

3/12/09 TCCH LOTS

Document A

Poyner Spruill LLP

David M. Warren
Attorney-at-Law

Direct Dial: 919.783.1112
dwarren@poynerspruill.com

www.poynerspruill.com

Other offices: Charlotte, Rocky Mount,
Southern Pines

March 12, 2009

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED
AND FIRST CLASS MAIL

Mr. Spencer C. Young
Spencer C. Young Investments, Inc./ The Courtyard of Chapel Hill LLC
134 Meadowmont Village Circle
Chapel Hill, NC 27517-7516

The subject Loan was NOT,
nor ever was in default, and
there is NO BASIS
WHATSOEVER to
accelerate the loan balance

Re: Loan No. 3857 in the original amount of \$791,000.00

Dear Mr. Young:

The above-referenced construction loan note ("~~Note~~") is in default. In accordance with the terms of the Note, Paragon Commercial Bank hereby accelerates the balance due under the Note and declares the entire balance of principal and interest to be due and payable immediately. Demand is hereby made upon Mr. Spencer C. Young and Spencer C. Young Investments, Inc. for payment of the outstanding balance due. The amount of principal, accrued interest, late charges, and expenses due and payable as of March 13, 2009 is \$798,844.95 with interest accruing at the rate of \$82.395833333 per day.

Please pay the balance due plus interest through the date of payment to Mr. James W. Hoose, Jr., Paragon Commercial Bank, 3535 Glenwood Ave., Raleigh, NC 27612 prior to 5:00 o'clock p.m. on March 23, 2009. Unless you notify Mr. Hoose in writing within thirty (30) days of receipt of this letter, the amount of this debt will be presumed to be valid. If you notify Mr. Hoose within thirty (30) days that the debt, or any portion thereof, is disputed, Mr. Hoose will mail verification of the debt to you. Our demand for payment within ten (10) days does not eliminate your right to dispute this debt within thirty (30) days of receipt of this notice, although we have requested that you make immediate payment or provide a valid reason for non-payment.

Pursuant to North Carolina General Statutes Section 6-21.2 and other relevant law, the provisions relating to the payment of attorneys' fees in the Note shall be enforced unless payment of the outstanding balance set forth above is received by the date stated above. If payment is not made within that time, this matter will be collected through legal action and attorneys' fees in the amount of 15% of the outstanding balance will be added to the outstanding balance of the Note for collection as stated above. However, if the entire outstanding balance is paid within that time, the obligation to pay attorneys' fees will not be enforced.

THIS LETTER IS AN ATTEMPT TO COLLECT A DEBT AND ALL INFORMATION WILL BE USED FOR THAT PURPOSE.

IN THE EVENT THAT YOU HAVE RECEIVED A BANKRUPTCY DISCHARGE OR ARE CURRENTLY UNDER THE PROTECTION OF THE US BANKRUPTCY COURT, THIS DOCUMENT IS SENT FOR NOTICE PURPOSES ONLY, AS REQUIRED BY THE CREDIT INSTRUMENT AND BY THE NORTH CAROLINA GENERAL STATUTES, AND IS NOT INTENDED TO COLLECT ON THE INDEBTEDNESS OR ASSERT PERSONAL LIABILITY FOR THE OBLIGATION RECITED HEREIN.

RECEIVED

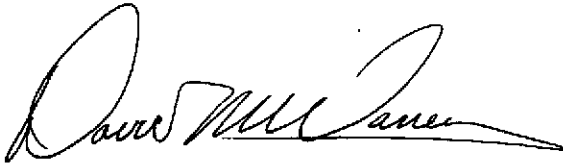
MAR 14 2009

Exhibit XII - Fraud Element # 5

Mr. Spencer C. Young
Spencer C. Young Investments, Inc./ The Courtyard of Chapel Hill LLC
March 12, 2009
Page 2

Poyner Spruill^{LLP}

Very truly yours,

A handwritten signature in black ink, appearing to read "David M. Warren". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

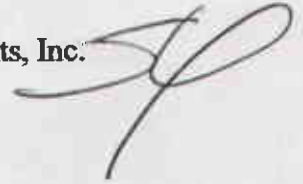
David M. Warren

cc: Mr. James W. Hoose, Jr.

Exhibit XII - Fraud Element # 5

Document B

Date: Mar. 13, 2009
To: Bob Hatley – CEO, Paragon Commercial Bank (“Paragon”)
From: Spencer Young – President, Spencer C. Young Investments, Inc.
Re: Accelerating Graham St. Loan (# 3857)



Have you lost your mind?

How dare you have your attorneys send me a letter declaring the acceleration of the Graham Street loan – remember this was the loan Paragon was supposed to subsume into the recapitalization of my North Carolina properties? But you reneged.

Now you have the audacity to concoct a default that never occurred, and remains only a FRAUDULENT manifestation of your sinister acts?

I am again putting you on notice that you, your accomplices and the entities for which you are each representing, will be responsible for the significant damages realized from your CRIMINAL FRAUD, and I will see that you are each prosecuted to the fullest extent of the law.

I am also again demanding that you cease and desist.

Exhibit XII - Fraud Element # 5

3/18/09
TPSAD
Document C

In addition to knowingly aiding and abetting criminal activities and often behaving in an egregiously unethical manner, David Warren of Poyner & Spruill demonstrated time and time again exceptionally shoddy legal work, as evidenced here where notice was provided to an entity having ABSOLUTELY NOTHING TO DO WITH THE SUBJECT LOAN

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RECEIVED

MAR 31 2009

March 18, 2009

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED
AND FIRST CLASS MAIL

The subject Loan was NOT, nor ever was in default, and there is NO BASIS WHATSOEVER to accelerate the loan balance

Mr. Spencer C. Young
Spencer C. Young Investments, Inc./The Courtyard of Chapel Hill LLC
134 Meadowmont Village Circle
Chapel Hill, NC 27517-7516

ENTITY NOT
GERMANE TO
THIS LOAN

Re: Loan No. 2147 in the original amount of \$3,936,000

Dear Mr. Young:

The above-referenced construction loan ~~note~~ ("Note") is in default. In accordance with the terms of the Note, Paragon Commercial Bank hereby accelerates the balance due under the Note and declares the entire balance of principal and interest to be due and payable immediately. Demand is hereby made upon Mr. Spencer C. Young and Spencer C. Young Investments, Inc. for payment of the outstanding balance due. The amount of principal, accrued interest, late charges, and expenses due and payable as of March 18, 2009 is \$3,931,520.95 with interest accruing at the rate of \$412.20 per day.

Please pay the balance due plus interest through the date of payment to Mr. James W. Hoose, Jr., Paragon Commercial Bank, 3535 Glenwood Ave., Raleigh, NC 27612 prior to 5:00 o'clock p.m. on March 28, 2009. Unless you notify Mr. Hoose in writing within thirty (30) days of receipt of this letter, the amount of this debt will be presumed to be valid. If you notify Mr. Hoose within thirty (30) days that the debt, or any portion thereof, is disputed, Mr. Hoose will mail verification of the debt to you. Our demand for payment within ten (10) days does not eliminate your right to dispute this debt within thirty (30) days of receipt of this notice, although we have requested that you make immediate payment or provide a valid reason for non-payment.

Pursuant to North Carolina General Statutes Section 6-21.2 and other relevant law, the provisions relating to the payment of attorneys' fees in the Note shall be enforced unless payment of the outstanding balance set forth above is received by the date stated above. If payment is not made within that time, this matter will be collected through legal action and attorneys' fees in the amount of 15% of the outstanding balance will be added to the outstanding balance of the Note for collection as stated above. However, if the entire outstanding balance is paid within that time, the obligation to pay attorneys' fees will not be enforced.

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WWW.POYNERSPRUILL.COM RALEIGH / CHARLOTTE / ROCKY MOUNT / SOUTHERN PINES

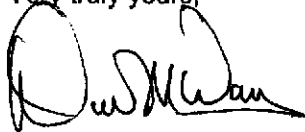
ROCKYMOUNT/018412-024/466705v1 301 Fayetteville Street, Suite 1900, Raleigh, NC 27601 P.O. Box 1801, Raleigh, NC 27602-1801 P: 919.783.6400

Exhibit XII - Fraud Element # 5

Poyner Spruill^{LLP}

Mr. Spencer C. Young
Spencer C. Young Investments, Inc./ The Courtyard of Chapel Hill LLC
March 18, 2009
Page 2

Very truly yours,



David M. Warren

cc: Mr. James W. Hoose, Jr.

Exhibit XII - Fraud Elements

3/18/09 LAC

Document D

Poyner Spruill^{LLP}

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The subject Loan was **NOT**, nor ever was in default, and there is **NO BASIS WHATSOEVER** to accelerate the loan balance

**ENTITY NOT
GERMANE
TO THIS
LOAN**

RECEIVED

MAR 31 2009

March 18, 2009

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED
AND FIRST CLASS MAIL

Mr. Spencer C. Young
Spencer C. Young Investments, Inc./The Courtyard of Chapel Hill LLC
134 Meadowmont Village Circle
Chapel Hill, NC 27517-7516

Re: Loan No. 3714 in the original amount of \$100,000

Dear Mr. Young:

The above-referenced construction loan note ("Note") is in default. In accordance with the terms of the Note, Paragon Commercial Bank hereby accelerates the balance due under the Note and declares the entire balance of principal and interest to be due and payable immediately. Demand is hereby made upon Mr. Spencer C. Young and Spencer C. Young Investments, Inc. for payment of the outstanding balance due. The amount of principal, accrued interest, late charges, and expenses due and payable as of March 18, 2009 is \$100,627.82 with interest accruing at the rate of \$9.03 per day.

Please pay the balance due plus interest through the date of payment to Mr. James W. Hoose, Jr., Paragon Commercial Bank, 3535 Glenwood Ave., Raleigh, NC 27612 prior to 5:00 o'clock p.m. on March 28, 2009. Unless you notify Mr. Hoose in writing within thirty (30) days of receipt of this letter, the amount of this debt will be presumed to be valid. If you notify Mr. Hoose within thirty (30) days that the debt, or any portion thereof, is disputed, Mr. Hoose will mail verification of the debt to you. Our demand for payment within ten (10) days does not eliminate your right to dispute this debt within thirty (30) days of receipt of this notice, although we have requested that you make immediate payment or provide a valid reason for non-payment.

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WWW.POYNERSPRUILL.COM RALEIGH / CHARLOTTE / ROCKY MOUNT / SOUTHERN PINES

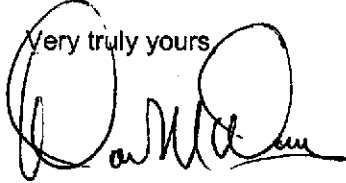
ROCKYMOUNT/018412-024/466708v1 301 Fayetteville Street, Suite 1900, Raleigh, NC 27601 P.O. Box 1801, Raleigh, NC 27602-1801 P: 919.783.6400

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Poyner Spruill^{LLP}

Mr. Spencer C. Young
Spencer C. Young Investments, Inc./ The Courtyard of Chapel Hill LLC
March 18, 2009
Page 2

Very truly yours,



David M. Warren

cc: Mr. James W. Hoose, Jr.

Exhibit XII - Fraud Element # 5

3/18/09
MVE

Document E

Poyner Spruill^{LLP}

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The subject Loan was NOT, nor ever was in default, and there is NO BASIS WHATSOEVER to accelerate the loan balance

March 18, 2009

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED
AND FIRST CLASS MAIL

Mr. Spencer C. Young
Spencer C. Young Investments, Inc./The Courtyard of Chape Hill LLC
134 Meadowmont Village Circle
Chapel Hill, NC 27517-7516

UNRELATED
ENTITY
TO THIS
LOAN

Re: Loan No. 2346 in the original amount of \$276,000

Dear Mr. Young:

The above-referenced construction loan note ("Note") is in default. In accordance with the terms of the Note, Paragon Commercial Bank hereby accelerates the balance due under the Note and declares the entire balance of principal and interest to be due and payable immediately. Demand is hereby made upon Mr. Spencer C. Young and Spencer C. Young Investments, Inc. for payment of the outstanding balance due. The amount of principal, accrued interest, late charges, and expenses due and payable as of March 18, 2009 is \$264,876.03 with interest accruing at the rate of \$21.81 per day.

Please pay the balance due plus interest through the date of payment to Mr. James W. Hoose, Jr., Paragon Commercial Bank, 3535 Glenwood Ave., Raleigh, NC 27612 prior to 5:00 o'clock p.m. on March 28, 2009. Unless you notify Mr. Hoose in writing within thirty (30) days of receipt of this letter, the amount of this debt will be presumed to be valid. If you notify Mr. Hoose within thirty (30) days that the debt, or any portion thereof, is disputed, Mr. Hoose will mail verification of the debt to you. Our demand for payment within ten (10) days does not eliminate your right to dispute this debt within thirty (30) days of receipt of this notice, although we have requested that you make immediate payment or provide a valid reason for non-payment.

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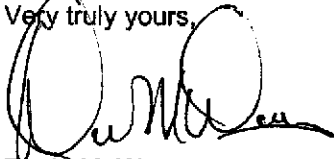
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Mr. Spencer C. Young
Spencer C. Young Investments, Inc./ The Courtyard of Chapel Hill LLC
March 18, 2009
Page 2

Very truly yours,



David M. Warren

cc: Mr. James W. Hoose, Jr.

Exhibit XII - Fraud Element # 5

Document F

Date: Mar. 20, 2009
To: Bob Hatley – CEO, Paragon Commercial Bank (“Paragon”)
From: Spencer Young – President, Spencer C. Young Investments, Inc.
Re: Accelerating All Commercial Loans ??!



At this point, the only words that come to mind are: What the fuck is wrong with you?

How can you continue to push ahead with such blatant CRIMINAL FRAUD, and again have your attorneys send me letters now declaring the acceleration of ALL \$5 million in loans with Paragon?

Let me summarize just a sample of what you've done of recent:

1. You prevented monies from being deposited, fabricating reasons that are entirely irrational and contrary to sound banking practices and credit management
2. You ignored my clear instructions and failed to apply available funds to service the subject loans on a current basis
3. You wired out monies without authorization, citing reasons that were entirely illegitimate
4. You refused to correct your obvious errors in loan servicing and administration
5. You concocted a default that never occurred, and is merely a FRAUDULENT manifestation of your orchestrated sinister acts

I am again putting you on notice that you, your accomplices and the entities for which you are each representing, will be responsible for the significant damages realized from this CRIMINAL FRAUD, and I will not rest until you are each prosecuted to the fullest extent of the law.

Bob, you are not only a disgrace to banking, you are a menace to society, and if you continue this madness, I will see to it that you are removed from your position in shame. I once again URGE you to cease and desist from engaging in such madness.