-0900

BY HAND OR OVERNIGHT DELIVERY TO  
Cornerstone Ministries Investments, Inc  
c/o BMC Group  
1330 East Franklin Ave  
El Segundo, CA 90245

Cornerstone



00269

DATE

3/7/08

SIGNATURE The person filing this claim must sign it. Sign and print name and title. If any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney if any

DAVID PETERS, SENIOR VICE PRESIDENT

*[Signature]*

Penalty for presenting fraudulent claim is a fine of up to \$500,000 or imprisonment for up to 5 years or both 18 U.S.C. §§ 152 AND 3571

LOW IS A CONSTRUCTION LINE

117551/1  
117551/2  
117551/3

PRESTON RIDGE LLC  
2450 ATLANTA HWY SUITE 1001  
CUMMING GA 30040

COMMUNITY FIRST BANK  
P O BOX 459  
448 HWY 123 BY PASS  
SENECA, SC 29678

PORT 206 6473 055

Loa Number 37815  
Date 11-15-2007  
Maturity Date 05-13-2008  
Loan Amount \$ 1,200,000.00  
Renewal Of  
LO 3

BORROWER'S NAME AND ADDRESS  
I include each borrower above jointly and severally

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

I, the undersigned, hereby agree to pay to you or your order at your address listed above the PRINCIPAL sum of ONE MILLION TWO HUNDRED THOUSAND AND NO/100 Dollars \$ 1,200,000.00

☐ Single Advance I will receive all of this principal sum on \_\_\_\_\_ No additional advances are contemplated under this note

☒ Multiple Advance The principal sum shall be above the maximum amount of principal I can borrow under this note On 11-15-2007

I will receive the amount of \$251,400.00 and future principal advances are contemplated

Condition The conditions for future advances are ADVANCES MADE BASED UPON PERCENTAGE OF COMPLETION AT TIME OF INSPECTION OF LENDER. CUSTOMER IS BUILDING EIGHT (8) UNITS SIMULTANEOUSLY. AS THOSE UNITS ARE SOLD AND RELEASED, FUNDS MAY BE READVANCED TO FUND CONSTRUCTION OF EIGHT MORE UNITS UNTIL COMPLETELY BUILT OUT.

☒ Open End Credit You and I agree that I may borrow up to the maximum amount of principal more than one time This I agree subject to all the conditions and expires on 05-13-2008

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

INTEREST I agree to pay interest on the outstanding principal balance from 11-15-2007 at the rate of 8.000% per year until 11-18-2007

☒ Variable Rate This rate may then change as stated below

☒ Index Rate The future rate will be 0.500 PERCENT ABOVE the following index rate U.S. PRIME RATE IS THE BASE RATE ON CORPORATE LOANS POSTED BY AT LEAST 75% OF THE 30 LARGEST U.S. BANKS.

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

☒ Frequency and Timing The rate on this note may change as often as EVERY DAY BEGINNING 11-18-2007

A change in the interest rate will take effect ON THE SAME DAY

☒ Limitations During the term of this loan the applicable annual interest rate will not be more than 11.250% or less than 7.250% The rate may not change more than \_\_\_\_\_ % each

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

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

☐

ACCUAL METHOD Interest will be calculated on ACTUAL/360 basis

POST MATURITY RATE I agree to pay interest on the unpaid balance of this note following after maturity and until paid full as stated below

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

☐ at a rate equal to \_\_\_\_\_

☒ LATE CHARGE If a payment is not made within 15 day after it is due I agree to pay a late charge of 5.000% OF THE LATE AMOUNT WITH A MAX OF \$100.00

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

PAYMENTS I agree to pay this note as follows

MONTHLY PAYMENTS OF ACCRUED INTEREST CALCULATED ON THE AMOUNT OF CREDIT OUTSTANDING BEGINNING ON 12-15-2007 AND PRINCIPAL DUE ON 05-13-2008 THIS IS A VARIABLE RATE LOAN AND THE PAYMENT AMOUNTS MAY CHANGE THE FINAL PAYMENT MAY ALSO CHANGE

#### ADDITIONAL TERMS

☒ SECURITY This note is secured by (describe separate document by type and date) MORTGAGE DATED NOVEMBER 15 2007

PURPOSE The purpose of this loan is BUILD RESIDENTIAL 1.4 FAMILY

SIGNATURES I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2) I have signed a copy on today's date  
PRESTON RIDGE LLC

WALTER C. MCGILL, JR. AGENT

Signature of Lender

LORI KELLEY BRANCH MANAGER

REAL ESTATE OR RESIDENCE SECURITY If the note is secured by real estate or a residence that is personal property the existence of default

WAIVER OF HEARING PRIOR TO IMMEDIATE POSSESSION If this loan is for a business purpose I agree to waive the right to five days notice and pre-seizure hearing prior to seizure of any personal property which may secure this loan

Expend 3 84 99 Ba systems nc 5 Clou MN F m N SC 3 2003

**GUARANTOR NAME AND ADDRESS**

MERIDIAN HOUSING LLC  
2450 ATLANTA HWY SUITE 1001  
CUMMING GA 30040

**LENDER NAME AND ADDRESS**

COMMUNITY FIRST BANK  
P O BOX 459  
449 HWY 123 BY PASS  
SENECA, SC 29678

Number \_\_\_\_\_

Amount \_\_\_\_\_

Date **NOVEMBER 15, 2007**

**GUARANTY**

**DATE** The date of this Guaranty is **11 15 2007**

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

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

**INDEBTEDNESS**

☒ **Specific Debts** The Guarantor guarantees to Lender the payment and performance of the debt liability or obligation of Borrower to Lender evidenced by or arising out of the following **NOTE OF PRESTON RIDGE, LLC TO COMMUNITY FIRST BANK DATED NOVEMBER 15 2007** and any extensions renewals or replacements thereof (Indebtedness)

☐ **All Debts** Except as this Guaranty may otherwise provide the Guarantor guarantees to Lender the payment and performance of each and every debt liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Lender (whether such debt liability or obligation now exists or is hereafter created or incurred and whether it is or may be direct or indirect due or to become due absolute or contingent primary or secondary liquidated or unliquidated or joint several or joint and several all such debts liabilities and obligations (Indebtedness)) Without limitation this Guaranty includes the following described debt(s)

**Exclusions**

☐ Guarantor will be liable for \$ \_\_\_\_\_ of the principal amount of the Indebtedness outstanding at default and for all of the accrued interest and the expenses of collection enforcement or protection of Lender's rights and remedies under this Guaranty including reasonable attorneys fees

☐ Guarantor's liability will not exceed \_\_\_\_\_ % of the Indebtedness outstanding at default and all of the accrued interest and the expenses of collection enforcement or protection of Lender's rights and remedies under this Guaranty including reasonable attorneys fees

☐ Indebtedness Excludes

**SECURITY**

☒ the Guaranty is unsecured

☐ secured by \_\_\_\_\_

**IL AND MD only** ☐ **CONFESSION OF JUDGMENT** If Guarantor defaults it authorizes any attorney to appear in a court of record and confess judgment against it in favor of Lender. The confession of judgment may be without process and for any amount due on this Guaranty including collection costs and reasonable attorneys fees

**PA only** ☐ **WARRANT OF AUTHORITY TO CONFESS JUDGMENT** Upon default in addition to all other remedies and rights available to Lender by signing below Guarantor irrevocably authorizes the prothonotary clerk or any attorney to appear in any court of record having jurisdiction over this matter and to confess judgment against Guarantor at any time without stay of execution. Guarantor waives notice service of process and process. Guarantor agrees and understands that judgment may be confessed against Guarantor for any unpaid principal accrued interest and accrued charges due on this Note plus collection costs and reasonable attorneys fees up to 15 percent of the judgment. The exercise of the power to confess judgment will not exhaust this warrant of authority to confess judgment and may be done as often as Lender elects. Guarantor further understands that Guarantor's property may be seized without prior notice to satisfy the debt owed. Guarantor knowingly intentionally and voluntarily waives any and all constitutional rights. Guarantor has to pre-deprivation notice and hearing under federal and state laws and fully understands the consequences of this waiver.

By signing immediately below Guarantor agrees to the terms of the **WARRANT OF AUTHORITY TO CONFESS JUDGMENT** section

**SIGNATURES** By signing under seal Guarantor agrees to the terms contained in this Guaranty (including those on page 2). Guarantor also acknowledges receipt of a copy of this Guaranty.

**GUARANTOR**

MERIDIAN HOUSING LLC

\_\_\_\_\_  
(Signature) (Seal)

Name Title **WALTER C MCGILL JR AGENT** (Seal)

Name Title \_\_\_\_\_ (Seal)

# ADDITIONAL PROVISIONS

The Guarantor further acknowledges and agrees with Lender that

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

2 This is an absolute, unconditional and continuing Guaranty of payment of the Indebtedness and will continue to be enforceable against the Guarantor whether or not all Indebtedness is paid in full until this Guaranty is revoked by written notice actually received by the Lender. Any revocation shall not be effective as to any Indebtedness existing or committed to at the time of actual receipt of notice by the Lender or as to any renewals, extensions and refinancings thereof.

The Guarantor represents and warrants to the Lender that the Guarantor has a direct and substantial economic interest in Borrower and expects to derive substantial benefits therefrom and from any loans and financial accommodations resulting from the creation of Indebtedness guaranteed hereby, and that this Guaranty is given for a business purpose. The Guarantor agrees to rely exclusively on its right to revoke this Guaranty prospectively as to future transactions by written notice actually received by Lender if at any time the benefits then being received by the Guarantor in connection with this Guaranty are not sufficient to warrant its continuance as a Guarantor as to future Indebtedness. Accordingly, the Lender may rely conclusively on a continuing warranty hereby made that the Guarantor continues to be benefited by this Guaranty and that the Lender has no duty to inquire into or confirm the receipt of any benefits and that this Guaranty will be enforceable without regard to the receipt, nature or value of any such benefits.

3 If the Guarantor is dissolved or becomes insolvent, however defined, or revokes this Guaranty, then the Lender has the right to declare the full amount of all Indebtedness immediately due and payable, and the Guarantor will forthwith pay the Lender. If the Guarantor voluntarily commences or there is commenced involuntarily against the Guarantor a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, will become immediately due and payable without demand or notice thereof.

4 The Guarantor will be liable for all Indebtedness without any limitation as to amount, plus accrued interest thereon and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount without affecting or impairing the liability of the Guarantor hereunder. The Lender may apply any sums received by or available to the Lender on account of the Indebtedness from Borrower or any other person (except the Guarantor) from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts will not reduce, affect or impair the liability of the Guarantor hereunder. If the liability of the Guarantor is limited pursuant to this paragraph 4, any payment made by the Guarantor under this Guaranty will be effective to reduce or discharge its liability only if accompanied by a written transmittal document received by the Lender advising that such payment is made under this Guaranty for that purpose.

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

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

7 The Guarantor waives any and all defenses, claims and discharges of Borrower or any other obligor pertaining to Indebtedness except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Guarantor will not assert, plead or enforce against the Lender any defense of

waiver, release, estoppel, statute of limitations, res judicata, statute of frauds, fraud, forgery, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any Indebtedness or any setoff available against the Lender to Borrower or any such other person, whether or not on account of a related transaction. The Guarantor expressly agrees that the Guarantor will be liable to the fullest extent permitted by applicable law for any deficiency remaining after foreclosure of any mortgage or security interest securing Indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The Guarantor shall remain obligated to the fullest extent permitted by law to pay such amounts as though Borrower's obligations had not been discharged.

8 The Guarantor further agrees(s) that Guarantor will be obligated to pay Indebtedness even though any other person obligated to pay Indebtedness, including Borrower, has such obligation discharged in bankruptcy or otherwise discharged by law. Indebtedness shall include post-bankruptcy petition interest and attorneys' fees and any other amounts which Borrower's discharged from paying or which do not accrue to Indebtedness due to Borrower's discharge, and Guarantor will be obligated to pay such amounts as fully as if Borrower's obligations had not been discharged.

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

10 The Guarantor waives(s) any claim, remedy or other right which the Guarantor may now have or hereafter acquire against Borrower or any other person obligated to pay Indebtedness arising out of the creation or performance of the Guarantor's obligation under this Guaranty, including without limitation, any right of subrogation, contribution, reimbursement, indemnification, exoneration or any right to participate in any claim or remedy the Guarantor may have against the Borrower, collateral or other party obligated for Borrower's debt, whether or not such claim, remedy or right arises in equity or under contract, statute or common law.

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

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

13 To induce Lender to enter into the Loan, Guarantor makes these representations and warranties for as long as Guaranty is in effect: Guarantor is duly organized, validly existing and in good standing under the laws in the jurisdiction where Guarantor was organized and is duly qualified, validly existing and in good standing in all jurisdictions in which Guarantor operates or Guarantor owns or leases property. Guarantor has the power and authority to enter into this transaction and to carry on Guarantor's business or activity as now conducted. The execution, delivery and performance of this Guaranty and the obligation evidenced by this Guaranty are within Guarantor's duly authorized powers, has received all necessary governmental approval, will not violate any provision of law or order of court or governmental agency, and will not violate any agreement to which Guarantor is a party or to which Guarantor is or any of Guarantor's property is subject. Other than previously disclosed in writing to Lender, Guarantor has not changed Guarantor's name or principal place of business within the last ten years and has not used any other trade or fictitious name. Without Lender's prior written consent, Guarantor does not and will not use any other name and will preserve Guarantor's existing name, trade names and franchises. Guarantor owns or leases all property that Guarantor needs to conduct Guarantor's business and activities. All of Guarantor's property is free and clear of all liens, security interests, encumbrances and other adverse claims and interests except those Lender previously agreed to in writing. Guarantor is not violating any laws, regulations, rules, orders, judgments or decrees applicable to Guarantor or Guarantor's property, except for those that Guarantor is challenging in good faith through proper proceedings after providing adequate reserves to fully pay the claim and its challenge should Guarantor lose.

14 This Guaranty is effective upon delivery to the Lender without further act, condition or acceptance by the Lender. It will be binding upon the Guarantor and the successors and assigns of the Guarantor and will inure to the benefit of the Lender and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this Guaranty will not affect other lawful provisions and application hereof, and to this end the provisions of this Guaranty are declared to be severable. Except as allowed by the terms hereof, this Guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Guarantor and the Lender. This Guaranty shall be governed by the law of the State in which it is executed. The Guarantor waives notice of the Lender's acceptance hereof.

<b>GUARANTOR NAME AND ADDRESS</b>	<b>LENDER NAME AND ADDRESS</b>	<b>Number</b> _____
CORNERSTONE MINISTRIES INVESTMENTS LLC 2450 ATLANTA HWY SUITE 1001 CUMMING GA 30040	COMMUNITY FIRST BANK P O BOX 459 449 HWY 123 BY PASS SENECA SC 29678	<b>Amount</b> <u>1,200,000.00</u>
		<b>Date</b> <u>NOVEMBER 15, 2007</u>

### GUARANTY

**DATE** The date of this Guaranty is 11-15-2007

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and to induce Lender (with its present successors and assigns) at its option at any time or from time to time to make loans or extend other accommodations to or for the account of PRESTON RIDGE LLC

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

#### INDEBTEDNESS

☒ **Specific Debts:** The Guarantor guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: NOTE OF PRESTON RIDGE, LLC TO COMMUNITY FIRST BANK DATED NOVEMBER 15, 2007, and any extensions, renewals or replacements thereof (Indebtedness).

☐ **All Debts:** Except as this Guaranty may otherwise provide, the Guarantor guarantees to Lender the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Lender (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several, all such debts, liabilities and obligations (Indebtedness)). Without limitation, this Guaranty includes the following described debt(s):

#### Exclusions

- ☐ Guarantor will be liable for \$ \_\_\_\_\_ of the principal amount of the Indebtedness outstanding at default and for all of the accrued interest and the expenses of collection, enforcement or protection of Lender's rights and remedies under this Guaranty, including reasonable attorneys' fees.
- ☐ Guarantor's liability will not exceed \_\_\_\_\_ % of the Indebtedness outstanding at default and all of the accrued interest and the expenses of collection, enforcement or protection of Lender's rights and remedies under this Guaranty, including reasonable attorneys' fees.
- ☐ Indebtedness Excludes

#### SECURITY

- ☐ the Guaranty is unsecured.
- ☒ secured by MORTGAGE DATED NOVEMBER 15, 2007

**IL AND MD only** ☐ **CONFESSION OF JUDGMENT** If Guarantor defaults, it authorizes any attorney to appear in a court of record and confess judgment against it in favor of Lender. The confession of judgment may be without process and for any amount due on this Guaranty including collection costs and reasonable attorneys' fees.

**PA only** ☐ **WARRANT OF AUTHORITY TO CONFESS JUDGMENT** Upon default, in addition to all other remedies and rights available to Lender, by signing below Guarantor irrevocably authorizes the prothonotary clerk or any attorney to appear in any court of record having jurisdiction over this matter and to confess judgment against Guarantor at any time without stay of execution. Guarantor waives notice, service of process and process. Guarantor agrees and understands that judgment may be confessed against Guarantor for any unpaid principal, accrued interest and accrued charges due on the Note, plus collection costs and reasonable attorneys' fees up to 15 percent of the judgment. The exercise of the power to confess judgment will not exhaust this warrant of authority to confess judgment and may be done as often as Lender elects. Guarantor further understands that Guarantor's property may be seized without prior notice to satisfy the debt owed Guarantor knowingly, intentionally and voluntarily waives any and all constitutional rights. Guarantor has to pre-deprivation notice and hearing under federal and state laws and fully understands the consequences of this waiver.

By signing immediately below, Guarantor agrees to the terms of the **WARRANT OF AUTHORITY TO CONFESS JUDGMENT** section.

**SIGNATURES** By signing under seal, Guarantor agrees to the terms contained in this Guaranty (including those on page 2). Guarantor also acknowledges receipt of a copy of this Guaranty.

#### GUARANTOR

CORNERSTONE MINISTRIES INVESTMENTS LLC IN  
 By [Signature] (S) IL  
 Name WALTER C. MOORE, JR. AGENT (Seal)  
JACK R. WENHILLER PRESIDENT  
 Name TJ (S) IL

# ADDITIONAL PROVISIONS

The Guarantor further acknowledges and agrees with Lender that

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

2. This is an absolute, unconditional and continuing Guaranty of payment of the Indebtedness and will continue to be enforceable against the Guarantor whether or not all Indebtedness is paid in full until this Guaranty is revoked by written notice actually received by the Lender. Any revocation shall not be effective as to any Indebtedness existing or committed to at the time of actual receipt of notice by the Lender or as to any renewals, extensions and refinancings thereof.

The Guarantor represents and warrants to the Lender that the Guarantor has a direct and substantial economic interest in Borrower and expects to derive substantial benefit therefrom and from any loans and financial accommodations resulting from the creation of Indebtedness guaranteed hereby and that this Guaranty is given for a business purpose. The Guarantor agrees to rely exclusively on its right to revoke this Guaranty prospectively as to future transactions by written notice actually received by Lender if at any time the benefits then being received by the Guarantor in connection with this Guaranty are not sufficient to warrant its continuance as its Guarantor as to future Indebtedness. Accordingly, the Lender may rely conclusively on a continuing warranty hereby made that the Guarantor continues to be benefited by this Guaranty and that the Lender has no duty to inquire into or confirm the receipt of any benefits and that this Guaranty will be enforceable without regard to the receipt, nature or value of any such benefits.

3. If the Guarantor is dissolved or becomes insolvent, however defined, or revokes this Guaranty, then the Lender has the right to declare the full amount of all Indebtedness immediately due and payable and the Guarantor will forthwith pay the Lender. If the Guarantor voluntarily commences or there is commenced involuntarily against the Guarantor a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, will become immediately due and payable without demand or notice thereof.

4. The Guarantor will be liable for all Indebtedness without any limitation as to amount plus accrued interest thereon and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount without affecting or impairing the liability of the Guarantor hereunder. The Lender may apply any sums received by or available to the Lender on account of the Indebtedness from Borrower or any other person (except the Guarantor) from their properties out of any collateral security or from any other source to payment of the excess. Such application of receipts will not reduce, affect or impair the liability of the Guarantor hereunder. If the liability of the Guarantor is limited pursuant to this paragraph 4, any payment made by the Guarantor under this Guaranty will be effective to reduce or discharge its liability only if accompanied by a written transmittal document received by the Lender advising that such payment is made under this Guaranty for that purpose.

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

6. Whether or not any existing relationship between the Guarantor and Borrower has been changed or ended and whether or not this Guaranty has been revoked the Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Indebtedness without any consent or approval by the Guarantor and without any notice to the Guarantor. The liability of the Guarantor will not be affected or impaired by any of the following acts or things (which the Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this Guaranty, without notice to or approval by the Guarantor): (i) any acceptance of collateral security; Guarantor's accommodation parties or sureties for any or all Indebtedness; (ii) any one or more extensions or renewals of Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower; any delay or lack of diligence in the enforcement of Indebtedness; or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Indebtedness; (iv) any full or partial release of settlement with or agreement not to sue Borrower or any other Guarantor or other person liable in respect of any Indebtedness; (v) any discharge of any evidence of Indebtedness or the acceptance of any instrument in renewal thereof or substitution thereof; (vi) any failure to obtain collateral security (including rights of setoff) for Indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof; or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste or loss of any collateral security; (v) any foreclosure or enforcement of any collateral security; (vii) any transfer of any Indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon Indebtedness; (x) any election by the Lender under §1111(b)(2) of the United States Bankruptcy Code.

7. The Guarantor waives any and all defenses, claims and discharges of Borrower or any other obligor pertaining to Indebtedness except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Guarantor will not assert, plead or enforce against the Lender any defense of

waiver, release, estoppel, statute of limitations, res judicata, statute of frauds, fraud, forgery, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any Indebtedness or any other obligation against the Lender to Borrower or any such other person, whether or not on account of a related transaction. The Guarantor expressly agrees that the Guarantor will be liable to the fullest extent permitted by applicable law for any deficiency remaining after foreclosure of any mortgage or security interest securing Indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The Guarantor shall remain obligated to the fullest extent permitted by law to pay such amounts as though Borrower's obligations had not been discharged.

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

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

10. The Guarantor waives any claim, remedy or other right which the Guarantor may now have or hereafter acquire against Borrower or any other person obligated to pay Indebtedness arising out of the creation or performance of the Guarantor's obligation under this Guaranty, including without limitation, any right of subrogation, contribution, reimbursement, indemnification, exoneration or any right to participate in any claim or remedy the Guarantor may have against the Borrower, collateral or other party obligated for Borrower's debt, whether or not such claim, remedy or right arises in equity or under contract, statute or common law.

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

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

13. To induce Lender to enter into the Loan, Guarantor makes these representations and warranties for as long as Guaranty is in effect: Guarantor is duly organized, validly existing and in good standing under the laws in the jurisdiction where Guarantor was organized and is duly qualified, validly existing and in good standing in all jurisdictions in which Guarantor operates or conducts business; Guarantor owns or leases property; Guarantor has the power and authority to enter into this transaction and to carry on Guarantor's business or activity as now conducted. The execution, delivery and performance of this Guaranty and the obligation evidenced by this Guaranty are within Guarantor's duly authorized powers, has received all necessary governmental approval, will not violate any provision of law or order of court or governmental agency, and will not violate any agreement to which Guarantor is a party or to which Guarantor is or any of Guarantor's property is subject. Other than previously disclosed in writing to Lender, Guarantor has not changed Guarantor's name or principal place of business within the last ten years and has not used any other trade or fictitious name. Without Lender's prior written consent, Guarantor does not and will not use any other name and will preserve Guarantor's existing name, trade names and franchises. Guarantor owns or leases all property that Guarantor needs to conduct Guarantor's business and activities. All of Guarantor's property is free and clear of all liens, security interests, encumbrances and other adverse claims and interests, except those Lender previously agreed to in writing. Guarantor is not violating any laws, regulations, rules, orders, judgments or decrees applicable to Guarantor or Guarantor's property, except for those that Guarantor is challenging in good faith through proper proceedings after providing adequate reserves to fully pay the claim and its challenge should Guarantor lose.

14. This Guaranty is effective upon delivery to the Lender without further act, condition or acceptance by the Lender. It will be binding upon the Guarantor and the successors and assigns of the Guarantor and will inure to the benefit of the Lender and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this Guaranty will not affect other lawful provisions and application hereof, and to this end the provisions of this Guaranty are declared to be severable. Except as allowed by the terms herein, this Guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Guarantor and the Lender. This Guaranty shall be governed by the laws of the State in which it is executed. The Guarantor waives notice of the Lender's acceptance hereof.

Return To

Amelia Beach  
Capers, Dunbar, Sanders & Bruckner  
699 Broad Street

1500 Wachovia Bank Building

August 28, 2007 Prepared by (name address phone)

COMMUNITY FIRST BANK

P O BOX 459

449 HWY 123 BY PASS SENECA SC 29678

Auguste Georgia 30901

1500 Wachovia Bank Building

699 Broad Street

Capers, Dunbar, Sanders & Bruckner

FILED FOR RECORD  
CLERK COUNTY SC  
CLERK OF DEEDS

Doc ID 001365250000 Type MTG  
BK 2536 PG 346-354

27 NOV 19 P 12 41

Space Above This Line For Recording Data

## REAL ESTATE MORTGAGE

(With Future Advance Clause)

Return To

- 1 **DATE AND PARTIES** The date of this Mortgage is 11 15 2007 and the parties and their addresses are as follows

MORTGAGOR PRESTON RIDGE LLC  
2450 ATLANTA HWY SUITE 1001  
CUMMING GA 30040

☐ Refer to the Addendum which is attached and incorporated herein for additional Mortgagors

LENDER COMMUNITY FIRST BANK  
ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF SOUTH CAROLINA  
P O BOX 459  
449 HWY 123 BY PASS SENECA SC 29678

- 2 **MORTGAGE** For good and valuable consideration the receipt and sufficiency of which is acknowledged and to secure the Secured Debt (hereafter defined) Mortgagor grants bargains conveys and mortgages to Lender the following described property

9 97 ACRES MOL INTERSECTION OF KEOWEE SCHOOL RD & OLD WALHALLA HWY SENECA SC 29672  
TMS #208 00-01 097

SEE EXHIBIT A ATTACHED HERETO AND MADE A PART HEREOF

The property is located in OCONEE at 9 97 ACRES MOL INTERSECTION OF  
(County)

KEOWEE SCHOOL RD & OLD WALHALLA HWY SENECA South Carolina 29672  
(Address) (City) (Zip Code)

Together with all rights easements appurtenances royalties mineral rights oil and gas rights crops timber all diversion payments or third party payments made to crop producers and all existing and future improvements structures fixtures and replacements that may now or at any time in the future be part of the real estate described above (all referred to as "Property") The term Property also includes but is not limited to any and all water wells water ditches reservoirs reservoir sites and dams located on the real estate and all riparian and water rights associated with the Property however established

**3 MAXIMUM OBLIGATION LIMIT** The total principal amount of the Secured Debt (hereafter defined) secured by this Mortgage at any one time shall not exceed \$ 1,200,000.00. This limitation of amount does not include interest, loan charges, commitment fees, brokerage commissions, attorneys' fees and other charges validly made pursuant to this Mortgage and does not apply to advances (or interest accrued on such advances) made under the terms of this Mortgage to protect Lender's security and to perform any of the covenants contained in this Mortgage. Interest under the Note will be deferred, accrued or capitalized; however, Mortgagee shall not be required to defer, accrue or capitalize any interest except as provided in the Note. Future advances are contemplated and, along with other future obligations, are secured by this Mortgage even though all or part may not yet be advanced. Nothing in this Mortgage, however, shall constitute a commitment to make additional or future loans or advances in any amount. Any such commitment would need to be agreed to in a separate writing.

- 4 SECURED DEBT DEFINED** The term "Secured Debt" includes, but is not limited to, the following:
- A The promissory note(s), contract(s), guaranty(ies) or other evidence of debt described below and all extensions, renewals, modifications or substitutions (Evidence of Debt) (e.g., borrower's name, note amount, interest rate, maturity date);
  - B All future advances from Lender to Mortgagor or other future obligations of Mortgagor to Lender under any promissory note, contract, guaranty or other evidence of debt existing now or executed after this Mortgage, whether or not this Mortgage is specifically referred to in the evidence of debt;
  - C All obligations Mortgagor owes to Lender, which now exist or may later arise, to the extent not prohibited by law, including but not limited to liabilities for overdrafts relating to any deposit account agreement between Mortgagor and Lender;
  - D All additional sums advanced and expenses incurred by Lender for insuring, preserving or otherwise protecting the Property and its value and any other sums advanced and expenses incurred by Lender under the terms of this Mortgage plus interest at the highest rate in effect from time to time as provided in the Evidence of Debt;
  - E Mortgagor's performance under the terms of any instrument evidencing a debt by Mortgagor to Lender and any Mortgage securing guarantying or otherwise relating to the debt.

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

- 5 PAYMENTS** Mortgagor agrees to make all payments on the Secured Debt when due and in accordance with the terms of the Evidence of Debt or this Mortgage.
- 6 WARRANTY OF TITLE** Mortgagor covenants that Mortgagor is lawfully seized of the estate conveyed by this Mortgage and has the right to grant, bargain, convey, sell, and mortgage the Property and warrants that the Property is unencumbered, except for encumbrances of record.
- 7 CLAIMS AGAINST TITLE** Mortgagor will pay all taxes, assessments, liens, encumbrances, lease payments, ground rents, utilities, and other charges relating to the Property when due. Lender may require Mortgagor to provide to Lender copies of all notices that such amounts are due and the receipts evidencing Mortgagor's payment. Mortgagor will defend title to the Property against any claims that would impair the lien of this Mortgage. Mortgagor agrees to assign to Lender, as requested by Lender, any rights, claims or defenses which Mortgagor may have against parties who supply labor or materials to improve or maintain the Property.
- 8 PRIOR SECURITY INTERESTS** With regard to any other mortgage, deed of trust, security agreement or other lien document that created a prior security interest or encumbrance on the Property and that may have priority over this Mortgage, Mortgagor agrees:
- A To make all payments when due and to perform or comply with all covenants;
  - B To promptly deliver to Lender any notices that Mortgagor receives from the holder;
  - C Not to make or permit any modification or extension of, and not to request or accept any future advances under any note or agreement secured by the other mortgage, deed of trust or security agreement unless Lender consents in writing.
- 9 DUE ON SALE OR ENCUMBRANCE** Lender may, at its option, declare the entire balance of the Secured Debt to be immediately due and payable upon the creation of any lien, encumbrance, transfer or sale or contract for any of these on the Property. However, if the Property includes Mortgagor's residence, this section shall be subject to the restrictions imposed by federal law (12 C.F.R. 591) as applicable. For the purposes of this section, the term "Property" also includes any interest to all or any part of the Property. This covenant shall run with the Property and shall remain in effect until the Secured Debt is paid in full and this Mortgage is released.

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

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

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

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

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

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

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

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

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

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

Mortgagor will promptly provide Lender with copies of the Leases and will certify these Leases are true and correct copies. The existing Leases will be provided on execution of the Assignment, and all future Leases and any other information with respect to these Leases will be provided immediately after they are executed. Mortgagor may collect, receive, enjoy and use the Rents so long as Mortgagor is not in default. Mortgagor will not collect in advance any Rents due in future lease periods, unless Mortgagor first obtains Lender's written consent. Upon default, Mortgagor will receive

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

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

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

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

**16 DEFAULT** Mortgagor will be in default if any of the following occur:

- A Any party obligated on the Secured Debt fails to make payment when due.
- B A breach of any term or covenant in this Mortgage, any prior mortgage or any construction loan agreement, security agreement or any other document evidencing, guaranteeing, securing or otherwise relating to the Secured Debt.
- C The making or furnishing of any verbal or written representation, statement or warranty to Lender that is false or incorrect in any material respect by Mortgagor or any person or entity obligated on the Secured Debt.
- D The death, dissolution or insolvency of, appointment of a receiver for, or application of any debtor relief law to Mortgagor or any person or entity obligated on the Secured Debt.
- E A good faith belief by Lender at any time that Lender is insecure with respect to any person or entity obligated on the Secured Debt or that the prospect of any payment is impaired or the value of the Property is impaired.
- F A material adverse change in Mortgagor's business, including ownership, management and financial conditions, which Lender in its opinion believes impairs the value of the Property or repayment of the Secured Debt, or
- G Any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 C.F.R. Part 1940, Subpart G, Exhibit M.

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

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

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

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

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

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

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

**21 INSURANCE** Mortgagor agrees to maintain insurance as follows:

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

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

Unless Lender and Mortgagor otherwise agree in writing insurance proceeds shall be applied to restoration or repair of the Property damaged if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened the insurance proceeds shall be applied to the Secured Debt whether or not then due with any excess paid to Mortgagor. If Mortgagor abandons the Property or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay the Secured Debt whether or not then due. The 30 day period will begin when the notice is given.

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

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

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

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

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

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

**25 APPLICABLE LAW SEVERABILITY INTERPRETATION** This Mortgage is governed by the laws of the jurisdiction in which Lender is located except to the extent otherwise required by the laws of the jurisdiction where the Property is located. This Mortgage is complete and fully integrated. This Mortgage may not be amended or modified by oral agreement. Any section or clause in this Mortgage attachments or any agreement related to the Secured Debt that conflicts with applicable law will not be effective unless that law expressly or impliedly permits the variations by written agreement. If any section or clause of this Mortgage cannot be enforced according to its terms that section or clause will be severed and will not affect the enforceability of the remainder of this Mortgage. Whenever used the singular shall include the plural and the plural the singular. The captions and headings of the sections of this Mortgage are for convenience only and are not to be used to interpret or define the terms of this Mortgage. Time is of the essence in this Mortgage.

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

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

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

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

- ☐ **Personal Property** Mortgagor grants to Lender a security interest in all personal property located on or connected with the Property. This security interest includes all farm products, inventory, equipment, accounts, documents, instruments, chattel paper, general intangibles, and all other items of personal property Mortgagor owns now or in the future and that are used or useful in the construction, ownership, operation, management, or maintenance of the Property. The term "personal property" specifically excludes that property described as household goods secured in connection with a consumer loan as those terms are defined in applicable federal regulations governing unfair and deceptive credit practices.
- ☐ **Filing As Financing Statement** Mortgagor agrees and acknowledges that this Mortgage also suffices as a financing statement and as such may be filed of record as a financing statement for purposes of Article 9 of the Uniform Commercial Code. A carbon, photographic image or other reproduction of this Mortgage is sufficient as a financing statement.

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

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

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

☐ Actual authority was granted to the parties signing below by resolution signed and dated \_\_\_\_\_.

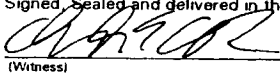
Entity Name PRESTON RIDGE, LLC

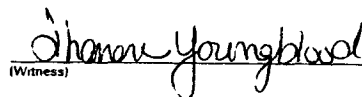
  
(Signature) WALTER C. MCGILL JR. AGENT

(Date) \_\_\_\_\_ (Seal)

11-14-07 (Date) \_\_\_\_\_ (Seal)

Signed, Sealed and delivered in the presence of

  
(Witness)

  
(Witness)

☐ Refer to the Addendum which is attached and incorporated herein for additional Mortgagors' signatures and acknowledgments.

PROBATE

STATE OF ~~SOUTH CAROLINA~~ GEORGIA COUNTY OF FORSYTH } ss

Personally appeared before me the undersigned witness who being duly sworn deposed and said that (s)he saw the Mortgagor (and each Mortgagor if more than one) sign seal and deliver the foregoing Mortgage and that (s)he together with the other witness whose name appears as a witness witnessed the execution thereof

Sworn to and subscribed before me this 15TH day

of NOVEMBER, 2007

[Signature]  
Notary Public for South ~~Carolina~~ Georgia

[Signature]

My commission expires 5 22 11

EXHIBIT A

All that certain piece ~~parcel or tract~~ of land lying and being situate in the state of South Carolina county of Oconee Wagner Township on the west side of S C Highway 188 and the north side of S C Highway S 37-60 containing 9.997 acres more or less as shown and more fully described on a plat ~~the eof~~ by Smith Surveyors Inc dated August 1 2002 and recorded in the office of the Register of Deeds for Oconee County in Plat Book A 904 at page 5

This is the identical property conveyed to Preston Ridge LLC by deed of P R Johnson and Carolyn D Mainous dated February 15 2006 recorded February 16 2006 in Book 1481 pages 196-200 records of the Register of Deeds for Oconee County South Carolina

The within described property is conveyed subject to covenants and restrictions contained in deed from Oconee Christian Academy Inc to Thrift Brothers Inc dated September 26 2002 recorded October 7 2002 in Book 1244 pages 168-170 aforesaid records

TMS #208-00 01-097

FILED FOR RECORD  
OCONEE COUNTY S C  
REGISTER OF DEEDS  
NOV 19 P 12 47

PO Box 459  
449 Hwy 123 Bypass  
Seneca SC 29678

864-886-7442  
Fax 864-886-0913  
email [dpeters@ctsbank.com](mailto:dpeters@ctsbank.com)

**David L. Peters**  
Senior Vice President  
Credit Administration

