

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE**

IN RE:)	
)	
JOINT APPLICATION OF LIMESTONE)	
WATER UTILITY OPERATING)	
COMPANY, LLC, SUNSET COVE)	
CONDOMINIUM HOA OF NORRIS)	
LAKE, INC. AND COMMERCIAL BANK)	Docket No. 23-00070
FOR APPROVAL OF THE)	
ACQUISITION OF AND TO OPERATE)	
THE WASTEWATER SYSTEM OF)	
SUNSET COVE CONDOMINIUM HOA)	
OF NORRIS LAKE, INC. AND)	
COMMERCIAL BANK AND TO ISSUE)	
A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY)	

**DISCOVERY RESPONSES OF COMMERCIAL BANK
AND SUNSET COVE CONDOMINIUM HOA OF NORRIS LAKE, INC.
TO CONSUMER ADVOCATE'S FIRST SET OF DISCOVERY REQUESTS**

Comes Commercial Bank, by and through counsel, and Sunset Cove Condominium HOA of Norris Lake, Inc., pursuant to Tennessee Rules of Civil Procedure 26, 33, 34, and 36, and Tenn. Comp R. & Reg. 1220-01-02-.11, and responds to the Consumer Advocate's First Set of Discovery Requests as follows:

1-1. Provide a copy of all federal, state, county and other audits (financial, environmental, etc.) of the Sunset Cove wastewater system since 2017.

RESPONSE: No federal, state, county, or other audits of the Sunset Cove wastewater system exist.

1.2. Provide answers to the following:

(a) Provide a comprehensive explanation of how the wastewater system was originally funded;

RESPONSE: Neither Respondent is sure of how the wastewater system was originally funded. However, the original developer of the Sunset Cove Condominiums was an entity known as “Lucas-Gunn Properties, LLC, a Tennessee limited liability company.” Commercial Bank provided funds to the Developer to build the condominiums. Subsequently, Commercial Bank conducted power of sale foreclosure on all unsold portions of the condominium regime which included the wastewater system.

(b) Whether residents of Sunset Cove paid any fee or assessment when joining the building and what was the purpose of the fee or assessment;

RESPONSE: No.

(c) Whether the owners were charged a tap fee to join the system(s);

RESPONSE: No.

(d) Whether owners have ever been charged an assessment for access to wastewater service; and

RESPONSE: No fee was paid related to the sewer system. However, owners of condominium units pay and have paid maintenance fees for the common expenses of the condominium regime.

(e) Which party is currently carrying the assets and liabilities making up the Sunset Cove system on their balance sheet?

RESPONSE: Neither party is carrying the assets and liabilities making up the Sunset Cove system on any balance sheet.

1.3. Provide the year ending 2022 balance sheet and income statement for the system and indicate whether the financial statements were reviewed or audited by an independent third party?

RESPONSE: No such balance sheet exists.

1.4. Provide the general ledger(s) for the system for the most recently completed fiscal year.

RESPONSE: No such general ledger exists.

1.5. Identify the amount and date of any capital expenditures by year and by entity since 2013.

RESPONSE: Any expenditures for maintenance of the system since February 7, 2014 have been paid by Commercial Bank.

1.6. Confirm that neither Sunset Cove nor Commercial Bank holds any "Security Deposits" from its customers.

RESPONSE: Neither party holds any security deposits.

1.7. There are two different Legal Counsels representing the three Petitioners in this docket. How will legal costs be billed? Will costs be billed separately for each Petitioner? Provide a statement detailing how these costs are being recorded for each Petitioner and the costs insured to date for each Petitioner. This is an ongoing request and should be reasonably supplemented.

RESPONSE: Commercial Bank is paying the legal expenses related to Commercial Bank. Sunset Cove Condominium HOA of Norris Lake, Inc. is not represented in this matter. However, Commercial Bank has committed to making all improvements necessary to the system so that Petitioner Limestone Water Utility Operating Company, LLC will assume operation of the wastewater system.

1.8. Refer to the Joint Application, page 11. Provide the amount billed for monthly HOA dues. Additionally, provide a listing of the services that these HOA dues cover.

RESPONSE: The current homeowners' association maintenance fees for Sunset Cove Condominium HOA of Norris Lake, Inc. is \$300.00 per month. However, in January 2024, the maintenance fees will increase to \$400.00 per month. The maintenance fees include maintenance of the common elements of the condominium regime including, but not limited to, the pool, grass cutting, community dock, and property insurance.

1.9. Provide the current contracts for Operation and Maintenance services for the system.

RESPONSE: No such contracts exist.

1-10. Provide any documents that were transferred to either Commercial Bank or the Sunset Cove HOA as part of the foreclosure proceedings when the system was acquired by Commercial Bank.

RESPONSE: Attached as *Collective Exhibit A* is the Substitute Trustee's Deed, and Bill of Sale, executed at the time of the foreclosure.

Respectfully submitted this 27th day of November, 2023.

OATH

I, Eddie Castles, President of Sunset Cove Condominium HOA of Norris Lake, Inc., makes oath that the foregoing Responses to Consumer Advocate's First Set of Discovery Requests are true to the best of my knowledge, information and belief.

SUNSET COVE CONDOMINIUM HOA OF
NORRIS LAKE, INC.

By: [Signature]
Eddie Castles, President

Ohio
STATE OF ~~TENNESSEE~~)
COUNTY OF Clermont

Before me, a Notary Public in and for the state and county aforesaid, personally appeared EDDIE CASTLES, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the President of SUNSET COVE CONDOMINIUM HOA OF NORRIS LAKE, INC., the within named bargainor, a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

Witness my hand and seal, this 27 day of November, 2023.

[Signature]
Notary Public

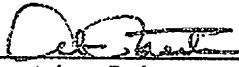
My Commission Expires:
10/31/2027



OATH

I, Adam Robertson, President of Commercial Bank, makes oath that the foregoing Responses to Consumer Advocate's First Set of Discovery Requests are true to the best of my knowledge, information and belief.

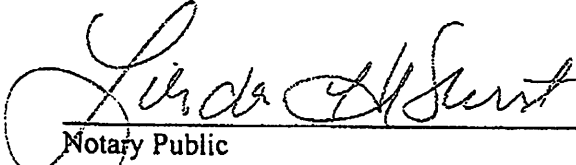
COMMERCIAL BANK

By: 
Adam Robertson, President

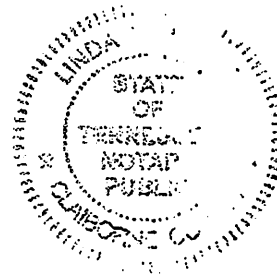
STATE OF TENNESSEE)
COUNTY OF Clatsop

Before me, a Notary Public in and for the state and county aforesaid, personally appeared ADAM ROBERTSON, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the President of COMMERCIAL BANK, the within named bargainer, a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

Witness my hand and seal, this 24 day of November, 2023.


Notary Public

My Commission Expires:
2-26-25



WOOLF, McCLANE, BRIGHT,
ALLEN & CARPENTER, PLLC

By: 

Gregory C. Logue (BPR #012157)

Post Office Box 900

Knoxville, Tennessee 37901-0900

Telephone: (865) 215-1000

E-Mail: glogue@wmbac.com

Counsel for Commercial Bank

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and exact copy of the foregoing Responses has been served upon the following counsel for the parties in interest herein by electronic mail and by mailing same to the offices of said counsel by United States Mail with sufficient postage thereon to carry the same to its destination.

Melvin J. Malone, Esq.
Katherine Barnes, Esq.
Butler Snow LLP
The Pinnacle at Symphony Place
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Melvin.Malone@butlersnow.com
Katherine.Barnes@butlersnow.com

Karen H. Stachowski, Esq.
Vance L. Broemel, Esq.
Shilina B. Brown, Esq.
Office of the Tennessee Attorney General
Consumer Advocate Division
P. O. Box 20207
Nashville, TN 37202-0207
Karen.Stachowski@ag.tn.gov
Vance.Broemel@ag.tn.gov

Dated this the 27 day of November, 2023.



Attorney

Grantor's Source of Title: Construction Deed of Trust with Security Agreement and Assignment of Rents and Leases dated May 31, 2007, of record in **Trust Deed Book 95, Page 421**, as amended by a Modification of Construction Deed of Trust with Security Agreement and Assignment of Rents and Leases dated February 14, 2010 of record in **Trust Deed Book 145, Page 263**, as further amended by a Modification of Construction Deed of Trust with Security Agreement and Assignment of Rents and Leases dated March 24, 2011 of record in **Trust Deed Book 160, Page 228**, as further amended by a Modification of Construction Deed of Trust with Security Agreement and Assignment of Rents and Leases dated September 24, 2012 of record in **Trust Deed Book 182, Page 238**, as further amended by a Modification of Construction Deed of Trust with Security Agreement and Assignment of Rents and Leases dated October 24, 2012 of record in **Trust Deed Book 185, Page 29**, and corrected by a Correction Modification of Deed of Trust dated January 17, 2013 but made effective on October 24, 2012 of record in **Trust Deed Book 188, Page 353**, all in the Register's Office for Union County, Tennessee. See also Collateral Assignment of Dock Rights in favor of Commercial Bank, Inc. dated May 31, 2007, of record in Trust Deed Book 95, Page 433 as modified by a Modification of Collateral Assignment of Dock Rights dated December 9, 2008 of record in **Trust Deed Book 123, Page 461**, as further modified by a Modification of Collateral Assignment of Dock Rights dated March 24, 2011 of record in **Trust Deed Book 160, Page 231**, as further modified by a Modification of Collateral Assignment of Dock Rights dated October 24, 2012 of record in **Trust Deed Book 185, Page 32**, as further corrected by a Correction Modification of Collateral Assignment of Dock Rights dated January 17, 2013 but made effective as of October 24, 2012 of record in **Trust Deed Book 188, Page 349**, as perfected with the filing of a Uniform Commercial Code Financing Statement of record in **Trust Deed Book 95, Page 429**, and as modified in **Trust Deed Book 127, Page 49**, all in the Register's Office for Union County, Tennessee.

SUBSTITUTE TRUSTEE'S DEED

This INDENTURE is made as of the 7th day of February, 2014, by and between GREGORY C. LOGUE, Substitute Trustee, of Sevier County, Tennessee, hereinafter called "Grantor," and COMMERCIAL BANK, INC., hereinafter called "Grantee."

WITNESSETH:

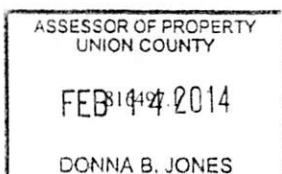
WHEREAS, LUCAS-GUNN PROPERTIES, LLC, a Tennessee limited liability company, executed two Promissory Notes payable to Commercial Bank, Inc. dated May 31, 2007 in the combined original principal amount totaling \$1,665,000.00 (referred to herein as the "Notes"); and

WHEREAS, the Notes are more fully described in and secured by a Construction Deed of Trust with Security Agreement and Assignment of Rents and Leases dated May 31, 2007 of record in Trust Deed Book 95, Page 421 in the Register's Office for Union County, Tennessee, to which reference is here made (the "Deed of Trust"); and

WHEREAS, said Deed of Trust and the Notes which are secured by the Deed of Trust were modified and amended on a number of occasions as follows:

STATE OF TENNESSEE, UNION COUNTY
MARY BETH KITTS
REGISTER OF DEEDS

This Instrument was Prepared by: (GCL)
WOOLF, MCCLANE, BRIGHT, ALLEN & CARPENTER, PLLC
900 Riverview Tower, 900 S. Gay Street, Knoxville, Tennessee 37902-1810 (GCL)



BK/PG: P8/3-9
14000322
PGS AL-SUB TRUSTEE DEED
RENEA BATCH: 35252
02/14/2014 - 02:14:27 PM
VALUE 1070000.00
MORTGAGE TAX 0.00
TRANSFER TAX 3959.00
RECORDING FEE 35.00
DP FEE 2.00
REGISTER'S FEE 1.00
TOTAL AMOUNT 3997.00

(a) Trust Deed Book 123, Page 454 (Modification of Construction Deed of Trust with Security Agreement and Assignment of Rents and Leases dated December 9, 2008);

(b) Trust Deed Book 145, Page 263 (Modification of Construction Deed of Trust with Security Agreement and Assignment of Rents and Leases dated February 14, 2010);

(c) Trust Deed Book 160, Page 228 (Modification of Construction Deed of Trust with Security Agreement and Assignment of Rents and Leases dated March 24, 2011);

(d) Trust Deed Book 182, Page 238 (Modification of Construction Deed of Trust with Security Agreement and Assignment of Rents and Leases dated September 24, 2012);

(e) Trust Deed Book 185, Page 29 (Modification of Construction Deed of Trust with Security Agreement and Assignment of Rents and Leases dated October 24, 2012);

(f) Trust Deed Book 188, Page 353 (Correction Modification of Deed of Trust dated January 17, 2013 but made effective on October 24, 2012; and

WHEREAS, the total indebtedness secured by the Deed of Trust was modified to a maximum of \$2,027,855.52; and

WHEREAS, the original Trustee on said Deed of Trust was Dennis Mike Robertson; and

WHEREAS, GREGORY C. LOGUE, a resident of Sevier County, Tennessee, was appointed Substitute Trustee of the Deed of Trust by Appointment of Substitute Trustee dated December 3, 2013, and of record in Trust Deed Book 205, Page 243, in the Register's Office for Union County, Tennessee; and

WHEREAS, Lucas-Gunn Properties, LLC also executed a Collateral Assignment of Dock Rights in favor of Commercial Bank, Inc. on May 31, 2007, which is of record in Trust Deed Book 95, Page 433; and

WHEREAS, the Collateral Assignment of Dock Rights was amended or modified as follows:

(a) Trust Deed Book 123, Page 461 (Modification of Collateral Assignment of Dock Rights dated December 9, 2008);

(b) Trust Deed Book 160, Page 231 (Modification of Collateral Assignment of Dock Rights dated March 24, 2011);

(c) Trust Deed Book 185, Page 32 (Modification of Collateral Assignment of Dock Rights dated October 24, 2012);

(d) Trust Deed Book 188, Page 349 (Correction Modification of Collateral Assignment of Dock Rights dated January 17, 2013 but made effective as of October 24, 2012); and

WHEREAS, the Collateral Assignment of Dock Rights as modified and amended described above was also perfected with the filing of a Uniform Commercial Code Financing Statement with the Tennessee Secretary of State's office at Instrument No. 311-019086, and in Trust Deed Book 95, Page 429, and as modified in Trust Deed Book 127, Page 49, in the Register's Office for Union County, Tennessee; and

WHEREAS, default in said Deed of Trust has been made, and proper notification of the parties has previously occurred; and

WHEREAS, Commercial Bank, Inc., the owner and holder of said Notes, has demanded the real property and dock rights described in the Deed of Trust and the Collateral Assignment of Dock Rights as described above and as amended and as described on *Exhibit A* hereto (the "Property") to be advertised and sold in satisfaction of said debt and any costs legally accruing in accordance with the terms and provisions of said Notes, Deed of Trust, and Collateral Assignment of Dock Rights; and

WHEREAS, proper notification of the parties has previously occurred pursuant to the Substitute Trustee's Notice of Sale and Notice of Sale of Personal Property and Dock Rights published in the *Union News Leader* on January 14, 2014, January 21, 2014, and January 28, 2014 (the "Notice"); and

WHEREAS, on February 7, 2014, at 10:30 a.m., prevailing time, at the at the front steps of the Union County Courthouse, 901 Main Street, Maynardville, Tennessee, where foreclosures are customarily conducted, being the time and place designated for the sale, the Property described herein was offered for sale at public auction to the highest and best bidder, for cash in hand pursuant to the terms of the Notice, and being cried for a reasonable time, was sold to Grantee at a bid of \$1,070,000.00, said amount being the highest and best bid, which purchase price was paid to Grantor and applied by Grantor as directed and provided in said Deed of Trust.

NOW, THEREFORE, in consideration of the premises, and the aforesaid purchase price bid and paid by Grantee, Grantor, as Substitute Trustee, does hereby grant, bargain, sell, transfer and convey unto Grantee the Property described on *Exhibit A*, to have and to hold the same, together with all hereditaments, improvements, buildings, easements and appurtenances thereon and thereunto belonging and appertaining, in fee simple forever, and free from right and equity of redemption and all homestead and dower rights, but subject to all matters shown on any applicable recorded plan or plat; any unpaid taxes that exist as a lien against the Property; any restrictive covenants, easements or setback lines that may be applicable; any matters of record not eliminated by the foreclosure; any statutory rights of redemption not otherwise waived in the Deed of Trust, including rights of redemption of any governmental agency, state or federal; and any prior liens or encumbrances that may exist against the Property. This sale is also subject to any matter that an accurate survey of the Property might disclose.

IN WITNESS WHEREOF, Grantor has hereunto set Grantor's hand and seal the day, month, and year first above written.

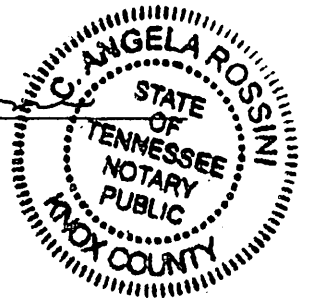
Gregory C. Logue Substitute Trustee
GREGORY C. LOGUE, Substitute Trustee

STATE OF TENNESSEE)
COUNTY OF KNOX)

Before me, the undersigned, a Notary Public in and for the state and county aforesaid, personally appeared GREGORY C. LOGUE, Substitute Trustee, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who, upon oath, acknowledged that he executed the foregoing instrument for the purposes therein contained.

Witness my hand and seal, at office, this 7th day of February, 2014.

C. Angela Rossini
Notary Public



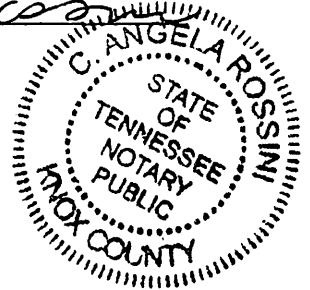
My Commission Expires:
9-11-17

I hereby swear or affirm that the actual consideration or true value of the property transferred hereby, whichever is greater, is \$1,070,000.00.

Gregory C. Logue
Affiant

Subscribed and sworn to before me this 7th day of February, 2014.

C. Angela Rossini
Notary Public



My Commission Expires:
9-11-17

CLT #036-044.00 (Sunset Cove Drive, Sharps Chapel, Tennessee)
CLT #036-044.00 – SI-001 (211 Hickory Valley Road, Sharps Chapel, Tennessee)
CLT #036-044.00 – SI -002 (212 Sunset Cove Drive, Sharps Chapel, Tennessee)
CLT #036-044.00 – SI -003 (213 Sunset Cove Drive, Sharps Chapel, Tennessee)
CLT #036-044.00 – SI -005 (221 Sunset Cove Drive, Sharps Chapel, Tennessee)
CLT #036-044.00 – SI -006 (222 Sunset Cove Drive, Sharps Chapel, Tennessee)
CLT #036-044.00 – SI -007 (223 Sunset Cove Drive, Sharps Chapel, Tennessee)
CLT #036-044.00 – SI -008 (224 Sunset Cove Drive, Sharps Chapel, Tennessee)
CLT #036-044.00 – SI -009 (231 Sunset Cove Drive, Sharps Chapel, Tennessee)
CLT #036-044.00 – SI -010 (232 Sunset Cove Drive, Sharps Chapel, Tennessee)
CLT #036-044.00 – SI -011 (233 Sunset Cove Drive, Sharps Chapel, Tennessee)
CLT #036-044.00 – SI -012 (234 Sunset Cove Drive, Sharps Chapel, Tennessee)

Name and address of owner and entity responsible for real property taxes:

Commercial Bank
Attn: Alan Gilbert
P.O. Box 400
Harrogate, Tennessee 37752

THE PREPARER OF THIS DEED MAKES NO REPRESENTATION AS TO THE STATUS OF TITLE TO THE PROPERTY DESCRIBED ON EXHIBIT A HERETO. THIS DEED HAS BEEN PREPARED SOLELY FROM INFORMATION FURNISHED TO THE PREPARER WHO MAKES NO REPRESENTATION WHATSOEVER OTHER THAN THAT IT HAS BEEN ACCURATELY TRANSCRIBED FROM THE INFORMATION.

EXHIBIT A

SITUATED in the Third Civil District of Union County, Tennessee, and being a tract of land reciting to be 4.60 acres, as shown on the plat entitled "Boundary Survey for Jerry Lucas", as recorded in Plat Cabinet D, Slide 91, Map B, in the Register's Office for Union, County, Tennessee, to which plat specific reference is hereby made for a more particular description.

THERE IS SPECIFICALLY LESS AND EXCEPTED from the above-described property that portion of said property conveyed to J.D. Wallace, Jr. a/k/a Danny John Wallace, unmarried and JoAnn T. Wallace (his mother) by Quit Claim Deed dated September 15, 2008, of record in Warranty Book X7, page 751, in the Union County Register of Deeds Office.

THERE IS ALSO LESS AND EXCEPTED from the above-described property all of Unit No. 214 in the Sunset Cove Condominium, as described in Warranty Book J-8, page 420 and corrected in Warranty Book K-8, page 728, in the Union County Register of Deeds Office.

The above-described property is conveyed together with and subject to a 50 ft. wide non-exclusive easement for ingress and egress as fully described on the plat of record in Plat Cabinet D, Slide 91, Map B, in the Register's Office for Union County, Tennessee, ingress and egress to and from the above-described property will be on the existing road and will include unrestricted use of the gate facilities.

The above-described property is further conveyed together with and subject to the easements and conditions set forth in that Declaration of Easement with maintenance provisions dated December 22, 2006 and recorded in Deed Book R7, page 552, and as corrected in Deed Book R7, page 855, both in the Union County Register of Deeds Office.

There is further conveyed with the above-described property, unencumbered water rights to the above-described property, with said water rights, including, but not limited to drilling of well or wells, piping of lake water and other water related options.

There is further conveyed with the above-described property a utility easement without restrictions or limitations, to adjoining property as described in Deed Book S7, page 180, in the Union County Register of Deeds Office.

There is further conveyed with the above-described property the right of ingress and egress from the waters of Norris Lake over and upon the adjoining land lying between the 1044 contour line elevation and the waters of the lake as shown on the plat recorded in Plat Cabinet D, Slide 91, Map B, in the Union County Register of Deeds Office.

BEING a part of the same property conveyed to Lucas-Gunn Properties, LLC, a Tennessee limited liability company, by deed from Jerry E. Lucas, Jr. and Gunn Family, LLC dated February 14, 2007, of record in Book S7, page 180, in the Union County Register's Office.

IN ADDITION, the property described above is also now described as all of Condominium Unit Nos. 211, 212, 213, 221, 222, 223, 224, 231, 232, 233 and 234, and all of Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16 and 17 in Sunset Cove Condominiums, as described in

Declaration of Condominium and of Covenants, Conditions and Restrictions filed for record in Deed Book J-8, page 250 in the Union County Register of Deeds Office, to which reference is hereby made, together with an undivided interest appurtenant to each unit and each lot in and to all of the common elements of the project as described in the Declaration of Condominium and of Covenants, Conditions and Restrictions.

THERE IS ALSO INCLUDED HEREIN the reserved parking area, together with appurtenant docks, boat slips and other floating and fixed utility and personal property, and together with TVA rights as identified in Permit No. 185228, and those easement rights described in Warranty Book X-7, page 753, and in that Declaration of Easement set forth in Warranty Book Y-8, page 885, both in the Union County Register of Deeds Office.

See also Construction Deed of Trust with Security Agreement and Assignment of Rents and Leases dated May 31, 2007 of record in Trust Deed Book 95, Page 421, and as amended or modified as set forth above, in the Register's Office for Union County, Tennessee.

Also conveyed to Buyer are the dock rights as described in the following:

Collateral Assignment of Dock Rights in favor of Commercial Bank, Inc. on May 31, 2007, which is of record in Trust Deed Book 95, Page 433 and amended or modified as follows:

- (a) Trust Deed Book 123, Page 461 (Modification of Collateral Assignment of Dock Rights dated December 9, 2008);
- (b) Trust Deed Book 160, Page 231 (Modification of Collateral Assignment of Dock Rights dated March 24, 2011);
- (c) Trust Deed Book 185, Page 32 (Modification of Collateral Assignment of Dock Rights dated October 24, 2012);
- (d) Trust Deed Book 188, Page 349 (Correction Modification of Collateral Assignment of Dock Rights dated January 17, 2013 but made effective as of October 24, 2012); and
- (e) The Collateral Assignment of Dock Rights as modified and amended described above was also perfected with the filing of a Uniform Commercial Code Financing Statement with the Tennessee Secretary of State's office at Instrument No. 311-019086, and in Trust Deed Book 95, Page 429, and as modified in Trust Deed Book 127, Page 49, in the Register's Office for Union County, Tennessee.

BILL OF SALE

This BILL OF SALE is made and entered into as of the 7th day of February, 2014, by and between COMMERCIAL BANK, INC., a Tennessee banking corporation, pursuant to its rights under a Collateral Assignment of Dock Rights dated May 31, 2007, which is of record in Trust Deed Book 95, Page 433, as modified by a Modification of Collateral Assignment of Dock Rights dated December 9, 2008 of record in Trust Deed Book 123, Page 461, as further modified by a Modification of Collateral Assignment of Dock Rights dated March 24, 2011 of record in Trust Deed Book 160, Page 231, as further modified by a Modification of Collateral Assignment of Dock Rights dated October 24, 2012 of record in Trust Deed Book 185, Page 32, as corrected by a Correction Modification of Collateral Assignment of Dock Rights dated January 17, 2013 but made effective as of October 24, 2012 of record in Trust Deed Book 188, Page 349, all in the Register's Office for Union County, Tennessee, and, having a place of business in Harrogate, Tennessee ("Seller"), and COMMERCIAL BANK ("Buyer"), whose address is P.O. Box 400, Harrogate, Tennessee 37752.

WITNESSETH:

WHEREAS, Seller is a secured party pursuant to two Promissory Notes and Security Agreements and other documents as described above executed by Lucas-Gunn Properties, LLC May 31, 2007 and after; and

WHEREAS, Seller has declared Lucas-Gunn Properties, LLC in default and has taken possession of all of the Collateral securing the Promissory Note being the equipment, merchandise, raw materials, work in progress, finished goods, accounts receivable, contract rights including developer rights, and dock rights (including all rights to Permit No. 185228) as described in all of the recorded documents described above which are currently located at the Sunset Cove project in Union County, Tennessee, and collective described as the "Collateral." It is the intention of this Bill of Sale to convey all personal property now owned by Lucas-Gunn Properties, LLC to Buyer; and

WHEREAS, Seller has the right to sell said collateral pursuant to the Promissory Note and other documents described above and Tennessee Code Annotated § 47-9-610, and is now conducting a commercially reasonable sale of the equipment pursuant to a public disposition pursuant to Tennessee Code Annotated § 47-9-610(c)(1); and

WHEREAS, Buyer is desirous of purchasing all of the collateral as described herein (the "Collateral") upon which Seller has a first lien; and

NOW, THEREFORE, in consideration of \$6,400.00, Seller does hereby bargain, sell, and convey to Buyer the Collateral.

Seller represents and warrants that (i) Seller has the lawful authority to sell the Collateral and (ii) Seller shall forever warrant and defend title to the Collateral unto Buyer, Buyer's successors, assigns, heirs, executors and administrators against the lawful claims and demands of all persons claiming by or through Seller, but not further or otherwise.

IN WITNESS WHEREOF, the parties hereto have executed this Bill of Sale on the date first above written.

SELLER:

COMMERCIAL BANK, INC.

By: Adam Robertson
Adam Robertson, President

STATE OF TN)
COUNTY OF Clairborne)

Before me, a Notary Public in and for the state and county aforesaid, personally appeared ADAM ROBERTSON, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the President of COMMERCIAL BANK, INC., the within named bargainor, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

Witness my hand and seal, this 13 day of February, 2014.

My Commission Expires:
9/22/15

