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RECEIVED  
FEDERAL ELECTION  
COMMISSION

2010 NOV 29 AM 11:11

November 26, 2010

OFFICE OF GENERAL  
COUNSEL

Jeff S. Jordan  
Supervisory Attorney  
Complaints Examination & Legal Administration  
Office of the General Counsel  
Federal Election Commission  
Washington, D.C. 20463

Re: MUR 6386

Dear Mr. Jordan:

Please accept the following response filed on behalf of Stephen Fincher for Congress ("Committee") and Phyllis Patterson, Treasurer (together with Committee, "Respondents"). Respondents received a Complaint filed with the Federal Election Commission ("Commission") dated October 6, 2010, but received by them on October 11, 2010. The Commission assigned number MUR 6386 to the Complaint, filed against Respondents by Herron for Congress ("Herron for Congress" or "Complainant"). Herron for Congress is the authorized campaign committee of Roy Herron, Mr. Fincher's unsuccessful Democratic opponent for the U.S. House of Representatives for the 8<sup>th</sup> Congressional District of Tennessee. Although the original response date for this matter was October 26, 2010, Respondents received two 15 day extensions from the Commission on October 13, 2010 and November 5, 2010 (Attachment A). This response is submitted to your office within 30 days of receipt of those extensions, in accordance with 2 U.S.C. § 437g(a), and therefore constitutes a timely response. As discussed herein, the Commission need not give this matter further investigation or action and the Complaint should be immediately dismissed as it pertains to the Respondents.

**Alleged Violations**

In its Complaint, Herron for Congress alleges, in summary, that Stephen Fincher for Congress received an illegal corporate contribution from a bank because a bank loan obtained by the candidate failed to meet required conditions defined by the Federal Election Campaign Act (Act) and the regulations promulgated there under. 2 USC §441(b)(a). Herron for Congress also argues that failed to disclose the bank loan and its terms with the Commission.

**Analysis**

As demonstrated herein, the terms of the bank loan obtained by Mr. Fincher, the candidate, met all required conditions as defined by law and regulation. While all required reports were filed in good faith, a review of how the loan was reported to the Commission revealed inadvertent reporting errors and omissions that require the need for amended reports to be filed with the Commission. Those reports are being prepared and will be provided to you as soon as practicable.

11044302110

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Under the Act and the regulations promulgated there under, a candidate or his or her committee may obtain a loan, including a line of credit, from a bank. On July 7, 2010, Stephen Fincher, the candidate, obtained a bank loan for campaign-related purposes from Gates Banking and Trust Co. of Gates, Tennessee in the amount of \$250,000.00 and with a rate of interest of 6.500% per year until paid in full. The Multipurpose Note and Security Agreement is included with this response for your review (Attachment B).

There is no secret that Mr. Fincher obtained this loan. As Warren Nunn, Chairman of Gates Banking and Trust Co. publicly stated: "We did advance Stephen a loan...Stephen's always handled his business satisfactorily, we've never had any problems. I wish we had more like him." The loan was reported to the Commission on July 23, 2010 as an itemized receipt on Schedule A and as a loan on Schedule C. (Attachment C). The maturity date was November 30, 2010. The purpose of the loan was listed on the loan document as "business expense," with the business being the candidate's campaign-related purposes (as evidenced by the cashier's check made payable to the order of Stephen Fincher for Congress) (Attachment D).

When a candidate or his or her committee obtains a bank loan, specific conditions must be met for the loan to comply with the Act and the regulations promulgated there under. If a loan fails to meet any of these conditions, then a prohibited contribution from the lending institution results.<sup>1</sup> These specific loan conditions are detailed at 11 CFR 100.82:

(a) General provisions. A loan of money to a political committee or a candidate by a State bank, a federally chartered depository institution (including a national bank) or a depository institution whose deposits and accounts are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration is not a contribution by the lending institution if such loan is made in accordance with applicable banking laws and regulations and is made in the ordinary course of business. A loan will be deemed to be made in the ordinary course of business if it:

- (1) Bears the usual and customary interest rate of the lending institution for the category of loan involved;
- (2) Is made on a basis that assures repayment;
- (3) Is evidenced by a written instrument; and
- (4) Is subject to a due date or amortization schedule.

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<sup>1</sup> See 11 CFR 100.82(a).

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If a loan fails to meet any of these conditions, then a prohibited contribution from the lending institution results.<sup>2</sup> When one applies these conditions to the loan at issue, it is clear that all such conditions were met and thus no prohibited contribution from the lending institution resulted:

- 11044302112
- (1) The loan bears the bank's usual and customary interest rate for the category of loan involved as required by 11 CFR 100.82(a)(1). The interest rate for the loan is 6.500%, which was 3.25% over New York Prime. This rate was the usual and customary interest rate for the lending institution for the category of loan. The rate was erroneously but uninentionally reported to FEC consistently at ".0000%". This administrative oversight will be promptly corrected on amended reports to be filed with the Commission.
  - (2) The loan was made on a basis which assures repayment 11 CFR 100.82(a)(2). The Commission should determine that under the totality of the circumstances, the loan was made on a basis which assured payment. The loan is a signature loan that was cross-collateralized with other bank debt owed and accounts held by Mr. Fincher. Under 100 CFR 100.82(e)(1)(i), a loan may be secured using assets of the candidate or the committee, such as real estate, personal property, cash on deposit, certificates of deposit and stocks; the fair market value of the assets must, on the date of the loan, equal or exceed the amount of the loan and any senior liens; and the committee must ensure that the bank has established a perfected security interest in the collateral. Here, the specific debt serving as collateral for this note was a 2010 crop production note and a 2009 home mortgage loan executed by Stephen & Lynn Fincher Farms and Stephen & Lynn Fincher, respectively. A UCC Financing Statement for the 2010 crop production note, on file with the Tennessee Secretary of State, and the deed of trust on the Fincher home held by Gates Banking and Trust serves as evidence of the perfected security interest established by the bank in the collateral. (Attachment E). In addition, the bank also cross collateralized the loan with a deposit account held by the Finchers jointly, on which the bank possessed a right-of-offset. While the debt owed and assets held by the Finchers were jointly owned, the amount of the loan was not greater than the candidate's share of the equity in accordance with 100 CFR 110.52(b)(4).<sup>3</sup>

It is worth also noting, that Commission spokeswoman Judith Ingram publicly commented when questioned about this particular loan that 1) the rules regarding bank loans and assets put up for those loans are broad and open to interpretation; 2) that "[t]he bank can make loans if the usual methods for making the loan and assuring repayment are made"; and 3) if a bank can argue that it would have made the loan to the candidate regardless of whether the person was in a political campaign, the rules permit the loan.<sup>4</sup>

<sup>2</sup> See 11 CFR 100.82(a).

<sup>3</sup> In its Complaint, Herron for Congress questions information contained on two personal financial disclosure statements filed with the Clerk of the U.S. House of Representatives by Mr. Fincher. The information contained on those statements is under review.

<sup>4</sup> Mariann Martin, "Fincher's income reports questioned," *Jackson Sun*, August 28, 2010.

The bank has publicly made this argument. Gates Banking and Trust Chairman Warren Nunn stated in a news report on September 24, 2010 that Mr. Fincher has been a longtime and "valued customer of our bank," demonstrating that the loan was based on Mr. Fincher's past business relationship with the institution and not because of Mr. Fincher's political candidacy.<sup>5</sup>

- (3) The loan is evidenced by a written instrument as required by 11 CFR 100.82(a)(3). As previously noted, the written loan instrument dated July 7, 2010 is enclosed for your review (Attachment B).
- (4) The loan is subject to a due date or amortization schedule as required by 11 CFR 100.82(a)(4). The loan carries a Maturity Date of November 30, 2010, as detailed on the enclosed written instrument dated July 7, 2010 enclosed for your review (Attachment B).

#### Reporting of the Bank Loan

If a candidate obtains a bank loan for campaign-related purposes, the committee must report the loan from the candidate as a receipt on Schedule A and repayment of the loan to the candidate as a disbursement of Schedule B. 11 CFR 104.3(a)(3)(vii)(B) and (b)(2)(iii)(A) and 100.82(c). In addition, both the original loan and payments to reduce principal must be reported on Schedule C each reporting period. *Id.* The Committee need only list the candidate as the source of the loan on Schedule C, but the type of loan the candidate receives must also be disclosed. *Id.* A Schedule C-1 must be filed when the candidate obtains a loan and then contributes the proceeds to the committee. 11 CFR 104.3(d)(4).

A review of how the Committee reported the loan demonstrated a need to file amended reports, which as previously noted will be filed with the Commission and copies of which will be provided to you as soon as practicable. The loan was repaid in full by Mr. Fincher on November 17, 2010 and will be reported to the Commission accordingly on the next required filing.

#### Cancellation

The Commission should dismiss the Complaint and find no reason to believe that a violation of the Act or the regulations promulgated there under has occurred by Steve Fincher for Congress or Phyllis Patterson, Treasurer, in her official capacity. The bank loan complied with all conditions set under law and regulation. All erroneous reports will be amended. The

<sup>5</sup> Bartholomew Sullivan, "Betting U.S. Rep. John Tanner Says Stephen Fincher Needs to 'Come Clean' on Mysterious Loan," *Commercial Appeal*, September 24, 2010.

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loan has been repaid in full with interest prior to its maturity date. With respect to Ms. Patterson's personal capacity, she did not knowingly or willfully violate the Act or intentionally deprive herself of the operative facts giving rise to the alleged violation. Should you have any additional questions with regards to this matter, I may be reached at (202) 558.3452. Thank you.

Sincerely,



Elliot S. Berke

Enclosures

11044302114

**MUR 6386 Response**

**Attachment C**

11044302115

**FEC  
FORM 3****REPORT OF RECEIPTS  
AND DISBURSEMENTS**

For An Authorized Committee

Office Use Only

1. NAME OF  
COMMITTEE (in full)USE FEC MAILING LABEL  
OR TYPE OR PRINTExample: If typing, type  
over the lines

Steve Fincher for Congress

ADDRESS (number and street)

PO Box 11153

Check if different  
than previously  
reported. (ACC)

Jackson

TN

38308

2. FEC IDENTIFICATION NUMBER

CITY

STATE

ZIP CODE

STATE DISTRICT

C00466854

3. IS THIS  
REPORTNEW  
(N)

OR

AMENDED  
(A)

TN

08

4. TYPE OF REPORT (Choose One)

(a) Quarterly Reports:



April 15 Quarterly Report (Q1)



July 15 Quarterly Report (Q2)



October 15 Quarterly Report (Q3)



January 31 Year-End Report (YE)



Termination Report (TER)

(b) 12-Day PRE-Election Report for the:



Primary (12P)



General (12G)



Runoff (12R)



Convention (12C)



Special (12S)

Election on

08

05

2010

in the  
State of

TN

(c) 30-Day POST-Election Report for the:



General (30G)



Runoff (30R)



Special (30S)

Election on

in the  
State of

5. Covering Period

07

01

2010

through

07

16

2010

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

Type or Print Name of Treasurer

Phyllis Patterson

Signature of Treasurer

Electronically Filed by Phyllis Patterson

Date

07

23

2010

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C 437g.

Office  
Use  
Only**FEC FORM 3**  
(Revised 02/2003)

FESAN014

11044302116

**SCHEDULE A (FEC Form 3 )**  
**ITEMIZED RECEIPTS**

 Use separate schedule(s)  
 for each category of the  
 Detailed Summary Page
FOR LINE NUMBER: **PAGE 14 / 27**

(check only one)

☐ 11a ☐ 11b ☐ 11c ☐ 11d  
☐ 12 ☒ 13a ☐ 13b ☐ 14 ☐ 15

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (In Full)

Steve Fincher for Congress

A.

Full Name (Last, First, Middle Initial)

Steve Fincher

Mailing Address PO Box 11158

City

Jackson

State

TN

Zip Code

38308-0119

FEC ID number of contributing  
federal political committee.

C H0TN08248

Name of Employer

Occupation

Receipt For:

2010

☒

Primary

☐

General

☐

Other (specify) ▼

Election Cycle-to-Date ▼

250000.00

Date of Receipt

07 / 08 / 2010

Transaction ID: 00707.C2341

Amount of Each Receipt this Period

250000.00

Loans Made/Guaranteed by  
Cand.

NOTE: PERSONAL FUNDS

SUBTOTAL of Receipts This Page (optional) .....

250000.00

TOTAL This Period (last page this line number only) .....

250000.00



**SCHEDULE C (FEC Form 3)****LOANS**Use separate schedule(s)  
for each category of the  
Detailed Summary Page

PAGE 27 / 27

FOR LINE NUMBER:  
(check only one)☒ 13a  
☐ 13bNAME OF COMMITTEE (In Full)  
Steve Fincher for Congress

Transaction ID: LS00707.C2341

LOAN SOURCE Full Name (Last, First, Middle Initial)  
Steve Fincher - [PERSONAL FUNDS]

Election:

☒ Primary☐ General☐ Other (specify) ♥

Mailing Address PO Box 11153

City Jackson

State TN

ZIP Code

38308-0119

Original Amount of Loan

250000.00

Cumulative Payment To Date

0.00

Balance Outstanding at Close of This Period

250000.00

**TERMS**

Date Incurred

Date Due

Interest Rate

Secured:

MM  
07YY  
08YYYY  
2010

20100707

.0000

% (apr)

☐ Yes☒ No**List All Endorsers or Guarantors (if any) to Loan Source**

Full Name (Last, First, Middle Initial)

Name of Employer

Mailing Address

Occupation

City

State

ZIP Code

Amount  
Guaranteed  
Outstanding:

Full Name (Last, First, Middle Initial)

Name of Employer

Mailing Address

Occupation

City

State

ZIP Code

Amount  
Guaranteed  
Outstanding:

Full Name (Last, First, Middle Initial)

Name of Employer

Mailing Address

Occupation

City

State

ZIP Code

Amount  
Guaranteed  
Outstanding:

Full Name (Last, First, Middle Initial)

Name of Employer

Mailing Address

Occupation

City

State

ZIP Code

Amount  
Guaranteed  
Outstanding:

SUBTOTALS This Period This Page (optional) ▶

250000.00

TOTALS This Period (last page in this line only) ▶

250000.00

Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary.

**MUR 6386 Response**

**Attachment E**

11044302119

RECEIVED - TENDERED FOR FILING  
 TENNESSEE SECRETARY OF STATE  
 01/05/10 09:10 AM  
 310-000340

## UCC-FINANCING STATEMENT

FOLLOW INSTRUCTIONS Below and back CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional) (731) 836-7741	
B. SEND ACKNOWLEDGMENT TO: (Name and Address)  Gates Banking And Trust Co.  P.O. Box 10 Gates, TN 38037	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (1a or 1b) - do not abbreviate or omit names				
1a. ORGANIZATION'S NAME <b>STEPHEN &amp; LYNN FINCHER FARMS</b>				
OR	1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS <b>12067 Johnson Grove Road</b>		CITY <b>Halls</b>	STATE <b>TN</b>	POSTAL CODE <b>38040</b>
1d. SEE INSTRUCTIONS	1e. TYPE OF ORGANIZATION Partnership	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE	
2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b) - do not abbreviate or omit names				
2a. ORGANIZATION'S NAME				
OR	2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
2d. SEE INSTRUCTIONS	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE	
3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR 8(f)) - Insert only one secured party name (3a or 3b)				
3a. ORGANIZATION'S NAME <b>Gates Banking And Trust Co.</b>				
OR	3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS <b>P.O. Box 10</b>		CITY <b>Gates</b>	STATE <b>TN</b>	POSTAL CODE <b>38037</b>

4. THE FINANCING STATEMENT covers the following collateral:  
 2000 FARM CROPS GROWN ON BARNESMAN COUNTY FARM # 340 - 60 ACRES AND PINE - 100 ACRES AND HAYWOOD COUNTY BARN FARM - 60 ACRES,  
 1998 - 175 Acres, 1998 - 15 Acres and 1998 - 40 Acres and best interest in all equipment.

THE MAXIMUM PRINCIPAL DEBTEDNESS FOR TENNESSEE RECORDING TAX PURPOSES IS \$25,000.00.

5. ALTERNATIVE ORIGINATOR (if applicable) ☐ LENDER/CREDITOR ☐ COMMERCIAL/CONSUMER ☐ BULK/BALANCE ☐ TRANSFER/OTHER ☐ AS. LBN ☐ NON-UCC FILING  
 6. ☐ THIS FINANCING STATEMENT is to be filed (for record) (or loaned) in the UCC. 7. CHECK TO REQUEST SEARCH REPORTS: ☐ All Counties ☐ Select 1 ☐ Select 2  
 8. OPTICAL FILM REFERENCE DATA

To be filed at the office of the Secretary of State of Tennessee

FILING OFFICE COPY - UCC FINANCING STATEMENT (FORM UCC1) (REV. 06/22/02)

11044302120

The Honorable  
Secretary of State

State of Tennessee  
Department of State

Uniform Commercial Code  
312 Ross L. Paro Avenue  
6th Fl. Wm.R. Snodgrass Tower  
Nashville, Tennessee 37243  
(615) 741-3276

DATE: 01/05/10

To:

GATES BANKING AND TRUST CO  
P O BOX 10  
GATES, TN 38057

RE: UCC1 Filing No. 310000540

SECURED PARTY INFORMATION

STEPHEN & LYNN FINCHER FARMS  
12067 JOHNSON GROVE ROAD  
HALLS, TN 38040

SECURED PARTY INFORMATION

GATES BANKING AND TRUST CO  
P O BOX 10  
GATES, TN 38037

SECURITY DATE: 01/05/15

INDEBTEDNESS: \$600,000.00

This acknowledges the filing of the attached UCC1 document. Please review the above data to ensure database information corresponds with information on the submitted UCC form. In the event a discrepancy is found, please note the error and return the entire package to our office.

If we may be of any further service to you, please contact us at (615) 741-3276.

Enclosures: Original Documents

PAID INFORMATION:	Paid Fees	Paid Taxes
	\$25.86	\$687.70

\* Please retain for fee and tax purposes

The Department of State is an equal opportunity, equal access, affirmative action public agency.

01/05/10

11044302121

2953  
2017.12

# DEED OF TRUST

STATE OF TENNESSEE  
COUNTY OF CROCKETT

Know All Men By These Presents:

THAT WE, STEPHEN L. FINCHER and wife, LYNN A. FINCHER,

for the purposes hereinafter set out do hereby bargain, sell, transfer and convey unto

BOBBY R. WATSON OF LANEVILLE COUNTY, TN, Trustee, his successors in

trust and assigns the following described property:

Lying, situated and being in the 10th Civil District of  
Crockett County, Tennessee, and more particularly described as  
follows, to-wit:

Commencing at a point in the south line of Frog Jump  
Road, also known as Johnson Grove Road (25 feet from the  
centerline), said point being the northeast corner of the Johnny  
H. Mayfield and wife, Lane D. Mayfield, property recorded in Deed  
Book 86, Page 27; thence with the south line of said Frog Jump  
Road the following calls: south 88 degrees 17 minutes 48 seconds  
east, 402.45 feet; thence along a curve to the right having a  
radius of 2975.00 feet, a delta angle of 10 degrees 28 minutes 21  
seconds, a chord direction of south 75 degrees 27 minutes 04  
seconds east, a chord length of 543.02 feet and an arc length of  
543.78 feet; thence south 71 degrees 23 minutes 52 seconds east,  
349.57 feet to a set iron pin, said iron pin being the northwest  
corner of the tract herein described and the POINT OF BEGINNING;  
thence south 71 degrees 23 minutes 10 seconds east with the south  
line of said Frog Jump Road, 282.32 feet to a set iron pin; thence  
creating new lines through the Jackie L. Fincher and wife, Bonnie  
G. Fincher property recorded in Deed Book 106, Page 162, Tract No.  
1 the following calls: south 18 degrees 36 minutes 09 seconds  
west, 375.00 feet to a set iron pin; thence north 71 degrees 23  
minutes 50 seconds west, 232.32 feet to a set iron pin; thence  
north 18 degrees 36 minutes 10 seconds east, 375.00 feet to the  
point of beginning and containing 87,119.91 square feet, or 2.00  
acres of land as surveyed by Surveying Services, Inc., R.L.S.  
#1428, dated January 11, 2002.

The above described property is subject to all utility  
easements and all rights-of-way for Frog Jump Road.

Being designated as a portion of Map 59, Parcels 3 and  
4, in accordance with the Tax Assessor's Office of Crockett  
County, Tennessee.

Being the same property conveyed to Stephen L. Fincher  
and wife, Lynn A. Fincher, by deed of Jackie L. Fincher and wife,  
Bonnie G. Fincher, of record in Deed Book 121, Page 744-06, in the  
Register's Office of Crockett County, Tennessee.

MAXIMUM PRINCIPAL INDEBTEDNESS FOR TENNESSEE RECORDING TAX PURPOSES  
IS \$388,040.00.

STATE OF TENNESSEE, CROCKETT COUNTY  
Recorded and Indexed in Deed Book 114, Page 114-00  
5-16-2017, prepared by T.A. #117, Page 57-10  
State Tax Paid 283.70  
Fee 3.50  
Recording Fee 32.50  
Total 320.70  
Book 2953  
Also Certified by: Candace A. Bradford, JR.

11044302122

TO HAVE AND TO HOLD the said above described property together with any and all lands, tenements, hereditaments, easements, rights, improvements, appurtenances and privileges, which also belong to the said Trustee, his successors in trust and assigns forever in fee simple.

WE COVENANT THAT WE are lawfully seized and possessed of the said property herein conveyed; that we have a good and lawful right to sell and convey the same; that the same is unencumbered EXCEPT as herein expressly set out and described; and that we will warrant and forever defend the title to the said property unto the said Trustee, his successors in trust and assigns against the lawful claims of all persons whomsoever.

AND I, LYNN A. FINCHER, wife of the above named grantor, STEPHEN L. FINCHER,

hereby join in this instrument for the express purpose of waiving, releasing, transferring and conveying all my rights of every kind and nature which I may have in and to the property herein conveyed and especially all of my right of homestead and I agree to be bound by all of the terms of this instrument.

POSSESSION of the said property herein conveyed is to remain in the grantors until default in the terms and provisions hereof at which time or in which event we agree to assume the tenancy in will of the Trustee and to give immediate possession of the said property upon demand, without any notice, and if we shall fail, refuse, or be unable to do so, then the trustee, and/or purchaser at said foreclosure sale may institute and prosecute to a successful conclusion and action of unlawful detainer against us before any court of competent jurisdiction of said county and state for possession of said property and may replevin and recover any personal property herein conveyed.

BUT THIS IS A DEED OF TRUST and is given for the following purposes:

To secure the payment of our indebtedness as follows:

Note of even date herewith in the amount of \$200,000.00 due one (1) year from date, made by Stephen L. Fincher and wife, Lynn A. Fincher, payable to the order of ourselves and by us this date endorsed and negotiated to a holder in due course.

#### ADDITIONAL LOANS AND INDEBTEDNESS

Said Bank may, at its option, furnish all, or any one of the grantors, additional sums of money and/or credit from time to time during the years 19..... thru ..... both inclusive. All of such additional sums of money and/or credit shall be secured by this deed of trust: PROVIDED THAT THE MAXIMUM PRINCIPAL INDEBTEDNESS FOR TENNESSEE RECORDING TAX PURPOSES IS \$ 200,000.00. Subject only to the limitation of amount above set out, this deed of trust shall secure all indebtedness, both direct and indirect, by endorsement and otherwise, which we or any of us shall owe said Bank during the period set out above, together with all renewals and extensions of the same. If the Bank requires and receives additional security for additional loans and/or credit, such security shall be cumulative to the security and lien of this deed of trust.

If we pay the said indebtedness hereby secured and accrued interest thereon together with all renewals and extensions thereof as the same shall become due and payable and shall otherwise carry out the terms and provisions of this instrument, then this deed of trust shall be void and have no effect. BUT IF DEFAULT IS MADE in the payment of the indebtedness hereby secured or in the performance of any of the terms and provisions of this deed of trust, then upon demand of the holder of the indebtedness hereby secured, the Trustee is authorized to take immediate possession of all property conveyed herein and the Trustee is authorized to sell and dispose of any personal property conveyed herein, including crops and/or livestock, for the best cash price obtainable, with or without notice at public or private sale as he deems best; and said Trustee is authorized and empowered after advertising the same for sale as provided by law to sell the real estate conveyed herein at public sale at the direction of the Court, to the highest and best bidder for cash, and to execute and deliver a deed to the said real estate to the purchaser at said sale in bar of all rights of equity of redemption and purchase and of homestead, and all other exemptions or every kind and nature, including the statutory right of redemption under T.C.A. Sec. 66-4-101, all of same being hereby expressly waived.

Courthouse, in A.T.E.P.

11044302123